Getin Noble Bank S.A.

Financial Statements prepared in accordance with

International Financial Reporting Standards

for the financial year ended 31 December 2009

SELECTED FINANCIAL FIGURES

	PLN '000		EUR '000	
Separate financial statements figures	**01.01.2009 - 31.12.2009**	**01.01.2008 - 31.12.2008**	**01.01.2009 - 31.12.2009**	**01.01.2008 - 31.12.2008**
Interest income	480,620	251,262	110,727	71,135
Fee and commission income	353,076	39,943	81,343	11,308
Profit (loss) from operating activities	131,740	186,501	30,351	52,800
Net profit	175,393	164,614	40,408	46,604
Cash flows from operating activities	978,956	420,831	225,535	119,141
Net cash flow from investing activities	(703,860)	(427,771)	(162,157)	(121,106)
Net cash flow from financing activities	(26,890)	70,407	(6,195)	19,933
Total net cash flows	248,206	63,467	57,182,	17,968
Total assets	9,033,495	5,577,103	2,198,894	1,336,665
Total liabilities	8,267,445	4,928,396	2,012,425	1,181,190
Amounts due to other banks and financial institutions	19,548	500,575	4,758	119,973
Amounts due to customers	7,744,018	3,483,511	1,885,015	834,894
Total equity	766,050	648,707	186,469	155,476
Share capital	215,178	215,178	52,378	51,572
Treasury shares at nominal value	(2,635)	(147)	(641)	(35
Number of shares	215,178,156	215,178,156	215,178,156	215,178,156,
Solvency ratio	9.62%	13.43%	9.62%	13.43%

The selected financial figures, comprising the basic items of the separate financial statement, have been converted into EUR in accordance with the following principles:

- the individual items of assets, liabilities and equity capital have been converted in accordance with the average exchange rates announced by the National Bank of Poland as at 31 December 2009, i.e. EUR 1 = PLN 4.1082, and as at 31 December 2008, i.e. EUR 1 = PLN 4.1724;
- the individual items of the statement of comprehensive income as well as the items of the statement of cash flows have been converted in accordance with exchange rates constituting arithmetic means of the average exchange rates established by the National Bank of Poland as at the last day of every month within the period of twelve months ended 31 December 2009 and 31 December 2008 (respectively: EUR 1 = PLN 4.3406 and EUR 1 = PLN 3.5322).

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I. STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 31 December 2009

	Additional information	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
CONTINUED ACTIVITY			
Interest income	1	480,620	251,262
Interest expense	1	(464,041)	(182,805)
Gain (loss) on interest		16,579	68,457
Fee and commission income	2	353,076	39,943
Fee and commission expense	2	(142,991)	(14,541)
Gain (loss) on fee and commission		210,085	25,402
Dividend income	XI	51,731	32,800
Gain (loss) on financial instruments measured at fair value through statement of comprehensive income	3	(37,394)	26,643
Gain (loss) on other financial instruments	4	(2,430)	70
Foreign exchange gain (loss)	5	13,726	101,010
Other operating income	6	4,737	12,927
Other operating expense	6	(5,631)	(3,122)
Other operating net income and expense		24,739	170,328
Net impairment of loans and leases	8	(12,745)	(5,071)
General administrative costs	7	(106,918)	(72,615)
Profit (loss) from operating activities		131,740	186,501
Gross profit		131,740	186,501
Income tax	10	43,653	(21,887)
Net profit		175,393	164,614
Other total income			
Financial assets available for sale		(7,551)	2,483
Income tax on financial instruments available for sale		1,435	(471)
Other total net income		(6,116)	2,012
TOTAL INCOME FROM THE REPORTING PERIOD		169,277	166,626

II. STATEMENT OF FINANCIAL POSITION
for the financial year ended 31 December 2009

	Additional information	31.12.2009 PLN '000	31.12.2008 PLN '000
ASSETS			
Cash and balances with central bank	12	239,817	83,762
Amounts due from banks	13	447,795	945,661
Derivative financial instruments	14	126,382	60,843
Loans to customers	15	6,818,339	3,874,509
Financial assets available for sale	16	1,195,341	476,439
Investments in subordinated entities	19	102,495	90,506
Intangible assets	21	5,441	4,000
Tangible fixed assets	20	13,961	14,353
		6,042	17,396
Deferred tax assets	10	15,104	-
Other assets	23	54,321	9,582
Tangible fixed assets assumed for sale	22	8,457	52
TOTAL ASSETS		**9,033,495**	**5,577,103**
LIABILITIES & EQUITY			
Liabilities			
Amounts due to other banks and financial institutions	24	19,548	500,575
Derivative financial instruments	14	28,562	472,383
Amounts due to customers, including:	25	7,744,018	3,483,511
Financial liabilities measured at fair value through statement of comprehensive income	25	17,907	221,054
Issue of debt securities	26	412,206	414,150
Other liabilities	28	63,059	27,741
Provision for deferred income tax	10	-	29,984
Provisions	27	52	52
Total liabilities		**8,267,445**	**4,928,396**
Equity		**766,050**	**648,707**
Share capital	29	215,178	215,178
Treasury shares at nominal value		(2,635)	(147)
Retained earnings		176,348	165,569
Other capitals	29	377,159	268,107
Total equity		**766,050**	**648,707**
TOTAL LIABILITIES AND EQUITY		**9,033,495**	**5,577,103**

III. STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2009

STATEMENT OF CHANGES IN EQUITY
for the period of 12 months ended 31 December 2009

	Share capital	Treasury shares at nominal value	Other capital: Supplementary capital	Other capital: Revaluation reserve	Retained earnings	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at 1 January 2009	**215,178**	**(147)**	**266,095**	**2,012**	**165,569**	**648,707**
Total income from the reporting period	-	-	-	(6,116)	175,393	169,277
Distributed profit (covered loss) for the previous reporting period	-	-	119,830	-	(119,830)	-
Repurchase of own shares	-	(2,488)	(4,662)	-	-	(7,150)
Dividend payment	-	-	-	-	(44,784)	(44,784)
As at 31 December 2009	**215,178**	**(2,635)**	**381,263**	**(4,104)**	**176,348**	**766,050**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period of 12 months ended 31.12.08

	Share capital	Treasury shares at nominal value	Other capital: Supplementary capital	Other capital: Revaluation reserve	Retained earnings	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at 1 January 2008	**215,178**	**-**	**173,072**	**-**	**94,329**	**482,579**
Total income from the reporting period	-	-	-	2,012	164,614	166,626
Distributed profit (covered loss) for the previous reporting period	-	-	93,374	-	(93,374)	-
Repurchase of own shares	-	(147)	(351)	-	-	(498)
As at 31 December 2008	**215,178**	**(147)**	**266,095**	**2,012**	**165,569**	**648,707**

The Company capitals have been collated and described in detail in note X.29 hereto.

IV. STATEMENT OF CASH FLOWS for the financial year ended 31 December 2009

	Additional information	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Cash flow from operating activities			
Net profit		175,393	164,614
Total adjustments:	XIII	803,563	256,217
Amortisation and depreciation		5,517	3,093
(Profit) loss on investing activities		3,330	(181)
Interest and dividend		(77,738)	(17,594)
Change in amounts due from banks		590,018	(321,935)
Change in derivative financial instruments (asset)		(65,539)	(42,840)
Change in loans to customers		(2,943,830)	(2,688,859)
Change in deferred income tax assets		(14,140)	-
Change in other assets and liabilities		(9,612)	17,885
Change in amounts due to other banks and financial institutions		(481,027)	306,201
Change in derivative financial instruments (liability)		(443,821)	471,186
Change in amounts due to customers		4,260,507	2,526,825
Change in liabilities from issue of debt securities		(1,944)	2,739
Changes in provisions and in provision for deferred income tax		(29,512)	14,802
Income tax paid		11,354	(15,105)
Net cash from operating activity		**978,956**	**420,831**
Cash flow from investing activities			
Investing inflows		**15,682,340**	**16,167,944**
Sale of investment securities		15,631,771	16,162,668
Sale of intangible and tangible fixed assets		-	589
Interest received		50,569	4,687
Investing outflows		**(16,386,200)**	**(16,595,715)**
Purchase of shares in subordinated entities		(11,930)	(969)
Purchase of investment securities		**(16,358,224)**	**(16,584,177)**
Purchase of intangible and tangible fixed assets		(16,046)	(10,071)
Other		-	(498)
Net cash used in investment activities		**(703,860)**	**(427,771)**
Cash flows from financing activities			
Earnings from issue of debt securities		-	57,500
Dividend received		51,731	32,800
Dividend paid		(44,784)	-
Interest paid		(33,837)	(19,893)
Net cash from (used in) financial activities		**(26,890)**	**70,407**
Change in net cash and cash equivalents		248,206	63,467
Net exchange differences		(1,599)	-
Opening balance of cash and cash equivalents		91,376	27,909
Closing balance of cash and cash equivalents	**31**	**337,983**	**91,376**
including cash and cash equivalents in restricted use		-	-

V. GENERAL INFORMATION

These financial statements cover the financial year ended 31 December 2009 and contain comparative figures for the year ended 31 December 2009.

Getin Noble Bank S.A. (Bank", Getin Noble Bank", Company"), formerly operating under the name of Noble Bank S.A. by 4 January 2010, with its registered office in Warsaw (Poland) at Domaniewska 39B, on 31 October 1990, was registered with the Commercial Register, Section B, under number H 1954 pursuant to the decision of the Commercial Court attached to the District Court of Lublin, 11th Commercial and Registration Department. On 8 June 2001, it was registered with the National Court Register under number KRS 0000018507.

The legal basis of the Company's activity is its Articles of Association drawn up in the form of a notarial deed of 21 September 1990 (with subsequent amendments).

The Company's business statistical number (REGON) is 004184103.

The duration of the Company is indefinite.

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 1241, 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 (see: Note 29).

As at 31 December 2009, the Company's Management Board consisted of the following persons:

1. Jarosław Augustyniak – President of the Management Board,
2. Maurycy Kuhn – Member of the Management Board,
3. Krzysztof Spyra – Member of the Management Board,
4. Bogusław Krysiński – Member of the Management Board,
5. Krzysztof Rosiński – Member of the Management Board,
6. Radosław Stefurak – Member of the Management Board.

Mr. Bogusław Krysiński was appointed as Member of the Management Board on 9 January 2009. On 31 December 2009, Mr. Bogusław Krysiński resigned as Member of the Management Board of Noble Bank S.A. in relation to expiration of the contract concluded with Noble Bank S.A.

On 20 October 2009, Mr. Krzysztof Rosiński and Mr. Radosław Stefurak resigned as Members of the Bank's Supervisory Board as of 30 October 2009, and were appointed as Members of the Management Board on 31 October 2009.

On 15 December 2009, the Bank's Supervisory Board decided to appoint Mr. Grzegorz Tracz as Member of the Management Board as of the day of the Bank's merger with Getin Bank (i.e. 4 January 2010). On 15 December 2009, the Bank's Supervisory Board also decided to appoint Mr. Jarosław Augustyniak as the 1st Vice President of the Bank's Management Board and Mr. Krzysztof Rosiński as Vice President of the Bank's Management Board acting President of the Bank's Management Board as of the day of the Bank's merger with Getin Bank (i.e. 4 January 2010). In relation to the provisions of article 22b of the Banking Law act, the appointment of the President of the Management Board is effective upon obtaining the consent of the Polish Financial Supervision Authority. Mr. Krzysztof Rosiński was appointed as acting President of the Management Board until the consent of the Polish Financial Supervision Authority is obtained.

Pursuant to the provisions of article 22b of the Banking Law, a Chairman of the Management Board is effectively appointed as of the receipt of the Polish Financial Supervision Authority's consent. By the time the Polish Financial Supervision Authority issues the relevant decision, Mr. Krzysztof Rosiński had been appointed to act as the Chairman of the Management Board.

On 15 December 2009, the Supervisory Board appointed Mr. Remigiusz Baliński as Deputy Chairman of the Supervisory Board.

As at 31 December 2009, the Company's Supervisory Board consisted of the following persons:

1. Remigiusz Baliński – Deputy Chairman of the Supervisory Board,
2. Leszek Czarnecki, Ph.D. – Member of the Supervisory Board,
3. Michał Kowalczewski – Member of the Supervisory Board,
4. Dariusz Niedośpiał – Member of the Supervisory Board,
5. Marek Grzegorzewicz – Member of the Supervisory Board.

On 9 September 2009, the Supervisory Board was extended by appointing Mr. Leszek Czarnecki and Mr. Marek Grzegorzewicz as Members of the Supervisory Board.

These financial statements were approved for publication by the Company's Management Board as at 28 February 2010.

The controlling entity of Getin Noble Bank S.A. is Getin Holding S.A. The predominant entity for the whole Getin Holding S.A. Group is Leszek Czarnecki.

Objects of the Bank

As stated in the Bank's Articles of Association, the object of the Bank is to provide banking services and perform the business activities specified in the Bank's Articles of Association.

In 2009, the Bank continued the strategy of building the Private Banking platform implemented in 2006. Getin Bank's business model involves distributing both the Bank's own products and products designed by other financial institutions. The services rendered by Getin Bank include: advisory services, investment advisory services, real property advisory services and tax advisory services, performed in cooperation with external financial advisors. The Bank's services are targeted at customers with high requirements and above-average wealth.

Bank's investments:

The Bank holds shares in the following subsidiaries:

(figures in PLN '000)

Name	Registered Office	Basic line of business	Bank's percentage share in capital	
			31.12.2009	31.12.2008
Open Finance S.A.	ul. Domaniewska 39, Warszawa	financial intermediation	100.0%	100,0%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	ul. Domaniewska 39, Warszawa	investment fund management	70.0%	70,0%
Introfactor S.A.	ul. Wołoska 18 Warszawa	other financial activities	100.0%	100,0%
Noble Concierge Sp. z o.o.	ul. Domaniewska 39, Warszawa	activities to support financial services	100.0%	100,0%
Noble Securities S.A.	ul. Lubicz 3/215, Kraków	stock broking services	79.8%	0,0%

As at 31 December 2009 and 31 December 2008, the Company's share of the total number of voting rights in its subsidiaries is equal to the Company's share in the share capital of the same subsidiaries, except for Noble Securities S.A. in which the Company holds 82.73% of share of votes.

In these financial statements, the Bank's investments in the above subsidiaries are presented in accordance with IAS 27. The investments in the Bank's subsidiaries are recognised at purchase cost less impairment losses.

In accordance with the investment agreement of 31 March 2006 as well as the agreements of 21 October 2009 between Noble Bank S.A. and the individuals being shareholders in Noble Funds TFI S.A. as at 31 December 2009, Noble Bank S.A. is entitled to request (between 28 June 2007 and 31 December 2012) a sale of all the shares held by the aforementioned persons to Getin Noble Bank S.A. The purchase price will depend on the operation of Noble Funds TFI S.A., on the net value of its assets, on its financial results as at the date of exercising the option and on its financial results for the 12 months preceding the date of exercising the option.

The said individuals are entitled to request Getin Noble Bank to buy the shares held by them. The said option to buy the shares may be exercised between 1 January 2012 and 31 December 2012. The sale price will depend, among other aspects, on the operation of Noble Funds TFI S.A., on the net value of its assets and on its financial results for the period during which the option may be exercised.

The option in question, which consists in vesting the said individuals with the right to request the Bank to buy the shares in Noble Funds TFI S.A. held by them ("put" option), as well as the corresponding option, which consists in vesting the Bank with the right to request the said individuals to sell all the shares held by them in favour of the Bank ("call" option), are treated as the options subject to measurement in accordance with IAS 39.

The derivative instrument, namely the "put" option, the price of which equals the fair value of the shares of Noble Funds TFI S.A. was recognised at the purchase price equalling its fair value of PLN 0 as at 31 December 2009.

The aforementioned option was measured and recognised in the Consolidated Financial Statements.

On 6 February 2009, the subsidiary of Noble Bank S.A., Open Finance S.A., concluded an agreement with Getin Holding S.A. for purchase of 500 normal registered shares of Panorama Finansów S.A. of the nominal value of PLN 1,000 (one thousand zlotys) each constituting 100% of the company's share capital and entitling the shareholder to 100% of the votes at the company's General Shareholders Meeting.

On 17 November 2009, in relation to the fact of having conformed with all the conditions precedent, Noble Bank

S.A. purchased from Getin Holding S.A. 2,787,289 registered shares of Noble Securities S.A. (former Dom Maklerski Polonia Net S.A.) of the nominal value of PLN 1.00 each, constituting 79.76% of the share capital and entitling the shareholder to 10,328,593 votes at the General Shareholders Meeting of Noble Securities representing 82.73% of all votes. The purchase price was PLN 11,929,596.92 which corresponded to the price of PLN 4.28 per one share. The purchase price was entirely paid in cash and cash equivalents. The purchase was performed based on a conditional sale agreement for the shares of Noble Securities concluded on 13 August 2009 by and between Noble Bank S.A. and Getin Holding. The property rights to the shares were transferred through a broker's house on 17 November 2009 after the parties completed all the activities resulting from the sale agreement.

On 13 August 2009, Noble Bank S.A. concluded an agreement with Getin Holding concerning Noble Bank S.A. taking over the rights and obligations of Getin Holding resulting from the investment contract of 30 June 2008 subsequently amended by the agreement of 12 August 2009. Pursuant to the said contract and agreement, Mr. Jarosław Augustyniak, Mr. Maurycy Kuhn and Mr. Krzysztof Spyra were vested the rights to purchase shares of Noble Securities in the quantity not exceeding 5%, 5% and 10% in the overall number of shares in Noble Securities for Mr. Jarosław Augustyniak, Mr. Maurycy Kuhn and Mr. Krzysztof Spyra correspondingly. At the same time, in accordance with the agreement, Mr. Jarosław Augustyniak and Mr. Maurycy Kuhn were vested the right to claim, acting though their respective subsidiaries, that Getin Holding repurchase the shares of Noble Securities held by these entities in accordance with the status as at the agreement effective date, representing not more than 20% of the share capital. In relation to the effective conclusion of the sale agreement for the shares of Noble Securities S.A., Noble Bank S.A. took over the rights and obligations of Getin Holding as at 17 November 2009.

Due to the fact that it is not probable that the conditions of the option exercising are satisfied (required net profit for 2009, number of new agency offices) as at 31 December 2009, this option has not been measured and recognised in the financial statements.

On 8 December 2009, an agreement was concluded for purchase of 100% of shares of GMAC Bank Polska Spółka Akcyjna (hereinafter referred to as "GMAC") with its registered office in Warsaw. The shares transfer agreement was concluded by and between Noble Bank S.A. and GMAC's single shareholder, namely GMAC Inc. with its registered office in Wilmington Delaware, USA (hereinafter referred to as the "Seller").

The agreement concluded covers the purchase of 9,872,629 (nine million eight hundred and seventy two thousand six hundred and twenty nine) shares of GMAC of the nominal value of PLN 2 (two) each and the total nominal value of PLN 19,745,258 (nineteen million seven hundred and forty five thousand two hundred and fifty eight zlotys). The shares purchased correspond to 100% of GMAC's share capital and entitle to the shareholder to 100% of votes at the company's General Shareholders Meeting.
The transfer of the legal title to the shares of GMAC to Getin Noble Bank S.A. shall take place after all the conditions precedent under the agreement are complied with (transaction closing day). The following conditions precedent are specified in the said agreement:

- the Bank obtains an approval of the Office of Competition and Consumer Protection for the purchase of GMAC's shares,
- the Bank obtains an approval of the Financial Supervision Authority for the purchase of GMAC's shares,
- the parties involved submit their declarations on the correctness of all the assurances under the agreement as at the transaction closing day,
- the parties involved conclude a commission contract with a broker's house,

- the Seller concludes a deposit agreement with a broker's house,
- the Bank concludes a trust agreement,
- the Bank concludes an agreement concerning taking over the obligations related to funding,
- a trust amount is transferred to the trustee's account and further on to the account of GMAC International Finance B.V.,
- the Bank effects the payment of the purchase price with regard to GMAC's shares to the Seller's account.

As at the financial statements date, the aforementioned conditions precedent were not complied with.

The total purchase price of the shares covered by the agreement was established as 95% of the book value of the amount that is to be specified by an expert auditor in the financial statements of GMAC as at the transaction closing day ("Purchase Price"). It was stipulated in the said agreement that the book value as at 31 July 2009 was PLN 130,821,946 (one hundred and thirty million eight hundred and twenty one thousand nine hundred and forty six zlotys). The Purchase Price shall be transferred to the Seller's bank account on the transaction closing day. The Seller's liability for infringement of any contractual provisions as stipulated in the agreement equals the Purchase Price or is limited to PLN 20,000,000 (twenty million zlotys) depending on the kind of infringement.

There are no formal connections between the Bank, the Company's Supervisory Board or Management Board members and the Seller.

GMAC Bank Polska S.A. is not subject to consolidation as at 31 December 2009.

As at 31 December 2009 and 31 December 2008, the Bank had no investments in subordinated or affiliated companies.

The Company did not discontinue any activities in the financial years 2009 and 2008.

The Company holds assets classified as assets for sale for the value of PLN 8,457 thousand.
The Company intends to sell the assets in 2010 and has undertaken the relevant actions for that purpose. The assets are measured and recognised in accordance with IFRS 5. Tangible fixed assets classified as assets for sale have been discussed in note X.22.

VI. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS, IDENTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the historical cost principle, except for the financial instruments measured at fair value. These financial statements are presented in the Polish currency ("PLN") and all the figures, unless otherwise stated, are expressed in PLN '000.

These financial statements have been prepared based on the assumption that the Company will continue its operations in the foreseeable future, i.e. for a period of 12 months from the reporting date. As at the date of these financial statements approved, no circumstances were identified which could threaten the continuity of the Company's operations.

The Company has also prepared a consolidated financial statement of Grupa Kapitałowa Noble Bank S.A. for the financial year ended 31 December 2009, covering Getin Noble Bank S.A. and its subordinated entities in accordance with the International Financial Reporting Standards approved by the European Union, and they were approved for publication on 3 March 2010. In the consolidated financial statements, the bank's subordinated entities were consolidated by joining shares (entities under shared control) or by full consolidation method (entities outside shared control). In these separate financial statements, the Bank's investments in subordinated entities are presented at purchase cost less impairment losses. As at end of the reporting period, no evidence of impairment of such investments existed.

VII. COMPARABLE FIGURES

With regard to the comparable figures presented in these financial statements, the presentation of figures in these statements has been changed compared to the presentation of figures in the Company's financial statements for 2008.

VIII. ACCOUNTING POLICY

1. Statement of compliance with International Financial Reporting Standards

These financial statement have been prepared in accordance with International Financial Reporting Standards ("IFRS") approved by the EU. As at the date of approval of these financial statements for publication, the process of implementing IFRS within the EU is in progress.

The IFRS-EU comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

In accordance with the IFRS-EU, the Company is entitled to choose the accounting policy. The accounting policy implemented by the Company has been described in detail in note VII hereto.

As provided in note V.6, the Company has implemented the regulations in accordance with IAS 39 on accountancy of securities in accordance with IAS 39 approved by the EU.

2. Currency of measurement and the currency of the financial statements

The currency of measurement and of these financial statements is the Polish zloty.

3. Changes to the accounting principles

Below are new or amended IFRS standards and new IFRIC interpretations applied by the Company in these financial statements.

The accounting principles (policies) applied to prepare the financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2009, except for the following amendments to the standards in question and new interpretations applicable to the annual reporting periods starting on or after 1 January 2009:

- IFRS 8 Operating Segments which, when it became effective, replaced IAS14 *Segments Reporting*. In accordance with this standard, identification and measurement of the results as per the operating segments subject to financial reporting are performed in conformity with the management's approach. The operating segments are identified and presented in the consolidated financial statements.
- IAS 1 Presentation of Financial Statements (as amended in September 2007) – this standard introduces a differentiation between the changes in equity resulting from the capital transactions

with the owners and those resulting from other transactions. With regard to the foregoing, the statement of changes in the equity capital contains only details of the transactions with the owners, whereas all the other changes in equity are presented in a single line. Moreover, the standard introduces a statement of comprehensive income covering all items of income and costs recognised under profit or loss as well as all other items of recognised income and costs. However, all these items can be presented together in one statement or in two interrelated statements. The Bank has decided to present all the items of income and costs jointly in one statement. In order to adjust the financial statements to the requirements of IAS 1, the Bank has changed the manner of presenting capitals. The revaluation reserve is presented in the statement of comprehensive income, and under the equity item, it is recognised as "other capital". Net profit and non-distributed profit from previous years are currently presented under "retained earnings/loss not covered".

- IAS 23 Borrowing costs (as amended in March 2007) – the amended standard requires that the borrowing costs related to purchase, construction or fabrication of an adjusted assets component be recognised as an element of the purchase price or fabrication cost. Application of this amendment neither influenced the Bank's financial condition nor its results, since there were no events the amendment would have applied to.

- IFRS 2 Share-based payment: vesting conditions and cancellations – this amendment introduces a detailed definition of the vesting conditions and applies to recognising cancellations of the right to awards. Application of this amendment neither influenced the Bank's financial condition nor its results, since there were no events the amendment would have applied to.

- Amendments to IAS 32 Financial instruments: presentation and IAS 1 Presentation of financial statements: Puttable instruments and obligations arising on liquidation (of a company) have introduced a limited exception as regards the scope, concerning the sale option instruments which can be classified as a capital component provided that a series of specific conditions are met. Application of this amendment neither influenced the Bank's financial condition nor the Company's results, since the bank did not issue any such instruments.

- IFRIC Interpretation 13 Customer Loyalty Programmes – the interpretation requires that loyalty points be recognised as a separate element of a sale transaction under which they are granted. Application of this amendment neither influenced the Bank's financial condition nor its results, since there were no events the amendment would have applied to.

- Amendments to IFRS 1 First-time Adoption of the International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – in accordance with the amendments to IFRS 1, an entity applying the IFRS for the first time is entitled to determine the "costs" of investments in subsidiaries, jointly controlled or associated entities in the separate financial statements in accordance with IAS 27 or based on the costs assumed. The amendment to IAS 27 requires that all the dividends received from a subsidiary, jointly controlled or associate entity be recognised in the separate financial statements of the predominant entity under the statement of comprehensive income. The amendment to IAS 27 is applied prospectively. Application of this amendment neither influenced the Bank's financial condition nor its results.

- IFRIC Interpretation 12 Service Concession Arrangements – the interpretation applies to beneficiaries of concession arrangements and explains how to recognise the liabilities and rights resulting from such arrangements. The interpretation does not influence the Bank's financial statement, since there were no events it would have applied to.

- IFRIC Interpretation 15 Agreements for the Construction of Real Estate determines how and when to recognise income from sale of real estate and the related expense if an agreement between the developer and the buyer is concluded prior to completion of the real estate construction. The interpretation also comprises guidelines as to the manner of determination whether the given agreement is covered by the scope of IAS 11 or IAS 18. Application of IFRIC 15 does not influence the Bank's financial statement, since there were no events it would have applied to.

- IFRIC Interpretation 16 Hedges of a Net Investment in a Foreign Operation – the interpretation contains guidelines concerning recognition of hedging of net investments in foreign operations, and it particularly provides instructions in the scope of identification of foreign exchange risks eligible for hedging accountancy under the hedging of net investments, location of the hedging instruments in the capital group structure as well as determination of the positive amount or negative foreign exchange difference by the given entity with regard to both the net investment and the hedging instrument which should be reclassified from equity to financial profit/loss on disposal of the given foreign operation. Application of IFRIC 16 does not influence the Bank's financial statement, since there were no events it would have applied to.

- IFRIC Interpretation 18 Transfers of Assets from Customers – the interpretation contains guidelines on recognition of the assets received from a customer and used for the sake of rendering services to the same customer. The interpretation applies to the transactions which took place on or after 1 July 2009. Application of IFRIC 18 does not influence the financial statements, since the Company neither received any assets from customers nor any cash assumed for fabrication of such assets.

- Amendments to IFRIC Interpretation 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement: embedded derivative instruments – the amendment introduces the necessity of assessing whether a derivative instrument must be recognised separately on reclassification of a hybrid financial instrument from the category of financial assets measured at fair value through statement of comprehensive income. The assessment is conducted based on the conditions existing on later of the dates: when the entity became a party to a contract for the first time or when the contract was amended causing significant changes in cash flows resulting from the contractual provisions. IAS 39 requires that if an embedded derivative instrument cannot be reliably measured, the whole hybrid instrument is to be classified under financial instruments measured at fair value through financial profit/loss. Application of these amendments did not influence the financial statements, since the Company neither reclassified any items from financial assets measured at fair value through statement of comprehensive income nor possessed any hybrid financial instruments for which a reliable measurement of the derivative instrument would be possible.

- Amendments to IFRS 7 Financial instruments: Disclosures – the amended standard requires that additional information be disclosed with regard to measurement at the fair value and liquidity risk. For each class of financial instruments measured at the fair value, one must disclose the information on the measurement using a hierarchy of fair value which entails the importance of the measurement input data. Furthermore, for the sake of measurements at fair value classified under Level 3 of the fair value hierarchy, one must evidence the conformity between the opening balance and the closing balance. One must also provide all the significant shifts between Level 1 and Level 2 of the fair value hierarchy. The amendments also specify the requirements towards information disclosures with regard to the liquidity risk. The information on measurement at fair value has been provided in note XII. The information of liquidity risk has been provided in note XVIII concerning information on liquidity risk.

4. New standards and interpretations issued but not yet effective.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee but are not yet effective:

- Amendments to IAS 39 Financial instruments: Recognition and Measurement: Exposures Qualifying for Hedge Accounting (amendments introduced in July 2008) – applicable to annual periods beginning on or after 1 July 2009, not approved by the EU until the date of approval of these financial statements,
- IFRIC Interpretation 17 Distribution of Non-cash Assets to Owners – applicable to annual periods beginning on or after 1 July 2009, not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 39 and IFRS 7 – Reclassification of Financial Assets – Effective Date and Transition (amendments introduced in November 2008) – applicable from 1 July 2008, not approved by the EU until the date of approval of these financial statements,
- IFRS 3 Business Combinations (revised in January 2008) – applicable to annual reporting periods beginning on or after 1 July 2009,
- Amended IFRS 1 First-time Adoption of International. Financial Reporting Standards (revised in November 2008) – applicable to annual reporting periods beginning on or after 1 July 2009,
- Amendments resulting from annual improvements to IFRSs (issued in April 2009) – partially applicable to annual periods beginning on or after 1 January 2009 and partially to annual reporting periods beginning on 1 January 2010 not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 2 Share-based payment: group share-based payment transactions cleared in cash (amended in June 2009) applicable to annual periods beginning on or after 1 January 2010, not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards: additional exemptions for those adopting the IFRS for the first time – applicable to annual periods beginning on or after 1 January 2010, not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 32 Financial instruments: Presentation: classification of drawing rights issues – applicable to annual reporting periods beginning on or after 1 February 2010,
- IAS 24 Related Party Disclosures (amended in November 2009) – applicable to annual periods beginning on or after 1 January 2011 not approved by the EU until the date of approval of these financial statements,
- IFRS 9 Financial Instruments – applicable to annual periods beginning on or after 1 January 2013, not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction: Prepayments of the Minimum Funding Requirement – applicable to annual periods

(figures in PLN '000)

beginning on or after 1 January 2011, not approved by the EU until the date of approval of these financial statements,

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – applicable to annual periods beginning on or after 1 July 2010, not approved by the EU until the date of approval of these financial statements,

- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards: limited exemption from the obligation to present comparable figures required in accordance with IFRS 7 for those adopting the IFRS for the first time – applicable to annual periods beginning on or after 1st July 2010, not approved by the EU until the date of approval of these financial statements.

The Company's Management Board does not expect the above standards and interpretations (except for IFRS 9) to have a significant effect on the Company's accounting principles (policy). In respect of IFRS 9, the Company is currently conducting an analysis of the effect of the said standard on the financial statements. In respect of the effect of IFRS 3, it may be crucial for recognition of assets from capitalised costs related to the merger of Noble Bank S.A. and Getin Bank S.A. The Company is currently trying to assess the effect of this standard on its accounting policy in the said areas.

5. Significant accounting principles

The significant accounting principles described below have been applied to all the reporting periods presented in these financial statements.

<u>Conversion of items expressed in foreign currencies</u>

Transactions expressed in foreign currencies are converted to PLN at the exchange rate applicable as at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies and recorded at their historical cost are converted to PLN at the average exchange rate of the National Bank of Poland applicable as at the reporting date. The resulting exchange rate differences are recognised under financial income (costs) or, in the cases provided for in the accounting principles (policy), capitalised at the value of assets. Non-monetary assets and liabilities denominated in foreign currencies and recorded at their historical cost are converted to PLN at the exchange rate applicable at the date of the transaction. The non-monetary assets and liabilities measured at fair value are converted at the average exchange rate of the National Bank of Poland applicable as at the date of the measurement at fair value.

The following exchange rates were used for the reporting measurement purposes:

Currency	31 Dec. 2009	31 Dec. 2008
1 EUR	4.1082	4.1724
1 USD	2.8503	2.9618
1 CHF	2.7661	2.8014
1 GBP	4.5986	4.2913
100 JPY	3.0890	3.2812

<u>Financial assets and liabilities</u>

A financial asset or liability is recognised in the Company's financial position statement when the Company becomes party to a transaction. Transactions to buy or sell financial assets measured at fair value through profit or loss, financial assets held to maturity and financial assets available for sale, including standardised transactions to buy or sell financial assets, are recognised in the statement of financial position always as at the date of the transaction. Loans and receivables are recognised upon payment of funds to the borrower.

Recognition of financial instruments

A financial asset or liability is recognised in the Company's financial position statement when the Company becomes a party to an agreement for such an instrument. Transactions to buy or sell financial assets are recognised as at the date of the transaction.

All financial instruments initially recognised are measured at fair value adjusted, in the case of financial instruments other than those classified as measured at fair value through profit or loss, by those transaction costs which can be attributed directly to the purchase or issue of a financial asset or a financial liability.

The Company's financial instruments are divided into the following categories: financial instruments measured at fair value through statement of comprehensive income, financial assets held to maturity, loans and receivables, financial assets available for sale, and other financial liabilities.

Financial instruments measured at fair value through statement of comprehensive income

This category is divided into two subcategories:

- financial assets and liabilities held for trading – purchased or intended for resale in the short term, and derivative instruments,
- financial assets and liabilities designated, when initially recognised, as financial assets measured at fair value through statement of comprehensive income.

Financial assets and liabilities can be classified, when initially recognised, as financial assets and financial liabilities measured at fair value through statement of comprehensive income only if:

- this eliminates or significantly reduces inconsistency as regards the measurement and recognition (sometimes referred to as "accounting mismatch") of financial assets and financial liabilities, which would otherwise occur as a result of using a different method of measuring such assets or liabilities, or a different method of recognising the related net profits or losses, or
- a group of financial assets or financial liabilities or both of these categories is managed, and its results are assessed at fair value, in accordance with documented risk management principles or an investment strategy, while information on that group is provided internally to the key member of management (as defined in IAS 24 Related Party Disclosures), e.g. to the management board or executive director of the entity.

As the first of the above conditions has been met, the customers' deposits with a fixed interest rate, denominated in the Polish currency (PLN) and made between 1 April 2008 and 30 June 2008 for a period not longer than one year were designated by the Company, when initially recognised, as financial liabilities measured at fair value through statement of comprehensive income. This method significantly reduces inconsistency as regards the measurement of such deposits and the measurement of IRS (Interest Rate Swap) financial instruments contracted for in connection with the Company's method for managing interest rate risk.

Financial assets and liabilities held for trade as well as financial assets and liabilities designated, when initially recognised, as financial assets/liabilities measured at fair value through statement of comprehensive income are recognised in the financial position statement at fair value.

Derivative financial instruments

Derivative financial instruments not subject to hedge accounting are recognised as at the date of the transaction and measured at fair value as at the reporting date. The Company recognizes changes in fair value, respectively, as gain or loss on the financial instruments measured at fair value through statement of comprehensive income or as foreign exchange gain (loss) (FX swap, FX forward and CIRS transactions) correspondingly to receivables/liabilities from derivative financial instruments, except for the instruments assumed as hedging of the fair value of deposits measured in accordance with the accounting principles provided in note V.6 in the section referring to hedge accounting.

The result of the final settlement of derivative transactions is recognised under "gain (loss) on financial instruments measured at fair value through profit or loss" or, in the case of foreign-currency financial derivatives (FX swap, FX forward and CIRS transactions), under "foreign exchange gain (loss)", except for the instruments assumed as hedging of the fair value of deposits measured in accordance with the accounting principles provided in note V.6 in the section referring to hedge accounting.

The notional amounts of derivative transactions are recognised in off-balance sheet items at the date of the transaction and throughout their duration. Off-balance sheet items expressed in foreign currencies are re-estimated at the end of the day and at the average exchange rate of the National Bank of Poland (fixed as at the valuation date).

The fair value of financial instruments on the market is the market price of such instruments. In other cases, the fair value is determined based on a measurement model inputs to which have been obtained from an active market (particularly in the case of IRS and CIRS instruments using the discounted cash flow method).

Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity other than:

- those designated by the Company, when initially recognised, as assets measured at fair value through statement of comprehensive income,
- those designated by the Company as assets available for sale; and
- assets that fall within the definition of loans and receivables.

Financial assets held to maturity are measured at amortised cost using the effective interest rate and taking into account impairment losses. Accrued interest, discount or premium are recognised in the net interest income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables arise when the Company lends amounts to customers for purposes other than generating short-term commercial profits. This category comprises amounts due from banks and customers, including purchased receivables and investments in debt securities unless they are quoted on an active market.

Loans and receivables are measured in the statement of financial position at depreciated cost using the effective interest rate and taking into account impairment losses.

Accrued interest and commission income depreciated using the effective interest rate method are recognised in the interest income. Commissions that are not part of the interest income and that are accounted for using a straight-line method, are recognised in the fee and commission income. Impairment losses are recognised in the statement of comprehensive income as gain (loss) on impairment of loans and leases.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets designated as available for sale or not classified as financial assets measured at fair value through profit or loss, loans and receivables or financial assets held to maturity.

Financial assets available for sale are measured in the statement of financial position at fair value. Changes in the fair value of an asset are carried over to "other total income" in the statement of comprehensive income until the asset component is excluded from the statement of financial position when the cumulative profit or loss from the total income in the statement is recognised under "result on other financial instruments". For debt instruments, interest income and discount or premium are recognised in the interest income or expense respectively using the effective interest rate method.

Where the fair value of an asset cannot be determined, the asset is recognised at the cost of acquisition, taking the impairment losses into account. Impairment losses are recognised under financial profit (loss).

Should there be any objective premises implying that impairment of a financial assets component available for sale has occurred, then the amount constituting the difference between the purchase price of the assets component (decreased by all capital repayments and interest) and its current fair value less any impairment losses for this assets component previously recognised in the financial profit (loss), is removed from the equity and presented under the financial profit (loss). One cannot state the reversal of impairment write-offs for capital instruments qualified as available for sale in the financial profit/loss. If, in the next period, the fair value of a debt instrument available for sale increases, and the increase in question can be objectively related to an event subsequent to the recognition of the impairment loss in the financial profit/loss, then the amount of the reversed write-off is recognised in the financial profit/loss.

Other financial liabilities

Financial liabilities are amounts due to banks and customers, loans incurred by the Company and debt securities issued, taking the transaction costs into account, except for financial liabilities classified, when initially recognised, as liabilities measured at fair value through profit/loss.

Financial liabilities not classified, when initially recognised, as liabilities measured at fair value through statement of comprehensive income are recognised in the statement of financial position at depreciated cost, taking the effective interest rate into account.

Removal from the statement of financial position

A financial asset is removed from the Company's statement of financial position upon expiry of the contractual rights to cash flows related to the asset or upon the Company's transfer of the contractual rights to such cash flows.

When the Company transfers a financial asset, the Company evaluates the extent to which it retains the risks and rewards of ownership of the asset. In this case:

- where substantially all the risks and rewards of ownership of a financial asset are transferred, the Company removes the asset from the statement of financial position; where substantially all the risks and rewards of ownership of a financial asset are retained, the Company continues to recognise the asset in the statement of financial position,

- where the Company does not transfer or retain substantially all the risks and rewards of ownership of a financial asset, the Company evaluates whether it has retained control of the asset. Where the Company retains control of the asset, the asset continues to be recognised in the Company's statement of financial position.

A financial asset or part of a financial asset is removed from the books when the Company loses control of the asset or part of the asset, i.e. when the Company exercises its rights to specific contractual rewards, when such rights expire or when the Company renounces such rights.

A financial liability or part of a financial liability is removed from the Company's statement of financial position (or its part) when the obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any evidence that a financial asset is impaired. If any such evidence exists, the Company determines the amount of impairment losses. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The objective evidence that a financial asset or group of assets is impaired includes in particular:

- significant financial difficulty of the issuer or debtor,
- a breach of contract by the issuer or debtor, such as a default or delinquency in interest or principal payments,
- the lender, for economic or legal reasons relating to the issuer or debtor's financial difficulty, granting to the issuer or debtor a concession that the lender would not otherwise consider,
- it becoming highly probable that the issuer of debtor will enter bankruptcy or other financial reorganisation,
- the disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Loans, repurchased receivables, other receivables

The most important category of financial assets recognised in the Company's statement of financial position at depreciated cost and, at the same time, exposed to impairment is credit receivables. At the end of each reporting period, the Company assesses whether there is any objective evidence that a financial asset and/or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) exerts an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Expected, future losses are not taken into account in estimates of the current impairment.

If the Company identifies evidence that an asset or a group of assets is impaired, the amount of impairment loss is calculated as the difference between the book value of a credit receivable and its economic value measured as the current value of expected future cash flows discounted using the effective contract interest rate of contracts as at the date on which such evidence occurs for a given financial asset.

Impairment losses are recognised under financial profit (loss).

Impairment losses are measured for all the credit receivables for which individual evidence of impairment is identified.

If the Group determines that no objective evidence of impairment exists for an individually assessed loan, significant or not, it includes the loan in a portfolio of loans with similar credit risk characteristics and collectively assesses them for impairment. Such collective, portfolio assessment is made using historical recoveries of similar portfolios of assets.

When evidence of impairment ceases to exist, impairment losses are recognised through statement of comprehensive income.

Loans granted by Wschodni Bank Cukrownictwa ("old group of loans")

In the opinion of the Company, there is evidence that the entire old group of loans is impaired. The value of that group of loans has been determined by discounting the expected cash flows in successive periods, estimated on the basis of historical recovery rates for that group of loans and on the basis of the current results of debt recovery.

The value of loans and impairment of the "old group of loans" is re-assessed as at the end of each quarter.

Repurchased receivables – measurement

The Company evaluates the receivables repurchased based on discounted expected future cash flows from those receivables. The value of repurchased receivables is re-assessed as at the end of each quarter entailing the recoveries from those receivables and possible changes in estimated future cash flows.
Monthly cash flows from the receivables purchased, expected to be recovered within a specified period of time, are discounted as follows:

$$V = R_1 \frac{1}{(1+IRR)}^{(1/12)} + R_2 \frac{1}{(1+IRR)}^{(2/12)} + ... + R_n \frac{1}{(1+IRR)}^{(n/12)}$$

R – cash flows from the receivables purchased as at the end of each forecast month, and
IRR – internal rate of return for cash flows.

IRR – internal rate of return for cash flows.
The IRR is calculated at purchase and changed in successive reporting periods only to reflect changes to market interest rates. The IRR entails the price paid for a receivable and the period of time within which the Company intends to recover the price paid.

Loans granted as a part of the Company's strategy launched in 2006 (new group of loans)

As at the end of the given reporting period, the impairment of financial assets was measured in accordance with IAS 39 using the measurement model applied by the Company on the date of adoption of the International Financial Reporting Standards. While building its model for the measurement of financial asset impairment, the Bank applied the following assumptions:

- the group of loans was divided into a group of homogeneous loans and a group of individually significant loans,
- the group of homogeneous loans was further divided into loans without a risk of impairment and loans with a risk of impairment,
- the group of loans without a risk of impairment was measured (incurred but not reported reserve) depending on the type of product and based on historical data,
- the group of loans with a risk of impairment was measured using estimated recovery rates,
- for the groups of products for which it was impossible to estimate historical recovery rates due to lack of the appropriate data, expert ratios were used.

With regard to the write-offs for the losses incurred but not yet reported (IBNR) in the group of real estate loans, the Company, due to the fact of having collected the relevant data on the history of the group of loans, estimated the IBNR reserve ratio based on the historical data.

Based on the historical data, the group parameters necessary to determine the value of the write-offs are established, i.e. the probability of default (PD) and the rate of return (RR) by application of the method based on the Markow chain migration matrices. Estimation of the parameters is conducted based on the exposure history. The Company regularly reviews the methodology applied as well as the assumptions adopted for the sake of estimation of the group parameters in order to decrease any possible discrepancies between their actual and estimated values. Furthermore, in order to determine the value of the IBNR write-off, the Company also determines the length of the period in which the losses incurred are revealed, i.e. the so-called LIP. Based on the estimated group parameters and bearing in mind the book values as at the measurement date, the amounts of the impairments losses and the IBNR write-offs are calculated.

With regard to financial loans and the credit cards receivables, due to the non-representative volume of these groups and/or short product history, the Company has not acquired enough experience in the scope of the nature of these groups in order to be able to determine the actual time series. With regard to the foregoing, the Company assumes the value of the ratio estimated to the best of its knowledge which enables it to approximately entail the possibility of occurrence of the losses which have not been reported yet.

The ratio for the group of financial loans was established based on the former level of the loss ratio for the group of financial loans granted by Getin Noble Bank S.A. and the values of the collateral received. As a result of these analyses, the IBNR reserve ratio was calculated on the level of 0.25% (1.2% as at 31 December 2008).
With regard to the receivables from servicing of credit cards, the IBNR reserve ratio assumed was 0.25% (1.5% as at 31 December 2008).

Investments held to maturity

The Company assesses whether there is objective evidence that an individual held-to-maturity investment is impaired. If there is objective evidence of impairment, the amount of impairment losses is equal to the difference between the book value of an asset and the current value of estimated future cash flows (excluding future credit losses not incurred) discounted using the effective interest rate as at the date on which such evidence occurs for that financial asset.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the impairment loss balance. The amount of the reversal is recognised in the financial profit/loss.

Financial assets available for sale

At the end of each reporting period, the Company assesses whether there is any objective evidence that a financial asset and/or a group of financial assets is impaired.

Should there be any objective premises implying that impairment of a financial assets component available for sale has occurred, then the amount constituting the difference between the purchase price of the assets component (decreased by all capital repayments and interest) and its current fair value less any impairment losses for this assets component previously recognised in the financial profit (loss), is removed from the equity and presented under the financial profit (loss). One cannot state the reversal of impairment write-offs for capital instruments qualified as available for sale in the profit/loss. If, in the next period, the fair value of a debt instrument available for sale increases, and the increase in question can be objectively related to an event subsequent to the recognition of the impairment loss in the financial profit/loss, then the amount of the reversed write-off is recognised in the financial profit/loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and recognised net in the statement of financial position if the Company holds a valid legal right to offset the amounts recognised and intends to settle the amounts in net amounts, or to realise the given asset and settle the liability.

Total tangible fixed assets and intangible assets

Tangible fixed assets

Tangible fixed assets are recognised at acquisition or manufacturing cost less depreciation and any impairment losses. The initial value of a tangible fixed asset comprises its acquisition price and all the costs directly attributable to the purchase and preparation of an asset to be put into operation. The initial cost also includes the costs of replacement of parts of plant and equipment when incurred if the criteria for recognition are met. Any costs incurred after the date when the fixed asset is put into operation, such as the costs of maintenance and repairs, are recognised in profit or loss when incurred.

Fixed assets, when acquired, are divided into component parts that are items of significant value and to which a separate period of economic life can be attributed. The costs of general overhauls also constitute a component part.

Depreciation is provided on a straight-line basis over the estimated useful life of the respective asset:

Type of asset	Useful life
Investments in third-party assets	rental duration – up to 10 years
Plants and equipment	8-17 years
Computer units	3 years
Means of transport	5 years
Office equipment, furniture	5 years

A tangible fixed asset can be removed from the statement of financial position when the asset is sold or when no economic gains are expected from continuing to use such an asset. All gains or losses resulting from the removal of such an asset from the statement of financial position (calculated as the difference between possible net proceeds from the sale of the asset and the carrying amount of the asset) are recognised in the financial profit/loss for the period in which the asset was removed.

Investments in progress apply to fixed assets under construction or assembly and are recognised at the acquisition or manufacturing cost. Fixed assets under construction are not depreciated until their construction is completed and the assets are put into operation.

The residual value, useful life and costs of depreciation of the assets are verified and, if necessary, corrected as at the end of each financial year.

When an asset is overhauled, the overhaul cost is recognised in tangible fixed assets in the statement of financial position provided that the criteria for such recognition are met.

Intangible assets

An intangible asset acquired in a separate transaction is initially measured at acquisition or manufacturing cost. The cost of acquisition of an intangible asset in a business combination is equal to the fair value as at the date of the combination. An initially recognised intangible asset is recognised at the cost of acquisition or manufacturing less depreciation and impairment losses. Expenditure on internally generated intangible assets, except for activated expenditure on development, is not activated and is recognised in the costs of the period in which it was incurred.

The Company assesses whether the useful life of an intangible asset is definite or indefinite. An intangible asset with a definite useful life is depreciated throughout its useful life and subject to impairment tests every time that evidence is identified that the asset is impaired. The period and method of depreciation of intangible assets with a definite useful life are verified at least as at the end of each financial year. Changes in the expected useful life or in the expected method of consuming the economic benefits from an intangible asset are recognised through a change of, respectively, the period or method of depreciation, and treated as changes of the estimated values. Depreciation expenses for intangible assets with a definite useful life are recognised in the profit/loss, in the respective category for the function of that intangible asset.

Intangible assets with an indefinite useful life and those which are not used are, on an annual basis, subject to impairment tests in respect of individual assets or at the level of a cash-generating unit. In the case of other intangible assets, the Company assesses, on an annual basis, whether there is evidence that such assets are impaired. The useful lives are also subject to verification on an annual basis and, if necessary, corrected with the effect from the beginning of the financial year.

The table below is a summary of the principles applied in relation to the Company's intangible assets:

	Computer software
Useful life	2 -10 years
Depreciation method	straight-line method
Internally generated or acquired	acquired
Testing for impairment / review of the recoverable value	tested for the evidence of impairment annually

The gain or loss resulting from the removal of an intangible asset from the statement of financial position is measured as the difference between the net proceeds from the sale of the asset and the carrying amount of the asset, and is recognised in the profit/loss when it is written off.

Fixed assets held for sale and discontinued operations

Fixed assets held and assets for sale are measured at the lower of the carrying amount and the fair value less selling costs. Discontinued operations are an element of the Company's activities that is a separate, specialised area of the Company's operations or its geographical segment, or a subsidiary acquired exclusively to be resold. The Company discloses an operation as discontinued when it is sold or classified as "held for sale".

Impairment of tangible fixed assets

The book value of intangible fixed assets is tested for impairment periodically. If the Company identifies evidence that a tangible asset is impaired, it is determined whether the current carrying amount of the asset is higher than the amount recoverable through further use or sale, i.e. the recoverable amount of the asset is estimated. If the recoverable amount is lower than the current carrying amount, the asset is impaired and the impairment loss is recognised in the financial profit/loss.

The recoverable amount of a tangible asset is determined as the higher of two amounts: the amount expected to be received from sale less the selling costs and the asset's value in use. An asset's value in use is determined as the future cash flows expected to be derived from the asset, discounted with the current market rate of interest plus a margin against a risk specific to the given class of assets.

The impairment loss of an asset may be reversed only up to the carrying amount of the asset less the accumulated depreciation which would have been determined if the asset had not been impaired.

Investments in subordinated entities

At the end of each reporting period, the Company assesses whether there is any objective evidence that an individual investment in subordinated entities is impaired.

If the Company identifies objective evidence that an individual investment in subordinated entities is impaired, the impairment loss is recognised in the financial profit/loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the impairment loss balance. The amount of the reversal is recognised in the financial profit/loss.

Cash and cash equivalents

The Bank recognises the following cash and cash equivalents: cash and balances on currents accounts at the central bank, and balances on current accounts and overnight deposits at other banks.

Accrued expenses and deferred income

Accrued expenses (assets) are expenses recognised in the financial profit/loss in future reporting periods, based on the passing of time. Accrued expenses (assets) are recognised under "other assets".
Accrued expenses (liabilities) are provisions for the goods and services provided to the Company which are to be paid for in the future reporting periods. These are recognised under "other liabilities". Deferred income includes, among other items, the amounts received during a reporting period for goods and services to be supplied in the future and certain types of income received in advance which will be recognised in the financial profit/loss in the future reporting periods. They are also recognised under "other liabilities".

Provisions

A provision is made if the Company has a present obligation (legal or constructive) as a result of past events and if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate can be made for the amount of the obligation. If the Company expects reimbursement of the expenditure required to settle a provision (for example, through insurance contracts), the Company recognises the reimbursement as a separate asset, but only and only when it is virtually certain that the reimbursement will be received. The expense relating to a provision is presented in the financial profit/loss less all the amounts recognised for reimbursement. Where the effect of the time value of money is material, the provision is discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as financial expense.

Employee benefits

In accordance with the Polish Labour Code and the Company's Compensation Rules, the Company's employees are entitled to disability/retirement severance pay. Such severance pay is paid as a lump sum to an employee upon termination of his or her employment for retirement or disability and the severance pay amount depends on the number of the employee's years of service and his or her individual pay level. The Company generates a provision for severance pay to assign the future costs to the periods to which they relate. In accordance with IAS

19, disability/retirement severance pay is provided under termination benefit plans. The current amount of such liabilities as at each reporting date is determined by an independent actuary. The liabilities are equal to discounted payments to be made in the future, taking the employee turnover rate into account, and they relate to the reporting period. Demographic and employee turnover figures are based on historical data. Gains or losses resulting from actuarial calculations are recognised in the financial profit/loss.

The Company's current compensation regulations do not provide for payment of anniversary benefits to the Company's employees.

Leasing

Financial leasing agreements which transfer substantially all the risks and rewards incident to ownership of the leased asset on the Company are recognised in the statement of financial position as at the date of commencement of the lease term at the lower of two values: the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the operating expenses and the reduction of the outstanding liability so as to produce a constant interest rate on the remaining balance of the liability. Other operating expenses are recognised directly in the financial profit/loss.

Tangible fixed assets used under finance leases are depreciated over the shorter of the following two periods: the lease term or the estimated life of the asset.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset leased are classified as operating leases. Operating lease payments are recognised under expense in the financial profit/loss on a straight-line basis over the term of the relevant lease.

Equity

Equity is the capital, reserves and funds generated in accordance with the applicable laws, regulations and the Company's Articles of Association.

The Company's equity consists of share capital, repurchased own shares, retained earnings (undistributed financial profit/loss) and other capital.

Share capital

The Company's share capital is recognised at nominal value, in accordance with the Company's Articles of Association and the incorporation records.

Dividends for a financial year that have been approved by the Company's General Shareholders Meeting but have not been paid as at the reporting date are disclosed under "other liabilities" in the statement of financial position.

Repurchased own shares (treasury shares)

Where the Company acquires own shares, the amount paid for the instruments including all the direct costs related to such acquisition is recognised as a change in equity. The acquired own shares are recognised as own shares and the expense surplus over the nominal value is recognised as a reduction of other capital until the shares are cancelled or disposed of.

All the capital items described below, in the event of acquisition of entities, apply to the events taking place after claiming control over the given entity until the day such control is lost.

Proceeds from sale of shares above their nominal value

Proceeds from the sale of shares above their nominal value (a surplus of the issue price over the nominal price) are the share issue premium less the direct costs incurred in connection with the share issue. Proceeds from the sale of shares above their nominal value increase supplementary fund.

Retained earnings

Retained earnings are created as a portion of the current financial profit/loss as well as the financial profit/loss from the previous years which have not been allocated on the supplementary fund or distributed among the shareholders.

Other capital

Other capital comprises: difference between the fair value of the payment received and the nominal values of the shares issued by the predominant entity; revaluation reserve from the financial instruments available for sale and the value of the deferred tax for the items being temporary differences recognised in the revaluation reserve; retained earnings generated on the write-offs from profit and assumed for the purposes specified in the Articles of Association and other applicable legal regulations.

Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value as at the date at which they are granted. The fair value is determined using a pricing model. While measuring equity-settled transactions, no account is taken of any performance conditions other than the conditions linked to the price of the Company's shares ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the benefits ("vesting date"). The cumulative expense recognised for equity-settled transactions as at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Bank's Management Board, at that date, based on the best available estimate of the number of equity instruments, will eventually be vested.

No expense is recognised for awards that are not eventually vested, except for the awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. Furthermore, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had been vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution on determination of the earnings per share.

Cash-settled transactions

Cash-settled transactions are initially measured at fair value at the granting date using the relevant model and entailing the terms and conditions upon which the options were granted. This fair value is expensed over the whole period until the vesting with recognition of a corresponding liability. The liability is re-measured at the end of each reporting period up to and including the settlement date with the changes in the fair value being recognised through profit or loss.

Income

Income from a transaction is recognised in the amount in which it is probable that economic benefits associated with the transaction will flow to the Company and if the amount of income can be measured reliably. While recognising income, the criteria described below apply.

Gain (loss) on interest

Gain or loss on interest is generated by financial assets and liabilities recognised through profit or loss at depreciated cost using the effective interest rate method.

The following financial assets and liabilities are measured at depreciated cost:

- loans granted and other receivables not held for trading,

- financial assets held to maturity,

- financial liabilities not designated, when initially recognised, as financial liabilities measured at fair value through statement of comprehensive income and not being derivative instruments.

The effective interest rate is the rate that exactly discounts the expected stream of future cash payments through maturity or the next market-based repricing date to the current net carrying amount of the financial asset or financial liability. That calculation should include all fees and points paid or received by the Company under the contract for the asset or liability, excluding the possible future credit losses.

The choice of the measurement method for interest coupons, fees and commission and some other external expenses associated with financial instruments (the effective interest method or the straight-line method) depends on the nature of the given instrument. Financial instruments with defined cash flow schedules are measured using the effective interest rate method. In the case of financial instruments without defined cash flow schedules, it is impossible to calculate the effective interest rate and therefore the fees and commission are measured using the straight-line method over a period of time.

The method for recognising different types of deferred fee/commission through profit or loss as fee and commission income and, generally, whether it should be deferred and not recognised wholly through profit or loss, depends on the economic nature of the fee/commission concerned.

Deferred fees and commission income includes, for example, loan approval fees, loan fees, loan release fees, fees for backing a loan with additional collateral, etc. Such fees are an integral part of the return generated by the given financial instrument. This category also includes fees and charges for changing the terms and conditions of contracts, which modifies the originally calculated effective interest rate. Each significant change to the terms and conditions of a contract for a financial instrument results, in the economic sense, in the financial instrument with the previous characteristics expiring and a financial instrument with new characteristics being established. This category includes fees for an amendment of a schedule for future cash flow, loan agreement restructuring charges, fees for deferment of loan payments, etc. The types of fees and charges mentioned above are deferred and recognised through profit or loss using the effective interest rate method or the straight-line method, depending on the nature of the product.

Furthermore, if it is probable that a loan agreement is executed, the fees and charges for the Company's obligation to execute the agreement are considered as remuneration for continuing involvement in the purchase of the financial instrument, deferred and recognised as an adjustment of the effective rate of return at the time of execution of the agreement (using the effective interest rate method or the straight-line method, depending on the nature of the product).

In the case of an asset where it has been evidenced that the asset is impaired, the interest income is recognised through profit or loss based on net exposure determined as the difference between gross exposure and impairment loss, by application of the effective interest rate used in the determination of the impairment loss.

The profit or loss on interest also covers the profit or loss on the interest charged and paid in relation to the derivative CIRS and IRS instruments.

Gain (loss) on fee and commission

As noted above, fees and commissions recognised in the financial profit/loss account using the effective interest rate method are recognised as gain on interest.

Fees and commissions that are not recognised using the effective interest rate method, but are recognised over time using the straight-line method or as a lump sum, are recognised under "gain (loss) on fee and commission". The Company's fee and commission income includes fee and commission income from transaction services.

This category includes fees and commissions for transaction services where the Company acts as an agent or provides services such as distribution of investment fund units, processing of bank transfers, payments and similar services.

Revenue from credit intermediation services

The Company recognises revenue and costs to sell credit products based on estimates, in accordance with the following principle.

In the financial profit/loss, the Company recognises revenue from the sale of credit products in the month in which the customer's loan application was received by the bank and/or any other financial institution and the commission expense due to the financial adviser for the sale of the loan.

The amount of the revenue is calculated as the fair value of the payment received or due.

In accordance with IRS 18, the revenue from the sale of a product is recognised in the financial profit/loss when the following conditions have been met:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the product (the customer's submission of a loan application form as required by the buyer's bank),
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably. As at 31 December 2009 and 31 December 2008, the bank assumed that at least 53% of all the loan applications (depending on the distributor), at least 85% of the deposit applications and at least 78% of the saving plan applications received are closed.

Gain (loss) on financial instruments measured at fair value through statement of comprehensive income

The gain (loss) on financial instruments measured at fair value through statement of comprehensive income is determined assuming the following principles: the financial liabilities not designated, when initially recognised, as financial liabilities measured at fair value through statement of comprehensive income and the IRS derivative instruments are measured at fair value.

Foreign exchange gain (loss)

The foreign exchange gain (loss) is determined entailing the positive and negative exchange rate differences, both realised and unrealised, which result from the daily measurement of FX assets and liabilities at the average National Bank of Poland exchange rate of the Polish currency against the given foreign currency as applicable at the end of the reporting period and which affect the foreign exchange income and expense. The gain/loss also covers measurement of the CIRS, FX forward and FX swap derivative instruments at the fair value.

Other operating income and expense

Other operating income and expenses are income and expenses not directly related to the Company's activities. They include, in particular, the result from sale and liquidation of fixed assets, revenue from sale of other services, penalties and fines received and paid.

Dividend income

Dividend income is recognised in the financial profit/loss at the dividend record date, if the dividend is paid from profits made after the record date.

<u>Income tax</u>

Deferred tax

For the sake of financial reporting, deferred tax is provided in full, using the liability method, on temporary differences as of the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts presented in the financial statement.

The provisions on deferred tax are recognised with reference to all positive temporary differences:

- save for cases when the provision for the deferred tax is generated as a result of the initial statement of the company goodwill or the initial statement of an asset or liability for the transaction which neither constitutes a business combination nor, on its conclusion, influences the gross financial result or the revenue to be taxed as well as tax loss; and
- in the event of positive transitory differences resulting from investments in subordinated or associated entities and shares in joint ventures, except for situations when the dates of reversing the transitory differences are subject to the investor's control and when it is probable that the transitory differences will not be reversed in the foreseeable future.

Deferred tax assets recognised with reference to all negative temporary differences, as well as unexercised tax concessions and unexercised tax losses transferred to the following years, in the amount which corresponds to the probability of generating taxable income sufficient for realisation of the aforementioned differences, assets and losses:

- except when the deferred tax assets related to negative temporary differences arise from initial recognition of as asset or liability in a transaction other than a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss, and
- in the event of negative temporary differences that arise from investments in subordinated or associated entities and from participation in joint ventures, a deferred tax asset is recognised in the statement of financial position only in such an amount in which it is probable that the aforementioned temporary differences will be reversed in the foreseeable future and that the Company generates taxable income sufficient for deduction of the negative temporary differences.

The carrying amount of a deferred tax asset is verified at the end of each reporting period and is subject to a respective decrease by the amount which corresponds to the lower probability of generating taxable income sufficient for partial or full realisation of the deferred tax asset.

A deferred income tax asset that is not recognised is re-assessed as at the end of each reporting period and is recognised to the amount which corresponds to the probability of generating taxable income in the future sufficient for recovering that asset.

Deferred income tax assets and provision for deferred income tax are determined using tax rates that are expected to apply when a deferred tax asset is realised or the provision is released, based on the tax rates (and regulations) that have been enacted or will substantially be enacted by the end of the reporting period.

The Company offsets deferred income tax assets against the provisions for deferred income tax only if it holds a valid and enforceable legal right to offset current income tax receivables against current income tax liabilities and if the deferred income tax is linked to the same taxpayer and the same tax authority.

Hedge accounting

Derivative financial instruments and security

The Company assumed the accounting policy in the scope of hedge accounting for the cash flows hedging the interest rate risk in accordance with IAS 39 as approved by the EU.

The "carve out" in accordance with IAS 39 approved by the EU enables the Company to establish a group of derivative instruments as a hedging instrument, and cancels certain restrictions resulting from the provisions of IAS 239 in the scope of deposit hedging and adoption of the hedging policy for less than 100% of cash flows. In accordance with IAS 39 approved by the EU, the hedge accounting can be applied to deposits, and a hedging instrument is inefficient only when a re-measured value of cash flows within the given time interval is lower than the value hedged in the given time interval.
In accordance with hedge accounting, hedging instrument are classified as:

- fair value hedge, securing against the fair value change risk for a recognised asset or liability, or
- cash flow hedge, securing against cash flow changes which may be attributed to a specific risk related to a recognised asset, liability or forecasted transaction, or
- hedge of a net investment in a foreign entity.

Hedging of the exchange risk for the future liability of increased probability is cleared as cash flow hedging.

On establishment of the hedging instrument, the Company formally assigns and documents the hedging reference as well as the purpose of risk management and the strategy for establishment of the hedging instrument. The documentation comprises identification of the hedging instrument, the item or transaction hedged, nature of the risk being hedged as well as the manner of assessing the efficiency of the given hedging instrument in offsetting of the risk by changes of the fair value of the item being hedged or cash flows related to the hedged risk. It is expected that the hedging instrument is to be highly efficient in offsetting changes of the fair value or cash flows resulting from the risk being hedged. Efficiency of the hedge is assessed on a current basis with the purpose of checking whether it is highly efficient in all reporting periods for which it has been established.

Fair value hedging

Hedging of the Company fair value secures it against changes in the fair value of a recognised asset or liability, or an unrecognised future liability of increased probability, or a separate part of such an asset, liability of a future liability of increased probability which can be attributed to a specific kind of risk and which may affect the financial profit/loss.

The Company applies group hedging for the fair value of PLN deposits based on a constant interest rate against the risk of fair value change due to the change in the WIBOR reference interest rate. A hedging instrument in such group hedging is the entire group of IRS derivative instruments or its part. The Company determines the hedging references based on the fair value sensitivity analysis for the group of deposits hedged and the group of instruments hedging against the risk of the WIBOR reference rate change. The analysis is based on the "BPV" and "duration" measures. The efficiency of the hedging reference is measured on an ongoing basis in monthly intervals.

In group hedging of fair value, the interest expense on the deposit group part being hedged is adjusted by the interest income or expense charged on the IRS transactions hedged applicable within the given reporting period. At the same time, a change of the fair value of derivative instruments established as a hedging instrument within the given period is recognised in the statement of comprehensive income under "gain (loss) on financial instruments measured at fair value" in the same item as the change of the fair value of the item being hedged due to the risk hedged. In the statement of financial position, the change in the fair value of a PLN deposit group determined in the given period as an item being hedged adjusts the item of "amounts due to other banks and financial institutions" (for hedging of interbank deposits) or the item of "amounts due to customers" (for hedging of individual customers' deposits). The adjustment of the carrying amount of the deposit group being hedged is depreciated on a straight-line basis starting from the months following the one in which the adjustment was made for the whole period left until the maturity date of the cash flows hedged. The depreciation amount adjusts the item of "interest expense" in the statement of financial position.

The Company ceases to apply the hedge accounting principles when the hedging instrument expires, is sold, dissolved or executed, if the hedging is no longer compliant with the criteria of the hedge accounting or when the Company cancels the hedging reference.

<u>Contingent liabilities granted</u>

As part of its operations, the Company executes transactions that, at the time of execution, are not recognised in the statement of financial position as assets or liabilities, but which result in contingent liabilities. A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Company's control;
- a present obligation that arises from past events but is not recognised in the statement of financial position because it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

Off-balance sheet liabilities that carry the risk of the contracting authority's failure to meet the relevant contractual obligations are provided in accordance with IAS 37.

Financial guarantees are treated and recognised in accordance with IAS 39.

<u>Profit per share</u>

The Company presents both the separate and consolidated financial statements. The disclosures required in accordance with IAS 33 are only presented based on consolidated financial figures.

IX. IMPORTANT FIGURES BASED ON PROFESSIONAL JUDGEMENT AND ESTIMATES

Professional judgement

Classification of leases

The Company classifies leases as either financial or operating, based on the assessment of the extent to which the benefits and risks of ownership are transferred to the lessor and the lessee. Such an assessment is based on the economic content of each transaction.

Measurement of the loans granted by Wschodni Bank Cukrownictwa ("old group of loans")

In the opinion of the Company, there is evidence that the entire old group of loans is impaired. The amount of impairment losses has been determined by discounting the expected cash flows in successive periods, estimated on the basis of historical recovery rates as described below. The Bank discounts the expected cash flows as at 31 December 2009 according to the rate based on three-year bonds (as at 31 December 2008, the rate was based on four-year bonds) and increased by the risk rate.

Measurement of newly purchased groups of receivables

The value of impairment losses has been determined by discounting the expected cash flows in successive periods, estimated on the basis of the expected recoveries for that group of receivables and on the basis of the current results of debt recovery.

Closing ratio for loans, term deposits and saving plans

The Company recognises commission income from the loan applications submitted (but for loans not yet paid out), applications for term deposits and saving plans (submitted but not yet processed) with other financial institutions based on a closing ratio. This ratio is based on historical data for the likelihood of a loan applied being actually paid out and a term deposit or a saving plan realised. This ratio is also used in determining the amount of provision for commission to be paid to Getin Noble Bank advisers for such loans, term deposits and saving plans. The value of amounts due in respect of financial intermediation services (receivables) as estimated based on the closing ratio was PLN 6,119 thousand as at 31 December 2009 (PLN 1,603 thousand as at 31 December 2008). The value of amounts due (liabilities) in respect of commission for advisers was PLN 2,652 thousand as at 31 December 2009 (PLN 574 thousand as at 31 December 2008). The value of the closing ratios assumed by the Group has been provided in note VI.6 "Revenue from credit intermediation services".

IBNR ratio

For the sake of modelling of the IBNR reserve, all the mortgage loans, treated as one homogenous group, were used in a normal situation. If an item was overdue by more than 90 days, it was assumed as the premise of impairment. The probability of a premise is calculated on a historical basis by applying the method based on the Markow chain migration matrix. In order to model the return rate, due to limited statistics, experts' opinions were used. The Bank updates the model parameters on a monthly basis, as new group data are collected.

For the financial loans and the receivables from servicing of credit cards, due to the non-representative group volume as at 31 December 2009, the Company assumed an expert ratio in order to estimate the IBNR write-offs based on the former loss ratio for the group of these loans. As at 31 December 2009, this ratio equalled 0.25% (as at 31 December 2008 – 1.2% for financial loans and 1.5% for the receivables from servicing of credit cards).

Investments in subordinated entities

The value of the Company's investments in subordinated entities is tested for impairment annually. The impairment loss is recognised through the financial statement of comprehensive income. As at 31 December 2008 and 31 December 2008, no impairment of the Company's investments in subordinated entities was identified.

Deferred tax

In 2009, the Tax Office provided the Company with a tax interpretation concerning the fiscal recognition of foreign exchange differences with regard to credits in foreign currency, on the basis of which the Bank dissolved the provision established on 31 December 2008 due to deferred income tax in the amount of PLN 64,100 thousand.

<u>Uncertainty of estimates</u>

In preparing financial statements in conformity with IFRS, the Company is required to make estimates and assumptions that affect the amounts reported in the financial statements. These assumptions and estimates are reviewed on an ongoing basis by the Group's management and based on historical experience and various other factors, including such expectations as to the future events which seem justified in a particular situation. Although these estimates are based on the best knowledge of the current conditions and of the activities undertaken by the Company, the actual results may be different from these estimates.

Estimates made as at the end of the given reporting period reflect the conditions as at the same date (e.g. currency exchange rates, the central bank's interest rates, market prices).

The main areas for which estimates were made by the Company include:

Impairment of loans

As at the end of each reporting period, the Company assesses whether there is any objective evidence that a financial asset or a group of assets is impaired. The Company assesses whether there is any evidence indicating a reliably measurable decrease in estimated future cash flows relating to the Bank's loan portfolio, before such a decrease can be allocated to a particular loan in order to estimate the level of impairment. The estimates may entail observable data indicating an unfavourable change in the debt repayment ability of a particular category of borrowers or in the economic situation in a particular country or part of the country, which is related to problems in this group of financial assets. Historical losses are corrected on the basis of data from ongoing observations in order to include the effect of those market factors which did not exist in the period in which such observations were made and exclude the effect of such circumstances which existed historically and which do not exist now. The methodology and assumptions for estimating amounts of cash flows and the periods in which they occur will be reviewed on a regular basis in order to reduce the differences between the estimated and actual amounts of losses.

In the opinion of the Company, there is evidence that the entire old group of loans is impaired. The amount of impairment losses has been determined by discounting the expected cash flows in successive periods, estimated on the basis of historical recovery rates for the old group of loans and on the basis of the current results of debt recovery. The relevant details are presented in note X.18 of these financial statements.

Moreover, as described in the section regarding professional judgement above and in the section regarding loans granted as part of the Company's strategy, launched in 2006, to build a private-banking platform *(new group of loans),* the uncertainty is connected with the estimates of impairment of the new group of loans (with regard to the loans with a risk of impairment and the loans without a risk of impairment, for which write-offs are made based on the IBNR ratio). The relevant details are presented in note X.15 of these financial statements.

Fair value of collateral for the loans granted

The fair value of collateral pledged on loans granted is determined based on measurement methods and the real estate market analysis. A list of security items accepted by the Company and their fair values are presented in Note X.17 to these financial statements.

Deferred tax assets

The Company recognises a deferred tax asset based on the assumption that, in the future, the Company will generate taxable profit sufficient to use the deferred tax asset. Deterioration of the Company's taxable results in the future might render this assumption invalid. The deferred tax assets are presented in note X.10.

Derivatives, financial assets and financial liabilities measured at fair value through statement of comprehensive income

The fair values of derivatives, financial assets and financial liabilities not traded on active markets are determined based on widely recognised measurement methods. All the models are subject to approval before application and calibrated to ensure that the results achieved reflect the actual data and comparable market prices. As far as practicable, the models only use observable data from an active market; however, under certain circumstances, the Bank estimates the relevant uncertainties (such as the customer risk, variability and market correlations). Changing the assumptions adopted for these factors may affect the measurement of certain financial instruments. The information on the financial liabilities measured at fair value has been provided in note X.14.

The fair value of the amounts due to customers is determined as follows:

The carrying value of deposits is determined as the sum of the actual deposit balance and the accrued interest as at the date of measurement. The value is subsequently discounted until the date of measurement using a discounting factor appropriate for the maturity date from the market profitability curve increased by the average weighted margin for deposits from a given range of the period of deposit or the original period. The result is the fair value. Gain (loss) on measurement at fair value is presented in the statement of comprehensive income under "gain (loss) on financial assets and liabilities measured at fair value through statement of comprehensive income". This item has been discussed in note X.25.

Fair value of other financial instruments

The fair value of financial instruments not traded on active markets is measured using the relevant measurement techniques. All the models are subject to approval before application and calibrated to ensure that the results achieved reflect the actual data and comparable market prices. As far as possible, only observable data from active markets are used in the models. The information on the fair value of financial instruments has been provided in note XII.

Impairment of other fixed assets

The Company assesses, at the end of each reporting period, whether there is any evidence that a fixed asset is impaired. If such evidence is identified, the Company assesses the recoverable amount. In estimating the useful value of a fixed asset, the Company makes assumptions about the amounts and dates of the future cash flows that the Company may receive from a particular fixed asset as well as an assumption about other factors. In estimating the fair value of a fixed asset less the costs of sale of the same asset, the Company uses the available market data in this respect or measurements performed by independent assessors, which in principle are also based on estimates. The impairment of fixed assets has been discussed in note X.20.

Other estimated figures

The Company's provision for retirement severance pay is determined using the actuarial method by an independent actuary as the current value of the Company's future liabilities to employees, based on the head count and pay levels as at the date of the revaluation. The provision for retirement pay is subject to revaluation on an annual basis. It is determined based on a number of assumptions about the microeconomic conditions as well as assumptions about staff rotation, death risk and other factors.

As regards some of the Company's short-term employee liabilities (bonuses for high-level management), the Company assesses the amount of such benefits as at the end of the reporting period. The final amount of such benefits is determined by way of a decision of the Supervisory Board. The information on the estimated values of severance pays has been provided in note X.27.

The actual amounts are verified on an ongoing basis in the reporting periods for consistency with the estimated amounts and the assumptions made.

X. NOTES TO THE FINANCIAL STATEMENT

All the figures presented in these Notes to the financial statement are expressed in PLN '000.

1. Interest income and expense and similar interest and expense

Interest income	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Income from loans granted to customers	287,304	147,935
Income from deposits and current accounts with other banks	35,199	33,993
Income from financial instruments, including	152,356	65,548
- available-for-sale financial instruments measured at fair value	48,981	21,664
- instruments held to maturity	1,588	-
- derivative financial instruments (asset)	95,406	16,766
- derivative financial instruments (liability)	6,381	27,118
Interest on obligatory reserve	5,678	3,786
Other interest	83	-
Total	**480,620**	**251,262**

Interest expense	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Expense on amounts due to customers	417,652	139,706
Expense on own issue of debt securities	24,275	27,589
Expense on deposits of other banks and financial institutions	19,591	9,688
Interest on loans incurred	2,523	5,822
Total	**464,041**	**182,805**

Additional information	1 Jan. 2009 – 31 Dec. 2009 PLN '000	1 Jan. 2008 – 31 Dec. 2008 PLN '000
Interest income including income from financial assets for which permanent impairment loss was recognised	10,415	-
Total interest income calculated using the effective interest rate in relation to financial assets not measured at fair value through statement of comprehensive income	329,852	207,378
Interest expense calculated using the effective interest rate in relation to financial liabilities not measured at fair value through statement of comprehensive income	464,041	182,805

The interest income for 2009 and 2008 includes the accrued interest not received as at the end of the reporting period and the interest on receivables received. The most significant interest income item for the Company in 2009 and 2008 was income from loans granted to customers.

2. Fee and commission income and expense

Fee and commission income	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Income from intermediation services	104,541	37,992
Income from bank account maintenance	1,656	973
Income from payment cards	635	-
Income from loans granted	244,537	775
Other income	1,707	203
Total	**353,076**	**39,943**

Fee and commission expenses	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Expense on intermediation services	140,160	13,254
Expense on loans	1,246	404
Expense on insurance	242	164
Expense on payment cards	131	30
Other expense	1,212	689
Total	**142,991**	**14,541**

Fee and commission income and expense is generated as a result of providing the financial services offered by the Company. The fee and commission directly related to the creation of financial assets or liabilities is recognised in the financial profit/loss as an adjustment of the effective interest rate. Other fees and commissions are recognised in the financial profit/loss at the time of provision of the corresponding service.

3. Gain (loss) on financial instruments measured at fair value through statement of comprehensive income

Gain (loss) on financial assets and liabilities	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Gain (loss) on derivatives (asset)	(30,319)	23,405
Gain (loss) on derivatives (liability)	(404)	(2,666)
Gain (loss) on liabilities classified as financial liabilities measured at fair value through statement of comprehensive income	(6,671)	5,904
Total	**(37,394)**	**26,643**

Gain (loss) on financial assets and financial liabilities measured at fair value through statement of comprehensive income from 1 Jan. 2009 to 31 Dec. 2009	**Gain PLN '000**	**Loss PLN '000**	**Net gain/loss**
Financial liabilities measured at fair value through statement of comprehensive income	-	(6,671)	(6,671)
Gain (loss) on derivatives (asset)	2,666	(32,985)	(30,319)
Gain (loss) on derivatives (liability)	-	(404)	(404)
Total	**2,666**	**(40,060)**	**(37,394)**

Gain (loss) on financial assets and financial liabilities measured at fair value through statement of comprehensive income from 1 Jan. 2008 to 31 Dec. 2008	Gain	Loss	Net gain/loss
Financial liabilities measured at fair value through statement of comprehensive income	5,904	-	5,904
Gain (loss) on derivatives (asset)	23,405	-	23,405
Gain (loss) on derivatives (liability)	324	(2,990)	(2,666)
Total	**29,633**	**(2,990)**	**26,643**

4. Gain (loss) on other financial instruments

`	1 Jan. 2009 – 31 Dec. 2009 PLN '000	1 Jan. 2008 – 31 Dec. 2008 PLN '000
Realised profits		
On financial instruments available for sale	111	71
Total	**111**	71
Realised losses		
On financial instruments available for sale	(2,541)	-
Other	-	(1)
Total	**(2,541)**	**70**
Net realised profit/(loss)	**(2,430)**	**70**

5. Foreign exchange gain (loss)

Foreign exchange gain (loss)	1 Jan. 2009 – 31 Dec. 2009 PLN '000	1 Jan. 2008 – 31 Dec. 2008 PLN '000
Gain (loss) on derivatives	29,791	(808,539)
Gain (loss) on loans and deposits	(16,065)	909,549
Total	**13,726**	**101,010**

6. Other operating income and expense

Other operating income	1 Jan. 2009 – 31 Dec. 2009 PLN '000	1 Jan. 2008 – 31 Dec. 2008 PLN '000
-		
Release of provisions	-	7,073
Rents	263	1,772
Recovery of non-recoverable debts	1,412	1,372
Recovered legal fees	472	637
Other incidental income	750	606
Recovered debt collection costs	833	569
Sale of products and services	180	382
Reversal of impairment losses of other assets	26	191
Operating leases	9	57
Sale or liquidation of non-financial fixed assets	377	21
Other income	415	247
Total	**4,737**	**12,927**

The debt collection-related income (recovered costs of debt collection, income from recovery of non-recoverable debt) included, both in 2009 and 2008, income from the recovery of time-barred debt, cancelled debt, from the refund of the costs of court and court bailiff proceedings, from the refund of the costs of payment reminders and of other costs related to debt collection.

Other operating expense	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
-		
Credit receivables collection and monitoring	2,186	1,527
Incidental expense	2,383	679
Permanent impairment losses of other assets	4	70
Loss on sale of non-financial fixed assets	256	11
Donations	13	-
Other expense	789	835
Total	**(5,631)**	**(3,122)**

7. General administrative costs

General administrative costs	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Employee benefits	49,531	32,802
Materials and energy consumption	3,013	2,688
External services, including:	44,828	29,212
- lease and rental	13,325	10,785
- marketing, representation and advertising services	17,912	9,997
- telecommunications and postal service	3,333	2,385
- legal services	1,526	965
- IT services	1,519	932
- advisory services	2,453	786
- cleaning services	514	490
- transport services	157	486
- costs of maintenance and repair	458	360
- insurance	247	228
- security services	58	63
- other	3,326	1,735
Other material costs	669	3,349
Taxes and fees	607	515
Bank Guarantee Fund contributions and payments	2,753	956
Amortisation and depreciation	5,517	3,093
Total	**106,918**	**72,615**

Employee benefits	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Remuneration	42,959	26,513
Social insurance	4,368	2,952
Training	1,319	2,697
Other	885	640
Total	**49,531**	**32,802**

Amortisation and depreciation	1 Jan. 2009 – 31 Dec. 2009 PLN '000	1 Jan. 2008 – 31 Dec. 2008 PLN '000
Tangible fixed assets	4,128	2,477
Intangible assets	1,389	616
Total	**5,517**	**3,093**

8. Gain (loss) on impairment losses of financial assets

01.01.2009 – 31.12.2009	Loans to customers			Total
	corporate	housing	consumer	
Opening balance of impairment losses/provisions as at 1 Jan. 2009	**39,791**	**21,519**	**23,987**	**85,297**
Created	5,089	15,101	14,727	34,917
Released	(12,171)	(8,554)	(1,447)	(22,172)
Change in net provisions as recognised through statement of comprehensive income	**(7,082)**	**6,547**	**13,280**	**12,745**
Used – written off	**(2,870)**	**-**	**(1,102)**	**(3,972)**
Closing balance of impairment losses/provisions as at 31 Dec. 2009	**29,839**	**28,066**	**36,165**	**94,070**

01.01.2008 – 31.12.2008	Loans to customers			Total
	corporate	Housing	consumer	
Opening balance of impairment losses/provisions as at 1 Jan. 2008	**42,027**	**10,150**	**29,689**	**81,866**
Created	6,708	38,662	18,297	63,667
Released	(8,182)	(27,293)	(23,121)	(58,596)
Change in net provisions as recognised through statement of comprehensive income	**(1,474)**	**11,369**	**(4,824)**	**5,071**
Provisions removed from the statement of financial position	**(762)**	**-**	**(878)**	**(1,640)**
Closing balance of impairment losses/provisions as at 1 Jan. 2008	**39,791**	**21,519**	**23,987**	**85,297**

The creation and release of the provisions for impairment losses are the result of the Bank's normal operations. The provisions for impairment losses of loans and receivables measured at depreciated cost and reversal of such provisions are included in "gain (loss) on impairment losses of financial assets". The principles relating to impairment losses of investments are described in the summary of significant accounting principles (see item 5 of these financial statements).

As at 31 December 2009 and 31 December 2008, the Company analysed the evidence for impairment of the "old group of loans". The recoverable amount was determined by discounting the expected cash flows in successive periods on the basis of historical recovery rates for that group of loans and on the basis of the current results of debt collection efforts.

9. Net gains and losses on financial assets and financial liabilities

Net gains and losses recognised in the statement of comprehensive income

	1 Jan. 2009 – 31 Dec. 2009 PLN '000	1 Jan. 2008 – 31 Dec. 2008 PLN '000
Deposits and loans		
Interest income from loans	287,304	147,935
Interest income from deposits	35,199	33,993
Commission income from loans	244,537	775
Commission income from current accounts	1,656	973
Foreign exchange gain (loss)	(16,223)	910,515
Released impairment losses of loans	22,172	58,596
Created impairment losses of loans	(34,917)	(63,667)
Total net gain on deposits and loans	**539,728**	**1,089,120**
Financial assets available for sale		
Interest income from available-for-sale financial assets	48,981	21,664
Gain (loss) on available-for-sale financial assets	(2,430)	70
Total net gain on available-for-sale financial assets	**46,551**	**21,734**
Financial assets held to maturity		
Interest income from financial assets held to maturity	1,588	-
Total net gain on available-for-sale financial assets	**1,588**	**-**
Financial assets measured at fair value through statement of comprehensive income		
Interest income from financial derivatives	95,406	16,766
Gain (loss) on measurement of financial instruments	(30,319)	23,405
Foreign exchange gain (loss)	29,791	-
Total net gain on financial assets measured at fair value through statement of comprehensive income	**94,878**	**40,171**
Financial liabilities measured at depreciated cost		
Interest expense on financial liabilities measured at depreciated cost	(464,041)	(182,805)
Commission expense on financial liabilities measured at depreciated cost	(1,246)	(404)
Foreign exchange gain (loss) – deposits	158	(966)
Total net loss on financial liabilities measured at depreciated cost	**(465,129)**	**(184,175)**
Financial liabilities measured at fair value through statement of comprehensive income		
Interest income from financial derivatives	6,381	27,118
Gain (loss) on measurement of financial instruments	(404)	(2 666)
Foreign exchange gain (loss)	-	(808,539)
Gain (loss) on financial assets and liabilities classified measured at fair value through statement of comprehensive income – customer deposits	(6,671)	5,904
Total net loss on financial liabilities measured at fair value through statement of comprehensive income	**(694)**	**(778,183)**
Net gain on financial assets	**682,745**	**1,151,025**
Net loss on financial liabilities	**(465,823)**	**(962,358)**

Net gains and losses recognised as other total income in the statement of comprehensive income

	1 Jan. 2009 – 31 Dec. 2009 PLN '000	1 Jan. 2008 – 31 Dec. 2008 PLN '000
Net gain on measurement of available-to-sale assets	6,116	(2,012)

Total	**6 ,116**	**(2,012)**

10. Income tax

Basic tax liabilities	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Statement of comprehensive income		
Current income tax	-	-
Current tax liability	-	-
Deferred income tax	(43,653)	21,887
Related to occurrence and reversal of temporary differences	(128,799)	(38,114)
Tax loss from previous years and current year	85,146	60,001
Tax liability shown in the statement of comprehensive income	**(43,653)**	**21,887**
Deferred income tax		
Relating to costs of issue of shares		-
Relating to available-for-sale financial instruments	(1,435)	472
Tax liability shown under equity	**(1,435)**	**472**
Total basic tax liabilities	**(45,088)**	**22,359**

	As at 1 Jan. 2009	**Changes in the reporting period**		**As at 31 Jan. 2009**
		Recognised in profit/loss	**Recognised in equity**	
Provision for deferred income tax				
Income to be received relating to loans and deposits	10,788	36,705	-	47,493
"Old group of loans" as measured	4,760	(2,038)	-	2,722
FX differences – loans and deposits	165,544	(80,863)	-	84,681
Financial instruments – FX differences and measurement	-	18,586	-	18,586
Deferred commissions	11,115	8,021	-	19,136
Deposits measured at fair value	1,122	(1,122)	-	-
Tax depreciation surplus	81	(54)	-	27
Measurement of financial assets available for sale	472	-	(472)	-
Other	1,697	2,187	-	3,884
Provision for deferred income tax	**195,579**	**(18,578)**	**(472)**	**176,529**
Deferred income tax assets				
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	13,444	20,227	-	33,671
Measurement of financial assets available for sale	-	-	963	963
Financial instruments – FX differences and measurement	81,767	(81,767)	-	-
Specific provision for tax receivables	7,769	613	-	8 382
Tax loss	60,001	85,146	-	145,147
Other	2,614	856	-	3,470
Gross deferred income tax assets	**165,595**	**25,075**	**963**	**191,633**
Deferred income tax liability recognised in the statement of comprehensive income	**x**	**(43,653)**	**(1,435)**	**x**
Net deferred tax assets	-	**x**	**x**	**15,104**
Net provision for deferred tax	**29,984**	**x**	**x**	-

	As at 31 Jan. 2008	Changes in the reporting period		As at 31 Jan. 2008
		Recognised in profit/loss	Recognised in capital	
Provision for deferred income tax				
Income to be received relating to loans and deposits	3,767	7,021	-	10,788
"Old group of loans" as measured	6,872	(2,112)	-	4,760
FX differences – loans and deposits	-	165,544	-	165,544
Financial instruments – FX differences and measurements	2,845	(2,845)	-	-
Deferred commission	2,029	9,086	-	11,115
Deposits measured at fair value	-	1,122	-	122
Tax depreciation surplus	159	(78)	-	81
Measurement of financial assets available for sale	-	-	472	472
Other	70	1,628	-	1,697
Provision for deferred income tax	**15,742**	**179,366**	**472**	**195,579**
Deferred income tax asset				
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	2,515	10,929	-	13,444
Restructuring provision	1,346	(1,346)	-	-
FX differences – loans and deposits	264	(264)	-	-
Financial instruments – FX differences and measurement	-	81,767	-	81,767
Specific provision for tax receivables	3,504	4,265	-	7,769
Tax loss	-	60,001	-	60,001
Other	488	2,126	-	2,614
Gross deferred tax assets	**8,117**	**157,478**	**-**	**165,595**
Deferred income tax liability recognised in the statement of comprehensive income	**x**	**21,888**	**472**	**x**
Net deferred tax assets	-	**x**	**x**	-
Net provision for deferred tax	**7,625**	**x**	**x**	**29,984**

	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Amount of negative temporary differences, tax losses not cleared, unused tax exemption resulting in not recognising the deferred income tax asset in the statement of financial position	**25,696**	**2,309**

The above temporary differences are due to expire in 2014

Effective tax rate	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Earnings before tax	131,740	186,501
Income tax shown in the statement of comprehensive income	43,653	(21,887)
Effective tax rate	33%	-12%
Income tax at the applicable rate of 19%	**25,031**	**35,435**
Influence of permanent differences on tax liability, including:	**(68,684)**	**(13,548)**
- contributions on the State Fund for the Rehabilitation of Disabled Persons	71	52
- measurement of purchased receivables	(251)	(159)
- dividend income	(9,828)	(6,232)
- negative temporary differences not recognised in previous years' deferred tax	-	(4,773)
- substantiated tax differences – allowance for credit receivables	(145)	(528)
- representation and advertising	451	57
- exchange differences	(64,100)	(1,985)
- provision on deferred income tax assets	4,779	-
- other	339	20
Total income tax shown in the statement of comprehensive income	**(43,653)**	**21,887**

In 2009, the Company made a tax loss of PLN 485,090 thousand (PLN 315,792 thousand in 2008). In accordance with Article 7.5 of the Corporate Income Tax Law of (Journal of Laws of 2000 No. 54, item 654 with subsequent amendments) the amount of tax loss for a financial year can be deducted from the amount of income in the five successive years following the year for which the tax loss was reported; however, the amount by which the income is reduced must not exceed 50 per cent of the amount of the tax loss.

In view of the foregoing and based on the predominant entity's taxable income projections for the years 2010 – 2014, as at 31 December 2009, the Company created a deferred tax asset relating to the Company's tax loss of PLN 145,147 thousand for 2008 and 2009 which can be deducted from the taxable income. At the same time, due to the fact that the Company does not expect a part of the tax loss to be realised, a deferred income tax asset was not created due to the tax loss in the amount of PLN 4,779 thousand.

In 2009, the Tax Office provided the Company with a tax interpretation concerning the fiscal recognition of foreign exchange differences with regard to credits in foreign currency, on the basis of which the Bank dissolved the provision established on 31 December 2008 due to deferred income tax in the amount of PLN 64,100 thousand.

In January 2010, Getin Noble Bank S.A. changed the tax method of clearing foreign exchange differences into an accounting method for the sake of calculation of the current income tax. The said change leads to the necessity of recognising the FX changes charged in 2009 under the tax income/expense in 2010. In accordance with the tax law interpretations received, the recognition only covers the foreign exchange differences affecting the financial profit/loss from 2009 which means that, while applying the accounting method, the foreign exchange differences charged before 2009 will not increase the taxable income.

As a result of the said change and bearing in mind the uncertainty of the tax law interpretation and opinions received, in 2010, the Company will dissolve the deferred income tax provision related to the aforementioned foreign exchange differences in the amount of PLN 74,450 thousand.

The applicable fiscal regulations are subject to frequent amendments due to which there is often no reference to well-established regulations or legal precedents. The relevant regulations in force are also full of inconsistencies causing differences between the individual legal interpretations of the tax laws. Tax settlements may be subjected to control of tax authorities. The additional amounts of tax liabilities determined in the course of such control must be cleared including due interest. Tax settlements may be subjected to control within 5 years, and consequently the figures shown in the financial statements may subsequently change after the final settlements performed by the relevant tax authorities.

11. Employee benefits and liabilities on the Company Social Fund

The Company Social Fund Act of 4 March 1994 requires that employers hiring more than 20 full-time employees maintain a Company Social Fund. The Company maintains such a fund and makes periodic contributions to the fund in the basic amount required. The aim of the fund is to subsidise the Company's employee-related activity, loans given to its employees and other social benefits.

The Company offsets the Fund's asset against its liabilities toward to the Fund because these assets are not the Company's assets. Consequently, the Company's balance with the Fund is 0.00.

Company Social Fund	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Loans to employees	-	7
Cash	47	111
Liabilities due to the fund	47	118
Contributions to the Fund in the reporting period	468	310

12. Cash and balances with the central bank

Cash and balances with the central bank	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Current account with the central bank	239,817	83,762
Total	**239,817**	**83,762**

As at 31 December 2009 and 31 December 2008, the balances with the central bank included funds in a current account held by the National Bank of Poland as an obligatory reserve against customers' deposits The amount of the reserve is determined using a percentage of the total funds deposited in customers' accounts and is maintained as the minimum balance of the current account with the National Bank of Poland based on the arithmetic mean of the daily balances for the given month.

From 1 January 2009 to 31 December 2009, the Bank maintained an average balance of PLN 160,361.88 thousand in its current account with the National Bank of Poland. The interest rate for the funds deposited in the obligatory reserve account was 3.375% as at 31 December 2009.

From 1 January 2008 to 31 January 2008, the Bank maintained an average balance of PLN 59,432 thousand in its current account with the National Bank of Poland. The interest rate for the funds deposited in the obligatory reserve account was 4.73% as at 31 December 2008.

13. Deposits with other banks and loans to other banks

Amounts due from banks	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Deposits with other banks	349,573	938,047
Current accounts	98,166	7,614
Other receivables	56	-
Total	**447,795**	**945,661**

	31 Dec. 2009 PLN '000	**31 Dec. 2008 PLN '000**
Amounts due from banks, with a fixed interest rate	447,365	936,520
Amounts due from banks, with variable interest rate	-	7,614
Non-interest bearing receivables – Interest and funds in transit	430	1,527
Total	**447,795**	**945,661**

Structure of amounts due from banks by term to maturity from the reporting date to repayment date	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Current account and overnight deposits	98,166	7,614
Amounts due with term to maturity:	349,573	936,520
up to 1 month	345,957	824,308
from 1 to 3 months	3,616	112,212
Interest	-	1,527
Other receivables	56	-
Total	**447,795**	**945,661**

From 1 January 2009 to 31 December 2009 and in the comparable period of 2008, there was no change in impairment losses of amounts due from banks, and the amount of the impairment losses as at the end of the respective reporting periods was zero.

(figures in PLN '000)

14. Derivative financial instruments

Financial derivatives as at 31 December 2009	up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Total	Negative fair value	Positive fair value
Currency transactions							
- OTC market							
Currency swaps	**508,929**	**1,036,045**	**1,404,881**	**-**	**2,949,855**	**3,369**	**89,283**
Purchase of currencies	508,929	1,036,045	1,404,881	-	2,949,855	3,369	89,283
CIRS*	**-**	**277,774**	**-**	**826,923**	**1,104,697**	**3,157**	**14,158**
Purchase of currencies	-	277,774	-	826,923	1,104,697	3,157	14,158
- stock exchange transactions							
Options	**-**	**-**	**-**	**-**	**-**	**3,119**	**3,119**
Purchase	7,205	20,825	31,035	-	59,065	-	3 ,119
Sale	7,205	20,825	31,035	-	59,065	3,119	-
Interest rate transactions							
Interest rate swaps (IRS)	**-**	**19,000**	**57,000**	**377 000**	**453,000**	**-**	**19,822**
Purchase	-	19,000	57,000	377,000	453,000	-	19,822
Sale	-	-	-	-	-	-	-
Other **	**-**	**-**	**-**	**(2,879,880)**	**(2,879,880)**	**18,917**	**-**
Sale	-	-	-	2,879,880	2,879,880	18,917	-
Total derivative instruments	**508,929**	**1,332,819**	**1,461,881**	**(1,675,957)**	**1,627,672**	**28,562**	**126,382**

* CIRS transactions are settled on a quarterly basis; the above table shows the nominal values of open positions at the last date of the transaction settlement.

** Other derivative instruments include derivatives separated under the credit products sold. The Bank incurs the economic expense related to postponement of receipt of the interest partial payments constituting the difference between the conventional interest rate and the reference rates applied to calculation of the partial payment amounts under the loan agreement within the agreement effective period.

(figures in PLN '000)

Financial derivatives as at 31 December 2008	up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Total	Negative fair value	Positive fair value
Currency transactions							
- OTC market							
Currency swaps	**20,514**	**1,195 438**	**-**	**2,920**	**1,923,472**	**322,131**	**24,377**
Purchase of currencies	20,514	1,195 438	704,600	2,920	1,923,472	322,131	24,377
CIRS*	**44,076**	**47,860**	**-**	**199,300**	**983,371**	**147,513**	**-**
Purchase of currencies	44,076	47,860	692,135	199,300	983,371	147,513	
Options/forwards	**14,000**	**-**	**-**	**-**	**14,000**	**22**	**-**
Purchase	14,000	-	-	7,205	21,205	22	
Sale	-	-	-	7,205	7,205	-	
Interest rate transactions					-		
Interest rate swaps (IRS)	**-**	**-**	**-**	**453,000**	**953,000**	**2,717**	**36,466**
Purchase	-	-	500,000	453,000	953,000	2,717	36,466
Total derivative instruments	**78,590**	**1,243,298**	**-**	**655,220**	**3,873,843**	**472,383**	**60,843**

* CIRS transactions are settled on a quarterly basis; the above table shows the nominal values of open positions at the last date of the transaction settlement.

As part of its activities, the Company conducts transactions on derivatives (CIRS, IRS, FX swaps and forwards). These transactions are measured at fair value through statement of comprehensive income. The main types of risk related to financial derivatives are credit risk and market risk.

The credit risk related to derivative contracts is the potential cost of entering into a new contract on the original terms and conditions in the event that the other party to the original contract fails to meet its obligation. The Company assesses the parties to the contracts using the same methods as for loan decisions. The Company enters into derivative contracts with Polish banks. Each contract is entered into up to the credit limit granted to the contracting institution. The Company determines, based on assessment of the financial situation of the contracting bank, the maximum exposure limit for the contracting bank and the maximum exposures to particular types of contract.

The above tables show the fair values of derivative instruments. The nominal values of financial instruments are shown under off-balance sheet items. The nominal amounts of certain types of derivative instruments are used as the basis for comparison with the instruments shown in the statement of financial position, but do not necessarily indicate the amounts of future cash flows or the current fair values of such instruments and therefore they do not indicate the degree of the Company's exposure to credit risk or price risk.

As at 31 December 2009 and 31 December 2008, the Company held options related to the restructured deposits sold (investment deposits consisting of a fixed rate deposit and a basket option for stock indices). The options concluded as at 31 December 2009 were related to stock exchange indices (PLN 28,030 thousand), foreign exchange indices (PLN 23,798 thousand) and the raw material price based indices (PLN 7,238 thousand). As at 31 December 2008, the options held by the Bank were related to stock exchange indices (PLN 7,205 thousand). As at 3 December 2009 and 31 December 2008, these options were measured at fair value and the deposits were measured at depreciated cost using the effective interest rate. In these financial statements, both products have been presented separately.

15. Loans to customers by loan type

Loans to customers	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Loans and borrowings	6,881,497	3,945,278
Purchased receivables	8,670	5,123
Payment card receivables	22,118	8,929
Guarantees exercised	124	476
Total	**6,912,409**	**3,959,806**
Impairment losses of receivables (-)	(94,070)	(85,297)
Total (net)	**6,818,339**	**3,874,509**

As at 31 December 2009	Gross value excl. impairment PLN '000	Gross value incl. impairment PLN '000	Deductions for loans without IBNR impairment PLN '000	Revaluations and deductions for loans with impairment PLN '000	Total net value PLN '000
- corporate loans	570,434	55,542	(2,397)	(27,442)	596,137
- housing loans	5,147,470	26,732	(21,022)	(7,044)	5,146,136
- consumer loans	1,066,647	45,584	(4,615)	(31,550)	1,076,066
Total	**6,784,551**	**12, 858**	**(28,034)**	**(66,036)**	**6,818,339**

As at 31 December 2008	Gross value excl. impairment PLN '000	Gross value incl. impairment PLN '000	Deductions for loans without IBNR impairment PLN '000	Revaluations and deductions for loans with impairment PLN '000	Total net value PLN '000
- corporate loans	283,133	43,459	(1,066)	(38,725)	286,801
- housing loans	3,003,533	5,742	(19,582)	(1,937)	2,987,756
- consumer loans	566,220	57,719	(3,218)	(20,769)	599,952
Total	**3,852,886**	**106,920**	**(23,866)**	**(61,431)**	**3,874,509**

The Company created a revaluation reserve for impairment of loans through statement of comprehensive income, and the gain (loss) on the reserve has been presented under "gain (loss) on impairment of credits, loans and leasing receivables".

Loans to customers by term of maturity	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Loans granted to:		
- financial entities other than banks	35,233	63,873
up to 1 month	133	147
from 1 to 3 months	-	-
from 3 months to 1 year	-	36,726
from 1 to 5 years	35,100	27,000
over 5 years	-	-
- non-financial entities	926,892	398,297
up to 1 month	38,434	29,403
from 1 to 3 months	1,297	306
from 3 months to 1 year	31,550	1,594
from 1 to 5 years	150,216	38,890
over 5 years	705,395	328,104
- private individuals	5,856,214	3,412,339
up to 1 month	108,647	145,996
from 1 to 3 months	6,707	3,519
from 3 months to 1 year	68,506	55,215
from 1 to 5 years	977,675	319,017
over 5 years	4,694,679	2,888,592
Total	**6,818,339**	**3,874,509**

Loans at fixed interest rates	31 Dec. 2009	31 Dec. 2008
Value in PLN '000,000	0	36
Percentage of the entire loan portfolio	0,0%	1,0%

In 2009, the Company's retail banking sales grew very fast. The value of loans to customers increased by more than 76%, mainly as a result of the sale of mortgage loans. The fast sales growth was the main factor for the increase in the Company's interest income.

16. Financial investment assets

Financial instruments	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Available-for-sale securities at acquisition cost	1,200,421	473,963
- issued by central banks – debt securities	349,762	299,958
- issued by other banks – shares	782,900	173,329
- issued by other financial entities – shares and investment fund units	67,583	500
- issued by non-financial entities – stocks and shares	118	118
- issued by the State Treasury – debt securities	58	58
Total financial instruments	**1,200,421**	**473,963**
Measured at fair value	**(5,066)**	**2 483**
Securities available for sale		
- issued by other banks – shares	-	(108)
- issued by the Treasury – debt securities	(5,066)	2,591
Impairment of financial instruments (-)	**(14)**	**(7)**
Available-for-sale securities	(14)	(7)
- issued by other banks – shares	(7)	-
- issued by non-financial entities – stocks and shares	(7)	(7)
Total net financial instruments	**1,195,341**	**476,439**

Changes in financial instruments	**1 Jan. 2009 – 31 Dec. 2009 PLN '000**	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Securities available for sale		
Total net value (opening balance)	**476,439**	**52,445**
Increases	16,358,224	16,584,177
Decreases (sale and redemption)	(15,631,771)	(16,162,668)
Fair value changes	(7,551)	2,485
Total net value (closing balance)	**1,195,341**	**476,439**

With regard to the small turnover in stocks of Europa S.A. at the Warsaw Stock Exchange, this market is treated as inactive. Due to a short period from the acquisition date and lack of significant change in the market conditions, which may have affected the fair value, it was assumed that the fair value of the stocks of Towarzystwo Ubezpieczeń Europa, as at 31 December 2009, equals the transaction value as per the purchase of stocks.

On 15 February 2010, the Management Board of Getin Noble Bank S.A. made a decision on the intention to offer a sale under a public offering procedure to be handled by Towarzystwo Ubezpieczeń Europa S.A. regarding all the stocks of Towarzystwo Ubezpieczeń Europa S.A. held by the Bank.

Investment securities classified as financial assets available for sale are measured at fair value. Shares in companies not listed on the stock exchange, which accounted for 5.6% of the Bank's securities portfolio as at the end of the reporting period, have been measured at fair value.

Recognised impairment losses have been recognised through statement of comprehensive income under "gain (loss) on other financial instruments".

17. Classification of financial instruments

The table below shows the maximum exposure to credit risk as at 31 December 2009 and 31 December 2008, without taking into account the security held or other elements improving the lending conditions:

Maximum exposure to credit risk	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Financial assets:		
Cash and balances with central bank (except for cash)	239,817	83,762
Amounts due from banks	447,795	945,661
Derivative financial instruments	126,382	60,843
Loans to customers	6,818,339	3,874,509
Financial assets available for sale	1,195,341	476,439
Total exposure to credit risk	**8,827,674**	**5,441,214**
Guarantee liabilities	3,652	2,645
Financial liabilities	358,212	227,511
Total off-balance sheet liabilities	**361,864**	**230,156**
Total exposure to credit risk	**9,189,538**	**5,671,370**

The table below shows the credit quality of financial assets as at 31 December 2009 which were not overdue and which are not impaired.

	Not overdue	Overdue, not impaired			Overdue or impaired	Interest	Impairment losses (including IBNR)	Total
		High quality	Standard quality	Lower quality				
		PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Amounts due from banks								-
Loans to customers	6,401,528	126,646	27,236	21,336	127,549	208,114	(94,070)	6,818,339
Corporate loans	531,145	16,600	824	3,653	55,542	18,212	(29,839)	596,137
Residential loans	4,878,572	71,278	24,350	17,680	26,423	155,899	(28,066)	5,146,136
Consumer loans	991,811	38,768	2,062	3	45,584	34,003	(36,165)	1,076,066
Financial instruments	1,195,297	-	-	58	-	-	(14)	1,195,341
Available for sale	1,195,297	-	-	58	-	-	(14)	1,195,341
- issued by central banks	349,762	-	-	-	-	-	-	349,762
- issued by other banks*	118	-	-	-	-	-	-	118
- issued by other financial entities*	67,583	-	-	-	-	-	(7)	67,576
- issued by non-financial entities*	-	-	-	58	-	-	(7)	51
- issued by the State Treasury	777,834	-	-	-	-	-	-	777,834
Total	**7,596,825**	**126,646**	**27,236**	**21,394**	**127,549**	**208,114**	**(94,084)**	**8,013,680**

The table below shows the credit quality of financial assets as at 31 December 2008 which were not overdue and which are not impaired.

	Not overdue	Overdue, not impaired			Overdue or impaired	Interest	Impairment losses (including IBNR)	Total
		High quality	Standard quality	Lower quality				
		PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Amounts due from banks	944,134	-	-	-	-	1,527	-	945,661
Loans to customers	3,553,761	185,088	26,650	13,137	106,848	74,322	(85,297)	3,874,509
Corporate loans	242,205	37,301	-	-	43,459	3,627	(39,791)	286,801
Residential loans	2,779,480	135,550	15,127	12,420	5,670	61,028	(21,519)	2,987,756
Consumer loans	532,076	12,237	11,523	717	57,719	9,667	(23,987)	599,952
Financial instruments	476,388	-	-	58	-	-	(7)	476,439
Available for sale	476,388	-	-	58	-	-	(7)	476,439
- issued by central banks	299,958	-	-	-	-	-	-	299,958
- issued by other banks*	118	-	-	-	-	-	-	118
- issued by other financial entities*	392	-	-	-	-	-	-	392
- issued by non-financial entities*	-	-	-	58	-	-	(7)	51
- issued by the State Treasury	175,920	-	-	-	-	-	-	175,920
Total	**4,974,283**	**185,088**	**26,650**	**13,195**	**106,848**	**75,849**	**(85,304)**	**5,296,609**

* – the items marked as indicated comprise stocks, shares and investment fund units without maturity dates, and which have been classified under non-overdue assets, except for the stocks and shares in other financial entities not traded on regular markets, which have been classified under lower quality assets.

Non-overdue loans include loans from the "new group of loans" which were being repaid on time during the reporting period. As a result of an analysis of the risk associated with that group of loans, no evidence of impairment was identified. The Bank considers that group of loans as loans of high quality. Overdue loans of high quality and not impaired are loans for which there were no provisions for impairment losses as at the end of the reporting period. As at 31 December 2009 and 31 December 2008, overdue loans of high quality and not impaired loans included loans up to 30 days overdue, overdue loans of standard quality and not impaired included loans 31- 60 days overdue, and overdue loans of low quality and not impaired included loans 61-90 days overdue.

For both groups of loans, the Bank entails the risk of losses not yet reported and makes IBNR deductions based on estimated indicators.

Impaired overdue loans include receivables from the "old group of loans", all the groups of purchased receivables, and loans from the "new group of loans" over 90 days overdue.

As at 31 December 2009, the Company recognised loans individually verified for impairment of the total value of the required capital in the amount of PLN 34,088 thousand (PLN 7,100 thousand in corporate loans and PLN 26,988 in real estate loans). A provision of PLN 9,081 thousand was established for these loans. The amount of security (standard and deposit mortgages) was PLN 26,310 thousand.

As at 31 December 2008, the Company recognised loans individually verified for impairment of the total value of the required capital in the amount of PLN 5,741 thousand. A provision of PLN 1,937 thousand was established for these loans. The amount of security (standard and deposit mortgages) was PLN 3,805 thousand.

Financial instruments of low quality as at 31 December 2009 and 31 December 2008 included stocks and shares in other financial entities. Since the instruments are not traded on regular markets, they have been classified as assets of lower quality.

<u>As at 31 December 2009:</u>

- in the group of non-overdue loans, the Company disclosed loans for the total amount of PLN 6,401,528 thousand, the corresponding amount of interest of PLN 199,387 thousand and deductions of PLN 22,449 thousand;

- in the group of high quality loans, the Company disclosed loans for the total amount of PLN 126,646 thousand, the corresponding amount of interest of PLN 6,266 thousand and deductions of PLN 1,642 thousand;

- in the group of standard quality loans, the Company disclosed loans for the total amount of PLN 27,236 thousand, the corresponding amount of interest of PLN 1,090 thousand and deductions of PLN 538 thousand;

- in the group of lower quality loans, the Company disclosed loans for the total amount of PLN 21,336 thousand, the corresponding amount of interest of PLN 1,062 thousand and deductions of PLN 3,405 thousand;

- in the group of overdue loans, the Company disclosed loans for the total amount of PLN 127,549 thousand, the corresponding amount of interest of PLN 309 thousand and deductions of PLN 66,036 thousand.

<u>As at 31 December 2008:</u>

- in the group of non-overdue loans, the Company disclosed loans for the total amount of PLN 3,553,761 thousand, the corresponding amount of interest of PLN 69,835 thousand and deductions of PLN 19,790 thousand;

- in the group of high quality loans, the Company disclosed loans for the total amount of PLN 185,088 thousand, the corresponding amount of interest of PLN 3,627 thousand and deductions of PLN 1,218 thousand;

- in the group of standard quality loans, the Company disclosed loans for the total amount of PLN 26,650 thousand, the corresponding amount of interest of PLN 360 thousand and deductions of PLN 1,135 thousand;

- in the group of lower quality loans, the Company disclosed loans for the total amount of PLN 13,137 thousand, the corresponding amount of interest of PLN 428 thousand and deductions of PLN 201 thousand;

- in the group of overdue loans, the Company disclosed loans for the total amount of PLN 106,848 thousand, the corresponding amount of interest of PLN 72 thousand and deductions of PLN 62,953 thousand.

Collateral obtained and other elements improving the lending conditions:

- mortgage registered with the land register for the property at the highest position in the charges register; lower positions are also possible (if previous entries relate to the same loan);
- if the loan currency is the Polish zloty (PLN), an ordinary mortgage for 100% of the loan amount as security for the repayment of the capital and a capped mortgage in PLN for up to 170% of the capital as security for the repayment of the interest, fees, commission and other amounts that might be due in the performance of the loan agreement;
- if the loan is denominated in a foreign currency, a capped mortgage in PLN for up to 170% of the loan amount as security for the repayment of the interest, fees, commission and other amounts that may be due in the performance of the loan agreement;
- assignment of rights under property insurance policy against the risk of fire and other accidents;
- statement of consent of the borrower (and/or the guarantor) to be subject to a debt recovery enforcement procedure for up to 200% of the gross loan amount, specifying the date by which the Bank may petition to a court of law for a “declaration of enforceability” in respect of the enforcement order issued by the Bank as part of the procedure, the date of which may not be earlier than 3 years from the last calendar day of the loan month;
- statement of consent of the property owner to be subject to a debt recovery enforcement procedure for up to the amount of the mortgage(s) secured on the property (properties) owned by that owner, specifying the date by which the Bank may petition to a court of law for a “declaration of enforceability” in respect of the enforcement order issued by the Bank as part of the procedure, the date of which may not be earlier than 3 years from the last calendar day of the loan month;
- blank promissory note with a promissory note statement for the Bank;
- where the property is a building/flat in a building under construction, an assignment of the contract for the construction of the building/flat in the building between the borrower and the property developer/building society;
- transfer of funds owned by the borrower into the Bank's account (pursuant to Article 102 of the Banking Law Act – bank deposits);
- registered pledge on the rights arising from the securities issued by the Treasury and the National Bank of Poland (treasury bills and treasury bonds);
- assignment of units in an investment fund approved by the Bank;
- assignment of an insurance policy with a life insurance company approved by the Bank;

- financial pledge, registered pledge, assignment, deposit or freeze of other investment products, approved on an individually basis with the customer in the course of the loan approval process.

The fair value of collateral provided for loans as at 31 December 2009 was PLN 9,293,629 (PLN 4,915,344 as at 31 December 2008).

As at 31 December 2009 and 31 December 2008, the Company did not hold assets provided as collateral for loans.

Renegotiated financial assets divided by class	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Financial assets:		
Loans to customers	**9 138**	**358**
Corporate loans	8 606	336
Housing loans	367	-
Consumer loans	165	22
Total negotiated financial assets	**9 138**	**358**

The Bank's principles and procedures with regard to the restructuring of receivables arising from loan agreements are governed by internal instructions. Before executing a settlement agreement, the Bank conducts a detailed analysis of the credit records gathered during the term of the loan agreement in order to decide on the best form of the debt recovery.

Such an analysis includes:

1) debtor's history and current situation;
2) description of the debt, entailing any changes to loan agreement terms and conditions;
3) date of expiration of the statute of limitations for claims to be made by the Bank against the principal debtor and joint and several debtors;
4) type and scope of the collateral accepted, including:
   – for mortgages and liens – the order of entries in the register,
   – for personal security – description of the financial situation of the joint and several debtor(s) and their liabilities to other creditors,
   – for material security – estimated value of the items provided as security, assessment of the possibility to sell the items, description of the debts owed to other creditors, assessment of the possibility to satisfy the Bank's claims with the security provided;
5) information on the debtors' property that can be used to satisfy the Bank's claims;
6) description of the debtor's economic and financial situation;
7) information on the debtor's debts owed to other creditors, including preferential debts and debts secured with the debtor's property;
8) description of the progress and effectiveness of the Bank's past debt collection activities;
9) information on increasing the current security for debts owed to the Bank.

Debt restructuring may take the following forms:

- a settlement agreement,
- a composition agreement,
- debt acquisition,
- acquisition of the debtor's shares in return for a discharge of the debt owed (conversion),
- an exchange of the debt for the debtor's property,
- sale of the debt,
- subsidising a reorganisation plan for the debtor

Following the analysis of the legal and financial situation of the debtors, the possibility to satisfy the Bank's claims with the collateral provided, the expected costs and effectiveness of the debt recovery enforcement procedure and the possibility to reorganise the debtor's financial situation, the Bank decides on the form of debt restructuring, ensuring that the method selected is the most effective for the Bank and feasible from the debtor's point of view. If the analysis of the security provided shows a significant decrease in the value of the collateral, or if the Bank expects difficulties selling any fixed assets provided as collateral, the restructuring procedure is conditional on providing additional collateral for the loan. The table below shows the amount of impairment losses for each category of financial assets for the period from 1 January 2009 to 31 December 2009.

(figures in PLN '000)

Year 2009	**Loans to customers**			
	corporate	**housing**	**consumer**	
Opening balance of impairment losses/provisions as at 1 Jan. 2009	**39,791**	**21,519**	**23,987**	**85,297**
Created	5,089	15,101	14,727	34,917
Released	(12,171)	(8,554)	(1,447)	(22,172)
Change in net provisions as recognised through statement of comprehensive income	**(7,082)**	**6,547**	**13,280**	**12,745**
Used – written off	**(2,870)**	**-**	**(1,102)**	**(3,972)**
Closing balance of impairment losses/provisions as at 31 Dec. 2009	**29,839**	**28,066**	**36,165**	**94,070**

The table below shows the amount of impairment losses for each category of financial assets for the period from 1 January 2008 to 31 December 2008.

Year 2008	**Loans to customers**			
	corporate	**housing**	**consumer**	
Opening balance of impairment losses/provisions as at 1 Jan. 2008	**42,027**	**10,150**	**29,689**	**81,866**
Created	6,708	38,662	18,297	63,667
Released	(8,182)	(27,293)	(23,121)	(58,596)
Change in net provisions as recognised through statement of comprehensive income	**(1,474)**	**11,369**	**(4,824)**	**5,071**
Provisions removed from the statement of financial position	**(762)**	**-**	**(878)**	**(1,640)**
Closing balance of impairment losses/provisions as at 31 Dec. 2008	**39,791**	**21,519**	**23,987**	**85,297**

<u>Payments default and breach of contractual terms and conditions</u>

In the reporting period and the comparative period, the Company made all the required payments of the capital and interest, and performed all of its other obligations under agreements for loans incurred by the Company. The terms and conditions of such agreements were not renegotiated before the date of approval of the relevant financial statement.

18. Measurement of credit receivables arising from the "old group of loans"

As at the end of each reporting period, the Company measures the receivables arising from the "old group of loans" (Wschodni Bank Cukrownictwa) in accordance with the accounting policy described in Note VI.

The relevant figures for these receivables are provided in the tables below:

Measurement of the "old group of loans"	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Gross nominal value of receivables	**82,029**	**92,261**
Interest	-	1
Total gross value	**82,029**	**92,262**
Impairment loss	(82,029)	(92,262)
Measurement	14,328	25,054
Net value of "old group of loans"	**14,328**	**25,054**
Share of the "old group of loans" in total gross receivables (%)	1.19%	2.36%
Coverage of receivables with corresponding impairment losses (%)	82.53%	72.84%

Movements in impairment losses of the "old group of loans"	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Opening balance of impairment losses	**92,262**	**112,574**
a) increases	3,454	904
b) decreases	(13,687)	(21,216)
- repayment of receivables in the reporting period	(10,001)	(19,638)
- receivables written off in the reporting period	(3,686)	(1,640)
- other changes		62
Closing balance of impairment losses of financial assets	**82,029**	**92,262**

The impairment losses of receivables arising from the "old group of loans" have been recognised in the statement of comprehensive income under "Net on impairment of loans and leases receivables".

19. Investments in subordinated entities

Entity name	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Open Finance S.A.	85,425	85,425
Noble Funds TFI S.A.	4,112	4,112
Introfactor S.A.	500	500
Noble Concierge Sp. z o.o.	469	469
Noble Securities S.A.	11,989	-
Total	102,495	90,506

Changes in investments in subordinated entities	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Opening balance of value of shares in subordinated entities	**90,506**	**89,537**
Entity acquisition	11,989	969
Closing balance of value of shares in subordinated entities	**102,495**	**90,506**

The acquisition of shares in subordinated entities in 2009 applied to Noble Securities S.A.

Changes in investments in subordinated entities in 2009 and 2008 are described in Note V.

20. Tangible fixed assets

Tangible fixed assets	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Land and buildings	5,981	6,528
Plant and machinery	2,738	3,392
Means of transport	2,155	3,301
Other fixed assets, including equipment	860	1,099
Fixed assets under construction	2,227	33
Total tangible fixed assets	**13,961**	**14,353**

As at 31 December 2009, the net value of fixed assets used under financial leases was PLN 4,432 thousand (PLN 3,106 thousand as at 31 December 2008). These fixed assets were of limited ownership title. The initial value of all fully depreciated tangible fixed assets in the Company's use was PLN 2,279 thousand as at 31 December 2009 (PLN 2,232 thousand as at 31 December 2008).

Changes in fixed assets for the year ended 31 Dec. 2009	Land and buildings PLN '000	Plant and machinery PLN '000	Means of transport PLN '000	Other fixed assets, including equipment PLN '000	Total PLN '000
Initial value					
Opening balance as at 1 January 2009	**7,168**	**6,638**	**4,679**	**1,865**	**20,350**
Increases, including:	**178**	**1,596**	**645**	**198**	**2,617**
Acquisition – purchase	178	1,596	645	198	2,617
Brought forward from fixed assets under construction					-
Decreases, including:	**-**	**(292)**	**(1,495)**	**(11)**	**(1,798)**
Liquidation and sale, donation		(292)	(1,495)	(11)	(1,798)
Closing balance as at 31 December 2009	**7,346**	**7,942**	**3,829**	**2,052**	**21,169**
Depreciation					
Opening balance as at 1 January 2009	**640**	**3,246**	**1,378**	**766**	**6,030**
Increases, including:	**725**	**2,104**	**867**	**432**	**4,128**
Depreciation in the reporting period	725	2,104	867	432	4,128
Decreases, including:	**-**	**(146)**	**(571)**	**(6)**	**(723)**
Liquidation and sale		(146)	(571)	(6)	(723)
Closing balance as at 31 December 2009	**1,365**	**5,204**	**1,674**	**1,192**	**9,435**
Net value					
Opening balance as at 1 January 2009	**6,528**	**3,392**	**3,301**	**1,099**	**14,320**
Closing balance as at 31 December 2009	**5,981**	**2,738**	**2,155**	**860**	**11,734**

Changes in fixed assets for the year ended 31 Dec. 2008	Land and buildings PLN '000	Plant and machinery PLN '000	Means of transport PLN '000	Other fixed assets, including equipment PLN '000	Total PLN '000
Initial value					
Opening balance as at 1 January 2008	**6,609**	**4,164**	**3,548**	**1,351**	**15,672**
Increases, including:	**3,904**	**3,521**	**1,547**	**551**	**9,523**
Acquired – purchased	2,772	3,521	1,547	551	8,391
Brought forward from fixed assets under construction	1,132	-	-	-	1,132
Decreases, including:	**(3,345)**	**(1,047)**	**(416)**	**(37)**	**(4,845)**
Liquidation and sale, donation	(3,345)	(1,047)	(416)	(37)	(4,845)
Closing balance as at 31 December 2008	**7,168**	**6,638**	**4,679**	**1,865**	**20,350**
Depreciation					
Opening balance as at 1 January 2008	**3,465**	**3,709**	**518**	**305**	**7,997**
Increases, including:	**515**	**584**	**894**	**484**	**2,477**
Depreciation in the reporting period	515	584	894	484	2,477
Decreases, including:	**(3,340)**	**(1,047)**	**(34)**	**(23)**	**(4,444)**
Liquidation and sale	(3,340)	(1,047)	(34)	(23)	(4,444)
Closing balance as at 31 December 2008	**640**	**3,246**	**1,378**	**766**	**6,030**
Net value					
Opening balance as at 1 January 2008	**3,144**	**455**	**3,030**	**1,046**	**7,675**
Closing balance as at 31 December 2008	**6,528**	**3,392**	**3,301**	**1,099**	**14,320**

In 2009 and 2008, the Company did make deductions for impairment losses of tangible fixed assets.

As at 31 December 2009 and 31 December 2008, there were no contractual obligations undertaken in order to acquire tangible fixed assets and no compensation for impairment loss of tangible fixed assets was received.

21. Intangible assets

Intangible assets	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Patents and licences	5,441	4,000
Total intangible assets	**5,441**	**4,000**

The table below shows the net value of the software used at the Bank and the amounts incurred to purchase a new banking system.

Changes in intangible assets for the year ended 31 December 2009	Patents and licences PLN '000	Other PLN '000	Total PLN '000
Initial value			
Opening balance as at 01.01.09	**5,891**	**144**	**6,035**
Increases, including:	**2,830**	**-**	**2,830**
Acquisition	2,830		2,830
Brought forward from investment			-
Decreases, including:	**(76)**	**-**	**(76)**
Liquidation and sale, donation	(76)		(76)
Sold as a result of merger			-
Closing balance as at 31 December 2009	**8,645**	**144**	**8,789**
Depreciation			
Opening balance as at 1 January 2008	**1,891**	**144**	**2,035**
Increases, including:	**1,389**	**-**	**1,389**
Depreciation in the reporting period	1,389		1,389
Decreases, including:	**(76)**	**-**	**(76)**
Liquidation and sale	(76)		(76)
Closing balance as at 31 December 2009	**3,204**	**144**	**3,348**
Net value			
Opening balance as at 1 January 2008	**4,000**	**-**	**4,000**
Closing balance as at 31 December 2009	**5,441**	**-**	**5,441**

Changes in intangible assets for the year ended 31 December 2008	Patents and licences PLN '000	Other PLN '000	Advance payment on account of intangible assets PLN '000	Total PLN '000
Initial value				
Opening balance as at 1 January 2008	**3,484**	**144**	**913**	**4,541**
Increases, including:	**2,561**	**-**	**(913)**	**1,648**
Acquisition	1,179	-	469	1,648
Brought forward from investment	1,382	-	(1,382)	-
Decreases, including:	**(154)**	**-**	**-**	**(154)**
Liquidation and sale, donation	(154)	-	-	(154)
Closing balance as at 31 December 2008	**5,891**	**144**	**-**	**6,035**
Depreciation				
Opening balance as at 1 January 2008	**1,429**	**144**	**-**	**1,573**
Increases, including:	**616**	**-**	**-**	**616**
Depreciation in the reporting period	616	-	-	616
Decreases, including:	**(154)**	**-**	**-**	**(154)**
Liquidation and sale	(154)	-	-	(154)
Closing balance as at 31 December 2008	**1,891**	**144**	**-**	**2,035**
Net value				
Opening balance as at 1 January 2008	**2,055**	**-**	**913**	**2,968**
Closing balance as at 31 December 2008	**4,000**	**-**	**-**	**4,000**

In 2009 and 2008, the Company did not recognise impairment losses of intangible assets.

22. Change in fixed assets for sale

As at 31 December 2009 and 31 December 2008, the Bank's fixed assets for sale included residential premises (flats) purchased by the Bank in 2007 and 2009 for resale. These properties were recorded in the Company's books of accounts at the purchase price less cost of purchase. The Company undertakes active efforts to sell the aforementioned properties. They are expected to be sold within one year.

Changes in fixed assets for sale in the year ended 31 December 2009	Land and buildings PLN '000	Total PLN '000
Initial value		
Opening balance as at 1 January 2009	**52**	**52**
Increases, including:	**8,405**	**8,405**
Acquisition – purchase	8,405	8,405
Decreases, including:	**-**	**-**
Liquidation and sale, donation	-	-
Closing balance as at 31 December 2009	**8,457**	**8 457**
Depreciation		
Opening balance as at 1 January 2009	**-**	**-**
Decreases, including:	**-**	**-**
Liquidation and sale	-	-
Closing balance as at 31 December 2009	-	-
Net value		
Opening balance as at 1 January 2009	**52**	**52**
Closing balance as at 31 December 2009	**8,457**	**8,457**

Changes in fixed assets for sale in the year ended 31 December 2008	Land and buildings PLN '000	Total PLN '000
Initial value		
Opening balance as at 1 January 2008	**61**	**61**
Increases, including:	**-**	**-**
Acquisition – purchase	-	-
Decreases, including:	**9**	**9**
Liquidation and sale, donation	9	9
Closing balance as at 31 December 2008	**52**	**52**
Depreciation		
Opening balance as at 1 January 2008	**-**	**-**
Decreases, including:	**-**	**-**
Liquidation and sale	-	-
Closing balance as at 31 December 2008	-	-
Net value		
Opening balance as at 1 January 2008	**61**	**61**
Closing balance as at 31 December 2008	**52**	**52**

23. Other assets

Other assets	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Trade receivables	43,227	7,182
Accrued expenses	766	2,991
Recourses and guarantee deposits	2,432	2,633
Revenue to be received	9,516	1,886
Taxes, subsidies and social insurance (receivables)	193	-
Costs related to merger with Getin Bank S.A.	3,145	-
Other	2,968	2,845
Total other gross assets	**62,247**	**17,537**
Impairment of other assets (-)	(7,926)	(7,955)
Total other net assets	**54,321**	**9 582**

Impairment of other assets	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Opening balance of impairment losses of other assets	7,955	8,753
Increases recognised through statement of comprehensive income	-	70
Decreases recognised through statement of comprehensive income	(26)	(191)
Use	(3)	(677)
Closing balance of Impairment assets of other assets	**7,926**	**7,955**

Impairment losses of other assets have been recognised in the statement of comprehensive income under "other operating expense".

24. Amounts due to banks

Amounts due to other banks and financial institutions	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Other banks' deposits	19,548	316,759
Loans received	-	183,816

Total amounts due to other banks	**19,548**	**500,575**

	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Amounts due to other banks, with variable interest rates	-	308,279
Amounts due to other banks, with fixed interest rates	19,548	190,000
Non-interest bearing liabilities (interest, cheques)	-	2,296

Structure of amounts due to banks and other financial institutions by term to maturity (from reporting date to maturity date)	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Term liabilities with term to maturity:	19,548	500,575
from 1 to 3 months	-	127,296
from 3 months to 1 year	19,548	353,279
from 1 to 5 years	-	20,000
Total	**19,548**	**500,575**

The above amounts of liabilities are measured at depreciated cost using the effective interest rate.

25. Amounts due to customers

Amounts due to customers	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Amounts due to business entities	**1,877,926**	**1,948,236**
Current accounts and overnight deposits	18,733	41,515
Term deposits	1,859,193	1,906,721
Amounts due to budgetary units	**280,783**	**83,091**
Current accounts and overnight deposits	2,316	23
Term deposits	278,467	83,068
Amounts due to private individuals	**5,585,309**	**1,452,184**
Current accounts and overnight deposits	214,228	215,253
Term deposits	5,368,727	1,236,267
Other	2,354	664
Total amounts due to customers	**7,744,018**	**3,483,511**

Structure of amounts due to customers by term to maturity (from reporting date to maturity date)	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Current accounts and overnight deposits	235,277	256,791
Term liabilities with term to maturity:	7,506,387	3,226,056
up to 1 month	1,556,486	375,812
from 1 to 3 months	1,334,730	490,120
from 3 months to 1 year	2,185,132	1,563,824
from 1 to 5 years	2,430,039	796,300
Other	2,354	664
Total	**7,744,018**	**3,483,511**

	1 Jan. 2009 – 31 Dec. 2009 PLN '000	**1 Jan. 2008 – 31 Dec. 2008 PLN '000**
Amounts due to other customers, with fixed interest rates	2,988,817	3,080,920
Amounts due to other customers, with variable interest rates	4,575,781	359,873
Non-interest bearing liabilities – interest, other	179,420	42,718

Amounts due to customers include customers' deposits measured at fair value through statement of comprehensive income. These include customers' deposits with a fixed rate, denominated in the Polish currency (PLN) and made between 1 April 2009 and 30 June 2009 for a period longer than one year. The value of the amounts due to customers measured at fair value through statement of comprehensive income was, as at 31 December 2009, PLN 17,907 thousand (PLN 221,054 as at 31 December 2008).

As at 31 December 2009, the difference between the fair value of financial liabilities and their value under the corresponding contracts (undiscounted value of future cash flows) was PLN 767 thousand (38,309 thousand as at 31 December 2008). In 2009, the Company recognised the expense on the measurement of the amounts due to customers measured at fair value through statement of comprehensive income in the amount of PLN 6,671 thousand (in 2008 – receivables of PLN 5,904 thousand). The above amounts were determined based on the measurement techniques enabling the Company to reliably reflect the amounts of the fair value change resulting from the change in the credit risk related to this liability.

Other amounts due to customers are measured at depreciated cost using the effective interest rate.

26. Liabilities arising from issue of debt securities

Liabilities arising from issue of debt securities	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Liabilities on issue of certificates	407,500	406,902
Interest	4,706	7,248
Total liabilities arising from issue of debt securities	**412,206**	**414,150**

	31 Dec. 2009 PLN '000	**31 Dec. 2008 PLN '000**
Liabilities arising from issue, with term to maturity:	407 500	406 902
from 1 to 5 years	407 500	406 902
Interest	4 706	7 248
Total	**412 206**	**414 150**

The above liabilities arising from issue of debt securities are measured at depreciated cost using the effective interest rate.

On 21 July 2007, Noble Bank S.A. and Bank Handlowy w Warszawie S.A. entered into an Issuance Agreement as part of the Banking Securities Issuance Programme (BPW). On 16 July 2007, as part of the Banking Securities

Issuance Programme, Noble Bank S.A. issued 3-year certificates of deposit for a total amount of PLN 270,000,000 and 5-year certificates of deposit for a total amount of PLN 80,000,000. Interest on the certificates is paid every three months at 3M WIBOR plus a margin.
The funds raised from the issue are used mostly to pay for measures to increase sales of mortgage loans and loans secured with financial assets.

On 15 September 2008, as part of the Banking Securities Issuance Programme, Noble Bank S.A. issued 2-year certificates of deposit for a total amount of PLN 57,500,000. Interest on the certificates is paid every six months at 6M WIBOR plus a margin. The funds raised from the issue will be used to pay for measures to increase sales of mortgage loans and loans secured with financial assets.

As security against its liabilities from the issue of the deposit certificates, Getin Noble Bank S.A. must pay in and keep, in a reserve account held with Bank Handlowy w Warszawie S.A., an amount equal to four times the amount of the interest payable on the next date of the interest payment.

27. Changes in provisions

Financial year ended 31 Dec. 2009	**Provision for restructuring** **PLN '000**	**Provision for pensions and similar benefits** **PLN '000**	**Total** **PLN '000**
Balance as at 1 January 2009	-	52	52
Provisions used	-	-	-
Provisions released	-	-	-
Balance as at 31 Dec. 2009	**-**	**52**	**52**

Financial year ended 31 Dec. 2008	**Provision for restructuring** **PLN '000**	**Provision for pensions and similar benefits** **PLN '000**	**Total** **PLN '000**
As at 1 January 2008	7,085	52	7,137
Provisions created / re-measured	-	-	-
Provisions used	(12)	-	(12)
Provisions released	(7,073)	-	(7,073)
Provisions as at 31 Dec. 2008	**-**	**52**	**52**

In 2008, the Company released all its restructuring provisions since, in the opinion of the Company's Management Board, the grounds for maintaining those provisions ceased to exist.

28. Other liabilities

Other liabilities	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Trade liabilities	52,933	15,718
Leasing liabilities	2,218	3,250
Liabilities arising from taxes, duties and social insurance (excl. CIT)	4,648	1,682
Settlement of holiday leaves	82	82
Liabilities arising from payment cards	254	-
Public liabilities	-	9
Payroll liabilities	2,579	6,797
Other	345	203
Total other liabilities	**63,059**	**27,741**

29. Equity

Shareholding structure as at 31 Dec. 2009	Number of shares held	Number of votes	Percentage of votes at the General Shareholders Meeting
Getin Holding S.A.	158,458,666	158,458,666	73.64%
ASK Investments S.A.	14,819,840	14,819,840	6.89%
A. Nagelkerken Holding B.V.	5,350,000	5,350,000	2.49%
International consultancy strategy Implementation B.V.	5,450,000	5,450,000	2.53%
H.P. Holding 3 B.V.	5,750,000	5,750,000	2.67%
Own shares held by the Bank	2,635,000	2,635,000	1.22%
Minority shareholders	22,714,650	22,714,650	10.56%

Shareholding structure as at 31 Dec. 2008	Number of shares held	Number of votes	Percentage of votes at the General Shareholders Meeting
Getin Holding S.A.	158,458,666	158,458,666	73.64%
ASK Investments S.A.	14,819,840	14,819,840	6.89%
A. Nagelkerken Holding B.V.	5,350,000	5,350,000	2.49%
International consultancy strategy Implementation B.V.	5,450,000	5,450,000	2.53%
H.P. Holding 3 B.V.	5,750,000	5,750,000	2.67%
Own shares held by the Bank	147,000	147,000	0.07%
Minority shareholders	25,202,650	25,202,650	11.71%
Total	**215,178,156**	**215,178,156**	**100.00%**

All the shares issued carry a nominal value of PLN 1.00. All the shares issued by the Company have been fully paid. In accordance with the resolution of the Company's General Shareholders Meeting of 22 February 2007, the Company's preference shares were cancelled by amending the Bank's Articles of Association.

On 28 November 2008 Noble Bank's Extraordinary General Shareholders Meeting adopted a resolution enabling the Company to repurchase its own shares until 30 April 2009. In accordance with the resolution, the number of repurchased shares may not exceed a total of 10,000,000. The minimum price of purchase per share was set as PLN 1.00 and the maximum price as PLN 5.00.

On 31 December 2009, the predominant entity repurchased its own shares at the nominal value of PLN 2,635 thousand.

On 4 January 2010, the Company was informed that 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 1241, 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 simultaneous increase of the share capital of Noble Bank S.A. by means of a new issue of shares.

At the same time, the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register, on 4 January 2010, registered an increase of the share capital from the amount of PLN 215,178,156.00 (two hundred and fifteen million one hundred and seventy eight thousand one hundred and fifty six zlotys) to PLN 953,763,097.00 (nine hundred and fifty three million seven hundred and sixty three thousand ninety seven zlotys),. i.e. by the amount of PLN 738,584,941.00 (seven hundred and thirty eight million five hundred and eighty four thousand nine hundred and forty one zlotys) by way of issue of 738,584,941.00 (seven hundred and thirty eight million five hundred and eighty four thousand nine hundred and forty one) series "J" shares of Noble Bank of the nominal value of PLN 1.00 (one) per share.

The total number of votes in virtue of all the shares issued by Getin Noble Bank S.A. after the registration of the changes in the share capital is 953,763,097.00 votes (in words: nine hundred and fifty three million seven hundred and sixty three thousand ninety seven).

The shareholding structure of Getin Noble Bank S.A. after the said change was registered, is as follows:

- 47,292 ordinary series A registered shares of the nominal value of PLN 1.00 (in words: one) each,
- 18,884 ordinary series B registered shares of the nominal value of PLN 1.00 (in words: one) each,
- 9,840 ordinary series C registered shares of the nominal value of PLN 1.00 (in words: one) each,
- 90,646 ordinary series D registered shares of the nominal value of PLN 1.00 (in words: one) each,
- 2,796 ordinary series E registered shares of the nominal value of PLN 1.00 (in words: one) each,
- 8,698 ordinary series F registered shares of the nominal value of PLN 1.00 (in words: one) each,
- 200,000,000 ordinary series G registered shares of the nominal value of PLN 1.00 (in words: one) each,
- 15,000,000 ordinary series H registered shares of the nominal value of PLN 1.00 (in words: one) each,
- 738,584,941 ordinary series J bearer shares of the nominal value of PLN 1.00 (in words: one) each.

Other capital	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Supplementary fund	381,263	266,095
From sale of shares over their nominal value	139,657	139,657
Other	241,606	126,438
Revaluation reserve	(4,104)	2,012
Measurement of financial assets available for sale	(5,067)	2,484
Deferred tax	963	(472)
Total other reserves as at the end of the reporting period	**377,159**	**268,107**

Other capital presented under supplementary fund in the amount of PLN 241,606 thousand comprises supplementary fund for repurchase of own shares in the amount of PLN 4,993 thousand (as at 31 December 2008 – PLN 9,655 thousand), dividend declared for 2009 on the Bank's own shares in the amount of PLN 402 thousand (as at 31 December 2008 – PLN 0 thousand) and supplementary fund generated on the profit (loss) from previous years in the amount of PLN 236,211 thousand (as at 31 December 2008 – PLN 116,783 thousand).

30. Solvency ratio

The Company maintains a safe level of equity in relation to the risk incurred. At the same time, observing the mandatory principle of capital safety, the Company aims to set an optimum relation to the long-term return on equity.

In order to monitor the adequate level of capitalisation, the Company calculates capital requirements in accordance with the regulations in force.

The Company's solvency ratio and shareholders' equity forming the basis for the calculation of the ratio are calculated pursuant to the following regulations:

- Banking Law of 29 August 1997 (Journal of Laws of 2002, No. 72, item 665 with subsequent amendments).
- Resolution No. 380/2008 of the Commission for Banking Supervision of 7 December 2008, on the scope of the capital requirements against particular risks and the detailed principles to be applied in determining those requirements, including but not limited to the scope and conditions of applying statistical methods and the scope of information attached to an application for authorisation to apply them, principles and conditions of taking account of contracts on debt assignment, subparticipation, credit derivative and contracts other than those on debt assignment, subparticipation, in calculating the capital requirements, terms and conditions, scope and manner of making use of the ratings assigned by external credit assessment institutions and the export credit agencies, manner and specific principles of calculating the solvency ratio of a bank, the scope and manner of taking account of banks conducting their activities in groups in calculating their capital requirements as well as establishing additional items of bank balance sheets presented jointly with bank regulatory own funds in the calculation of capital adequacy, the amount thereof and the conditions of setting them.
- Resolution No. 2381/2008 of the Polish Financial Supervision Authority of 17 December 2008, on other deductions from a bank's core capital, amount thereof, scope and conditions of such deductions from the core capital of a bank, other balance sheet items included in the supplementary capital, the amount and scope thereof, and the conditions of including them in a bank's supplementary capital, deductions from a bank's supplementary capital, the amount and scope thereof and conditions of performing such deductions from the banks' supplementary capital, the scope and manner of taking account of the business of banks conducting their activities in groups in calculating their own funds.
- Resolution No. 382/2008 of the Polish Financial Supervision Authority of 17 December 2008, on the detailed principles and conditions of accounting for exposures in determining compliance with exposure concentration limit and large exposure limit, specifying exposures exempt from the provisions regarding exposure concentration limits and large exposure limits, and the conditions they must satisfy, specifying exposures that need the authorisation of the Polish Financial Supervision for the exemption from the provisions related to exposure concentration limits and large exposure limits, and the scope and manner of accounting for the activities of banks operating in groups in calculating exposure concentration limits.

As at 31 December 2009 and 31 December 2008, Getin Noble Bank S.A. calculated its capital requirements and solvency ratio based on Resolution No.380/2008 of the Polish Financial Supervision Authority.

	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Equity		
Share capital	215,178	215,178
Supplementary fund	381,263	266,095
Revaluation reserve	(4,104)	1,272
Audited profit (loss) for the 1st year half	103,624	92,972
Adjustment of equity by shares in financial institutions	(102,495)	(90,506)
Adjustment of equity by intangible assets	(5,441)	(4,000)
Undivided profit (loss) from previous years	955	955
Own shares	(2,635)	(147)
Total equity	**586,345**	**481,819**
Risk weighted assets		
Risk exposure of 0%	1,847,565	753,886
Risk exposure of 20%	392,412	908,152
Risk exposure of 35%	97,465	218,315
Risk exposure of 50%	55,519	37,782
Risk exposure of 75%	4,688,672	2,864,422
Risk exposure of 100%	1,872,763	713,924
Risk exposure of 150%	79,099	110,867
Total risk weighted assets	**5,648,270**	**3,305,474**
Risk weighted off-balance sheet liabilities		
Risk exposure of 20%	23,269	32,918
Risk exposure of 35%	1,477	1,116
Risk exposure of 50%	228,018	50,050
Risk exposure of 75%	148,383	92,768
Risk exposure of 100%	13,746	16,166
Risk exposure of 150%	25	1,446
Total risk weighted off-balance sheet liabilities	**244,251**	**119,910**
Total risk weighted off-balance sheet assets and liabilities	**5,892,521**	**3,425,384**
Capital requirement in respect of:		
Credit risk	471,402	274,031
Operational risk	16,331	12,987
Solvency ratio	**9.62%**	**13.43%**

The concentration risk and the capital requirement for its coverage are calculated based on the provisions of the above resolutions. As at 31 December 20089 and 31 December 2008, the portfolio of Getin Noble Bank did not contain any receivables that could be qualified as exceeding the concentration limits. The statement of concentration limits has been provided in note XVII.1.

31. Cash and cash equivalents

Items of the statement of financial position	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Cash and balances with the central bank	239,817	83,762
Current amounts due from banks	98,166	7,614
Cash and cash equivalents presented in the statement of cash flows	**337,983**	**91,376**

	31 Dec. 2009	31 Dec. 2008

	PLN '000	PLN '000
Value of cash and cash equivalents with limited availability	-	-

32. Financial lease

In accordance with the lease agreements signed by the Company, the lease subject remains in the Company's use throughout the agreement term. In exchange for the acquired rights to use the leased property, the Company must make lease payments in amounts and on dates as set out in the lease agreements. After the lease agreement term, the Company is entitled to purchase the property leased provided that it has fulfilled all its obligations to the lessor. If the Company decides not to exercise the option to purchase the property leased, it must return it to the lessor. The lease agreements do not allow for the lease term to be extended. No other restrictions or conditional lease payments apply. Assets leased under the Company's lease contracts as at the reporting date are cars.

Financial lease liabilities as at 31 December 2009 (PLN '000)	Gross lease investment (minimum payments)	Current value of lease payments
Up to 1 year	1,083	945
From 1 to 5 years	1,457	1,273
Total	**2,540**	**2,218**
Unrealised financial costs (-)	(322)	-
Net lease investment	**2,218**	**2,218**

Financial lease liabilities as at 31 December 2008 (PLN '000)	Gross leasing investment (minimum payments)	Current value of lease payments
Up to 1 year	1,124	927
From 1 to 5 years	2,815	2,323
Total	**3,939**	**3,250**
Unrealised financial costs (-)	(689)	-
Net lease investment	**3,250**	**3,250**

33. Operating lease

The Company's operating lease involves rental of premises for the offices of Getin Noble Bank. In accordance with the lease agreements signed by the Company, the lease subject remains in the Company's use throughout the agreement term. In exchange for the acquired rights to use the leased property, the Company must make lease payments in amounts and on dates as set out in the lease agreements.

As at 31 December 2009 and 31 December 2008, the future minimum payments in respect of irrevocable operating lease agreements were as follows:

Liabilities resulting from operating lease agreements with repayment period after the reporting date	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Up to 1 year	8,960	7,099
From 1 to 5 years	40,751	27,769
Over 5 years	12,370	7,371
Total	**62,081**	**42,239**

In 2009 and 2008, the Company did not have any conditional lease payments. It was not a party to irrevocable sub-lease agreements.

Lease and sub-lease payments under operating lease recognised in the statement of comprehensive income	1 Jan. 2009 – 31 Dec. 2009 PLN '000	1 Jan. 2008 – 31 Dec. 2008 PLN '000
Minimum lease payments	13,325	10,785
Total	**13,325**	**10,785**

The value of minimum lease and sub-lease payments recognised in statement of comprehensive income includes, in addition to lease payments, other costs (e.g. cost of utilities).

34. Contingent liabilities granted

Financial contingent liabilities relate to loans granted in accordance with agreements with customers that, by the end of the reporting period, had not been used yet, and unused credit limits granted in credit card accounts.

The Company's range of loans includes mortgage loans paid out in staged payments according to customers' instructions.

The table below presents liabilities arising from the loan agreements and unused credit limits.

Contingent liabilities and off-balance sheet items	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
1. Contingent liabilities granted	**361,864**	**230,156**
a) related to financing	358,212	227,511
b) guarantees granted	3,652	2,645
2. Liabilities related to purchase/sale operations	**4,390,791**	**4,412,732**
Total contingent liabilities and off-balance sheet items	**4,752,655**	**4,642,888**

Financial liabilities granted	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Total financial liabilities granted:	358,212	227,511
- to non-financial entities	358,212	225,511
Total liabilities granted	**358,212**	**227,511**

Guarantee liabilities granted	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
1) Liabilities granted to non-financial entities:	1,972	692
- guarantees	1,972	692
2) Liabilities granted to financial entities:	1,680	1,953
- guarantees	1,680	1,953
Total liabilities granted	**3,652**	**2,645**

As at 31 December 2009, the liabilities in respect of unused credit limits in credit card accounts, as presented under off-balance sheet liabilities, were PLN 71,679 thousand. Since using credit card limit is voluntary, the Company is unable to determine the approximate dates and amounts of payments of such credit out of the Bank after the reporting period.

The above contingent liabilities are exposed to the off-balance sheet credit risk because only fees and commissions for granting the funding and provisions for possible losses are recognized in the statement of financial position until the liability is discharged or it expires. Detailed information on the credit risk concentration, including the risk from the contingent liabilities granted, is provided in Note XVII.

XI. DIVIDENDS

On 20 March 2009, the Ordinary General Shareholders Meeting of Noble Bank S.A. decided to distribute the net profit generated in 2008 (in the amount of PLN 164,614 thousand), thus allocating the amount of PLN 45,187 thousand on dividend payment and the amount of PLN 119,427 thousand moved to supplementary fund. The dividend gross value came to PLN 0.21 per share. The dividend day was set on 10 April 2009. On 30 April 2009, the dividend was paid in the amount of PLN 44,784 thousand. The remaining dividend amount of PLN 403 thousand on repurchased own shares was retained b the Company and recognized under the supplementary fund Getin Noble Bank S.A. considers no shares to be preferential.

The Company's Management Board will request for retaining the net profit for 2009 in the Company.

On 20 March 2009, the Ordinary General Shareholders Meeting of Open Finance S.A. decided to allocate the net profit from the financial year ended 31 December 2008 in the amount of PLN 25,004 thousand and the supplementary fund generated on the profit from previous years in the amount of PLN 9,996 thousand on dividend payment to the only shareholder, i.e. Noble Bank S.A. The total dividend value is PLN 35,000 which constitutes PLN 70 per one normal share. In 2008, the Bank recognised the income in virtue of the dividend from Open Finance S.A. in the amount of PLN 30,000 thousand. No shares in Open Finance S.A. are considered to be preferential.

On 18 March 2009, the Ordinary General Shareholders Meeting of Noble Funds TFI S.A. decided to allocate the net profit from the financial year ended 31 December 2008 in the amount of PLN 14,227 thousand and the supplementary fund generated on the profit from the financial year ended 31 December 2007 in the amount of PLN 9,672 thousand on dividend payment to the Company shareholders. The total dividend value is PLN 23,899 thousand which constitutes PLN 238.89 per one normal share including PLN 16,729 thousand in the shares held by the Bank. In 2008, the Bank recognised the income in virtue of the dividend from Noble Funds TFI S.A. in the amount of PLN 2,800 thousand. No shares in Noble Funds TFI S.A. are considered to be preferential
The income from the dividend payment has been recognised in the statement of comprehensive income under "dividend income".

XII. FAIR VALUE OF THE INDIVIDUAL CLASSES OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset can be sold or exchanged for another asset or a liability settled in an arm's length transaction between knowledgeable and willing parties.

The Company is in disposal of financial instruments that, according to the IFRS standards adopted, are not measured at fair value, i.e. amounts due from banks, loans and advances to customers and, respectively, amounts due to banks and customers. The Company has estimated the fair values for the above financial instruments.

Summary of the main methods and principles used in estimating the fair values of instruments:

Amounts due from banks:

Placements on the interbank market comprise short-term ones with a maturity of up to three months. Therefore, the fair value of amounts due from bank is assumed to be equal to their carrying amount.

Loans to customers:

In the case of the loans found to be impaired and which are covered by the debt collection process (“old group of loans”), owing to the nature of the Company’s portfolio and the methodology of calculating impairment of credit exposures, as described in Note VIII, paragraph 6, the fair value of such receivables was assumed to be the present value of expected future cash flows from the planned recoveries, determined in the process of impairment assessment.

For other loans, the following method was assumed to determine their fair value:

In order to calculate the fair value, based on the information recorded in transaction systems, for each loan agreement a timetable for capital and interest flows is identified. The flows calculated in such a manner are grouped by interest type, date of loan disbursement, type of product and currency.

To calculate the rate for discounting the cash flows so identified based on the portfolio of loans disbursed during the four months preceding the date of presentation of these financial statements, a balance-weighted average effective interest rate is calculated. In calculating the discounting rate, the effective interest rate was used as recorded in the Company’s computer systems as at the date of these financial statements. By comparing the sum of so discounted cash flows in respect of the given loan agreement with the book value of the agreement, it is possible to determine the difference between the fair value and the book value. The discounting rate relevant for a given cash flow is identified based on the loan currency, product type and date of cash flow.

Amounts due to banks and customers:

The Company used the following method for measuring deposits from customers with the original maturity period of more than one year and with a fixed interest rate:

The carrying value of the deposits was determined as the sum of the current deposit balance and accrued interest as at the date of measurement. The value was subsequently discounted until the date of measurement using a discounting factor appropriate for the maturity date from the market profitability curve increased by the average weighted margin for deposits from a given range of the period of deposit or the original period. The result was the fair value.

In the case of current and other deposits without specified maturity dates, the fair value is the amount that would be paid on demand as at the end of the reporting period.

For other financial assets maintained by the value of the required payment, the Bank assumed that the fair value of such assets was consistent with their carrying value. This applies, in particular, to current receivables and liabilities in respect of the delivery of goods and services.

Since the next period for re-measurement of the majority of financial assets and liabilities measured at depreciated cost (other then described above) using the effective interest rate is no longer than 3 months, the carrying value of these items is not significantly different from their fair values.

As at 31 Dec. 2009

	Carrying amount PLN '000	**Fair value PLN '000**
Assets:		
Cash and amounts due from central bank	239,817	239,817
Financial instruments assumed for sale	1,195,341	1,195,341
Derivative financial instruments	126,382	126,382
Amounts due from banks	447,795	447,795
Loans to customers	6,818,339	6,820,148
Liabilities:		
Amounts due to banks and financial institutions	19,548	19,548
Derivative financial instruments	28,562	28,562
Amounts due to customers	7,744,018	7,699,904
Other liabilities (financial lease liabilities)	2,218	2,218
Liabilities arising from issue of debt securities	412,206	412,206

As at 31 Dec. 2008

	Carrying amount PLN '000	**Fair value PLN '000**
Assets:		
Cash and amounts due from central bank	83,762	83,762
Amounts due from banks	945,661	945,661
Derivative financial instruments	60,843	60,843
Financial assets available for sale	476,439	476,439
Loans to customers	3,874,509	3,668,515
Liabilities:		
Amounts due to banks and financial institutions	500,575	500,575
Derivative financial instruments	472,383	472,383
Amounts due to customers	3,483,511	3,470,828
Other liabilities (financial lease liabilities)	3,250	3,250
Liabilities arising from issue of debt securities	414,150	414,150

The bank classifies the individual financial assets and liabilities measured at fair value by applying the following hierarchy:

Level 1

Financial assets and liabilities measured at fair value based on market quotations available in active markets for identical instruments.

Level 2

Financial assets and liabilities measured using techniques based on market quotations directly observed or other information based on market quotations.

Level 3

Financial assets and liabilities measured using techniques based on market quotations which cannot be directly observed.

(figures in PLN '000)

On 15 February 2010, the Management Board of Getin Noble Banku S.A. made a decision on the intention to offer a sale under an initial public offering procedure to be handled by Towarzystwo Ubezpieczeń Europa S.A. regarding all the shares of Towarzystwa Ubezpieczeń Europa S.A. held by the Bank.

Investment securities classified as available-for-sale financial assets are measured at fair value. Shares in companies not listed on the stock exchange, which accounted for 5.6% of the Bank's securities portfolio as at the end of the reporting period, have been measured at fair value.

Other financial instruments available for sale mainly comprise treasury bonds, money bills and treasury bills. The Bank determines which primary market covering these instruments is the most active one and, based on such a criterion, measures the instruments.

The table below contains book values of financial instruments measured at fair value in breakdown into the aforementioned measurement levels:

As at 31 December 2009

31 Dec. 2009	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	-	123,263	3,119	126,382
Financial assets available for sale	780,334	349,762	67,265	1,197,361
Financial liabilities:				
Liabilities at fair value measured through statement of comprehensive income	-	-	17,907	17,907
Derivative financial instruments	-	25,443	3,119	28,562

As at 31 December 2008

31 Dec. 2008	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	-	60,843	-	60,843
Financial assets available for sale	176,312	299,958	169	476,439
Total financial assets	**176,312**	**360,801**	**169**	**537,282**
Financial liabilities:				
Liabilities measured at fair value through statement of comprehensive income	-	-	221,054	221,054
Derivative financial instruments	-	472,383	-	472,383

In the financial years ended 31 December 2009 and 31 December 2008, there were no movements between level 1 and level 2 of the fair value hierarchy, and neither was any instrument moved from level 2 to level 3 of the fair value hierarchy.

XIII. ADDITIONAL NOTES TO THE STATEMENT OF CASH FLOWS

For the sake of the statement of cash flows, the following classification of economic activity types has been assumed:

1. operating activities comprise the basic scope of activities related to provision of services by the Company, covering actions aimed at generating profit but not under investment or financial activity. The

(figures in PLN '000)

Company prepares the statement of cash flows from operating activities using the indirect method, under which a net profit for a reporting period is adjusted by non-cash effects of transactions, prepayments and accrued income and accrued costs and deferred income which relate to future or past inflows or outflows from operating activities and by other items of costs and revenues connected with cash flows from investing activities;

2. investment activity comprise actions related to purchasing and selling fixed assets, particularly financial assets not classified as held for trading, stocks and shares in subordinated entities as well as tangible and intangible assets;

3. financing activities include operations that involve raising funds in the form of capital or liabilities, as well as servicing of the funding sources.

In relation to the acquisition of shares of Noble Securities S.A., the Bank took over cash and cash equivalents in the amount of PLN 29,532 thousand, intangibles or the value of PLN 966 thousand, tangible fixed assets for the amount of PLN 337 thousand, income tax assets for the amount of PLN 35 thousand, financial instruments available for sale for the amount of PLN 26 thousand and other assets for the amount of PLN 41.007 thousand. As at the day of the shares acquisition, Noble Securities S.A. also recognised other liabilities in the amount of PLN 66,206 thousand as well as equity of PLN 5,697 thousand.

Statement of differences between the changes in assets and liabilities in the statement of financial position and the changes recognised in the 2009 statement of cash flows:

	Statement of financial position	Statement of cash flows	Difference	
Change in amounts due from banks	497,866	590,018	(92,152)	1)
Change in derivative financial instruments (asset)	(65,539)	(65,539)	-	
Change in loans to customers	(2,943,830)	(2,943,830)	-	
Change in financial instruments available for sale	(718,902)	-	(718,902)	2)
Change in deferred income tax assets	(15,104)	(14,140)	(964)	3)
Change in other assets and liabilities	(9,612)	(9,612)	-	
Change in amounts due to other banks and financial institutions	(481,027)	(481,027)	-	
Change in derivative financial instruments (liability)	(443,821)	(443,821)	-	
Change in amounts due to customers	4,260,507	4,260,507	-	
Change in liabilities from issue of debt securities	(1,944)	(1,944)	-	
Changes in provisions and deferred income tax provisions	(29,984)	(29,512)	(472)	4)

Notes:

1) changes in cash balance
2) purchase of securities presented in investing activities
3) asset from deferred income tax related to financial instruments available for sale recognised under equity (2009)
4) provision from deferred income tax related to financial instruments available for sale recognised under equity (2008).

Statement of differences between changes in assets and liabilities in the statement of financial position and the changes recognised in the 2009 statement of cash flows:

	Statement of financial position	Statement of cash flows	Difference	
Change in amounts due from banks	(327 605)	(321 935)	(5 670)	1)
Change in derivative financial instruments (asset)	(42 840)	(42 840)	-	
Change in loans to customers	(2 688 859)	(2 688 859)	-	

(figures in PLN '000)

Change in securities available for sale	(423 994)	-	(423 994)	2)
Change in other assets and liabilities	17 885	17 885	-	
Change in amounts due to banks and financial institutions	306 201	306 201	-	
Change in derivative financial instruments (liability)	471 186	471 186	-	
Change in amounts due to customers	2 526 825	2 526 825	-	
Change in liabilities from issue of debt securities	60 239	2 739	57 500	3)
Changes in provisions and deferred income tax provisions	15 274	14 802	472	4)

Notes:
1) changes in cash balance
2) purchase of securities presented in cash flows from investing activities
3) issue of deposit certificates presented in cash flows from investing activities
4) provision from deferred income tax related to financial instruments available for sale recognised under equity.

XIV. INFORMATION ON ASSETS PLEDGED AS COLLATERAL

The table below shows the carrying amount of assets held in connection with the existing liabilities as at 31 December 2009.

Type of assets pledged	Type of liability	Value of secured liabilities	Carrying amount of assets pledged as collateral
amounts due from banks	deposit certificates	407,270	22,452
treasury bills	Bank Guarantee Fund	20,469	29,478
amounts due from banks	derivative financial instruments (CIRS)	114,690	40,442
amounts due from banks	derivative financial instruments (SWAP)	117,781	139,023
Total:		**660,210**	**231,395**

The table below shows the carrying amount of assets pledged as collateral as at 31 December 2008.

Type of assets pledged	Type of liability	Value of secured liabilities	Carrying amount of assets pledged
amounts due from banks	deposit certificates	406,902	37,508
treasury bills	Bank Guarantee Fund	4,534	7,141
amounts due from banks	derivative financial instruments	472,075	264,429
Total:		**883,511**	**309,078**

Deposits pledged as collateral for liabilities resulting from deposit certificates have been made for periods ranging from 3 to 6 months and carry an average interest rate of 6.66%. The Company will renew the deposits until repayment of the said liabilities.

In accordance with articles 25 and 26 of the Bank Guarantee Fund Act, banks are required to maintain a fund of guaranteed monies the amount specified by the Bank Guarantee Fund. The basis is the sum of cash held in all accounts at the Bank, being the basis for the calculation of the mandatory reserve amount.

XV. TRANSACTIONS WITH RELATED ENTITIES

(1) DESCRIPTION OF TRANSACTIONS WITH RELATED ENTITIES

The term "related entity" means the controlling company Getin Holding S.A., which holds shares in the Bank, ASK Investments S.A., being the Bank's minority shareholder, and subordinated companies in which the Bank holds shares: Open Finance S.A. (100 %), Noble Funds TFI S.A. (70 %), Introfactor S.A. (100%) and Noble Concierge Sp. z o.o. (100 %). The Bank's related entities also include: Getin Holding S.A.., Carcade OOO, TU Europa S.A., TU na Życie Europa S.A., Getin Bank S.A., Getin Leasing S.A., Home Broker S.A., Fiolet - Powszechny Dom Kredytowy S.A., Getin International S.A., Noble Securities S.A. (former Dom Maklerski Polonia Net S.A.), Iguana Investments Sp. z o.o., Cynamon Sp. z o.o., Tax Care S.A., LC Corp BV, Fundacja LC Hart, Leszek Czarnecki as the main shareholder in Getin Holding S.A. and teh top level predominant entity as well as members of the Company's Management Board and Supervisory Board and persons related to them.

All transactions between the Bank's related entities in 2009 and 2008 were conducted on an arm's length basis and resulted from day-to-day operations. The main items of those transactions refer to the provision of financial intermediation services. No material transactions occurred which would require disclosure in these financial statements. Settlements and transactions with affiliated entities are not secured. Payment due to the unsettled balance will be effected by transfer of cash and cash equivalents.

The most important amounts of transactions with related entities are presented below.

2009	Loan receivables	Other receivables	Loan liabilities	Deposit liabilities	Other liabilities	Interest income	Interest expense	Commission income	Commission expense	Dividend received	Sale	Purchase
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Transactions with related entities												
Open Finance S.A.	-	121	-	20,212	3,929	-	1,506	50	135,221	35,000	2,903	359
Noble Funds TFI S.A.	-	648	-	12,945	105	-	985	1,977	-	16,729	539	404
Getin Holding S.A.	-	1	-	-	-	-	-	-	-	-	262	253
Panorama Finansów S.A.	6,713	-	-	-	-	530	-	-	-	-	-	-
Noble Securities S.A. (former Dom Maklerski Polonia Net S.A.)	-	45	-	8,608	-	-	939	-	2,047	-	142	337
Introfactor S.A.	35,225	-	-	4,738	-	1,983	89	-	-	-	453	-
Noble Concierge Sp. z o.o.	-	1	-	-	65	-	-	-	-	-	37	4,700
Carcade OOO	-	-	-	-	-	1,108	-	-	-	-		
Getin Bank S.A.	-	2,708	-	-	-	5,599	2,617	2,570	43	-	645	2,335
TU Europa S.A. based in Wrocław	-	19,166	-	136,390	27,394	-	10,546	52,503	234	-	-	
TU Europa na Życie S.A. based in Wrocław	-	7,303	-	1,564,360	65	-	111,520	26,930	-	-	-	2,468
Fiolet - Powszechny Dom Kredytowy S.A.	-	-	-	-	347	-	-	-	531	-	-	-
Powszechny Dom Kredytowy S.A.	-	-	-	-	-	-	-	-	-	-	-	-
Home Broker S.A. (former JML S.A.)	-	10	-	-	3,053	-	-	60	6,892	-	-	-
Tax Care S.A. (forme rACC S.A.)	-	229	-	-	-	-	-	-	-	-	-	-
Iguana Investments sp. z o.o.	-	12	-	-	-	-	-	17	16	-	-	-
Jarosław Augustyniak - 1st Vice President of the Management Board	102	-	-	1,499	-	1	105	-	-	-	-	-
Maurycy Kuhn - Member of the Management Board	3,884	-	-	7	-	110	53	-	-	-	-	-
Krzysztof Spyra - Member of the Management Board	113	-	-	242	-	2	26	-	-	-	-	-
Agnieszka Baran - Proxy	-	-	-	29	-	-	-	-	-	-	-	-
Monika Pogorzelska - Proxy	4	-	-	-	-	-	-	-	-	-	-	-
Helena Kamińska - Proxy	123	-	-	1	-	37	-	-	-	-	-	-

2008	Loan receivables	Other receivables	Loan liabilities	Deposit liabilities	Other liabilities	Interest income	Interest expense	Commission income	Commission expense	Dividend received	Sale	Purchase
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Transactions with related entities												
Open Finance S.A.	-	57	-	7,150	10,966	-	585	2,173	42,795	30,000	1,598	1,082
Noble Funds TFI S.A.	-	95	-	23,651	-	-	1,373	2,101	-	2,800	192	7
Getin Holding S.A.	-	-	-	-	-	-	-	-	-	-	-	4
Panorama Finansów S.A.	2,013	108	-	1	-	32	22	-	-	-	123	
Noble Securities S.A. (former Dom Maklerski Polonia Net S.A.)	-	-	-	2,514	-	-	104	-	-	-	-	-
Introfactor S.A.	25,128	-	-	4,355	-	525	15	-	-	-	215	-
Noble Concierge Sp. z o.o.	-	2	-	-	174	-	-	-	1,014	-	-	38
Carcade OOO	36,726	-	-	-	-	3,303	-	-	-	-	-	-
Getin Bank S.A.	-	36	-	125,186	-	-	496	-	2	-	26	240
TU Europa S.A. based in Wrocław	-	365	-	121,934	462	-	7,994	6,953	15	-	-	137
TU Europa na Życie S.A. based in Wrocław	-	188	-	1,259,958	1,397	-	39,715	13,474	670	-	153	3,199
Jarosław Augustyniak - President of the Management Board	20	-	-	3,144	-	-	501	-	-	-	-	-
Maurycy Kuhn - Member of the Management Board	4,041	-	-	2,465	-	108	77	-	-	-	-	-
Krzysztof Spyra - Member of the Management Board	43	-	-	1,701	-	1	112	-	-	-	-	-
Monika Pogorzelska - Proxy	1	-	-	-	-	-	-	-	-	-	-	-
Fiolet - Powszechny Dom Kredytowy S.A.	-	-	-	-	-	-	-	-	106	-	-	-
Powszechny Dom Kredytowy S.A.	-	-	-	-	-	-	-	-	520	-	-	-
Home Broker S.A. (fomer JML S.A.)	-	-	-	1	-	-	-	8	56	-	-	-
Tax Care S.A. (fomer ACC S.A.)	-	2	-	-	-	-	-	-	-	-	-	-

(2) Information on the amounts of outstanding advances, loans and guarantees

As at 31 December 2009

Carcade Sp. z o.o.

- amount of outstanding loans - USD 0 thousand
- amount of outstanding interest - USD 0 thousand

As at 31 December 2008

Carcade Sp. z o.o.

- amount of outstanding loans - USD 12,400 thousand
- amount of outstanding interest - USD 0 thousand

(3) Information on remuneration and benefits for the Bank's Supervisory Board and Management Board members

Costs of remuneration and benefits for the Management Board members, incurred by the Bank (PLN '000):

Short-term remuneration and benefits

1 Jan. 2009 – 31 Dec. 2009 PLN 12,776 thousand *

1 Jan. 2008 – 31 Dec. 2008 PLN 10,018 thousand

* Remuneration for 2009 for members of the Company's Management Board:

Jarosław Augustyniak PLN 4,093 thousand

Maurycy Kuhn PLN 3,993 thousand

Krzysztof Spyra PLN 3,993 thousand

Bogusław Krysiński PLN 510 thousand

Radosław Stefurak PLN 68 thousand

Krzysztof Rosiński PLN 119 thousand

Costs of remuneration and benefits for the Supervisory Board members, incurred by the Bank (PLN '000):

Short-term remuneration and benefits

1 Jan. 2009 – 31 Dec. 2009 PLN 0 thousand

1 Jan. 2008 – 31 Dec. 2008 PLN 0 thousand

(4) Bank's shares owned by its Supervisory Board and Management Board members (in office as at 31 December 2009)

As at 31 December 2009, the following Supervisory Board and Management Board members held the Bank's shares:

	Position	As at 31 Dec. 2008	shares acquired in the reporting period	shares sold in the reporting period	As at 31 Dec. 2009
Remigiusz Baliński	Member of the Supervisory Board	22,333	-	-	22,333
Maurycy Kuhn	Member of the Management Board	10,304,447	24,147	-	10,328,594
Krzysztof Spyra	Member of the Management Board	10,389,947	-	-	10,389,947
Jarosław Augustyniak	Chairman of the Management Board	10,697,947	-	-	10,697,947

XVI. CAPITAL MANAGEMENT

The main aim of the Company's capital management is maintaining a good credit rating and safe capital ratios that would support the Company's operating activities and increase its value for shareholders.

The Company manages the capital structure and modifies it as a result of changing economic conditions. In order to maintain or adjust the capital structure, the Company may change the dividend payout for shareholders, pay the capital back to shareholders or issue new shares. In 2009 and 2008, no modifications of the objectives, principles and processes that apply in this area were made.

The Company monitors its capital levels using the leverage ratio, calculated as the ratio of net debt to total equity plus net debt. Net debt includes interest bearing loans and advances, trade creditors and other liabilities less cash and cash equivalents. Shareholders' equity includes convertible preference shares and equity less revaluation reserve.

The measure of capital adequacy is the solvency ratio, which is the ratio of equity (less obligatory deductions) to the sum of assets and off-balance sheet items weighted with risk. The solvency ratio assigns percentage weights to assets and off-balance items according to, for example, the degree of credit risk, the degree of market risk, the degree of currency risk or the degree of interest rate risk. The Bank is obliged to maintain equity adequate for the level of risk and according to the relevant legal regulations.

The minimum required solvency ratio is specified in Polish banking regulations and is currently 8%.

The calculation of the solvency ratio is presented in Note X.30 to these financial statements.

XVII. RISK MANAGEMENT AT GETIN NOBLE BANK S.A.

Methods and objectives adopted for the financial risk management:

The most crucial aspects of risk management include appropriate choice of employees and their experience as well as the procedures implemented and processes functioning. The Bank's governing bodies, i.e. the Management Board and the Supervisory Board, supervise the risk management methods and their selection.

The objective of asset and liability management policy is to optimise the structure of the items presented and not presented in the statement of financial position to retain the assumed proportion of income to the risk incurred. The Bank's Management Board is responsible for managing risk at the strategic level, and for that purpose it has established two committees: the Credit Committee and the Asset and Liability Management Committee (ALCO). 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 Bank's Management Board, within internal limits and in line with the supervisory regulations.

The existing market risk management regulations incorporate requirements of the Supervisory Recommendations of the Financial Supervision Authority. In its business the Bank is exposed to numerous risks, the most important of which are credit risk, liquidity risk, market risk and operational risk. In accordance with a resolution of the Commission for Banking Supervision, the Bank is obliged to calculate capital requirements for the coverage of particular risks, i.e. to maintain its equity at a level commensurate with the exposure. The resolution of the Financial Supervision Authority governs the method of calculating the solvency ratio and includes, apart from the credit risk capital requirements, capital requirements for other risks (including currency risk or interest rate risk) in the capital adequacy calculation.

(figures in PLN '000)

1. Credit risk

Credit risk management at Getin Noble Bank aims to guarantee safe lending while maintaining a sensible approach to risk. The Bank controls credit risk by introducing and complying with internal procedures for the monitoring of the loans granted by the Bank and by reviewing, on a day-to-day basis, the borrowers' financial standing and loan repayments.

In 2009 and 2008, the Bank was carrying out intensive debt collection activities. The focus was on intensifying debt collection processes as regards the loans portfolio. Therefore, matters relating to managing the irregular loans, their restructuring and collection were of priority. The Bank also continued to grant new loans, concentrating on the segment of mortgage loans and loans secured with financial assets.

The credit process at Getin Noble Bank is divided into the following five stages: registering a loan application, making the loan decision preceded by an analysis of the application, preparing a loan agreement, paying out the loan, and monitoring. The Bank has implemented internal instructions that define in detail the participants of the loan process and functions assigned to them. Decisions are made on a multi-stage basis at all points. The Bank performs a two-stage valuation of properties pledged as collateral for the loans granted, using for that purpose its own services and an external company. The final loan decisions are made in accordance with the Bank's division of competencies depending on the loan amount and product type, as approved by way of a resolution of the Bank's Management Board and Supervisory Board.

The Bank has detailed procedures in place for monitoring the loans granted by the Bank. As part of these procedures, there are three stages of action in the event of disrupted loan repayment, i.e. monitoring, collection and enforcement. Each of the measures assigned to those stages is described in detail (with the indication of persons responsible) in the Bank's internal instructions.

The Bank's regulations applying to agreements subject to restructuring and debt collection are as follows:

1. instructions for the monitoring of the Bank's retail receivables,
2. instructions for the monitoring of customers conducting business activities,
3. instructions for the monitoring of receivables secured with mortgage.

a) breakdown into the individual entities

Concentration for 10 largest customers	**31 Dec. 2009** **% of portfolio**
Customer 1	0.59
Customer 2	0.45
Customer 3	0.41
Customer 4	0.38
Customer 5	0.34
Customer 6	0.33
Customer 7	0.31
Customer 8	0.31
Customer 9	0.30
Customer 10	0.30
Other customers	96.29
Total	100.00

(figures in PLN '000)

Concentration for 10 largest customers	31 Dec. 2008
	% of portfolio
Customer 1	0.89
Customer 2	0.87
Customer 3	0.72
Customer 4	0.64
Customer 5	0.61
Customer 6	0.61
Customer 7	0.55
Customer 8	0.55
Customer 9	0.49
Customer 10	0.49
Other customers	93.58
Total	100.00

b) breakdown into industries

Industry sector according to the Polish Classification of Business Activities (PKD)	31 Dec. 2009	31 Dec. 2008
	%	%
Agriculture and hunting	**0.1**	**0.1**
Manufacturing	**1.6**	**0.4**
Manufacturing of foods	0.3	0.1
Manufacturing of fabrics and textile products	0.2	0.1
Manufacturing of paper pulp, paper and paper products	0.2	0.0
Manufacturing of chemicals and chemical products	0.1	0.1
Manufacturing of rubber products and plastics	0.1	0.0
Manufacturing of other non-metallic products	0.1	0.0
Manufacturing of metals and processed goods	0.2	0.1
Manufacturing of machinery and equipment not classified elsewhere	0.2	0.0
Manufacturing of transport equipment	0.1	0.0
Manufacturing not classified elsewhere	0.1	0.0
Electric energy and gas supply	**0.1**	**0.0**
Construction	**2.5**	**2.4**
Wholesale and retail	**2.0**	**1.3**
Transport, warehousing and communications,	**0.2**	**0.1**
Financial intermediation	**1.2**	**2.2**
Real estate management	**7.2**	**6.5**
Public administration	**0.0**	**0.1**
Other sections	**2.1**	**1.2**
Individuals	**83.0**	**85.7**
Total	**100.0**	**100.0**

(figures in PLN '000)

c) breakdown into geographic market segments

By Poland's administrative division (provinces)	31 Dec. 2009 %	31 Dec. 2008 %
Dolnośląskie	8.0	6.70
Kujawsko-Pomorskie	1.7	1.40
Lubelskie	1.8	1.80
Lubuskie	0.9	0.50
Łódzkie	3.2	2.20
Małopolskie	5.9	6.20
Mazowieckie	48.4	51.90
Opolskie	0.7	0.40
Podkarpackie	1.2	1.10
Podlaskie	1.3	1.30
Pomorskie	6.5	5.10
Śląskie	6.0	4.70
Świętokrzyskie	0.6	0.70
Warmińsko-Mazurskie	1.3	1.10
Wielkopolskie	5.6	5.10
Zachodniopomorskie	1.4	1.10
Registered offices abroad	5.5	8.70
Total	**100.0**	**100.0**

d) loan portfolio structure

Loan portfolio structure	31 Dec. 2009 %	31 Dec. 2008 %
Loans for individuals	**83,0**	**85,7**
including:		
- instalment loans	0,2	0,3
- housing, construction, mortgage loans	66,8	69,6
- other	16,1	15,8
Corporate loans	**17,0**	**14,3**
Total	**100,0**	**100,0**

Exposure concentration limits: Banking Law, Article 71.1	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000
Bank's receivables, off-balance commitments granted and shares exposed to risk of a single a related entity or entities where none of those parties are related to the bank must not exceed the exposure concentration limit which amounts to 25% of the Bank's equity	146,586	120,455
Largest exposure to one customer		
% of equity	7%	8%
% of loan portfolio	1%	1%
Exposure to 10 largest customers		
% of equity	44%	55%
% of loan portfolio	4%	6%
Largest exposure to one group of companies		
% of equity	5%	8%
% of loan portfolio	0%	1%
Exposure to 5 largest groups of companies		
% of equity	19%	31%
% of loan portfolio	2%	4%
Bank's receivables, off-balance commitments granted and shares, exposed to risk of a single a related entity or entities which are related to the bank must not exceed the exposure concentration limit which amounts to 20% of the bank's own funds	117,269	96,364
Exposure to entities related to the bank		
% of equity	12%	8%
% of loan portfolio	1%	1%
The aggregate amount of the Bank's exposures equal or in excess of 10% of its equity (large exposure) to a single entity or entities linked by capital or organisation structure shall not exceed 800% of the Bank's equity	58,635	48,182
Individual exposures		
% of equity	11%	0%
% of loan portfolio	1%	0%

The process of managing and monitoring concentration risk at Getin Noble Bank complies with Resolution 384/2008 of the Polish Financial Supervision Authority. The Bank monitors concentration risk and, if such risk is identified, calculates capital requirement in accordance with Annex 12 to the above resolution. As at 31 December 2008, no evidence of concentration risk was identified and therefore Getin Noble Bank did not calculate capital requirement for concentration risk.

The Bank manages credit risk with regard to loans in foreign currency and loans indexed to exchange rates, both during the loan process and, later, in the process of monitoring the loans granted. In reviewing the creditworthiness of a borrower applying for a loan or other product whose value depends on foreign exchange rates, the Bank takes into account the exchange rate risk resulting from fluctuations in the exchange rate of the Polish zloty against foreign currencies, as well as interest rate risk and its effect on the borrower's creditworthiness.

The Bank regularly analyses the effect of changes in exchange rates and the effect of changes in interest rates on the credit risk the Bank is exposed to on an ongoing basis. The Bank also analyses the effect of exchange rate risk on the quality of its group of mortgage-secured loans and on the quality of the group of the properties pledged as collateral for the loans. Twice a year (Recommendation S requires that it be conducted at least once a year), the Bank assesses the extreme conditions with regard to the effect of a debtor's exchange rate risk on the credit risk the Bank is exposed to.

The assessments are performed assuming the PLN exchange rate drop with reference to other individual foreign currencies by 50% (30% required in accordance with Recommendation S), however, it is also assumed that the exchange rate drop is maintained for 12 months.

The Bank analyses the effect interest rate on the credit risk the Bank is exposed to. Extreme conditions in the scope of changes in the interest rates with regard to the quality of the loan portfolio are tested assuming that the interest rates increase by 500 percentage points (400 percentage points as required by Recommendation S) and that the increase of the interest rates is maintained for 12 months.

2. Market risk

Market risk is defined as the uncertainty that interest rates, currency exchange rates or prices of securities and other financial instruments owned by the Company will have values differing from those originally assumed, causing unexpected gains or losses from the positions held.

Interest rate risk

The aim of measuring and managing the risk arising from the Company's holding of open positions which result from the mismatching of assets and liabilities as regards the interest rate binding dates is to minimise the risk involved in holding those positions. Market changes of interest rates, while keeping open positions, cause a risk of sustaining losses as well as achieving gains. Open positions sensitive to interest rate changes appear because a situation when the interest income generating assets are matched with those which generate interest expense, simultaneously with respect to revaluation amounts and dates, is virtually impossible. The main sources of interest rate risk are transactions conducted at the Bank's branches and those on the money market by the Department of Treasury. The main source of the Bank's income is margin; therefore the limit adopted by the Bank, which mitigates the interest rate risk, can be regarded as prudent. In accordance with the "Principles of the interest rate risk management policies and methods at Getin Noble Bank S.A.", the ALCO Committee approves the structure of the internal limit of the Bank's allowable exposure to interest rate risk and approves the amount of this limit. The limit structure is based on two components:

- accumulated change of margins as regards one percentage point changes of market interest rates; such changes are measured using the repricing model. It involves pooling sensitive to interest rate changes assets and liabilities in relevant time periods corresponding to revaluation dates for individual items; then measuring margins and their changes under conditions of a two percentage point change of interest rates (calculations are also made for a one percentage point change);

- the Bank's equity in the reporting period: the limit comprises the percentage share of margin change (due to a two percentage point change of interest rates) in the Bank's equity.

In addition, the Bank also analyses the following risks:

- customer option risk,
- basis risk, and
- yield curve risk.

Customer option risk. Instruments with customer options include loan agreements under which the borrower may choose to repay the loan early, as well as some types of deposit agreements under which the depositor may withdraw the deposit at any time without any penalty. The aim of customer options risk analysis is to monitor the effect of changes in interest rates on customers' willingness to cancel their deposits. The analysis covers sight deposits, term deposits and loans and is based on the VaR method.

Basis risk results from an imperfect correlation between interest rates for instruments (with the same re-measurement periods) that generate interest income and interest expense.

Basis risk analysis involves analysing the sensitivity of assets and liabilities that are expressed in foreign currencies and that generate interest income and interest expense to changes in base interest rates for those currencies. The analysis uses the gap analysis method separately for the four key currencies from the Bank's point of view, i.e. PLN, CHF, USD and EUR, and jointly for all the other currencies.

Yield curve risk refers to changes in the relationship between interest rates relating to different periods but to the same index or market. The relationship changes when the yield curve for a given market becomes flat, steep or reversed in an interest rate cycle.

Yield curve risk analysis involves analysing the sensitivity the Bank's net interest income to changes in the relationship between interest rates for different periods. The analysis is performed jointly for all the currencies based on the gap analysis method.

The table below shows the Company's assets, liabilities and off-balance sheet liabilities classified as at 31 December 2009 by the interest rate criterion (PLN '000).

Items of the statement of financial position	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	More than 1 and up to 5 years inclusive	Over 5 years	Non-interest bearing assets/ liabilities	Total
Assets:	**1,257,220**	**4,729,197**	**1,021,863**	**1,532,026**	**14,777**	**478,412**	**9,033,495**
Cash and amounts due from central bank	239,817	-	-	-	-	-	239,817
Amounts due from banks	411,197	3,571	-	32,651	-	376	447,795
Loans to customers	256,444	4,725,626	816,881	926,523	14,777	78,088	6,818,339
Securities	349,762	-	204,982	572,852	-	67,745	1,195,341
Other	-	-	-	-	-	332,203	332,203
Liabilities:	**1,546,144**	**1,847,338**	**1,942,223**	**2,630,437**	**-**	**301,303**	**8,26, 445**
Amounts due to other banks and financial institutions	-	-	19,548	-	-	-	19,548
Amounts due to customers	1,546,144	1,435,132	1,922,675	2,630,437	-	209,630	7,744,018
Liabilities arising from issue of debt securities	-	412,206	-	-	-	-	412,206
Other	-	-	-	-	-	91,673	91,673
Capital	-	-	-	-	-	766,050	**766,050**
Total liabilities and equity	**1,546,144**	**1,847,338**	**1,942,223**	**2,630,437**	**-**	**1,067,353**	**9,033,495**
Gap	**(288,924)**	**2,881,859**	**(920,360)**	**(1,098,411)**	**14,777**	**(588,941)**	**-**
Off-balance sheet items							
Interest rate transactions:							
Assets	-	19,000	57,000	377,000	-	-	**453,000**
Liabilities	-	453,000	-	-	-	-	**453,000**
Gap	**-**	**(434,000)**	**57,000**	**377,000**	**-**	**-**	**-**
Total gap	**(288,924)**	**2,447,859**	**(863,360)**	**(721,411)**	**14,777**	**(588,941)**	**-**

The table below shows the Company's assets, liabilities and off-balance sheet liabilities classified as at 31 December 2008 by the interest rate criterion (PLN '000) – comparative figures:

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	More than 1 and up to 5 years inclusive	Over 5 years	Non-interest bearing assets/liabilities	Total
Assets:	**1,234,821**	**3,833,287**	**48,196**	**160,049**	**8,749**	**292,001**	**5 577,103**
Cash and amounts due from central bank	83,762	-	-	-	-	-	83,762
Amounts due from banks	831,921	112,213	-	-	-	1,527	945,661
Loans to customers	19,138	3,721,074	36,726	49	8,749	88,773	3 874,509
Securities	300,000	-	11,470	160,000	-	4,969	476,439
Other	-	-	-	-	-	196,732	196,732
Liabilities:	**924,876**	**831,330**	**1,792,044**	**798,322**	**-**	**581,824**	**4 928,396**
Amounts due to central bank							-
Amounts due to other banks and financial institutions	-	125,000	353,279	20,000	-	2,296	500,575
Amounts due to customers	574,876	648,830	1,438,765	778,322	-	42,718	3 483,511
Liabilities arising from issue of debt securities	350,000	57,500	-	-	-	6,650	414,150
Other	-	-	-	-	-	530,160	530,160
Capital	-	-	-	-	-	648,707	**648 707**
Total liabilities and equity	**924,876**	**831,330**	**1,792,044**	**798,322**	**-**	**1,230,531**	**5,577,103**
Gap	**309,945**	**3,001,957**	**(1,743,848)**	**(638,273)**	**8,749**	**(938,530)**	**-**
Off-balance sheet items							
Interest rate transactions:							
Assets	-	-	500,000	453,000	-	-	**953,000**
Liabilities	-	953,000	-	-	-	-	**953,000**
Gap	**-**	**(953,000)**	**500,000**	**453,000**	**-**	**-**	**-**
Total gap	**309,945**	**2,048,957**	**(1,243,848)**	**(185,273)**	**8,749**	**(938,530)**	**-**

The main market risks identified in the Company also include the following:

- raising interest rates, even by a few points, may cause the rest in investment funds to drop and weaken the rest in mortgage loans;
- successful market entry of large financial advisory firms may lead to growing costs of customer acquisition and rising pressure on advisers' salaries;
- rises in interest rates or share prices at the Warsaw Stock Exchange staying low or continuing to fall may reduce interest in investment funds and interest in securities management services;
- a price war breaking out among investment fund companies involving reductions in management fees may affect the Company's profitability;
- rising costs of distributing investment fund units.

Sensitivity analysis

The Bank analyses the sensitivity to changes of market interest rates on the basis of the funds gap management method (funding gap model). In this method, assets and liabilities are divided into those which are sensitive or non-sensitive to possible changes in contractual interest rates in a defined future period. "Sensitive position" means that in a defined future period cash flows (interest) will change under the influence of changes in contractual interest rates (in the same direction and to the same extent). All items of the statement of financial position on which no interest accrues are categorised as non-sensitive. Assets and liabilities (carrying amounts) are divided into future periods depending on repricing dates, instead of maturity dates. Dates of changing contractual rates are called repricing dates. The main sources of interest rate risk are transactions conducted for customers and transactions on the money market. In accordance with "The principles of the interest rate risk management policies and methods at Getin Noble Bank S.A.", the ALCO Committee approves the structure of the internal limit of the Bank's allowable exposure to interest rate risk and approves the amount of this limit. The limit structure is based on two components:

- accumulated change of margins under the influence of market interest rates changing by one percentage point,

- such changes are measured on the basis of the repricing model. It involves pooling sensitive to interest rate changes assets and liabilities in relevant time periods corresponding to revaluation dates for individual items; then measuring margins and their changes under conditions of a one percentage point change of interest rates (calculations are also made for a two percentage point change);

- the Bank's equity in the reporting period.

the limit comprises the percentage share of margin changes (due to a one percentage point change of interest rates) in the Bank's equity.

Change in margins for the interest-generating items under the influence of a change in contractual interest rates, as at 31 December 2009 (effect on net profit and equity):

Changes in margin	**31 Dec. 2009 PLN '000**	**31 Dec. 2008 PLN '000**
Fall in interest rates by 1 percentage point %	(3 951)	(4 376)
Rise in interest rates by 1 percentage point	3 951	4 376

<u>Currency risk</u>

As a part of its operating activities, the Bank aims to minimise currency risk through maintaining the total currency position at a level lower than the limit adopted in the official instruction of "Currency risk management at Getin Noble Bank S.A." The total amount of currency position may not exceed 2% of the Bank's equity. The limit adopted applies on each business day. The amount of currency positions expressed in the Polish zloty is translated using the average exchange rate of the National Bank of Poland as at the reporting date. The Risk and Controlling Department monitors whether the limit as set by the Management Board has not been exceeded.

The currency risk arises as a result of transactions made with customers. Managing this risk is effected through making opposite transactions on the interbank market. As a rule, the Bank does not undertake any speculative currency translations on the interbank market. The size of limit and the Bank's applied policy reduce the possibility of incurring a loss from adverse changes on the currency market to negligible amounts.

Reports on currency risk are monitored by the Bank's Management Board on an ongoing basis. Decisions about the currency position amounts are made at the Department of Treasury, bearing in mind the currency position limit.

Calculations of the Bank's exposure to currency risk and calculations of the capital requirement to cover the risk are conducted on a daily basis. The Bank has adopted the so-called basic method of calculating the capital requirement relating to the currency risk exposure. The capital requirement for currency risk is calculated as the product of 8% and the total currency position value in absolute terms.

As at 31 December 2009 and 31 December 2008, the Bank's currency position was as follows:

	31 Dec. 2009 PLN '000	**31 Dec. 2008 PLN '000**
CHF	1,160	(1,817)
EUR	(246)	459
USD	136	20
GBP	(83)	(16)
JPY	109	(3)
Global position	**1,076**	**(1,357)**
Total position	**1,405**	**(1,836)**

As at 31 December 2009

	Currency (PLN '000)						Total
	PLN	EUR	CHF	USD	GBP	JPY	
ASSETS							
Cash and amounts due from central bank	239,817						239,817
Amounts due from banks	130,097	122,321	9,921	64,781	26,774	93,901	447,795
Loans to customers	3,180,042	38,090	3,191,789	49,671	-	358,747	6,818,339
Securities	1,195,341						1,195,341
Investments in subordinated entities	102,495						102,495
Other	229,708	-	-	-	-	-	229,708
TOTAL ASSETS	**5,077,500**	**160,411**	**3,201,710**	**114,452**	**26,774**	**452,648**	**9,033,495**
LIABILITIES							
Amounts due to other banks and financial institutions	19,548						19,548
Amounts due to customers	7,430,791	167,641	7,311	111,418	26,857		7,744,018
Liabilities arising from issue of debt securities	412,206	-	-	-	-	-	412,206
Provisions	52	-	-	-	-	-	52
Other	91,621	-	-	-	-	-	91,621
TOTAL LIABILITIES	**7,954,218**	**167,641**	**7,311**	**111,418**	**26,857**	**-**	**8,267,445**
CAPITAL	**766 050**	**-**	**-**	**-**	**-**	**-**	**766,050**
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	**8,720,268**	**167,641**	**7,311**	**111,418**	**26,857**	**-**	**9,033,495**
NET EXPOSURE	**(3,642,768)**	**(7 230)**	**3,194,399**	**3,034**	**(83)**	**452,648**	**-**
OFF-BALANCE SHEET ITEMS							
Assets	**4,354,006**	**11,092**	**142,454**	**-**	**-**	**-**	
Liabilities	**612,608**	**4,108**	**3,335,693**	**2,898**	**-**	**452,539**	
GAP	**98,630**	**(246)**	**1,160**	**136**	**(83)**	**109**	

As at 31 December 2008

	Currency (PLN '000)						Total
	PLN	EUR	CHF	USD	GBP	JPY	
ASSETS							
Cash and amounts due from central bank	83,762	-	-	-	-	-	83,762
Amounts due from banks	803,995	23,812	94,089	11,120	5,958	6,687	945,661
Loans to customers	398,904	20,326	3,019,494	85,907	-	349,878	3,874,509
Securities	476,439	-	-	-	-	-	476,439
Investments in subordinated entities	90,506	-	-	-	-	-	90,506
Other	106,226	-	-	-	-	-	106,226
TOTAL ASSETS	**1,959,832**	**44,138**	**3,113,583**	**97,027**	**5,958**	**356,565**	**5,577,103**
LIABILITIES							
Amounts due to other banks and financial institutions	341,764	-	158,811	-	-	-	500,575
Amounts due to customers	3,364,879	54,110	6,550	53,371	4,601	-	3,483,511
Liabilities arising from issue of debt securities	414,150	-	-	-	-	-	414,150
Provisions	52	-	-	-	-	-	52
Other	530,108	-	-	-	-	-	530 108
TOTAL LIABILITIES	**4 650,953**	**54,110**	**165,361**	**53,371**	**4,601**	**-**	**4,928,396**
CAPITAL	**648,707**	**-**	**-**	**-**	**-**	**-**	**648,707**
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY	**5,299,660**	**54,110**	**165,361**	**53,371**	**4,601**	**-**	**5,577,103**
NET EXPOSURE	**(3,339,828)**	**(9,972)**	**2,948,222**	**43,656**	**1,357**	**356,565**	**-**
OFF-BALANCE SHEET ITEMS							

Assets	**3,866,107**	**11,265**	**-**	**841**	**-**	**-**
Liabilities	**953,000**	**834**	**2,950,039**	**44,477**	**1,373**	**356,568**
GAP	**(426,721)**	**459**	**(1,817)**	**20**	**(16)**	**(3)**

Sensitivity analysis

The sensitivity analysis for currency risk was performed as an analysis of the impact of changes in the average exchange rates of the National Bank of Poland on the financial result. The analysis was based on the value of Getin Noble Bank's total open currency position as at 31 December 2009. The sensitivity analysis was performed in six versions simulating the impact of exchange rate changes by 10%, 15% and 20%, separately for the exchange rate increases and decreases. Values presented in the table show the effect of the rate changes on the valuation of currency positions and on the Bank's financial profit (loss).

Exchange rate changes	**31 Dec. 2009 PLN '000**		**31 Dec. 2008 PLN '000**	
	increase	**decrease**	**increase**	**decrease**
change by 10%	180	(180)	(141)	141
change by 15%	270	(270)	(211)	211
change by 20%	360	(360)	(281)	281

	31 Dec. 2009 PLN '000	**31.12.2008 PLN '000**
Currency position	1,405	(1,836)

3. Hedge accounting

The Company applies dynamic hedging strategy in accordance with which, on a monthly basis, it sets the item being secured as a part of the group of fixed interest deposits in PLN measured at depreciated cost and recognised in the Company's books as at the beginning of the given reporting month. The Company may also decide to establish interbank deposits on the item being secured. In such a case, the Company establishes a separate hedging reference – one hedging reference for the interbank deposits without the option of premature termination and the second one for the deposits received from individual customers.

The hedging instrument is a part or entire cash flows from the IRS transactions concluded by the Bank. The part of the IRS transactions constituting the hedging instrument is determined on a monthly basis as per the closing balance of the previous month in accordance with the applicable methodology the Bank applies in this scope.

Fair value of the IRS transactions established on hedging instruments for the sake of securing the fair value of PLN deposits of fixed interest rate against the interest rate risk has been provided in the table below

	As at 31 Dec. 2009
Fair value of IRS derivative instruments securing fair value of customers' deposits against the interest rate risk	19,822
Total fair value of hedging instruments	**19,822**

In the year 2008, the company did not apply hedge accounting principles.

Within the reporting period, the Company recognised the following amounts arising from the change of the fair value of hedging instruments and the items being secured:

	1 Jan. 2009 – 31 Dec. 2009	
	Hedging instrument	**Item secured against risk**
Gain	-	805
Loss	4 428	-
Total	**4 428**	**805**

4. Liquidity related risk

The objective of liquidity management in the Company is to ensure its ability to meet all contractual financial obligations in a timely and satisfactory manner. Managing liquidity risk consists in shaping the structure of the items presented and not presented in the statement of financial position in such a way as to reach strategic goals, including maximization of the market value of equity by achieving the target net profit, at the same time maintaining exposures to financial risks at levels approved by the Management Board.

Liquidity management is based on stating the Bank's assets and liabilities by adjusted maturity dates (the gap method). It enables analysing and controlling liquidity items at the level of the entire Bank in the short-, medium- and long-term perspective. The gap method is to warn in advance about the emergence of mismatched assets and liabilities, which poses a threat to the Bank. The warning function makes it possible to respond in advance or plan using an appropriate financial instrument to cover the negative gap. On the basis of the statement of the Bank's assets and liabilities and the statement of its off-balance sheet items, ALCO sets liquidity limits, which are monitored on an ongoing basis and the aim of which is to reduce the risk of the Bank's losing liquidity.

The monitoring and measurement of the risk of losing payment liquidity in the Polish zloty involves an analysis of:

1) the Bank's current cash position,
2) non-interest bearing assets, mainly the balances of cash in the Bank's current account,
3) all liquid assets and their share in the structure of all of the Bank's assets,
4) trend of changes with regard to the individual items of the statement of financial position within maturity time ranges,
5) amounts of transactions conducted through SORBNET banking module,
6) loan releases and repayments,
7) the level of deposits.

The data for the day-to-day monitoring of the payment liquidity in the Polish zloty come from:

1) constant access to the Bank's current account balance in the Payment Systems Department at the National Bank of Poland in Warsaw, through SORBNET system,
2) daily information about the planned volume of loans and advances to be released ,
3) daily information about operations performed by the Department of Treasury,
4) weekly information about the Bank's selected items of assets and liabilities,
5) Webis monthly reporting.

The main sources of information about of the Bank's liquidity level are the following: monthly statements of mismatched assets and liabilities with the off-balance sheet items according to actual and adjusted maturity dates, and liquidity ratios calculated on this basis.

In order to manage liquidity in the best way, Getin Noble Bank S.A. keeps the following liquid assets in its portfolio: cash in the account in the Payment Systems Department of the National Bank of Poland, interbank deposits (overnight, tomnext), liquid securities.

Throughout 2009 and 2008, the Bank maintained a positive cash position, giving deposits to banks that have transaction limits on the interbank money market. Observance of limits is subject to control, and all departures require approval of the Bank's Management Board.

The following are the basic ratios used to measure the Bank's payment liquidity:

1. short-term liquidity ratio – for the period from on demand to 3 months,
2. mid-term liquidity ratio – for the period from on demand to 3 years,
3. mid-term liquidity ratio – for the period from on demand to over 3 years.

The above ratios are calculated for the PLN and the currency part of the statement of financial position and in total, after entailing the adjustments of the value of assets as well as liabilities presented and not presented in the statement of financial position (off-balance sheet items).

Forecasting of the real cash flows consists in estimating the periods remaining to the maturity of assets and liabilities through a statement of those assets and liabilities in particular time periods, counting from the date of the statement.

Besides the items of the statement of financial position, such a statement also cover selected off-balance sheet items that might possibly cause an inflow or outflow of funds (sureties and guarantees, and undrawn credit limits).

Getin Noble Bank measures and manages liquidity risk based on internal procedures in place and Resolution 386/2008 of the Financial Supervision Authority on the determination of the applicable liquidity standards. In calculating supervisory liquidity measures, banks are required to maintain, on each business day, four liquidity measures at levels higher than the limits specified by the Commission for Banking Supervision (KNB). As at 31 December 2009, Getin Noble Bank complied with all the requirements regarding such measures as specified in Resolution 386/2008 of the Financial Supervision Authority and did not exceed its internal limits on liquidity risk. In 2009, the Bank did not exceed the liquidity measures required by the supervision bodies. In 2008, Noble Bank exceeded one of the supervisory liquidity measures (M4) twice. From 10 October 2008 to 27 October 2008 and from 18 November 2008 to 20 November 2008, the value of the M4 supervisory liquidity measure was below 1. This was caused by a sudden depreciation of the Polish zloty at that time. Since Noble Bank S.A. held a portfolio of mortgage loans denominated in Swiss frank, the value of receivables expressed in the Polish zloty increased significantly. Also, as a result of the global financial crisis, it became more difficult to make transactions in the interbank market and customers were less willing to deposits funds with banks. In response to the temporary events of exceeding the M4 measure, the Management Board of Noble Bank S.A. undertook a number of steps to restore the balance of all the liquidity measures. This included decisions to temporarily suspend the provision of new loans as well as modifications of the Bank's range of deposit products. These steps allowed the Bank to quickly achieve satisfactory levels of all the liquidity measures. As at 31 December 2009 and until the date of preparation of these financial statements, Getin Noble Bank S.A. did not record any events of exceeding either the supervisory liquidity measures or its own internal limits on liquidity risk.

The table below presents the Company's assets and liabilities as at 31 December 2009 by term to maturity (PLN '000):

Items of the statement of financial position	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	Total, up to 12 months	More than 1 and up to 5 years inclusive	Over 5 years	Total, over 12 months	Undefined maturity	Total
Assets:									
Cash and balances with the central bank	239, 817	-	-	239,817	-	-	-	-	239,817
Amounts due from banks	444,123	3,616	-	447,739	-	-	-	56	447,795
Derivative financial instruments	126,382	-	-	126,382	-	-	-	-	126,382
Loans to customers	147,214	8,004	100,056	255,274	1,162,991	5,400,074	6,563,065	-	6,818,339
Financial instruments	349,762	-	204,982	554,744	572,852	-	572,852	67,745	1,195,341
Available for sale	349,762	-	204,982	554,744	572,852	-	572,852	67,745	1,195 341
Investments in subordinated entities	-	-	-	-	-	-	-	102,495	102,495
Intangible assets	-	-	-	-	-	-	-	5,441	5,441
Tangible fixed assets	-	-	-	-	-	-	-	13,961	13,961
Tangible fixed assets assumed for sale	-	-	-	-	-	-	-	8,457	8,457
Current income tax assets	-	-	6,042	6,042	-	-	-	-	6,042
Deferred tax assets	-	-	-	-	-	-	-	15,104	15,104
Other assets	35,507	-	766	36 273	2,432	-	2 432	15,616	54,321
Total assets:	**1,342,805**	**11,620**	**311,846**	**1,666,271**	**1,738,275**	**5,400,074**	**7,138,349**	**228,875**	**9,033,495**
Liabilities:									
Amounts due to other banks and financial institutions	-	-	19 548	19 548	-	-	-	-	19 548
Derivative financial instruments	28,562	-	-	28 562	-	-	-	-	28 562
Amounts due to customers	1,791,763	1 334 730	2 185 132	5 311 625	2 430 039	-	2 430 039	2 354	7 744 018
Liabilities arising from issue of debt securities	4,706	-	-	4 706	407 500	-	407 500	-	412 206
Other liabilities	53,341		600	53 941	2 218		2 218	6 900	63 059
Provisions	-	-	-	-	-	-	-	52	52
Total liabilities:	**1,878,372**	**1 334 730**	**2,205,280**	**5,418,382**	**2,839,757**	**-**	**2,839,757**	**9,306**	**8,267,445**
Capital	-	-	-	-	-	-	-	766 050	766,050
Total liabilities and equity	**1,878,372**	**1,334,730**	**2,205,280**	**5,418,382**	**2,839,757**	**-**	**2,839,757**	**775,356**	**9,033 495**
Liquidity gap	**(535,567)**	**(1,323,110)**	**(1,893,434)**	**(3,752,111)**	**(1,101,482)**	**5,400,074**	**4,298,592**	**(546,481)**	**-**

The table below presents the Company's assets and liabilities as at 31 December 2008 by term to maturity (PLN '000) – comparative data:

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	Total, up to 12 months	More than 1 and up to 5 years inclusive	Over 5 years	Total, over 12 months	Undefined maturity	Total
Assets:									
Cash and balances with the central bank	83,762		-	83,762	-	-	-	-	83,762
Amounts due from banks	833,449	112,212	-	945,661	-	-	-	-	945,661
Derivative financial instruments	1,010	23,762	-	24,772	36,071	-	36,071	-	60,843
Loans to customers	175,546	3,825	93,535	272,906	384,907	3,216,696	3,601,603	-	3,874,509
Financial instruments	299,958	-	10,964	310,922	164,956	-	164,956	561	476,439
Available for sale	299,958	-	10,964	310,922	164,956	-	164,956	561	476,439
Investments in subordinated entities	-	-	-	-	-	-	-	90,506	90,506
Intangible assets	-	-	-	-	-	-	-	4,000	4,000
Tangible fixed assets	-	-	-	-	-	-	-	14,353	14,353
Tangible fixed assets assumed for sale	-	-	-	-	-	-	-	52	52
Current income tax assets	-	-	17,396	17,396	-	-	-	-	17,396
Other assets	3,854	1,325	1,719	6,898	2,626	-	2,626	58	9,582
Total assets:	**1,397,579**	**141,124**	**123,614**	**1,662,317**	**588,560**	**3,216,696**	**3,805,256**	**109,530**	**5,577,103**
Liabilities:									
Amounts due to other banks and financial institutions	-	127,296	353,279	480,575	20,000	-	20,000	-	500,575
Derivative financial instruments	12,372	153,281	282,258	447,911	24,472	-	24,472	-	472,383
Amounts due to customers	633,267	490,120	1,563,824	2,687,211	796,300	-	796,300	-	3,483,511
Liabilities arising from issue of debt securities	5,785	1,463	-	7,248	406,902	-	406,902	-	414,150
Other liabilities	17,505	-	7,719	25,224	2,326	-	2,326	191	27,741
Provision for deferred income tax	-	-	-	-	-	-	-	29,984	29,984
Provisions	-	-	-	-	-	-	-	52	52
Total liabilities:	**668,929**	**772,160**	**2,207 080**	**3,648,169**	**1,250,000**	**-**	**1 250,000**	**30,227**	**4 928 396**
Capital	-	-	-	-	-	-	-	648,707	648 707
Total liabilities and equity	**668,929**	**772,160**	**2,207,080**	**3,648,169**	**1,250,000**	**-**	**1,250,000**	**678,934**	**5 577 103**
Liquidity gap	**728,650**	**(631,036)**	**(2,083,466)**	**(1,985,852)**	**(661,440)**	**3,216,696**	**2,555,256**	**(569,404)**	**-**

The table below shows an analysis of the Company's financial liabilities by contractual residual maturity as at 31 December 2009 (PLN '000):

Items of the statement of financial position	On demand	From 1 to 3 months	From 3 months to 1 year	Total, up to 12 months	More than 1, up to 5 years	Over 5 years	Total
Financial liabilities:							
Amounts due to other banks and financial institutions	-	-	20,000	20,000	-	-	20,000
Derivative financial instruments *	119	924	(2,797)	(1,754)	1,715	-	(39)
Amounts due to customers	1,838,367	1,369,021	2,312,512	5,519,900	2 823,285	-	8,343,185
Liabilities arising from issue of debt securities	4,904	1,455	339 540	345,899	87,553	-	433,452
Total undiscounted financial liabilities	**1,843,390**	**1,371,400**	**2,669,255**	**5,884,045**	**2,912,553**	**-**	**8,796,598**

* - division of undiscounted financial liabilities in respect of financial derivatives into inflows and outflows is shown in the table below:

Derivative financial instruments	On demand	From 1 to 3 months	From 3 months to 1 year	Total, up to 12 months	More than 1, up to 5 years	Over 5 years	Total
Derivative financial instruments – inflows	26,766	374,799	132,266	533,831	107,951	-	641,782
Derivative financial instruments – outflows	(26,885)	(375,723)	(129,469)	(532,077)	(109,666)	-	(641,743)
Total undiscounted financial liabilities in respect of financial derivatives	**(119)**	**(924)**	**2,797**	**1,754**	**(1,715)**	**-**	**39**

The table below shows an analysis of the Company's financial liabilities by contractual residual maturity as at 31 December 2008 (PLN '000):

Balance sheet items	On demand	From 1 to 3 months	From 3 months to 1 year	Total, up to 12 months	More than 1, up to 5 years	Over 5 years	Total
Financial liabilities:							
Amounts due to other banks and financial institutions	2,353	131,528	357,503	491,384	20,000	-	511,384
Derivative financial instruments	81,795	128,958	175,796	386,549	37,425	-	423,974
Amounts due to customers	593 483	504,173	1,678 446	2,776,102	986,929	-	3,763,031
Liabilities arising from issue of debt securities	6,650	7,980	32,365	46,995	430,552	-	477,547
Total undiscounted financial liabilities	**684,281**	**772,639**	**2,244,110**	**3,701,030**	**1,474,906**	**-**	**5,175,936**

5. Credit and market risk

As at 31 December 2009:

Type of instrument	Book value PLN '000	Risk weighted value PLN '000
Balances with central bank	239,817	-
Receivables	7,266,734	5,510,395
Debt securities	1,128,236	-
Other securities, shares	66,505	66,505
Fixed assets	22,418	22,418
Other	309,785	48,952
Total banking portfolio	**9,033,495**	**5,648,270**

Type of instrument	Replacement cost PLN '000	Book value equivalent PLN '000	Risk weighted value PLN '000
Derivatives			
Interest rate instruments:	31,031	133,506	66,753
CIRS	14,100	114,690	57,345
IRS	16,931	18,816	9,408
Currency instruments:	88,282	117,781	51,910
Swap	88,282	117,781	51,910
Total derivative instruments	**119,313**	**251,287**	**118,663**
including: banking portfolio	119,313	251,287	118,663

Other off-balance sheet instruments – bank portfolio

Type of instrument	Off-balance sheet value PLN '000	Credit equivalent value PLN '000	Risk weighted value PLN '000
Credit lines	323,612	161,806	124,182
Guarantees granted	3,652	1,826	1,406
Total banking portfolio	**327,264**	**163,632**	**125,588**

	Book value and off-balance sheet value	Risk weighted value	Capital requirement
Total banking portfolio (credit risk)	**9,612,046**	**5,892,521**	**471,402**

Capital requirements for trading portfolio (market risk)	Total net short positions	Total net long positions	Capital requirement
Market risk	**-**	**-**	**-**
including:			
Currency risk			-
Commodity price risk	-	-	-
Equity price risk	-	-	-
Debt instrument specific risk	-	-	-
Interest rate general risk	-	-	-
Settlement risk - delivery and contractor	-	-	-
Underwriting risk	-	-	-
Other	-	-	-
Total capital requirement			**471,402**

As at 31 December 2008:

Type of instrument	Carrying amount PLN '000	Risk weighted value PLN '000
Cash with the central bank	83,762	-
Receivables	4,820,170	3,274,647
Debt securities	476,439	-
Other securities, shares	169	254
Fixed assets	14,405	14,405
Other	182,158	16,168
Total banking portfolio	**5,577,103**	**3,305,474**

Type of instrument	Off-balance sheet value PLN '000	Credit equivalent value PLN '000	Risk weighted value PLN '000
Credit lines	227,511	110,173	87,279
Guarantees granted	2,645	1,323	1,022
Total banking portfolio	**230,156**	**111,496**	**88,301**

	Book value and off-balance sheet value	Risk weighted value	Capital requirement
Total banking portfolio (credit risk)	**5,995,786**	**3,425,384**	**274,031**

Capital requirements for trading portfolio (market risk)	Total net long positions	Total net long positions	Capital requirement
Market risk	**1,407**	**618**	**-**
including:			
Currency risk	1,407	618	-
Commodity price risk	-	-	-
Equity price risk	-	-	-
Debt instrument specific risk	-	-	-
Interest rate general risk	-	-	-
Settlement risk - delivery and contractor	-	-	-
Underwriting risk	-	-	-
Other	-	-	-
Total capital requirement			**274,031**

6. Operating risk

Operating risk is the possibility of losses as a result of adverse effect of the following factors (stimulating the existence of operational risk) on the Company: personnel, information technology, relations with customers and third parties, fixed assets and project management. In order to categorise appropriately events connected with operational risk, the following types of operational risk events were approved, specified by the Basle Committee and the banking industry as having a potential impact on the actual losses in the Bank:

- internal fraud,
- external fraud,
- personnel and health and safety policies,

- customers, products and business practice,
- physical damage of assets,
- business interruptions and system failures,
- carrying out transactions, delivery and process management.

For the purpose of efficient operating risk management, a five-stage management process has been implemented:

- Identification and estimation of operating risk in all banking products, operations, processes and systems. Making sure that before new products, processes and systems are presented or implemented in the Group's structures, the operating risk resulting from them is appropriately assessed.
- Assessment by ultimately implementing a "self-assessment" system, and, on a current basis, through risk ratios which indicate and estimate the influence of operating risk on the Bank's losses, on the basis of historical data on such losses (tracking and registering significant information on single loss-bringing events). The historical data cover the period from the effective date of internal regulations on operating risk. The assessment process has an auxiliary function in:
  - prioritising hazards,
  - determining the appropriate access levels,
  testing security gaps.
- Creating a database of losses based on the registered single loss-bringing events. Each event entered in the database is described on the appropriate gravity level.
- Monitoring, via receiving regular reports from appropriate units, functional groups, departments and internal audit carrying out periodical audits of operational risk (including setting identification criteria for particular types of events and incidents, providing access to knowledge and training for personnel).
- Reporting on the extent of the Company's exposure to losses from operating risk and events taking place. Reports are generated quarterly and submitted to the Bank's Supervisory Board, Management Board and Internal Audit.

As far as the operating risk management issues are concerned, Getin Noble Bank S.A. follows regulations contained in Recommendation M concerning the operating risk management in banks. The method of calculating capital requirement for operating risk is described in Note X, paragraph 30.

XVIII. IMPORTANT EVENTS BETWEEN THE DATE OF PREPARATION OF THESE FINANCIAL STATEMENTS AND THE DATE OF THEIR APPROVAL FOR PUBLICATION

On 4 January 2010, the Bank was informed that 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 Entrepreneurs of the National Court Register under the name of Getin Noble Bank S.A. The foregoing has been described in details in section V – General Information and in note X.29 hereto.

In January 2010, Getin Noble Bank S.A. changed the tax method of clearing foreign exchange differences into an accounting method for the sake of calculation of the current income tax. The said change leads to the necessity of recognising the FX changes charged in 2009 under the tax income/expense in 2010. In accordance with the tax law interpretations received, the recognition only covers the foreign exchange differences affecting the financial profit/loss from 2009 which means that, while applying the accounting method, the foreign exchange differences charged before 2009 will not increase the taxable income.

As a result of the said change and bearing in mind the uncertainty of the tax law interpretation and opinions received, the Company will dissolve the deferred income tax provision related to the aforementioned foreign exchange differences in the amount of PLN 74,450 thousand.

Below is the financial information on hypothetical impact on the Bank's merger with Getin Bank S.A. on the statement of comprehensive income and the statement of financial position from the financial year ended 31 December 2009 (financial information). The financial information was only prepared to illustrate the impact of the said merger transaction and does not provide fully reliable and transparent results of the activities of Getin Noble Bank S.A. and its financial position and assets as would have been presented had the merger transaction taken place on 1 January 2009.

While preparing the financial information, the Company was applying the accounting principles compliant with those applied by the Company in preparation of the financial statements for the financial year on 31 December 2009 in accordance with the requirements of the IFRS approved by the EU and applicable as at the reporting date, i.e. 31 December 2009.

The merger of Noble Bank S.A. (current Getin Noble Bank S.A.) and Getin Bank S.A. was a transaction of combining economic entities under shared control and exempt from the provisions of IFRS 3 Business Combinations. The said exemption applies to combinations of economic entities or enterprises which, before and after the merger, are controlled directly or indirectly by the same entity or a group of entities, and the shared control is not of transitory nature.

In accordance with IAS 8 Accounting policies, changes in the estimated values and corrected errors, if there is no standard or interpretation to directly apply to the given transaction, the managing authorities of the entity can, according to their professional opinion, develop accounting principles (policies) entailing various aspects including the most up-to-date regulations and guidelines prepared by other entities applying the standard based on concepts similar to the IFRS. The accounting policy implemented by the entity managing authorities collides with none of the standards and interpretations in accordance with the IFRS, nor with any of the conceptual assumptions thereto.

Acting in accordance with such assumptions, Noble Bank S.A. (currently Getin Noble Bank S.A.) adopted the method of combining shares as the accounting policy used to settle combinations of economic entities under shared control. Combining shares consists in summing up the individual items of assets, liabilities and capitals as well as income and expense of the merging entities as at the merger date after previously bringing their values down to uniform measurement methods and performing the appropriate exclusions.

Any difference which may occur between the book value of the net assets of the entity being taken over and the payment value is recognised under the equity of the entity established by way of the combination.

The costs related to increasing the capital of the taking over entity are recognised as a decrease of the equity of the entity established by way of the combination.

The book values of assets, liabilities and capital of the entity being taken over assumed for settlement of the business combination are the values of the applicable assets, liabilities and capital recognised in the financial statements of the entity being taken over.

The combinations of business units conducted by pooling of interests do not result in recognising any goodwill or negative goodwill, nor do they lead to recognising any additional assets and liabilities besides those which result from the aforementioned book values.

The financial information has been prepared by the Management Board of Noble Bank S.A. based on the following assumptions:

(figures in PLN '000)

The data presented in the financial information for the financial year ended 31 December 2009 have been prepared as if the companies had already been combined as at 1 January 2009 or 31 December 2009 respectively, in accordance with the planned pooling of interests method.

As stated above, the pooling of interests method consists in summing up the individual items of assets and liabilities as well as income and expense of the companies merged (i.e. Noble Bank S.A. and Getin Bank S.A.) as at the combination date. The exclusion applies to the value of the share capital of Getin Bank S.A. whose assets were transferred to Noble Bank S.A., mutual liabilities and receivables as well as other similar settlements between the merging companies (settlements between the merging companies defined as above are excluded), revenue and cost on business operations between the merging companies in the given financial year before the combination (revenue and cost of business operations between the merging companies defined as above) as well as profit or loss on the business operations between the merging companies before the combination (profit or loss on business operations between the merging companies defined as above are excluded) under the values subject to combination of assets and liabilities.

In accordance with the above methodology, under the financial information as at 31 December 2009 and for the year ended 31 December 2009, the individual items of income and expense as provided in the statement of comprehensive income statement as well as the individual items of assets and liabilities as provided in the statements of financial position of Noble Bank S.A. and Getin Bank S.A. were summed up, the share capital of Getin Bank S.A. was excluded, the assumed increase of the share capital of Noble Bank S.A. was taken into consideration and then the mutual transactions and settlements between the merging companies (as defined above) were eliminated.

STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 31 December 2009	**Noble Bank S.A.**	**Getin Bank S.A.**	**Adjustments**	**Separate data**
Interest income	480,620	2,124,321	(8,219)	2,596,722
Interest expense	(464,041)	(1,361,548)	8,219	(1,817,370)
Gain (loss) on interest	**16,579**	**762,773**	**-**	**779,352**
Fee and commission income	353,076	420,616	(2,613)	771,079
Fee and commission costs	(142,991)	(77,387)	2,947	(217,431)
Gain (loss) on fee and commission	**210,085**	**343,229**	**334**	**553,648**
Dividend income	51,731	2,141	-	53,872
Gain (loss) on financial instruments measured at fair value through statement of comprehensive income	(37,394)	156,308	-	118,914
Gain (loss) on other financial instruments	(2,430)	(5)	-	(2,435)
Foreign exchange gain (loss)	13,726	95,253	-	108,979
Other operating income	4,737	32,170	(3,113)	33,794
Other operating costs	(5,631)	(33,656)	112	(39,175)
Other operating net income and expense	**24,739**	**252,211**	**(3,001)**	**273,949**
Gain (loss) on impairment of credits, loans and off-balance sheet liabilities	(12,745)	(786,990)	2,001	(797,734)
General administrative costs	(106,918)	(397,305)	666	(503,557)
Profit (loss) from operating activities	**131,740**	**173,918**	**-**	**305,658**
Gross profit	**131,740**	**173,918**	**-**	**305,658**
Income tax	43,653	(31,410)	-	12,243
Net profit	**175,393**	**142,508**	**-**	**317,901**

Other total income				
Financial assets available for sale	(7,551)	(20,534)	-	(28,085)
Impairment losses of cash security	-	(6,749)	-	(6,749)
Income tax on other total income	1,435	5,184	-	6,619

(figures in PLN '000)

Other total net income	**(6,116)**	**(22,099)**	**-**	**(28,215)**
TOTAL INCOME FROM THE REPORTING PERIOD	**169,277**	**120,409**	**-**	**289,686**

The adjustments of financial information are directly related to the merger transaction and comprise:

1. Adjustment of interest income in the amount of PLN -8,219 thousand due to elimination of the transactions inside the group with regard to the interest income regarding the interbank deposits made;
2. Adjustment of interest expense in the amount of PLN -8,219 thousand due to elimination of the transactions inside the group with regard to the interest expense regarding the interbank deposits made;
3. Adjustment of the fee and commission income in the amount of PLN -2,613 thousand comprising:
   a) adjustment of PLN -2,570 thousand due to elimination of teh transactions inside the group with regard to the revenue of Noble Bank from commission on intermediation in sale of the products of Getin Bank S.A.,
   b) adjustment of PLN -43 thousand due to elimination of the transactions inside the group with regard to the commission on the guarantees granted and other banking operations;
4. Adjustment of the fee and commission expense in the amount of PLN -2,947 thousand comprising:
   a) adjustment of PLN -2,570 thousand due to elimination of the transactions inside the group with regard to the Noble Bank's intermediation in sale of the products of Getin Bank S.A.,
   b) adjustment of PLN -334 thousand due to elimination of the transactions inside the group with regard to the intermediation in settling credit card transactions,
   b) adjustment of PLN -43 thousand due to elimination of the transactions inside the group with regard to the commission on the guarantees granted;
5. Adjustment of other operating income in the amount of PLN -3,113 thousand comprising:
   a) adjustment of PLN -2,001 thousand due to the liabilities sold,
   b) adjustment of PLN -334 thousand due to elimination of the transactions inside the group with regard to the intermediation in settling credit card transactions,
   b) adjustment of PLN -81 thousand due to elimination of the transactions inside the group with regard to the debt collection,
   b) adjustment of PLN -666 thousand due to elimination of the transactions inside the group with regard to the general administrative costs (hire, lease),
   b) adjustment of PLN -31 thousand due to elimination of the transactions inside the group with regard to material costs;
6. Adjustment of other operating costs in the amount of PLN -112 thousand comprising:
   b) adjustment of PLN -81 thousand due to elimination of the transactions inside the group with regard to the debt collection,
   b) adjustment of PLN -31 thousand due to elimination of the transactions inside the group with regard to material costs;
7. Adjustment of the gain (loss) on impairment of credits, loans and off-balance sheet liabilities in the amount of PLN 2,001 thousand due to the liabilities sold;
8. Adjustment of general administrative costs in the amount of PLN -666 thousand comprising:
   b) adjustment of PLN -666 thousand due to elimination of the transactions inside the group with regard to the general administrative costs (hire, lease).

(figures in PLN '000)

STATEMENT OF FINANCIAL POSITION as at 31 December 2009	Separate statement of financial position of Noble Bank S.A.	Separate statement of financial position of Getin Bank S.A.	Pro forma adjustment	Separate data
ASSETS				
Cash and balances with the central bank	239,817	669,022	-	908,839
Amounts due from banks and financial institutions	447,795	568,507	(1,399)	1,014,903
Derivative financial instruments	126,382	219,563	-	345,945
Loans to customers	6,818,339	19,382,799	-	26,201,138
Financial assets available for sale	1,195,341	2,651,925	-	3,847 266
Investments in subordinated entities	102,495	25,236	-	127,731
Intangible assets	5,441	87,448	-	92,889
Tangible fixed assets	13,961	108,405	-	122,366
Income tax assets	21,146	180,535	-	201,681
Current income tax assets	6,042	0	-	6,042
Deferred income tax assets	15,104	18,535	-	195,639
Other assets	54,321	106,820	(2,702)	158,439
Tangible fixed assets assumed for sale	8,457	16,157	-	24,614
TOTAL ASSETS	**9,033,495**	**24,016,417**	**(4,101)**	**33,045,811**
LIABILITIES & EQUITY				
Liabilities				
Amounts due to other banks and financial institutions	19,548	717,824	-	737,372
Derivative financial instruments	28,562	24,451	-	53,013
Amounts due to customers	7,744,018	20,534,474	-	28,278,492
Liabilities arising from issue of debt securities	412,206	488,765	-	900,971
Current corporate income tax liabilities	0	12,259	-	12,259
Other liabilities	63,059	126,830	(4,101)	185,788
Provisions	52	5,435	-	5,487
TOTAL LIABILITIES	**8,267,445**	**21,910,038**	**(4,101)**	**30,173,382**
Bank shareholders' equity				
Share capital	215,178	349,856	-	565,034
Retained earnings	176,348	142,508	-	318,856
Other capital	374,524	1,614,015	-	1,988,539
Minority shares	0	0		0
Total equity	**766,050**	**2,106,379**	**-**	**2,872,429**
TOTAL LIABILITIES AND EQUITY	**9,033,495**	**24,016,417**	**(4,101)**	**33,045,811**

The adjustments of financial information are directly related to the merger transaction and comprise:

1. Adjustment of the amounts due from other banks and financial institutions in the amount of PLN -1,399 thousand due to mutual settlements inside the group with regard to deliveries and services.
2. Adjustment of other assets in the amount of PLN -2,070 thousand with regard to the liabilities due to deliveries and services settled inside the group.
3. Adjustment of other liabilities in the amount of PLN 4,101 thousand due to elimination of the transactions inside the group with regard to the settlements on deliveries and services.

(figures in PLN '000)

Signatures of all Members of the Bank's Management Board

28 February 2010	Krzysztof Rosiński	Vice President of the Management Board acting President of the Management Board ………………………………
28 February 2010	Jarosław Augustyniak	First Vice President of the Management Board ………………………………
28 February 2010	Krzysztof Spyra	Member of the Management Board ………………………………
28 February 2010	Maurycy Kuhn	Member of the Management Board ……………………………….
28 February 2010	Radosław Stefurak	Member of the Management Board ………………………………
28 February 2010	Grzegorz Tracz	Member of the Management Board ………………………………..