Noble Bank S.A.
Financial Statements
for the financial year ended 31 December 2008,
prepared in accordance with
International Financial Reporting Standards

SELECTED FINANCIAL FIGURES

Separate Financial Statements Figures	PLN '000		EUR '000	
	1 Jan.2008 – 31 Dec. 2008	**1 Jan.2007 – 31 Dec. 2007**	**1 Jan.2008 – 31 Dec. 2008**	**1 Jan.2007 - 31 Dec. 2007**
Interest income	251,262	77,903	71,135	20,627
Fee and commission income	39,943	27,595	11,308	7,306
Profit (loss) from operating activities	186,501	110,188	52,800	29,175
Net profit	164,614	93,374	46,604	24,723
Cash flows from operating activities	420,831	(472,849)	119,141	(125,198)
Net cash flows from investing activities	(427,771)	(2,971)	(121,106)	(787)
Net cash flows from financing activities	70,407	499,486	19,933	132,251
Total net cash flows	63,467	23,666	17,968	6,266
Total assets	5,577,103	2,011,705	1,336,665	561,615
Total liabilities	4,928,396	1,529,126	1,181,190	426,892
Amounts due to other banks and financial institutions	500,575	194,374	119,973	54,264
Amounts due to customers	3,483,511	956,686	834,894	267,082
Total equity	648,707	482,579	155,476	134,723
Share capital	215,178	215,178	51,572	60,072
Treasury shares at nominal value	(147)	-	(35)	-
Number of shares	215,178,156	215,178,156	215,178,156	215,178,156
Solvency ratio	13.43%	21.44%	13.43%	21.44%

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I. PROFIT & LOSS ACCOUNT
for the financial year ended 31 December 2008

Continuing operations	Additional Information	1 Jan.2008 – 31 Dec.2008 PLN'000	1 Jan.2007 – 31 Dec.2007 PLN'000
I. Interest income	1	251,262	77,903
II. Interest expense	1	(182,805)	(36,515)
III. Net interest income		**68,457**	**41,388**
IV. Fee and commission income	2	39,943	27,595
V. Fee and commission expense	2	(14,541)	(10,019)
VI. Net fee and commission income		**25,402**	**17,576**
VII. Gain (loss) on financial instruments measured at fair value through profit and loss	3	26,643	(1,742)
VIII. Gain (loss) other financial instruments	4	70	1,517
IX. Foreign exchange gain (loss)	5	101,010	45,832
X. Dividend income		32,800	-
XI. Other operating income	6	12,927	26,986
XII. Other operating expense	6	(3,122)	(4,426)
XIII. Other net operating income and expense		**170,328**	**68,167**
XIV. Net impairment of loans and leases	8	(5,071)	17,595
XV. General administrative costs	7	(72,615)	(34,538)
XVI. Profit (loss) from operating activities		**186,501**	**110,188**
XVII. Gross profit		**186,501**	**110,188**
XVIII. Income tax	10	(21,887)	(16,814)
XIX. Net profit		**164,614**	**93,374**

II. BALANCE SHEET as at 31 December 2008

	Additional Information	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
ASSETS			
Cash and balances with central bank	12	83,762	25,965
Amounts due from banks	13	945,661	618,056
Derivative financial instruments	14	60,843	18,003
Loans to customers	15	3,874,509	1,185,650
Financial instruments available for sale	16	476,439	52,445
Investments in subordinated entities	19	90,506	89,537
Intangible assets	21	4,000	2,968
Tangible fixed assets	20	14,353	8,807
Current income tax assets		17,396	2,291
Other assets	23	9,582	7,922
Fixed assets for sale	22	52	61
TOTAL ASSETS		**5,577,103**	**2,011,705**
LIABILITIES & EQUITY			
Liabilities			
Amounts due to other banks and financial institutions	24	500,575	194,374
Derivative financial instruments	14	472,383	1,197
Amounts due to customers, including	25	3,483,511	956,686
Financial liabilities measured at fair value though profit and loss		221,054	-
Issue of debt securities	26	414,150	353,911
Other liabilities	28	27,741	8,196
Provision for deferred tax	10	29,984	7,625
Provisions	27	52	7,137
TOTAL LIABILITIES		**4,928,396**	**1,529,126**
Equity		**648,707**	**482,579**
Share capital	29	215,178	215,178
Treasury shares at nominal value		(147)	-
Retained earnings		955	955
Net profit		164,614	93,374
Other capital	29	268,107	173,072
Total equity		**648,707**	**482,579**
TOTAL LIABILITIES & EQUITY		**5,577,103**	**2,011,705**

III. STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 December 2008

				Other Capital			Total Equity
	Share Capital	**Treasury Shares – Nominal Value**	**Retained Earnings (Loss)**	**Supplementary Fund**	**Revaluation Reserve**	**Net Profit**	
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**
As at 1 January 2006	**215,178**	**-**	**955**	**173,072**	**-**	**93,374**	**482,579**
Revaluation of financial assets available for sale less deferred tax	-	-	-	-	2,012	-	2,012
Net profit (loss) directly recognised in equity	**-**	**-**	**-**	**-**	**2,012**	**-**	**2,012**
Net profit for the reporting period	-	-	-	-	-	164,614	164,614
Total income and expense recognised	-	**-**	**-**	**-**	**2,012**	**164,614**	**166,626**
Distributed profit (covered loss) for the previous reporting period	-	-	-	93,374	-	(93,374)	-
Repurchases of own shares	-	(147)	-	(351)	-	-	(498)
As at 31 December 2008	**215,178**	**(147)**	**955**	**266,095**	**2,012**	**164,614**	**648,707**

				Other Capital			Total Equity
	Share Capital	**Treasury Shares – Nominal Value**	**Retained Earnings (Loss)**	**Supplementary Fund**	**Revaluation Reserve**	**Net Profit (Loss)**	
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**
As at 1 January 2007	**200,178**	**-**	**(4,760)**	**736**	**(278)**	**38,435**	**234,311**
Available-for-sale financial assets as measured less deferred tax	-	-	-	-	278	-	278
Net profit (loss) directly recognised in equity	**-**	**-**	**-**	**-**	**278**	**-**	**278**
Net profit for the reporting period	-	-	-	-	-	93,374	93,374
Total income and expense recognised	**-**	**-**	**-**	**-**	**278**	**93,374**	**93,652**
Distributed profit (covered loss) for the previous reporting period	-	-	5,715	32,720	-	(38,435)	-
Issue of shares	15,000	-	-	142,500	-	-	157,500
Costs of issue of shares	-	-	-	(2,884)	-	-	(2,884)
As at 31 December 2007	**215,178**	**-**	**955**	**173,072**	**-**	**93,374**	**482,579**

IV. CASH FLOW STATEMENT for the financial year ended 31 December 2008

	Additional Information	1 Jan.2008 - 31 Dec.2008 PLN'000	1 Jan.2007 - 31 Dec.2007 PLN'000
Cash flows from operating activities			
Net profit		164,614	93,374
Total adjustments	XII	256,217	(566,223)
Amortisation and depreciation		3,093	1,615
Profit (loss) on investing activities		(181)	(4,068)
Interest and dividend		(17,594)	-
Change in amounts due from banks		(321,935)	(451,644)
Change in derivative financial instruments (asset)		(42,840)	(18,003)
Change in loans to customers		(2,688,859)	(1,043,709)
Change in other assets and other liabilities		17,885	(3,945)
Change in amounts due to other banks and financial institutions		306,201	114,347
Change in derivative financial instruments (liability)		471,186	1,197
Change in amounts due to customers		2,526,825	842,124
Change in liabilities from issue of debt securities		2,739	3,911
Change in provisions and in provision for deferred income tax		14,802	(5,757)
Income tax paid		(15,105)	(9,217)
Current tax liability		-	6,926
Net cash from operating activities		**420,831**	**(472,849)**
Cash flows from investing activities			
Investing inflows		**16,167,944**	**1,548,325**
Sale of shares in subordinated entities	V	-	150
Sale of investment securities		16,162,668	1,529,060
Sale of intangible and tangible fixed assets		589	4,795
Sale of fixed assets available for sale		-	11,770
Interest received		4,687	2,550
Investing outflows		**(16,595,715)**	**(1,551,296)**
Purchase of shares in subordinated entities		(969)	-
Purchase of investment securities		(16,584,177)	(1,544,432)
Purchase of intangible and tangible fixed assets		(10,071)	(6,864)
Repurchase of own shares		(498)	-
Net cash used in investing activities		**(427,771)**	**(2,971)**
Cash flows from financing activities			
Issue of shares		-	154,616
Issue of debt securities		57,500	350,000
Dividend received		32,800	-
Interest paid		(19,893)	(5,130)
Net cash from (used in) financing activities		**70,407**	**499,486**
Change in net cash and cash equivalents		63,467	23,666
Net exchange differences		-	-
Opening balance of cash and cash equivalents		27,909	4,243
Closing balance of cash and cash equivalents	**31**	**91,376**	**27,909**
including cash and cash equivalents in restricted use	31	-	-

(Figures in PLN'000)

V. GENERAL

These financial statements cover the financial year ended 31 December 2008 and contains comparative figures for the year ended 31 December 2007.

Noble Bank S.A. ("Bank", "Noble Bank" "Company"), with its registered office situated in Warsaw, Poland, ul.Domaniewska 39B (formerly Wschodni Bank Cukrownictwa S.A. in Lublin, ul.Okopowa 1) was registered on 31 October 1990 under number H 1954 with the Commercial Register, Section B, based on a decision of the Commercial Court attached to the District Court of Lublin, 11th Commercial & Registration Department. On 8 June 2001, it was registered under number KRS 0000018507 with the National Court Register.

The legal basis for the Company's operation is its Articles of Association, drawn up in the form of a notarial deed dated 21 September 1990 (as amended). On 8 June 2006, a change of the Bank's name and registered office was registered.

The Company's REGON number [issued by the Polish statistics office and used mostly for statistical purposes] is 004184103.

The duration of the Company is unspecified.

As at 31 December 2008, the Company's Management Board consisted of the following persons:

1.Jarosław Augustyniak	-	Chairman of the Management Board
2. Maurycy Kuhn	-	Member of the Management Board
3. Krzysztof Spyra	-	Member of the Management Board

On 7 March 2008, Mr Henryk Pietraszkiewicz resigned as Chairman of the Management Board and as member of the Management Board. On 7 March 2008, the Supervisory Board appointed Mr Jarosław Augustyniak, who was at the time Deputy Chairman of the Management Board, as Chairman of the Management Board.

On 9 January 2009, the Supervisory Board appointed another member of the Bank's Management Board, i.e. Mr Bogusław Krysiński.

As at 31 December 2008, the Company's Supervisory Board consisted of the following persons:

1. Krzysztof Rosiński	-	Chairman of the Supervisory Board
2. Michał Kowalczewski	-	Member of the Supervisory Board
3. Dariusz Niedośpiał	-	Member of the Supervisory Board
4. Remigiusz Baliński	-	Member of the Supervisory Board
5. Radosław Stefurak	-	Member of the Supervisory Board

On 6 March 2008, an Extraordinary General Shareholders Meeting of Noble Bank accepted Mr Piotr Stępniak's resignation of 22 January 2008 as a member of Noble Bank's Supervisory Board. On the same day, Mr Krzysztof Rosiński was appointed as Chairman of Noble Bank's Supervisory Board.

On 31 July 2008, by way of a decision of Noble Bank's Extraordinary General Shareholders Meeting, Mr Radosław Stefurak was appointed as Member of the Supervisory Board.

On 19 September 2008, Mr Marek Kaczałko resigned as Member of the Supervisory Board.

(Figures in PLN'000)

The Company's Management on 27 February 2009 approved these financial statements for publication.

The controlling entity of Noble Bank is Getin Holding S.A. The entire Getting Holding S.A. group of companies is controlled by Mr 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 carry out the business activities specified in the Bank's Articles of Association.

In 2008, the Bank continued its restructuring process with regard to debt collection. The process was launched as part of the Bank's Reorganisation Procedure Programme in 2003, which programme was completed in 2005. The Bank continued its strategy, launched in 2006, of building a private-banking platform. Noble Bank's business model involves distributing both the Bank's own products and products designed by other financial institutions. Services offered by Noble Bank include financial advisory services, investment advisory services, real property advisory services and tax advisory services, performed in cooperation with external financial advisers. The Bank's services are targeted at customers with high requirements and above-average wealth. In 2008, the Bank began offering credit cards.

Bank's investments

The Bank holds shares in the following subsidiaries:

Name	Registered Office	Basic Line of Business	Percentage Share	
			31 Dec.2008	31 Dec.2007
Open Finance S.A.	ul.Domaniewska 39, Warszawa (Warsaw)	financial intermediation	100%	100%
Noble Funds TFI S.A.	ul.Domaniewska 39, Warszawa	investment fund management	70%	100%
Introfactor S.A.	ul.Wołoska 18 Warszawa	other financial activities	100%	100%
Noble Concierge Sp. z o.o.	ul.Domaniewska 39, Warszawa	activities to support financial services	100%	100%

As at the 31 December 2008 and 31 December 2007, the Bank's share of the total number of voting rights in its subsidiaries is equal to the Bank's share in the share capital of the same subsidiaries.

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

Under the investment agreement of 31 March 2006 between Noble Bank and the individuals being shareholders in Noble Funds TFI S.A. as at 31 December 2008, Noble Bank is entitled to request (between 28 June 200 and 31 December 2012) a sale of all the shares held by the aforementioned persons to Noble Funds TFI S.A. The purchase price will depend on Noble Funds TFI S.A.'s operation, 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 require Noble Bank to buy the shares held by them. The option to buy the shares may be exercised between 1 January 2012 and 31 December 2012. The sale price will depend, among other things, on Noble Funds TFI S.A.'s operation, on the net value of its assets and on its financial results for the period during which the option may be exercised.

As at 31 December 2007 and 31 December 2008, no reliable parameters were known to price the option. Therefore, the above options were not included in the balance sheet as at 31 December 2007 and 31 December 2008.

On 28 July 2008, an Investment Agreement was entered into between Noble Bank, natural persons and Factor Management Team Sp. z o.o. which sets forth the terms and conditions for planned investments by the parties to the agreement in a company called Introfactor S.A., the rules for the carrying on of business activities by the company, the rules for controlling the company and the rules for managing the company. Under the agreement, Noble Bank acquired 100 per cent of shares in Introfactor S.A. in return for a pecuniary contribution of PLN 500,000. Also, the agreement gives Factor Management Team Sp. z o.o. an unconditional right to acquire, in the future, a new issue of Introfactor S.A. shares representing 30 per cent of the company's share capital and entitling the shareholder to 30 per cent of the votes at the company's general shareholders meeting. The key prerequisite for Factor Management Team Sp. z o.o. to be able to exercise the right is to carry out , within a period of twenty-four months (starting from 31 July 2008), the business plan that is part of the Investment Agreement and that relates to both Introfactor S.A. and Introbank (which is a specialist branch of Noble Bank) and to obtain deposits for Noble Bank in the amount specified in the agreement. If the above right is exercised, Factor Management Team Sp. z o.o. will acquire the new issue of shares at the nominal price and for cash. As at 31 December 2008, no reliable parameters are known to price the option to acquire such shares and therefore the option was not included in the balance sheet as at 31 December 2008.

The object of Introfactor S.A. is the provision of factoring services. The company's share capital as at 31 December 2008 was PLN 500,000.

The subsidiary Noble Concierge Sp. z o.o. was acquired by Noble Bank from Open Finance S.A. on 26 May 2008. The company's share capital as then increased from PLN 500,000 to PLN 450,000.

The Bank did not have any investments in subordinated or affiliated entities as at 31 December 2008 and 31 December 2007.

The Company did not discontinue any activities in the financial years 2008 and 2007.

The Company holds assets classified as assets for sale with the value of PLN 52 thousand. The Company intends to sell the assets in 2009.

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 balance sheet date. As at the date of these financial statements, no circumstances were identified which could threaten the continuity of the Company's operations.

The Company has also prepared a financial statement of Grupa Kapitałowa Noble Bank S.A.'s for the financial year ended 31 December 2008, covering Noble Bank S.A. and its subordinated entities. The said financial statements have been prepared in accordance with International Financial Reporting Standards and on 27 February 2008 were approved for publication. In the consolidated financial statements, the full consolidation method was used. In these separate financial statements, the Bank's investments in subordinated entities are presented at purchase cost less impairment losses. As at the balance sheet date, no evidence of impairment of such investments existed.

(Figures in PLN'000)

VII. COMPARABLE FIGURES

As regards 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 2007 for the sake of improvement of such figures.

Balance Sheet

Presentation changes	Figures published as at 31 Dec.2007	Changes	Figures published as at 31 Dec.2008	Notes
Deferred income tax assets	7,853	(7,853)	-	a)
Provision for deferred income tax	(15,478)	7,853	(7,625)	a)
Total	**(7,625)**		**(7,625)**	

Profit & Loss Account

Presentation changes	Figures published as at 31 Dec.2007	Changes	Figures published as at 31 Dec.2008	Notes
Interest income	69,025	8,878	77,903	b)
Gain (loss) on financial instruments measured at fair value through profit and loss	5,454	(7,196)	(1,742)	b)
Gain (loss) on other financial instruments	3,199	(1,682)	1,517	b)
Total	**77,678**	**-**	**77,678**	

Notes on significant reclassifications:

a) netting of "deferred income tax assets" with "provision for deferred income tax"

b) reclassification of interest on financial derivates from "gain (loss) on financial instruments measured at fair value through profit and loss" to "interest income" and reclassification of interest on available-for-sale financial instruments from "gain (loss) on other financial instruments" to "interest income".

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, taking into account both the continuing process of implementing IFRS within the EU and the Company's activities, no differences exist between the IFRS in effect and the IFRS approved by the EU with regard to the Company's accounting principles.

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

2. Currency of measurement and presentation

The currency of measurement and presentation used in these financial statements is the Polish *zloty*.

3. Changes to the accounting principles

Shown below are new or amended IFRS standards and new IFRIC interpretations adopted by the Company in the reporting period. Their adoption, apart from a few additional disclosures, did not affect these financial statements.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

IFRIC 11 provides guidance on whether a transaction in which an entity chooses to issue its own equity instruments as payment for goods or services, or if payment is made in the form of capital instruments of an entity in the same group, should be treated as an equity-settled or a cash-settled transaction. The interpretation also provides guidance for situations where an entity uses its own shares to settle its obligations in treasury share transactions. The adoption of this interpretation did not significantly affect these financial statements.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Instruments

These amendments permit the reclassification of some financial instruments held for sale into financial instruments held to maturity, available-for-sale financial instruments or loans and receivables. It is also permitted under the amendments, in some circumstances, to reclassify available-for-sale instruments into loans and receivables. These amendments apply to reclassifications made on or after 1 July 2008. The Company did not make any reclassifications of financial instruments either from held-for-sale financial instruments or from available-for-sale financial instruments.

IFRIC Interpretation 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 provides guidance on how to assess the limit in IAS 19 *Employee Benefits* on the amount of surplus that can be recognised as an asset. Currently, the liabilities exceed the assets in the Company's specified-benefits programmes. Therefore, the adoption of this interpretation did not affect the Company's financial situation or its performance.

The Company's Management Board did not make any changes to its accounting policy (principles) in the reporting period covered by these financial statements.

4. New standards and interpretations that have been issued but which are 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:

- IFRS 8 Operating Segments (applicable to annual periods beginning on or after 1 January 2009)
- IAS 1 Presentation of Financial Statements (amended in September 2007, applicable to annual periods beginning on or after 1 January 2009, not approved by the EU until the date of approval of these financial statements)

- IAS 23 Borrowing Costs (amended in March 2007, applicable to annual periods beginning on or after 1 January 2009, 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, not approved by the EU until the date of approval of these financial statements

- IAS 27 Consolidated and Separate Financial Statements (revised in January 2008) - applicable to annual reporting periods beginning on or after 1 July 2009, not approved by the EU until the date of approval of these financial statements

- IFRS 2 Share-based Payment: vesting conditions and cancellations (revised in January 2008) - applicable to annual reporting periods beginning on or after 1 January 2009

- Amendments to IAS 32 and IAS 1: Puttable instruments and obligations arising on liquidation (amendments introduced in February 2008) - applicable to annual reporting periods beginning on or after 1 January 2009

- IFRIC Interpretation 12 Service Concession Arrangements - applicable to annual reporting periods beginning on or after 1 January 2008, not approved by the EU until the date of approval of these financial statements

- IFRIC Interpretation 13 Customer Loyalty Programmes - applicable to annual reporting periods beginning on or after 1 July 2008

- Amendments resulting from annual improvements to IFRSs - applicable to annual periods beginning on or after 1 January 2009

- Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly. Controlled Entity or Associate - applicable to annual periods beginning on or after 1 January 2009

- IFRIC Interpretation 15 Agreements for the Construction of Real Estate - applicable to annual periods beginning on or after 1 January 2009, not approved by the EU until the date of approval of these financial statements

- IFRIC Interpretation 16 Hedges of a Net Investment in a Foreign Operation - applicable to annual periods beginning on or after 1 October 2008, not approved by the EU until the date of approval of these financial statements

- 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

- IFRS 1 First-time Adoption of International. Financial Reporting Standards (Amended November 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 Distributions 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

(Figures in PLN'000)

- 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
- IFRIC Interpretation 18 Transfers of Assets from Customers – applicable from 1 July 2009, 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 to have a significant effect on the Company's accounting principles (policy).

The Company does not expect to adopt the above standards before the effective dates.

5. Significant accounting principles

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

Conversion of items expressed in foreign currencies

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 balance sheet date. Any currency exchange gains or losses are recognised in the profit and loss account.

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, and items measured at fair value are converted at the average exchange rate of the National Bank of Poland applicable as at the date of measurement.

Currency exchange differences in respect of non-monetary items measured at fair value through the profit and loss account are recognised in "gains and losses on changes in fair value". Currency exchange differences in respect of non-monetary items are recognised in the revaluation reserve.

The following exchange rates were used for balance sheet measurement purposes:

Currency	31 Dec. 2008	31 Dec.2007
EUR	4.1724	3.5820
USD	2.9618	2.4350
CHF	2.8014	2.1614
GBP	4.2913	4.8688
JPY	0.0328	0.0217

Financial assets and liabilities

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

All financial instruments initially recognised are measured to fair value adjusted, in the case of financial instruments other than classified as measured to fair value through profit or loss, by those transaction costs which can be attributed directly to the acquisition 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 profit and loss, financial assets held to maturity, loans and receivables, financial assets available for sale, and other financial liabilities.

Financial instruments measured at fair value through profit and loss

This category is divided into two subcategories:

- financial assets and financial liabilities held for trading - acquired or intended for resale in the short term, and derivative instruments;

- financial assets and financial liabilities designated, when initially recognised, as financial assets measured at fair value through profit and loss.

Financial assets and financial assets can be classified, when initially recognised, as financial assets and financial liabilities measured at fair value through profit and loss 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 inconsistent would otherwise occur as a result of using a different method of measurement such assets or liabilities or a different method of recognising the related net gains or losses, or

- a group of financial assets or financial liabilities or both of these categories is managed, and its results are assessed based on 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, 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 profit and loss. 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 held for sale and financial assets designated, when initially recognised, as financial assets measured at fair value through profit and loss are recognised in the balance sheet 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 balance sheet date.

Changes in fair value are recognised, respectively, in the gains (losses) on financial instruments measured at fair value through profit and loss or through foreign exchange gain (loss) (FX swap, FX forward and CIRS transactions) correspondingly to receivables/liabilities from derivative financial instruments.

The result of the final settlement of derivative transactions is recognised in the item "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), in the item "Foreign exchange gain (loss)".

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 in 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:

- assets designated by the Company, when initially recognised, as assets measured at fair value through profit and loss;
- 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 in 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 in an active market.

Loans and receivables are measured in the balance sheet at amortized cost using the effective interest rate and taking into account impairment losses.

Accrued interest and commission income amortised using the effective interest rate method are recognised in the income interest. Commission that is not part of the interest income and that is accounted for using a straight-line method is recognised in the fee and commission income. Impairment losses are recognised in the profit and loss account 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 balance sheet at fair value. Changes in the fair value of an asset are carried over to the revaluation reserve until the asset is excluded from the balance sheet, when the cumulative profit or loss recognised in equity is recognised in the profit and loss account. In the case of debt instruments, interest income and discount or premium are recognised in the interest income 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 into account impairment losses. Impairment losses are recognised in the profit and loss account.

Financial liabilities

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

Financial liabilities not classified, when initially recognised, as liabilities measured at fair value through profit and loss are recognised in the balance sheet at amortised cost, taking into account the effective interest rate.

Removal from the balance sheet

A financial asset is removed from the Company's balance sheet upon expiry of the contractual rights to cash flows related to the asset or upon transfer by the Company 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 its balance sheet; where substantially all the risks and rewards of ownership of a financial asset are retained, the Company continues to recognise the asset in its balance sheet;

- 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 balance sheet.

A financial asset or part of a financial asset is derecognised 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 balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

<u>Impairment of financial assets</u>

The Company assesses at each balance sheet date 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.

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

- significant financial difficulty of the issuer or obligor;
- a breach of contract by the issuer or obligor, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the issuer or obligor's financial difficulty, granting to the issuer of obligor a concession that the lender would not otherwise consider;
- it becoming highly probable that the issuer of obligor 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 obligor.

Loans, repurchased receivables, other receivables

The most important category of financial assets recognised in the Company's balance sheet at amortised cost and, at the same time, exposed to impairment is credit receivables. The Company assesses at each balance sheet date 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 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) has 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 of 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 in the profit and loss account.

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

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

When evidence of impairment ceases to exist, impairment losses are recognised through profit and loss.

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 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: valuation

The Company assesses the value of repurchased receivables 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, taking into account the recoveries from those receivables and possible changes in estimated future cash flows

Monthly cash flows from purchased receivables, expected to be recovered within a specified period of time, are discounted as follows:

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

where
R means cash flows from purchased receivables as at the end of each forecast month and
IRR means the 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 takes into account the price paid for a receivable and the period of time within which the Company intends to recover the price paid.

Loans provided as part of the Company's strategy, launched in 2006, to build a private-banking platform (a new group of loans).

As at the date of the balance sheet date, impairment of financial assets was measured in accordance with IAS 39 using the pricing model used by the Company on the date of adoption of International Financial Reporting Standards. In building its pricing 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, depending on the type of product and due to lack of historical date, using expert ratios.
- The group of loans with a risk of impairment was measured using estimated recovery rates.
- For groups of loans for which it was impossible to estimate historical recover rates due to lack of appropriate data, expert ratios were used.

The Company makes write-offs for incurred but not reported losses (IBNR).

Due to its short history of providing mortgage loans, Noble Bank does not have the required number of observations with regard to the performance of its group of mortgage loans, to be able to calculate real time series. As a result, the Company uses a ratio the value of which is estimated to the best of the Company's knowledge, which takes into account, in an approximate manner, the possibility of losses that have not yet been reported.

In determining the value of the said ratio, the following criteria, among others, were used:

- The group of loans has a short history.
- No historical data exists as to changes to such a group of loans.
- Long loan periods - as the Polish real property market is changing rapidly, it is difficult to determine the future value of the security on such loans.

In determining the ratio, loss ratios for mortgage loans and financial loans for the entire Polish banking sector were used. Current loss ratios for Noble Bank's group of new loans and the value of security for the loans received by the Bank were also used.

As a result, the value of the IBNR ratio that is the basis for making provision for impairment losses on the "new group of loans" was determined at the level of 0.5% for mortgage loans and 1.2% for financial loans (loans secured with financial assets) as at 31 December 2008 (1.0 % and 1.5 %, respectively, as at 31 December 2007).

The ratio will be reviewed against the above criteria and updated on a quarterly basis.

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 carrying amount 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 either directly or by adjusting the impairment loss account balance. The amount of the reversal is recognised in the profit and loss account.

Financial assets available for sale

The Company assesses as at each balance sheet date whether there is objective evidence that an individual financial asset or a group of financial asset is impaired.

If the Company identifies objective evidence that an available-for-sale asset is impaired, the amount equal to the difference between the price of purchase of that asset (less any repayment of capital and interest) and its current fair value less any impairment losses of that asset that have previously been recognised in the profit and loss account is removed from equity and moved to the profit and loss account. Reversed impairment losses of capital instruments classified as available for sale may not be recognised in the profit and loss account. If, in the subsequent period, the fair value of an available-for-sale debt instrument increased after it is sold and if that increase can be objectives linked to an event that occurred after recognition of an impairment loss in the profit and loss account, the amount of the reversed impairment loss is recognised in the profit and loss account.

<u>Offsetting financial instruments</u>

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

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 cost of a tangible fixed asset comprises its acquisition price and all the costs directly attributable to the acquisition 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 a 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 allocated. The costs of general overhauls are also a component part.

Depreciation is provided on a straight-line basis over the estimated useful life of the respective asset. The useful lives of assets are as shown below:

Type of Asset	**Useful Life**
Investments in third-party assets	rental duration – up to 10 years
Plant 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 balance sheet 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 balance sheet (such gains and loss 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 profit and loss account for that period in which the asset was removed.

Construction in progress applies to fixed assets under construction or assembly and is recognised at 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 overhaul of tangible assets are verified and, if necessary, corrected as at the end of each financial year.

When an asset is overhauled, the cost of overhaul is recognised in tangible fixed assets in the balance sheet if 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 amortised 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 amortisation 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 amortisation, and treated as changes of the estimated values. Amortisation charges for intangible assets with a definite useful life are recognised in the profit and loss account, 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 effect from the beginning of the financial year.

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

	Computer software
Useful life	2 – 10 years
Amortisation method	straight-line method
Internally generated or acquired	acquired
Tested for impairment and reviewing the recoverable value	tested for evidence of impairment annually

The gain or loss resulting from the removal of an intangible asset from the balance sheet 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 and loss account when it is written off.

Tangible assets held for sale and discontinued operations

Fixed assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. 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 is 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 assets

The carrying amounts of intangible assets are 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 through profit or 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 costs to sell 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 a given class of assets.

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

Investments in subordinated entities

The Company assesses as at each balance sheet date whether there is 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 recognised in the profit and loss account. 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 account balance. The amount of the reversal is recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents: cash and balances with the central bank, current accounts and one-day deposits with other banks.

Bills of exchange eligible for rediscount by the central bank are Polish-currency bills of exchange that mature within three months.

Accrued expenses and deferred income

Accrued expenses (assets) are expenses recognised in the profit and loss account in future reporting periods, based on the passage of time. Accrued expenses are recognised in 'Other assets'.

Accrued expenses (liabilities) are provisions for good and services provided to the Company which are to be paid for in future reporting periods. These are recognised in 'Other liabilities'. Deferred income includes, among other items, 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 profit and loss account in future reporting periods. They, too, are recognised in '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 of the amount of the obligation. If the Company may expect 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 profit and loss account, net of the amount recognised for a 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 Pay 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. The amount of severance pay depends on the number of the employee's years of service and his or her individual pay level.

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

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

Leasing

Finance leases which transfer substantially all the risks and rewards incident to ownership of the leased asset are recognised in the balance sheet as at the date of commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability (the finance charge to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability). Finance charges are recognised directly in the profit and loss account.

Tangible fixed assets used under finance leases are depreciated over the shorter of the lease term and the life of the asset.

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are charged directly to income on a straight-line basis over the term of the relevant lease.

Equity

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

The Company's equity consists of share capital, supplementary fund, revaluation reserve, net profit and retained earnings. All the amounts of capital, reserves and funds are recorded at nominal value.

Share capital

The Company's share capital is presented at nominal value, in accordance with the Company's Articles of Association and 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 balance sheet date are disclosed as 'Other liabilities' in the balance sheet.

Repurchased own shares

Where the Company acquires own shares, the amount paid for the instruments, including all the direct costs related to such acquisition, are recorded as a change in equity. The acquired own shares are recognised as own shares and disclosed as a reduction in equity until the shares are cancelled.

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 are recognised in the supplementary fund.

Revaluation reserve

Revaluation reserve is created as a result of revaluation of assets available for sale plus deferred income tax and is not subject to distribution.

Retained earnings

Retained earnings are created as a portion of the Company's profit which is retained by the Company for purposes set out in the Company's Articles of Association or other regulations (the remaining amount of the supplementary fund and the reserve fund, including the general risk fund), or are the previous years' profit (loss), or current net profit.

Current net profit is the profit and loss account result less corporate income tax.

<u>Share-based payment transactions</u>

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the controlling entity ("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 award ("vesting date'). The cumulative expense recognised for equity-settled transactions at each balance sheet date 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 controlling entity's Management Board, at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for 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. In addition, 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 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 in the computation of earnings per share.

Cash-settled transactions

Cash-settled transactions are initially measured at fair value at the grant date using a relevant model and taking into the account the terms and conditions upon which the options were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured at each balance sheet date up to and including the settlement date with changes in fair value 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. In recognising income, the criteria described below apply.

Interest income

Interest income is generated by financial assets and liabilities recognised through profit or loss at amortised cost using the effective interest rate method.

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

- loans and other receivables not held for trading,
- financial assets held to maturity,
- non-derivative financial assets not held for trading.

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 computation should include all fees and points paid or received by the Company under the contract for the asset or liability, excluding 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 character of the 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 fees and commission are measured using the straight-line method over a period of time.

The method for recognising the 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 character 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 and similar. Such fees are an integral part of the return generated by the financial instrument concerned. 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 and similar. 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 character of the product.

In addition, if it is probable that a loan agreement will be executed, the fees and charges for the Company's obligation to execute the agreement are considered as remuneration for continuing involvement to purchase 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 character of the product).

In the case of an asset where evidence is identified that the asset is impaired, interest income is recognised through profit or loss based on net exposure determined as the difference between gross exposure and impairment loss, using the effective interest rate used in the determination of the impairment loss.

Net fee and commission income

As noted above, fees and commission recognised in the profit and loss account using the effective interest rate method are recognised as net interest income.

Fees and commission 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 as 'Net fee and commission income'. The Company's fee and commission income includes fee and commission income from transaction services.

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

In the profit and loss account, 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 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, revenue from the sale of a product is recognised in the profit and loss account 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 provision by the customer 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. The Company assumes that at least 50 per cent of all the loan applications received by the buyer's bank are closed.

Foreign exchange gain (loss)

The foreign exchange gain (loss) is determined taking into account 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 a given foreign currency as applicable at the balance sheet date and which affect foreign exchange income and expense.

Other operating income and expenses

Other operating income and expenses are income and expenses not directly related to the Company's activities. They include, in particular, 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 profit and loss account at the dividend record date, if the dividend is paid from profits made after the record date.

Income tax

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

Deferred tax is recognised with reference to all positive temporary differences

- except when the deferred income tax arises from initial recognition of goodwill or of an 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 positive temporary differences that arise from investments in subsidiaries or affiliated entities and from participation in joint undertakings, except where the dates of reversal of the temporary differences are subject to the investor's control or where it is probable that the temporary 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 subsidiaries or affiliated entities and from participation in joint undertakings, a deferred tax asset is recognised in the balance sheet 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 each balance sheet date 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 each balance sheet date 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 realized or the provision is released, based on tax rates (and laws) that have been enacted or will substantially be enacted by the balance sheet date.

Income tax related to items recognised directly in equity is accounted for in shareholders' equity and not in the profit and loss account.

The Company offsets deferred income tax assets against provisions for deferred income tax only if 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.

Contingent liabilities granted

As part of its operations, the Company executes transactions that, at the time of execution, are not recognised in the balance sheet 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 wholly within the entity's control;

- or a present obligation that arises from past events but is not recognised 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 credit risk are provided in accordance with IAS 37.

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

The Company did not apply hedge accounting in 2007 and 2008.

IX. IMPORTANT FIGURES BASED ON PROFESSIONAL JUDGEMENT AND ESTIMATES

Professional judgement

Classification of leases

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

Measurement of 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 for that group of loans.

Measurement of newly purchased groups of receivables

The value of repurchased receivables based on discounted expected future cash flows from those receivables in subsequent periods, estimated based on the expected recovery rates and 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 for being actually paid out, 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 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 1,603 thousand as at 31 December 2008 (PLN 3,845 thousand as at 31 December 2007). The value of amounts due (liabilities) in respect of commission for advisers was PLN 574 thousand as at 31 December 2008 (PLN 123 thousand as at 31 December 2007).

IBNR ratio

Due to its short history of providing mortgage loans, Noble Bank's record of observations on changes in the quality of its mortgage loans and financial loans over time is not large enough to enable the Company to estimate the loss ratios based on historical data only. As a result, the Bank found it appropriate to apply a ratio at a value - estimated to the best of the Bank's knowledge – that would, in an approximate manner, take into account the anticipated amount of impairment of the Bank's mortgage loans and financial loans. In determining the value of the loss ratio, the Bank used loss-related data for groups of mortgage loans and financial loans for the entire banking sector in Poland. As a result, the value of the IBNR ratio used as the basis for creating an impairment allowance for the "new group of loans" was set at 0.5 % for mortgage loans and 1.2 % for financial loans as at 31 December 2008 (1.0 % and 1.5 %, respectively, as at 31 December 2007). As at 31 December 2008, as a result of the change described above, the impairment allowance is PLN 16,825 thousand lower than if it was determined using the ratios of 1 % and 1.5 %.

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 profit and loss. As at 31 December 2007, no impairment of the Company's investments in subordinated entities was identified.

Uncertainty of estimates

In preparing financial statements in conformity with IFRS, the Company is required to make estimates and assumptions that affect the reported amounts. 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 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 a particular balance sheet date 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 Bank include:

Impairment of loans

The Group assesses, at each balance sheet date, whether there is any objective evidence that a financial asset or a group of assets is impaired. The Group 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 Group's estimates may take in account 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 will 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 that group of loans and on the basis of the current results of debt recovery. Details are presented under item X.18 of these financial statements.

In addition, 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 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). Details are presented in X.15 of these financial statements.

Fair value of security on the loans granted

The fair value of security pledged on loans granted by the Bank is determined based on pricing methods and 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.

Fair value of deposits and loans

The Company assessed, as at 31 December 2008, the fair value of deposits and loans based on pricing methods. A description of the pricing methods used and the fair value of deposits and loans are presented in Note XII 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. A deterioration of the Company's taxable results in the future might render this assumption invalid.

Derivatives, financial assets and financial liabilities measured at fair value through profit and loss

The fair values of derivatives, financial assets and financial liabilities not traded on active markets are determined based on widely recognised pricing methods. All the pricing 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 use only observable data from an active market.

The fair value of 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 profit and loss account under "Gain (loss) on financial assets and liabilities measured at fair value through profit and loss".

Fair value of other financial instruments

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

Impairment of other fixed assets

The Company assesses, at each balance sheet date, whether there is any evidence that any 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 future cash flows that the Company may receive from a particular fixed asset as well as 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 regard or measurements by independent assessors, which in principle are also based on estimates.

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 at the date of the revaluation. The provision for retirement pay is subject to revaluation on an annual basis and 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 balance sheet date. The final amount of such benefits is determined by way of a decision of the Supervisory Board.

The actual amounts are verified on an ongoing basis in the balance sheet 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 & similar interest and expense

Interest income	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Income from loans to customers	147,935	50,781
Income from deposits and current accounts with other banks	33,993	16,985
Income from financial instruments, including	65,548	9,800
- available-for-sale financial instruments measured at fair value	21,664	2,604
- derivative financial instruments (asset)	16,766	6,472
- derivative financial instruments (liability)	27,118	724
Interest on obligatory reserve	3,786	337
Total	**251,262**	**77,903**

Interest expense	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Expense on amounts due to customers	139,706	17,706
Expense on own issue of debt securities	27,589	9,587
Expense on deposits of other banks and financial institutions	9,688	6,327
Interest on loans taken out	5,822	2,895
Total	**182,805**	**36,515**

Additional Information	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Interest income including income from financial assets for which permanent impairment loss was recognised	-	13,148
Total interest income, calculated using the effective interest rate, in relation to financial assets not measured at fair value through profit and loss	207,378	70,707
Interest expense, calculated using the effective interest rate, in relation to financial liabilities not measured at fair value through profit and loss	182,805	36,515

Interest income for 2008 and 2007 includes accrued interest not received as at the balance sheet date and received interest on receivables. The most significant interest income item for the Company in 2008 and 2007 was income from loans to customers.

2. Fee and commission income and expense

Fee and commission income	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Income from intermediation services	37,992	26,603
Income from bank account maintenance	973	234
Income from loans granted	775	750
Other income	203	8
Total	**39,943**	**27,595**

Fee and commission expense	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Expense on intermediation services	13,254	9,685
Expense on loans	404	13
Expense on insurance	164	281
Expense on payment cards	30	-
Other expense	689	40
Total	**14,541**	**10,019**

Fee and commission income 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 profit and loss account as an adjustment of the effective interest rate. Other fee and commission is recognised in the profit and loss account at the time of provision of a corresponding service.

3. Gain (loss) on financial instruments measured at fair value through profit and loss

Gain (loss) on financial assets and liabilities	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Gain (loss) on derivatives (asset)	23,405	(931)
Gain (loss) on derivatives (liability)	(2,666)	(811)
Gain (loss) on liabilities classified as financial liabilities measured at fair value through profit and loss	**5,904**	**-**
Total	**26,643**	**(1,742)**

Gain (loss) on financial assets and financial liabilities measured at fair value through profit and loss from 1 Jan.2008 to 31 Dec.2008	**Gain PLN'000**	**Loss PLN'000**	**Net Gain (Loss)**
Financial assets measured at fair value through profit and loss	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**

Gain (loss) on financial assets and financial liabilities measured at fair value through profit and loss from 1 Jan.2007 to 31 Dec.2007	**Gain PLN'000**	**Loss PLN'000**	**Net Gain (Loss)**
Gain (loss) on derivatives (asset)	-	(931)	(931)
Gain (loss) on derivatives (liability)	-	(811)	(811)
Total	**-**	**(1,742)**	**(1,742)**

4. Gain (loss) on other financial instruments

	1 Jan.2008 - 31 Dec.2008 PLN'000	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Realised profits		
Financial instruments available for sale	71	1,517
Total	**71**	**1,517**
Realised losses		
Other	(1)	-
Total	**(1)**	**-**
Net realised profit/loss	**70**	**1,517**

5. Foreign exchange gain (loss)

Foreign exchange gain (loss)	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Exchange rate differences from financial instruments measured at fair value through profit and loss account	(808,539)	41,051
Exchange rate differences from loans and deposits	815,977	(35,837)
Gain (loss) on loans and deposits – granting and repayment	93,572	40,618
Total	**101,010**	**45,832**

6. Other operating income and expense

Other operating income	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Release of provisions	7,073	17,327
Rents	1,772	467
Recovery of non-recoverable debt	1,372	1,475
Recovered legal fees	637	856
Other incidental income	606	307
Recovered debt collection costs	569	542
Sale of products and services	382	321
Reversal of impairment losses of other assets	191	91
Operating leases	57	71
Sale or liquidation of non-financial fixed assets	21	4,270
Sale of goods and materials	19	80
Other income	228	1,179
Total	**12,927**	**26,986**

Other operating expenses	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Credit debt collection and monitoring	1,527	1,290
Incidental expenses	679	340
Rent expense	223	467
Costs of products, goods and materials sold	118	67
Permanent impairment losses of other assets	70	94
Loss on sale of non-financial fixed assets	11	22
Loss on sale of investments	-	1,733
Other expenses	494	413
Total	**3,122**	**4,426**

Debt collection-related income (recovered costs of debt collection, income from recovery of non-recoverable debt) included, both in 2008 and 2007, 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.

Income from release of restructuring provisions was generated mostly as a result of releasing the provision for liquidation of retail sales in the amount of PLN 4,076 thousand (PLN 11,929 thousand in 2007), the provision for costs of storing documents in the amount of PLN 1,913 thousand (PLN 642 thousand in 2007) and the provision for identified risks in the amount of PLN 1,084 thousand (PLN 2,595 thousand in 2007).

7. General administrative costs

General administrative costs	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2007 - 31 Dec.2007 PLN'000**
Employee benefits	32,802	17,170
Use of materials and energy	2,688	2,132
External services, including:	29,212	12,848
- lease and tenancy	10,785	4,941
- marketing, representation and advertising services	9,997	3,321
- telecommunications and postal services	2,385	1,477
- legal services	965	591
- IT services	932	952
- advisory services	786	527
- cleaning services	490	126
- transport services	486	97
- costs of maintenance and repair	360	199
- insurance	228	126
- security services	63	57
- other	1,735	434
Other material costs	1,939	259
Fees and taxes	515	466
BFG* contributions	956	48
Amortisation and depreciation	3,093	1,615
Other	1,410	-
Total	**72,615**	**34,538**

/*BFG stands for *Bankowy Fundusz Gwarancyjny*, or Bank Guarantee Fund/

Employee benefits	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2008 - 31 Dec.2008 PLN'000**
Remuneration	26,513	13,926
Social insurance	2,952	2,246
Training	2,697	663
Other	640	335
Total	**32,802**	**17,170**

Amortisation and depreciation	**1 Jan.2008 - 31 Dec.2008 PLN'000**	**1 Jan.2008 - 31 Dec.2008 PLN'000**
Tangible fixed assets	2,477	1,162
Intangible assets	616	453
Total	**3,093**	**1,615**

(Figures in PLN'000)

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

Year 2008	Loans to Customers			
	Corporate	Residential	Consumer	Total
Opening balance o 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 profit and loss	**(1,474)**	**11,369**	**(4,824)**	**5,071**
Used - written off	**(762)**	**-**	**(878)**	**(1,640)**
Closing balance of impairment losses/provisions as at 31 Dec.2008	**39,791**	**21,519**	**23,987**	**85,297**

Year 2007	Loans to Customers			
	Corporate	Residential	Consumer	Total
Opening balance of impairment losses/provisions as at 1 Jan.2007	**46,902**	**649**	**57,066**	**104,617**
Created	1,757	8,838	11,181	21,776
Released	(4,850)	(47)	(34,474)	(39,371)
Change in net provisions as recognised through profit and loss	**(3,093)**	**8,791**	**(23,293)**	**(17,595)**
Provisions removed from the balance sheet	**(1,782)**	**710**	**(4,084)**	**(5,156)**
Closing balance of impairment losses/provisions as at 31 Dec.2007	**42,027**	**10,150**	**29,689**	**81,866**

The creation and release of provisions for impairment losses are the result of the Bank's normal operations. Provisions for impairment losses of loans and receivables measured at amortised cost and reversal of such provisions is 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 2008 and 31 December 2007, 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 recovery.

9. Gains and losses on financial assets and financial obligations

Net gains and losses recognised through profit and loss

	1 Jan.2008 - 31 Dec.2008 PLN'000	1 Jan.2007 - 31 Dec.2007 PLN'000
Deposits and loans		
Interest income from loans	147,935	50,781
Interest income from deposits	33,993	16,985
Commission income from loans	775	750
Commission income from current accounts	973	234
FX income - loans	910,515	4,781
Released impairment losses of loans	58,596	39,371
Created impairment losses of loans	(63,667)	(21,776)
Total net gain on deposits and loans	**1,089,120**	**91,126**
Available-for-sale financial assets		
Interest income from available-for-sale financial assets	21,664	2,604
Gain (loss) on available-for-sale financial assets	70	1,517
Total net gain on available-for-sale financial assets	**21,734**	**4,121**
Financial assets measured at fair value through profit and loss		
Interest income from financial derivatives	16,766	6,472
Gains on financial derivatives measured at fair value	23,405	(931)
Foreign exchange gain (loss)	-	41,051
Total net gain on financial assets measured at fair value through profit and loss	**40,171**	**46,592**
Financial liabilities measured at amortised cost		
Interest expense on financial liabilities measured at amortised cost	(182,805)	(36,515)
Commission expense on financial liabilities measured at amortised cost	(404)	(13)
Foreign exchange gain (loss)	(966)	-
Total net loss on financial liabilities measured at amortised cost	**(184,175)**	**(36,528)**
Financial liabilities measured at fair value through profit and loss		
Interest income from financial derivatives	27,118	724
Gain (loss) on measurement of financial derivatives	(2,666)	(811)
Foreign exchange gain (loss)	(808,539)	-
Gain (loss) on financial assets and financial liabilities measured at fair value through profit and loss	5,904	-
Total net loss on financial liabilities measured at fair value through profit and loss	**(778,183)**	**(87)**
Net gain on financial assets	**1,151,025**	**141,839**
Net loss on financial liabilities	**(962,358)**	**(36,615)**

Net gains and losses recognised through equity

	1 Jan.2008 - 31 Dec.2008 PLN'000	1 Jan.2007 - 31 Dec.2007 PLN'000
Net gain on measurement of available-for-sale assets	(2,012)	278
Total, including gain (loss) recognised in:	**(2,012)**	**278**
Revaluation reserve	(2,012)	278

10. Income tax

Basic tax liabilities	1 Jan.2008 - 31 Dec.2008 PLN'000	1 Jan.2007 - 31 Dec.2007 PLN'000
Profit and loss account		
Current income tax	-	6,926
Current tax liability	-	6,926
Deferred income tax	21,887	9,888
Relating to original and reversal of temporary differences	(38,114)	7,844
Tax loss from previous years	60,001	2,044
Tax liability shown in the profit and loss account	**21,887**	**16,814**
Current income tax		
Relating to costs of issue of shares	-	676
Relating to available-for-sale financial instruments	472	-
Tax liability shown under equity	**472**	**676**
Total basic tax liabilities	**22,359**	**17,490**

In 2008 the Company made a tax loss of PLN 315,792 thousand. Under Article 7(5) of the Polish Corporation Tax Act (*Dz.U.*[Journal of Laws] of 2000, No.54, item 654, as amended), 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 income is reduced may not exceed 50 per cent of the amount of the tax loss.

In view of the above and based on the Company's taxable income projections for the years 2009-2013, the Company created, as at 31 December 2008, a deferred tax asset relating to the Company's tax loss of PLN 60,001 thousand for 2008, which tax loss can be deducted from taxable income.

(Figures in PLN'000)

		Changes in the reporting period		
	As at 31 Dec.2008	**Recognised in profit and loss**	**Recognised in capital**	**As at 31 Dec.2008**
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 measurement	2,845	(2,845)	-	-
Deferred commission	2,029	9,086	-	11,115
Deposits measured at fair value	-	1,122	-	1,122
Tax depreciation surplus	159	(78)	-	81
Available-for-sale financial instruments as measured	-	-	472	472
Other	70	1,628	-	1,697
Provision for deferred tax	**15,742**	**179,366**	**472**	**195,579**
Provision for deferred tax recognised in liabilities directly related to assets classified as assets for sale	**-**	**-**	**-**	**-**
Deferred income tax asset				
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	2,515	10,929	-	13,444
Restructuring reserve	1,346	(1,346)	-	-
FX differences – loans and deposits	264	(264)	-	-
Financial instruments – FX differences and measurement	-	81,767	-	81,767
Specific provision for credit 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 tax asset recognised in fixed assets classified as fixed assets for sale	**-**	**-**	**-**	**-**
Deferred income tax liability recognised in the profit and loss account	**x**	**21,888**	**472**	**x**
Net deferred tax assets	**-**	**x**	**x**	**-**
Net provision for deferred tax	**7,625**	**x**	**x**	**29,984**

		Changes in the reporting period		
	As at 31 Dec.2007	**Recognised in profit and loss**	**Recognised in capital**	**As at 31 Dec.2007**
Provision for deferred income tax				
Income to be received relating to loans and deposits	878	**2,889**	**-**	**3,767**
"Old group of loans" as measured	**3,293**	3,579	-	6,872
Financial instruments – FX differences and measurement	-	2,845	-	2,845
Deferred commission	1,072	957	-	2,029
Tax depreciation surplus	-	159	-	159
Other	-	70	-	70
Provision for deferred tax	**5,243**	**10,499**	**-**	**15,742**
Provision for deferred tax recognised in liabilities directly related to assets classified as assets for sale	**-**	**-**	**-**	**-**
Deferred income tax asset				
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	137	2,378	-	2,515
Restructuring reserve	4,085	(2,739)	-	1,346
FX differences – loans and deposits	-	264	-	264
Specific provision for credit receivables	953	2,551	-	3,504
Tax loss	2,044	(2,044)	-	-
Other	287	201	-	488
Gross deferred tax assets	**7,506**	**611**	**-**	**8,117**
Deferred tax asset recognised in fixed assets classified as fixed assets for sale	**-**	**-**	**-**	**-**
Deferred income tax liability recognised in the profit and loss account	**x**	**9,888**	**-**	**x**
Net deferred tax assets	**2,263**	**x**	**x**	**-**
Net provision for deferred tax	**-**	**x**	**x**	**7,625**

	31 Dec.2008 PLN'000	**31 Dec.2007 PLN'000**
Negative temporary differences, unused tax losses, unused tax credits due to which a deferred tax asset was not recognised in the balance sheet	2,309	27,169

The above temporary differences are due to expire in 2012.

Effective tax rate	1 Jan.2008 - 31 Dec.2008 PLN'000	Comparative Figures 1 Jan.2007 - 31 Dec.2007 PLN'000
Earnings before tax	186,501	110,188
Income tax shown in the profit and loss account	21,887	16,814
Effective tax rate	12%	15%
Income tax at the applicable rate of 19%	**35,435**	**20,936**
Influence of permanent differences on tax liability, including	**(13,548)**	**(4,122)**
- PFRON* contributions	52	25
- measurement of purchased receivables	(159)	239
- dividend income	(6,232)	-
- negative temporary differences not recognised in previous years' deferred tax	(4,773)	(4,212)
- substantiated tax differences – allowance for credit receivables	(528)	-
- representation and advertising	57	36
- FX differences	(1,985)	(260)
- other	20	50
Total income tax shown in the profit and loss account	**21,887**	**16,814**

Translator note:

* PFRON is the Polish acronym for the "State Fund for the Rehabilitation of Disables People'

In 2008, the Company made a tax loss of PLN 315,792 thousand, with regard to which the Company presented a deferred income tax asset of PLN 60,001 thousand. In the opinion of the Company's Management Board, the tax loss will be offset against future taxable income.

Also, in the opinion of the Company's Management Board, based on the Company's projections of financial results for the following years, the tax loss will be offset against future taxable income.

Income tax regulations are subject to frequent changes. As a result, no reference can often be made to established regulations or legal precedent. Additionally, the tax regulation in force contain certain ambiguities resulting in differences of opinion as to the interpretation of the regulations. Tax calculations may be subject to inspections. Following such an inspection, any additional amounts determined as due must be paid, including late payment interest. Tax settlements may be subject to inspection within 5 years. As a result, the figures shown in these financial statements may be changed in the future after a final assessment by a relevant tax authority.

11. Employee benefits

The Company Social Fund Act of 4 March 1994 (as amended) requires that employers with more than 20 full-time employees maintain Company Social Funds. 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 offset the Fund's asset against its liabilities toward to the Fund because these assets are not the Company's assets. As a result, the Company's balance with the Fund is 0.00.

Social Fund	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Loans to employees	7	7
Funds	111	85
Fund-related liabilities	118	92
Contributions to the Fund in the reporting period	310	157

12. Cash and balances with central bank

Cash and balances with central bank	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Current account with central bank	83,762	25,965
Total	**83,762**	**25,965**

As at 31 December 2008 and 31 December 2007, 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 a given month.

From 1 January 2008 to 31 December 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.

From 1 January 2007 to 31 December 2007, the Bank maintained an average balance of PLN 7,659.5 thousand in its current account with the National Bank of Poland. The interest rate for the funds deposited in the obligatory reserve account was 5.25 % as at 31 December 2007.

14. Deposits with other banks and loans to other banks

Amounts due from banks	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Deposits with other banks	938,047	615,650
Current accounts	7,614	1,944
Funds in transit	-	462
Total	**945,661**	**618,056**

	31 Dec.2008 PLN'000	**31 Dec.2007 PLN'000**
Amounts due from banks at a fixed interest rate	936,520	613,999
Amounts due from banks at a variable interest rate	7,614	-
Non-interest amounts - Interest and funds in transit	1,527	4,057
Total	**945,661**	**618,056**

Amounts due from banks by term to maturity - from the balance sheet date to repayment date	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Current account and deposits (overnight)	7,614	1,944
Term amounts with term to maturity:	936,520	612,055
up to 1 month	824,308	212,055
from 1 month to 3 months	112,212	400,000
Funds in transit	-	462
Interest	1,527	3,595
Total	**945,661**	**618,056**

From 1 January 2008 to 31 December 2008 and in the comparable period of 2007, there was no change in impairment losses of amounts due from banks, and the amount of impairment losses as at the date balance sheet dates of 2007 and 2008 was nil.

(Figures in PLN'000)

14. Derivative financial instruments

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**	**704,600**	**2,920**	**1,923472**	**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**	**692,135**	**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	**-**	**-**	**14,410**	**28,410**	**22**	**-**
Purchase	14,000	-	-	7,205	21,205	22	-
Sale	-	-	-	7,205	7,205	-	-
Interest rate transactions							
Interest rate swaps (IRS)	**-**	**-**	**500,000**	**453,000**	**953,000**	**2,717**	**36,466**
Purchase	-	-	500,000	453,000	953,000	2,717	36,466
Total derivatives	**78,590**	**1,243,298**	**1,896,735**	**669,630**	**3,888,253**	**472,383**	**60,843**

Financial derivatives as at 31 December 2007	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	**4,298**	**28,429**	**-**	**2,508**	**35,235**	**7**	**172**
Purchase of currencies	4,298	28,429	-	2,508	35,235	7	172
CIRS*	**-**	**-**	**-**	**702,455**	**702,455**	**321**	**16,874**
Purchase of currencies	-	-	-	702,455	702,455	321	16,874
Options/Forwards	-	**102,622**	**-**	**14,410**	**102,622**	**398**	**877**
Purchase	-	102,622	-	7,205	95,417	398	479
Sale	-	-	-	7,205	7,205	-	398
Interest rate transactions					**-**		
Interest rate swaps (IRS)	**-**	**-**	**-**	**167,000**	**167,000**	**471**	**80**
Purchase	-	-	-	167,000	167,000	471	80
Total derivatives	**4,298**	**131,051**	**-**	**886,373**	**1,007,312**	**1,197**	**18,003**

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

As part of its activities, the Company carried out transactions in derivatives (CIRS, IRS, FX swaps and forwards). These transactions are measured at fair value through profit and loss. The main types of risk related to financial derivatives are credit risk and market risk.

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 balance sheet, 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 2008 and 31 December 2007, the Company held a derivative instrument, i.e. an investment product consisting of a fixed rate deposit and a basket option for stock indices. As at the balance sheet date, the option was measured at fair value and the deposit was measured at amortised 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.2008 PLN'000**	**31 Dec.2007 PLN'000**
Loans	3,945,278	1,256,860
Purchased receivables	5,123	10,177
Credit card receivables	8,929	3
Exercised guarantees	476	476
Total	**3,959,806**	**1,267,516**
Impairment losses of receivables (-)	(85,297)	(81,866)
Total (net)	**3,874,509**	**1,185,650**

As at 31 December 2008	**Gross value excl. impairment**	**Gross value incl. Impairment**	**Deductions for loans without impairment IBNR**	**Revaluations deductions for loans with impairment**	**Total (net)**
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**
- corporate loans	283,133	43,459	(1,066)	(38,725)	286,801
- residential 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**

As at 31 December 2007	**Gross value excl. impairment**	**Gross value incl. Impairment**	**Deductions for loans without impairment IBNR**	**Revaluations deductions for loans with impairment**	**Total (net)**
- corporate loans	91,590	41,943	(84)	(41,943)	91,506
- residential loans	913,974	389	(10,071)	(79)	904,213
- consumer loans	149,983	69,637	(134)	(29,555)	189,931
Total	**1,155,547**	**111,969**	**(10,289)**	**(71,577)**	**1,185,650**

The Company recognised a revaluation reserve for impairment of loans through profit and loss. The gain (loss) on the reserve is presented under "Net impairment of loans and leases".

Loans to customers by term to maturity	31 Dec.2007 PLN'000	31 Dec.2007 PLN'000
Loans to:		
- financial entities other than banks	63,873	25,938
up to 1 month	147	6
from 1 to 3 months	-	2,312
From 3 months to 1 year	36,726	-
from 1 year to 5 years	27,000	23,620
over 5 year	-	-
- non-financial entities	398,297	76,082
up to 1 month	29,403	16,216
from 1 to 3 months	306	41
from 3 months to 1 year	1,594	382
from 1 years to 5 years	38,890	2,428
over 5 years	328,104	57,015
- to private individuals	3,412,339	1,083,630
up to 1 month	145,996	94,663
from 1 to 3 months	3,519	1,047
from 3 months to 1 year	55,215	1,908
from 1 years to 5 years	319,017	134,272
over 5 years	2,888,592	851,740
Total	**3,874,509**	**1,185,650**

Loans at fixed interest rates	31 Dec.2008	31 Dec.2007
PLN'000 000	36	26
Percentage of the entire loan portfolio	1,0%	2,0%

In 2008, the Company's retail banking sales grew very fast. The amount of loans to customers increased more than twofold, mainly as a result of mortgage sales. The fast sales growth was the main factor in the increase in the Company's interest income.

16. Financial investment assets

Financial instruments	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Available-for-sale securities at acquisition cost	**473,963**	**52,452**
- issued by central banks	299,958	49,979
- issued by the Treasury	173,329	1,898
- issued by other financial entities	500	500
- issued by other banks	118	18
- issued by non-financial entities	58	57
Total financial instruments	**473,963**	**52,452**
Measured at fair value	**2,483**	**-**
Available-for-sale securities	2483	-
- issued by other financial entities	(108)	-
- issued by the Treasury	2,591	-
Impairment of financial instruments (-)	**(7)**	**(7)**
Available-for-sale securities	**(7)**	**(7)**
- issued by non-financial entities	**(7)**	**(7)**
Total net financial instruments	**476,439**	**52,445**

Changes in financial instruments	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Available-for-sale securities		
Total net (opening balance)	**52,445**	**37,073**
Increases	**16,584,177**	1,544,432
Decreases (sale and redemption)	(16,162,668)	(1,528,956)
Recognised impairment losses (-)	-	-
Changes in fair value	2,485	(104)
Total net (closing balance)	**476,439**	**52,445**

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 0.24 % of the Bank's securities portfolio as at the balance sheet date, have been measured at fair value.

Recognised impairment losses have been recognised through profit and loss 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 2008 and 31 December 2007, without taking into account the security held or other elements improving the lending conditions:

Maximum exposure to credit risk	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Financial assets:		
Cash and balances with central bank (except for cash)	83,762	25,965
Amounts due from banks	945,661	618,056
Financial derivatives	60,843	18,003
Loans to customers	3,874,509	1,185,650
Available-for-sale financial instruments	476,439	52,445
Total exposure to credit risk	**5,441,214**	**1,900,119**
Guarantee liabilities	2,645	386
Contingent liabilities	227,511	142,846
Total off-balance sheet liabilities	**230,156**	**143,232**
Total exposure to credit risk	**5,671,370**	**2,043,351**

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

	Not Overdue	High Quality	Standard Quality	Lower Quality	Overdue or Impaired	Interest	Impairment Losses (incl. IBNR)	Total
		Overdue, not impaired						
	PLN'000	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 financial instruments	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 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 table below shows the credit quality of financial assets as at 31 December 2007 which are not overdue and which are not impaired.

	Not Overdue	High Quality	Standard Quality	Lower Quality	Overdue or Impaired	Interest	Impairment Losses (incl. IBNR)	Total
		Overdue, not impaired						
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Amounts due from banks	613,999	-	-	-	-	4,057	-	618,056
Loans to customers	1,127,756	10,629	-	-	111,969	17,162	(81,866)	1,185,650
Corporate loans	90,383	474	-	-	41,943	733	(42,027)	91,506
Residential loans	887,815	10,155	-	-	389	16,004	(10,150)	904,213
Consumer loans	149,558	-	-	-	69,637	425	(29,689)	189,931
Financial instruments	52,395	-	-	57	-	-	(7)	52,445
Available-for-sale financial instruments	52,395	-	-	57	-	-	(7)	52,445
- issued by other banks	18	-	-	-	-	-	-	18
- issued by other financial entities	500	-	-	-	-	-	-	500
- issued by non-financial entities	-	-	-	57	-	-	(7)	50
- issued by the Treasury	1,898	-	-	-	-	-	-	1,898
Total	**1,794,150**	**10,629**	**-**	**57**	**111,969**	**21,219**	**(81,873)**	**1,856,151**

Non-overdue loans include loans from the "new group of loans' which were being repaid on time during the balance sheet 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 balance sheet date. As at 31 December 2008 and 31 December 2007, overdue loans of high quality and not impaired include loans up to 30 days overdue, overdue loans of standard quality and not impaired include loans 31-60 days overdue, and overdue loans of low quality and not impaired include loans 61-90 days overdue.

For both groups of loans, the bank takes into account 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 91 days overdue.

As at 31 December 2008, the Company recognised individually impaired loans. The total capital due in respect of the loans was PLN 5,741 thousand. A provision of PLN 1,936 thousand was set up. The amount of security (standard and deposit mortgages) was PLN 3,805 thousand. As at 31 December 2007, the Company did not recognise individually impaired loans.

Financial instruments of low quality as at 31 December 2008 and 31 December 2007 include 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 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.

<u>As at 31 December 2007,</u>

- in the group of non-overdue loans, the Company disclosed loans for the total amount of PLN 1,127,756 thousand, the corresponding amount of interest of PLN 17,089 thousand and deductions of PLN 10,977 thousand;
- in the group of high-quality loans, the Company disclosed loans for the total amount of PLN 10,629 thousand, the corresponding amount of interest of PLN 60 thousand and deductions of PLN 153 thousand;
- in the group of overdue loans, the Company disclosed loans for the total amount of PLN 111,969 thousand, the corresponding amount of interest of PLN 13 thousand and deductions of PLN 70,736 thousand.

Security obtained and other elements improving the lending conditions:

- A 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 bail mortgage in PLN for up to 70 per cent 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 bail deposit in PLN for up to 70 per cent 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.

- An assignment of rights under an insurance policy against the risk of fire and other accidents.

- A statement by the borrower (and/or the guarantor) to agree 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, which date may not be earlier than 3 years from the last calendar year of the loan term;

- A statement by the owner of the property to agree 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, which date may not be earlier than 3 years from the last calendar year of the loan term;

- A blank promissory note with a promissory note statement for the Bank;

- Where the property is a building/a flat in a building under construction, an assignment of the contract for the construction of the building/the flat in the building between the borrower and the property developer/building society;

- A transfer of funds owned by the borrower into the Bank's account (pursuant to Article 102 of the Banking Law Act – bank deposits)

- A registered pledge on the rights arising from securities issued by the Treasury and the National Bank of Poland (treasury bills and treasury bonds);

- An assignment of shares in an investment fund approved by the Bank;

- An assignment of an insurance policy with a life insurance company approved by the Bank;

- A financial pledge, a registered pledge, an assignment, a deposit or a 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 loan security provided for loans as at 31 December 2008 was PLN 4,915,344 (PLN 1,968,665 as at 31 December 2007).

As at 31 December 2008 and 31 December 2007, the Company did not hold assets provided as security for loans.

Renegotiated financial assets divided by class	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Financial assets:		
Loans to customers	358	539
Corporate loans	336	486
Consumer loans	22	53
Total renegotiated financial assets	**358**	**539**

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 detail analysis of the credit records gathered during the term of the loan agreement in order to decide on the best form of debt recovery.

Such an analysis includes:

1) the debtor's history and current situation;
2) a description of the debt, taking into account any changes to loan agreement terms and conditions;
3) the 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) types and scope of the security accepted, including:
- for mortgages and liens, the order of entries in the register;
- for personal security, a description of the financial situation of the joint and several debtor(s) and their liabilities to other creditors;
- for material security, an estimated value of the items provided as security, an assessment of the possibility to sell the items, a description of debts owed to other creditors, an 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 Ban's claims;
6) a 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) a 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,
- 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 an analysis of the legal and financial situation of the debtors, the possibility to satisfy the Bank's claims with the security 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 point of view of the debtor. If the analysis of the security provided shows a significant decrease in the value of the security or if the Bank expects difficulties selling any fixed assets provided as security, the restructuring procedure is conditional on providing additional security for the loan.

(Figures in PLN'000)

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 Loans	**Residential Loans**	**Consumer Loans**	**Total**
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 in profit and loss	**(1,474)**	**11,369**	**(4,824)**	**5,071**
Used-written off	**(762)**	**-**	**(878)**	**(1,640)**
Closing balance of impairment losses/provisions as at 31 Dec.2008	**39,791**	**21,519**	**23,987**	**85,297**

The table below shows the amount of impairment losses for each category of financial assets for the period from 1 January 2007 to 31 December 2007.

Year 2006	**Loans to Customers**			
	Corporate Loans	**Residential Loans**	**Consumer Loans**	**Total**
Opening balance of impairment losses/provisions as at 1 Jan.2007	**46,902**	**649**	**57,066**	**104,617**
Created	1,757	8,838	11,181	21,776
Released	(4,850)	(47)	(34,474)	(39,371)
Change in net provisions as recognised in profit and loss	**(3,093)**	**8,791**	**(23,293)**	**(17,595)**
Provisions removed from the balance sheet	**(1,782)**	**710**	**(4,084)**	**(5,156)**
Closing balance of impairment losses/provisions as at 31 Dec.2007	**42,027**	**10,150**	**29,689**	**81,866**

<u>Failure to make payments and breach of the terms and conditions of agreements</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 taken out 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 each balance sheet date, the Company measures the receivables arising from the "old group of loans" (*Wschodni Bank Cukrownictwa*) in accordance with the accounting policy described in Note VIII and Note IX.

Figures for these receivables are shown in the tables below:

Measurement of the "old group of loans"	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Gross nominal value of receivables	**92,261**	**122,679**
Interest	1	75
Total gross value	**92,262**	**122,754**
Impairment loss	(92,262)	(112,574)
Measurement	25,054	25,991
Net value of "old group of loans"	**25,054**	**36,171**
Proportion of "old group of loan" to total gross receivables (%)	2,36%	9,76%
Cover of receivables with corresponding impairment losses (%)	72,84%	70,53%

Movements in impairment losses of "old group of loans"	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Opening balance of impairment losses	**112,574**	**121,949**
a) increases	904	6,958
b) decreases	(21,216)	(16,333)
- repayment of receivables in the reporting period	(19,638)	(13,919)
- receivables written off in the reporting period	(1,640)	(2,126)
- other changes	62	(288)
Closing balance of impairment losses of financial assets	**92,262**	**112,574**

The impairment losses of receivables arising from the "old group of loans" and gain (loss) on measurement of the "old group of loans" have been recognised through profit and loss under "Net impairment of loans and leases".

19. Investments in subordinated entities

Entity	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Open Finance S.A.	85,425	85,425
Noble Funds TFI S.A.	4,112	4,112
Introfactor S.A.	500	-
Noble Concierge Sp. z o.o.	469	-
Total	90,506	89,537

Changes in investments in subordinated entities	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Opening balance of value of shares in subordinated entities	**89,537**	**91,299**
Acquisition of shares	969	-
Sale of shares	-	(1,762)
Closing balance of value of shares in subordinated entities	**90,506**	**89,537**

The acquisition of shares in subordinated entities in 2008 included an acquisition of shares in Noble Concierge Sp. z o.o. (PLN 469 thousand) and Introfactor S.A. (PLN 500 thousand).

Changes in investments in subordinated entities in 2008 and 2007 are described in Note V.

20. Tangible fixed assets

Tangible fixed assets	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Land and buildings	6,528	3,144
Plant and machines	3,392	455
Vehicles	3,301	3,030
Other fixed assets, including equipment	1,099	1,046
Fixed assets under construction	33	1,132
Total tangible fixed assets	**14,353**	**8,807**

As at 31 December 2008, the net value of fixed assets used under financial leases was PLN 3,106 thousand (PLN 2,954 thousand as at 31 December 2007). The assets were classified as assets with registered ownership.

Changes in fixed assets for the year ended 31 Dec. 2008	Land & Buildings	Plant & Machines	Vehicles	Other Fixed Assets, incl. Equipment	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Initial value					
Opening balance as at 1 Jan.2008	**6,609**	**4,164**	**3,548**	**1,351**	**15,672**
Increases, incl.	**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, incl.	(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 Dec.2008	**7,168**	**6,638**	**4,679**	**1,865**	**20,350**
Depreciation					
Opening balance as at 1 Jan.2008	**3,465**	**3,709**	**518**	**305**	**7,997**
Increases, incl.	**515**	**584**	**894**	**484**	**2,477**
Depreciation in the reporting period	515	584	894	484	2,477
Decreases, incl.	**(3,340)**	**(1,047)**	**(34)**	**(23)**	**(4,444)**
Liquidation and sale	**(3,340)**	**(1,047)**	**(34)**	**(23)**	**(4,444)**
Closing balance as at 31 Dec.2008	**640**	**3,246**	**1,378**	**766**	**6,030**
Net value					
Opening balance as at 1 Jan.2008	**3,144**	**455**	**3,030**	**1,046**	**7,675**
Closing balance as at 31 Dec.2008	**6,528**	**3,392**	**3,301**	**1,099**	**14,320**

Changes in fixed assets for the year ended 31 Dec. 2007	**Land & Buildings**	**Plant & Machines**	**Vehicles**	**Other Fixed Assets, incl. Equipment**	**Total**
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**
Initial value					
Opening balance as at 1 Jan.2007	**4,340**	**4,300**	**1,057**	**447**	**10,144**
Increases, incl.	**2,343**	**342**	**2,840**	**1,094**	**6,619**
Acquired - purchased	2,343	342	2,840	1,094	6,619
Decreases, incl.	**(74)**	**(478)**	**(349)**	**(190)**	**(1,091)**
Liquidation and sale, donation	(74)	(478)	(349)	(190)	(1,091)
Closing balance as at 31 Dec.2007	**6,609**	**4,164**	**3,548**	**1,351**	**15,672**
Depreciation					
Opening balance as at 1 Jan.2007	**3,296**	**3,774**	**174**	**323**	**7,567**
Increases, incl.	**173**	**400**	**443**	**172**	**1,188**
Depreciation in the reporting period	173	400	417	172	1,162
Decreases, incl.	**(4)**	**(465)**	**(99)**	**(190)**	**(758)**
Liquidation and sale	(4)	(465)	(99)	(190)	(758)
Closing balance as at 31 Dec.2007	**3,465**	**3,709**	**518**	**305**	**7,997**
Net value					
Opening balance as at 1 Jan.2007	**1,044**	**526**	**883**	**124**	**2,577**
Closing balance as at 31 Dec.2007	**3,144**	**455**	**3,030**	**1,046**	**7,675**

In 2008 and 2007, the Company did make deductions for impairment losses of tangible fixed assets. As at 31 December 2008 and 31 December 2007, there were no contractual obligations undertaken in order to acquire tangible fixed assets and no compensation for impairment loss or loss of tangible fixed assets was received.

21. Intangible assets

Intangible assets	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Patents and licences	4,000	2,055
Advance payments on account of intangible assets	-	913
Total intangible assets	**4,000**	**2,968**

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 Dec. 2007	**Patents & Licences**	**Other**	**Advance Payments on Account of Intangible Assets**	**Total**
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**
Initial value				
Opening balance as at 1 Jan.2008	**3,484**	**144**	**913**	**4,541**
Increases, incl.	**2,561**	**-**	**469**	**3,030**
Acquired	1,179	-	469	1,648
Brought forward from investment	1,382	-	-	1,382
Decreases, incl.	**(154)**	**-**	**(1,382)**	**(1,536)**
Liquidation and sale, donation	(154)	-	-	(154)
Sold as a result of merger	-	-	(1,382)	(1,382)
Closing balance as at 31 Dec.2008	**5,891**	**144**	**-**	**6,035**
Amortisation				
Opening balance as at 1 Jan.2008	**1,429**	**144**	**-**	**1,573**
Increases, incl.	**616**	**-**	**-**	**616**
Amortisation in the reporting period	616	-	-	616
Decreases, incl.	**(154)**	**-**	**-**	**(154)**
Liquidation and sale	**(154)**	**-**	**-**	**(154)**
Closing balance as at 31 Dec.2008	**1,891**	**144**	**-**	**2,035**
Net value				
Opening balance as at 1 Jan.2008	**2,055**	**-**	**913**	**2,968**
Closing balance as at 31 Dec.2008	**4,000**	**-**	**-**	**4,000**

Changes in intangible assets for the year ended 31 Dec. 2007	Patents & Licences	Other	Advance Payments on Account of Intangible Assets	Total
	PLN'000	PLN'000	PLN'000	PLN'000
Initial value				
Opening balance as at 1 Jan.2007	**2,030**	**144**	**854**	**3,028**
Increases, incl.	**1,531**	**-**	**517**	**2,048**
Acquired	1,073	-	517	1,590
Decreases, incl.	**(77)**	**-**	**(458)**	**(535)**
Liquidation and sale, donation	(77)	-	-	(77)
Closing balance as at 31 Dec.2007	**3,484**	**144**	**913**	**4,541**
Amortisation				
Opening balance as at 1 Jan.2007	**1,052**	**144**	**-**	**1,196**
Increases, incl.	**453**	**-**	**-**	**453**
Amortisation in the reporting period	453	-	-	453
Decreases, incl.	**(76)**	**-**	**-**	**(76)**
Liquidation and sale	**(76)**	**-**	**-**	**(76)**
Closing balance as at 31 Dec.2007	**1,429**	**144**	**-**	**1,573**
Net value				
Opening balance as at 1 Jan.2007	**978**	**-**	**854**	**1,832**
Closing balance as at 31 Dec.2007	**2,055**	**-**	**913**	**2,968**

In 2008 and 2007, the Company did not recognise impairment losses of intangible assets.

22. Change in fixed assets for sale

As at 31 December 2008 and 31 December 2007, the Bank's fixed assets for sale included residential premises (flats) purchased by the Company in 2007 for resale. These properties were recorded in the Company's books of account at purchase price less cost of purchase.

Changes in fixed assets for sale for the year ended 31 Dec. 2008	Land & Buildings	Total
	PLN'000	PLN'000
Initial value		
Opening balance as at 1 Jan.2008	**61**	**61**
Increases, incl.	**-**	**-**
Acquired – purchased	-	-
Decreases, incl.	**9**	**9**
Liquidation and sale, donation	9	9
Closing balance as at 31 Dec.2008	**52**	**52**
Depreciation		
Opening balance as at 1 Jan.2008	**-**	**-**
Closing balance as at 31 Dec.2008	**-**	**-**
Net value		
Opening balance as at 1 Jan.2008	**61**	**61**
Closing balance as at 31 Dec.2008	**52**	**52**

Changes in fixed assets for sale for the year ended 31 Dec. 2007	Land & Buildings	Total
	PLN'000	PLN'000
Initial value		
Opening balance as at 1 Jan.2007	**11,128**	**11,128**
Increases, incl.	**61**	**61**
Acquired - purchased	61	61
Decreases, incl.	**11,128**	**11,128**
Liquidation and sale, donation	11,128	11,128
Closing balance as at 31 Dec.2007	**61**	**61**
Depreciation		
Opening balance as at 1 Jan.2007	**3,460**	**3,460**
Decreases, incl.	**3,460**	**3,460**
Liquidation and sale, donation	3,460	3,460
Closing balance as at 31 Dec.2007	**-**	**-**
Net value		
Opening balance as at 1 Jan.2007	**7,668**	**7,668**
Closing balance as at 31 Dec.2007	**61**	**61**

23. Other assets

Other assets	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Amounts due from different debtors	7,182	8,441
Accrued expenses	2,991	966
Recourses and guarantee deposits	2,633	2,296
Lease receivables	1,972	2,856
Revenue to be received	1,886	885
Taxes, donations and social insurance (receivables)	-	466
Other	873	765
Total other gross assets	**17,537**	**16,675**
Impairment losses of other assets (-)	(7,955)	(8,753)
Total other net assets	**9,582**	**7,922**

Impairment of other assets	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Opening balance of Impairment assets of other assets	8,753	8,998
Increases recognised through profit and loss	70	94
Decreases recognised through profit and loss	(191)	(91)
Used	(677)	(248)
Closing balance of Impairment assets of other assets	**7,955**	**8,753**

Impairment losses of other assets have been recognised in the profit and loss account under "Other operating expense".

24. Amounts due to banks

Amounts due to other banks and financial institutions	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Other banks' deposits	316,759	93,812
Loans received	183,816	100,562
Total amounts due to other banks	**500,575**	**194,374**

	31 Dec.2008 PLN'000	**31 Dec.2007 PLN'000**
Amounts due to other banks at variable interest rates	308,279	174,834
Amounts due to other banks at fixed interest rates	190,000	17,956
Non-interest earning amounts (interest, cheques)	2,296	1,584

Amounts due to banks and other financial institutions by term to maturity (from balance sheet date to maturity date)	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Term liabilities with term to maturity:	500,575	194,374
From 1 month to 3 months	127,296	-
From 3 months to 1 year	353,279	50,396
From 1 year to 5 years	20,000	143,978
Total	**500,575**	**194,374**

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

25. Amounts due to customers

Amounts due to customers	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Amounts due to business entities	**1,948,236**	**422,208**
Current accounts and overnight deposits	41,515	61,663
Term deposits	1,906,721	360,545
Amounts due to budgetary units	**83,091**	**-**
Current accounts and overnight deposits	23	-
Term deposits	83,068	-
Amounts due to private individuals	**1,452,184**	**534,478**
Current accounts and overnight deposits	215,253	293,703
Term deposits	1,236,267	239,410
Other*	664	1,365
Total amounts due to customers	**3,483,511**	**956,686**

* - Other amounts due to customers include mostly cash in transit.

Amounts due to customers and other financial institutions by term to maturity (from balance sheet date to maturity date)	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Current accounts and overnight deposits	256,791	355,366
Term liabilities with term to maturity:	3,226,056	599,955
Up to 1 month	375,812	57,919
From 1 month to 3 months	490,120	151,196
From 3 months to 1 year	1,563,824	230,477
From 1 year to 5 years	796,300	160,363
Other	664	1,365
Total	**3,483,511**	**956,686**

	31 Dec.2008 PLN'000	**31 Dec.2007 PLN'000**
Amounts due to other customers at fixed interest rates	3,080,920	538,524
Amounts due to other customers at variable interest rates	359,873	410,280
Non-interest earning amounts - interest	42,718	7,882

Amounts to customers include customers' deposits measured at fair value through profit and loss. These include customers' deposits with a fixed rate, denominated in the Polish currency (PLN) and made between 1 April 2008 and 30 June 2008 for a period longer than one year. The value of amounts due to customers measured at fair value through profit and loss was, as at 31 December 2008, PLN 221,054 thousand (PLN 0.00 as at 31 December 2007).

As at 31 December 2008, the difference between the fair value of financial liabilities and their value under the corresponding contracts (undiscounted value of future cash flows) was PLN 38,309 thousand.

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

26. Liabilities arising from issue of debt securities

Liabilities arising from issue of debt securities	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Issue of certificates	406,902	349,453
Interest	7,248	4,458
Total liabilities arising from issue of debt securities	**414,150**	**353,911**

	31 Dec.2008 PLN'000	**31 Dec.2007 PLN'000**
Liabilities arising from issue of debt securities:	406,902	349,453
From 1 year to 5 years	406,902	349,453
Interest	7,248	4,458
Total	**414,150**	**353,911**

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

On 21 July 2007, Noble Bank 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 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 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 certificates of deposit, Noble Bank 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 interest payable on the next date of interest payment.

27. Changes in provisions

Figures for the year ended 31 Dec.2008	**Restructuring Provision**	**Provision for Pensions & Similar Payments**	**Total**
	PLN'000	**PLN'000**	**PLN'000**
As at 1 January 2008	7,085	52	7,137
Provisions used	(12)	-	(12)
Provisions released	(7,073)	-	(7,073)
As at 31 December 2008	**-**	**52**	**52**

Figures for the year ended 31 Dec.2007	**Restructuring Provision**	**Provision for Pensions & Similar Payments**	**Total**
	PLN'000	**PLN'000**	**PLN'000**
As at 1 January 2007	22,757	25	22,782
Provisions created / re-measured	-	27	27
Provisions used	(1,932)	-	(1,932)
Provisions released	(13,740)	-	(13,740)
As at 31 December 2007	**7,085**	**52**	**7,137**

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

28. Other liabilities

Other liabilities	**31 Dec.2008 PLN'000**	**31 Dec.2007 PLN'000**
Liabilities arising from supplies and services	15,718	1,669
Settlement of other employee liabilities	6,797	2,380
Liabilities arising from leases	3,250	2,982
Liabilities arising from taxes, duties and social insurance (excl. CIT)	1,682	271
Settlement of holiday entitlement	82	136
Regulatory liabilities	9	550
Liabilities arising from wages	-	25
Other	203	183
Total other liabilities	**27,741**	**8,196**

29. Equity

Shareholding Structure 31 Dec. 2008	Total Shares	Number of Voting Rights	Percentage of voting rights at 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	5,450,000	5,450,000	2.53%
H.P.Holding 3 B.V.	5,750,000	5,750,000	2.67%
Minority shareholders	25,349,650	25,349,650	11.78%
Total	**215,178,156**	**215,178,156**	**100.00%**

Shareholding Structure 31 Dec. 2007	Total Shares	Number of Voting Rights	Percentage of voting rights at general shareholders meeting
Getin Holding S.A.	155,178,156	155,178,156	72.12%
ASK Investments S.A.	15,000,000	15,000,000	6.97%
A Nagelkerken Holding B.V.	5,750,000	5,750,000	2.67%
International Consultancy Strategy Implementation	5,750,000	5,750,000	2.67%
H.P.Holding 3 B.V.	5,750,000	5,750,000	2.67%
Minority shareholders	27,750,000	27,750,000	12.90%
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 paid fully. Under a resolution by 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.

Other capital	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Supplementary fund	266,095	173,072
From sale of shares over their nominal value	139,657	139,616
Other	126,438	33,456
Revaluation reserve	2,012	-
Measurement of available-for-sale financial assets	2,484	-
Deferred tax	(472)	-
Other reserves as at the end of the reporting period (total)	**268,107**	**173,072**

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. Under 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 2008 the Company repurchased 147,000 shares with a nominal value of PLN 147,000. The total value of the shares purchased was PLN 498 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 an adequate level of capitalisation, the Company calculates capital requirements according to 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:

- The Banking Law of August 29th 1997 (Journal of Laws of 2002, No. 72, item 665, as amended

- Resolution No. 1/2007 of the Commission for Banking Supervision of 13 March 2007, 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 authorization 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. 2/2007 of the Commission for Banking Supervision of 13 March 2007, 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. 3/2007 of the Commission for Banking Supervision of 13 March 2007, 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 have to satisfy, specifying exposures that need the authorisation of the Commission for Banking Supervision for the exemption from 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 2008 Noble Bank calculated its capital requirement and solvency ratio based on Resolution No.1/2007 of the Commission for Banking Supervision.

As at 31 December 2008, the Bank used an option resulting from paragraph 14.1 of the Resolution No. 1/2007 of the Commission for Banking Supervision of 13 March 2007 and applied an approach based on the currently binding regulations (Basel I) in calculating the capital requirement for credit risk, and with respect to operating risk it calculates the capital requirement using the basic indicator approach.

	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Shareholders' equity		
Share capital	215,178	215,178
Supplementary fund	265,948	173,072
Revaluation reserve	1,272	-
Audited profit (loss) for H1 2008	92,972	-
Adjustment of equity by shares in financial institutions	(90,506)	(89,537)
Adjustment of equity by intangible assets	(4,000)	(2,968)
Retained profit (loss) from previous years	955	955
Total shareholders' equity	**481,819**	**296,700**
Risk weighted assets		
Risk exposure of 0 %	753,886	-
Risk exposure of 20 %	908,152	618,056
Risk exposure of 35 %	218,315	-
Risk exposure of 50 %	37,782	28,576
Risk exposure of 75 %	2,864,422	-
Risk exposure of 100 %	713,924	1,174,236
Risk exposure of 150 %	110,867	-
Total risk weighted assets	**3,305,474**	**1,312,135**
Risk weighted off-balance sheet liabilities		
Risk exposure of 20 %	32,918	-
Risk exposure of 35 %	1,116	-
Risk exposure of 50 %	50,050	142,846
Risk exposure of 75 %	92,768	-
Risk exposure of 100 %	16,166	-
Risk exposure of 150 %	1,446	
Total risk weighted off-balance sheet liabilities	**119,910**	**71,423**
Total risk weighted off-balance sheet assets and liabilities	**3,425,384**	**1,383,558**
Capital requirement in respect of:		
Credit risk	274,031	110,685
Operational risk	12,987	-
Solvency ratios	**13.43%**	**21.44%**

Concentration risk and the capital requirement for its coverage are calculated on the basis of provisions of the above resolutions. As at 31 December 2008 and 31 December 2007 the Company's portfolio did not contain receivables that could be qualified as exceeding concentration limits, therefore the Company estimates the concentration risk to be negligible.

31. Cash and cash equivalents

	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Cash and balances with central bank	83,762	25,965
Current amounts due from banks	7,614	1,944
Cash and cash equivalents presented in the cash flow statement	**91,376**	**27,909**

	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Cash and cash equivalents with limited availability	-	-

The limited availability of cash and cash equivalents is described in Note XIII.

34. Financial lease

According to 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 has the right to purchase the leased property, provided that it has fulfilled all its obligations to the lessor. If the Company decides not to exercise the option to purchase the leased property, 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. The property leased under the Company's lease contracts as at the balance sheet date is cars.

Financial lease liabilities as at 31 December 2008 (PLN'000)	Minimum Payments	Present Value of Payments
Up to 1 year	1,124	927
Between 1 to 5 years	2,815	2,323
Total	**3,939**	**3,250**
Unrealised financial costs (-)	(689)	
Net lease investment	**3,250**	**-**

Financial lease liabilities as at 31 December 2007 (PLN'000)	Minimum Payments	Present Value of Payments
Up to 1 year	880	622
Between 1 to 5 years	2,759	2,360
Total	**3,639**	**2,982**
Unrealised financial costs (-)	(657)	
Net lease investment	**2,982**	

34. Operating lease

The Company's operating lease involves the rental of premises for Open Finance and Noble Bank branches and for offices. According to the lease agreements, the leased property remains in the Company' use throughout the agreement term. In exchange for the acquired rights to use the leased property, the Company must make lease payments in the amounts and on by the deadlines as set out in the lease agreements.

As at 31 December 2008 and 31 December 2007, the future minimum payments in respect of irrevocable operating lease agreements were as follows:

Liabilities resulting from operating lease agreements with repayment period left until the balance sheet date	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Up to 1 year	7,099	6,086
Between 1 to 5 years	27,769	18,495
Over 5 years	7,371	4,225
Total	**42,239**	**28,806**

In 2007 and 2008, the Company did not have any conditional lease payments. It was not a party to irrevocable sub-lease agreements.

	1 Jan. 2008 - 31 Dec.2008 PLN'000	1 Jan. 2007 - 31 Dec.2007 PLN'000
Lease and sub-lease payments under operating lease recognised in the profit and loss account		
Minimum lease payments	10,785	4,941
Total	**10,785**	**4,941**

The value of minimum lease and sub-lease payments recognised in the profit and loss account includes, in addition to lease payments, other costs (e.g. cost of utilities).

36. Contingent liabilities granted

Financial contingent liabilities relate to loans granted under agreements with customers that as at the balance sheet date have not been used yet and unused credit limits granted in credit card accounts.

The Company's range of loans includes, among others, 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.2008 PLN'000	31 Dec.2007 PLN'000
1.Contigent liabilities granted	**230,156**	**143,232**
a) related to financing	227,511	142,846
b) guarantees granted	2,645	386
2.Other off-balance sheet items	**4,412,732**	**1,007,312**
Total contingent liabilities and off-balance sheet items	**4,642,888**	**1,150,544**

Financial liabilities granted	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
Total financial liabilities granted:	227,511	142,846
- to non-financial entities	227,511	142,846
Total liabilities granted	**227,511**	**142,846**

Guarantee liabilities granted	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000
1) Liabilities granted to non-financial entities	692	386
- guarantees	-	386
- sureties	692	-
2) Liabilities granted to the Treasury	1,953	-
- sureties	1,953	-
Total liabilities granted	**2,645**	**386**

As at 31 December 2008, liabilities in respect of unused credit limits in credit card accounts, as presented under off-balance sheet liabilities, were PLN 23,128 thousand. Since using credit card limit is voluntary, the Company is unable to determined approximate dates and amounts of payments of such credit out of the Bank after the balance sheet date.

The above contingent liabilities are exposed to the off-balance sheet credit risk because only fees and commissions for granting the financing and provisions for possible losses are recognised in the balance sheet until a liability is discharged or it expires. Detailed information on the credit risk concentration, including the risk from the contingent liabilities granted, is presented in Note XVII.

XI. DIVIDENDS

Both in 2008 and 2007, the Company did not pay dividends. The Company's Management Board will move that part of the profit for the year ended 31 December 2008 be used to pay dividend.

In 2008, Noble Bank recognised income from Open Finance S.A. in dividend payments of PLN 30,000 thousand and from Noble Funds TFI S.A. of PLN 2,800 thousand. Noble Funds TFI S.A. also made dividend payments of PLN 1,200 thousand to minority shareholders.

XII. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET AT FAIR VALUE

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 has financial instruments that, according to the adopted IFRS standards, are not measured at fair value: amounts due from banks, loans and advances to customers and, respectively, amounts due to banks and customers. The Group has estimated the fair values for the above financial instruments

A 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 loans which have been 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, 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 determining the fair value:

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

To calculate the rate of 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 a given loan agreement with the book value of the agreement, it is possible to determine the difference between the fair value and the balance-sheet 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 Group 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 is 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 balance sheet date.

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 supply of goods and services.

Since the next period for re-measurement of the majority of financial assets and liabilities measured at amortised 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 December 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
Loans to customers	3,874,509	3,668,515
Liabilities		
Amounts due to banks and financial institutions	500,575	500,575
Amounts due to customers	3,483,511	3,470,828
Issue of debt securities	414,150	414,150

As at 31 December 2007

	Carrying amount PLN '000	Fair value PLN '000
Assets		
Cash and amounts due from central bank	25,965	25,965
Amounts due from banks	618,056	618,056
Loans to customers	1,185,650	1,185,650
Liabilities		
Amounts due to banks and financial institutions	194,374	194,374
Amounts due to customers	956,686	956,686
Issue of debt securities	353,911	353,911

As at 31 December 2008

	Market price PLN '000	Valuation techniques - Market observation data PLN '000	Total PLN '000
Financial assets:			
Financial derivatives	-	60,843	60,843
Loans to customers	-	3,668,515	3,668,515
Available-for-sale financial instruments	476,439	-	476,439
Total financial assets	**476,439**	**3,729,358**	**4,205,797**
Financial liabilities:			
Amounts due to customers	-	3,470,828	3,470,828
Financial derivatives	-	472,383	472,383
Total financial liabilities	**-**	**3,943,211**	**3,943,211**

As at 31 December 2007

	Market price PLN '000	Valuation techniques - Market observation data PLN '000	Total PLN '000
Financial assets:			
Financial derivatives	-	18,003	18,003
Available-for-sale financial instruments	52,445	-	52,445
Total financial assets	**52,445**	**18,003**	**70,448**
Financial liabilities:			
Financial derivatives	-	1,197	1,197
Total financial liabilities	**-**	**1,197**	**1,197**

(Figures in PLN'000)

XIII. ADDITIONAL NOTES TO THE CASH FLOW STATEMENT

For the purposes of the cash flow statement, the following classification of activity types has been adopted:

1. Operating activities - include the basic scope of activity related to the provision of services by companies of the Company; it involves activities other than investing or financing activities, which aim to generate profit. The 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. Investing activities include operations which consist in the buying and selling of fixed assets, especially financial assets not classified as held for trading, shares in subsidiaries and the tangible fixed assets and intangible assets.

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

Statement of differences between balance sheet changes in assets and liabilities and changes recognised in the 2008 cash flow statement:

	Balance sheet	Cash Flow Statement	Difference
Change in amounts due from banks	(327,605)	(321,935)	(5,670) 1)
Change in financial derivatives (asset)	(42,840)	(42,840)	-
Change in loans to customers	(2,688,859)	(2,688,859)	-
Change in available-for-sale financial instruments	(423,994)	-	(423,994) 2)
Change in other assets and liabilities	17,885	17,885	-
Change in amounts due to other banks and financial institutions	306,201	306,201	-
Change in financial derivatives (liability)	471,186	471,186	-
Change in amounts due to customers	2,526,825	2,526,825	-
Change in debt securities in issue	60,239	2,739	57,500 3)
Change in provisions and deferred income tax provisions	15,274	14,802	472 4)

1) change in cash
2) purchase of securities presented in investing activities
3) proceeds from the issue of certificates of deposits presented in the financing activities, provision for deferred income tax related to available-for-sale financial instruments
4) recognised in equity

(Figures in PLN'000)

XIV. INFORMATION ON ASSETS PLEDGED AS SECURITY

The table below shows the carrying amount of assets held in connection with the existing liabilities 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	Certificates of deposit	406,902	37,508
Treasury bills	Bank Guarantee Fund	4,534	7,141
Amounts due from banks	Financial derivatives	472,075	264,429
Total		**883,511**	**309,078**

The table below shows the carrying amount of assets pledged as collateral as at 31 December 2007.

Type of assets pledged	Type of liability	Value of secured liabilities	Carrying amount of assets pledged
Amounts due from banks	Certificates of deposit	348,750	21,370
Treasury bills	Bank Guarantee Fund	570	1,898
Total		**349,320**	**23,268**

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

In accordance with Article 25 and Article 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., which is 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 %) and Noble Concierge Sp. z o.o. (100 %). The Bank's related entities also include: Carcade OOO, TU Europa S.A., TU na Życie Europa S.A., Getin Bank S.A., JML S.A., Powszechny Dom Kredytowy S.A., Panorama Finansów S.A., Dom Maklerski Polonia Net S.A., Fiolet – Powszechny Dom Kredytowy S.A., Leszek Czarnecki as the main shareholder in Getin Holding S.A., the members of the Company's Management Board and Supervisory Board and persons related to them.

All transactions between the Bank's related entities in 2008 and 2007 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.

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

2008	Loan Receivables PLN'000	Other Receivables PLN'000	Loan Liabilities PLN'000	Deposit Liabilities PLN'000	Other Liabilities PLN'000	Interest Income PLN'000	Interest Expense PLN'000	Fee & Commission Income PLN'000	Fee & Commission Expense PLN'000	Dividend Received PLN'000	Sale* PLN'000	Purchase** PLN'000
Transactions with related parties												
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	
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. Wrocław	-	365	-	121,934	462	-	7,994	6,953	15	-	-	137
TU Europa na Życie S.A. Wrocław	-	188	-	1,259,958	1,397	-	39,715	13,474	670	-	153	3,199
Jarosław Augystyniak – Management Board Chariman	20	-	-	3,144	-	-	501	-	-	-	-	-
Maurycy Kuhn – Management Board Member	4,041	-	-	2,465	-	108	77	-	-	-	-	-
Krzysztof Spyra – Management Board Member	43	-	-	1,701	-	1	112	-	-	-	-	-
Fiolet – Powszechny Dom Kredytowy S.A.	-	-	-	-	-	-	-	-	106	-	-	-
Powszechny Dom Kredytowy S.A.	-	-	-	-	-	-	-	-	520	-	-	-
Home Broker S.A. (formely JML S.A.)	-	-	-	1	-	-	-	8	56	-	-	-
Tax Care S.A. (formerly ACC S.A.)	-	2	-	-	-	-	-	-	-	-	-	-

2007	Loan Receivables PLN'000	Other Receivables PLN'000	Loan Liabilities PLN'000	Deposit Liabilities PLN'000	Other Liabilities PLN'000	Interest Income PLN'000	Interest Expense PLN'000	Fee & Commission Income PLN'000	Fee & Commission Expense PLN'000	Dividend Received PLN'000	Sale* PLN'000	Purchase** PLN'000
Transactions with related parties												
Open Finance S.A.	-	359	-	10,128	-	187	128	3,076	15,477	-	642	104
Noble Funds TFI S.A.	-	779	-	8,537	-	-	252	4,454	-	-	2	-
Open Dystrybucja Sp. z o.o.	-	4	-	-	-	-	-	-	-	-	4	-
Carcade OOO	25,939	-	-	-	-	1,387	-	-	-	-	-	-
Getin Bank S.A.	-	5	-	-	44	1	-	-	-	-	362	415
TU Europa S.A. Wrocław	-	49	-	50,088	18	-	3,280	236	-	-	-	329
TU Europa na Życie S.A. Wrocław	-	2,305	-	141,127	-	-	2,022	8,044	-	-	-	-
Jarosław Augystyniak – Management Board Chariman	-	-	-	-	47	-	49	-	-	-	6	-
Maurycy Kuhn – Management Board Member	-	-	-	-	113	22	62	-	-	-	-	-
Krzysztof Spyra – Management Board Member	-	-	-	-	26	-	58	-	-	-	-	-
JML S.A.	-	-	-	-	-	-	-	-	-	-	4	-
Powszechny Dom Kredytowy S.A.	-	-	-	-	-	-	-	-	313	-	-	-

* Sales include revenues from sales of products, materials, goods, services and other revenues from sales, e.g. of fixed assets
** Purchases include purchases of materials, products, goods, services, tangible fixed assets, intangible assets and other purchases

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

As at 31 December 2008
Carcade OOO

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

As at 31 December 2007
Carcade OOO

- amount of outstanding loans - USD 10,650 thousand
- amount of outstanding interest - USD 2 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
From 1 Jan. 2008 to 31 Dec. 2008 PLN 10,018* thousand
From 1 Jan. 2007 to 31 Dec. 2007 PLN 1,666 thousand

* Remuneration for 2008 for members of the Company's Management Board.
Jarosław Augustyniak PLN 3,465 thousand
Maurycy Kuhn PLN 3,139 thousand
Krzysztof Spyra PLN 3,165 thousand
Henyk Pietraszkiewicz PLN 249 thousand

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

Short-term remuneration and benefits

From 1 Jan. 2008 to 31 Dec. 2008 PLN 0 thousand

From 1 Jan. 2007 to 31 Dec. 2007 PLN 0 thousand

(4) Bank's shares owned by its Supervisory Board and Management Board members (in office as at 31 December 2008

Name	Function	As at 31 Dec. 2007	Shares acquired in the reporting period	Shares sold in the reporting period	As at 31 Dec. 2008
Remigiusz Baliński	Member of the Supervisory Board	22,333	-	-	22,333
Maurycy Kuhn	Member of the Management Board	10,758,000	-	453,553	10,304,447
Krzysztof Spyra	Member of the Management Board	10,750,000	-	360,053	10,389,947
Jarosław Augustyniak	Chairman of the Supervisory Board	10,758,000	-	60,053	10,697,947

XVI. CAPITAL MANAGEMENT

The main aim of managing the Company's capital 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 2008 and 2007, no modifications of 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 capital reserves from unrealised net profits

A measure of capital adequacy is the solvency ratio. It represents the relationship between equity (less obligatory decreases) and the sum of assets and risk-weighted off-balance items. 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 obligated to maintain equity adequate for the level of risk and according to regulations.

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

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

XVII. RISK MANAGEMENT

Adopted methods and objectives of financial risk management:

The Bank's governing bodies, i.e. the Management Board and the Supervisory Board, play the most important role in the risk management process.

The objective of asset and liability management policy is to optimise the structure of balance sheet and off-balance sheet items to retain the planned proportion of income to the risk incurred. The Bank's Management Board is responsible for managing risk at the strategic level. It has established two committees: the Credit Committee and the Asset and Liability Management Committee (ALCO). Those 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 supervisory regulations.

The existing market risk management regulations incorporate requirements of the Supervisory Recommendations of the General Inspectorate of Banking Supervision. In its business the Bank is exposed to 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 Commission for Banking Supervision governs the method of calculating the solvency ratio and includes, apart from the credit risk capital requirements, capital requirements for other risks (currency risk, interest rate risk, among others) in the capital adequacy calculation.

(Figures in PLN'000)

1. Credit risk

Credit risk management at 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 2008 the Bank was carrying out intensive debt collection activities. The focus was on intensifying debt collection processes as regards the "old" 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 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 internal instructions in place 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 granted loans, using for that purpose its own services and an external company. The final loan decisions are made in accordance with the Bank's classification of powers depending on the loan amount and product type, as approved by way of a resolution of the Bank's Management 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 carrying out business activities,
3. instructions for the monitoring of receivables secured with mortgage

a) by individual entities

Concentration (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

(Figures in PLN'000)

Concentration (10 largest customers)	31 Dec. 2007 % of portfolio
Customer 1	2.19
Customer 2	1.33
Customer 3	1.31
Customer 4	1.24
Customer 5	1.20
Customer 6	0.93
Customer 7	0.90
Customer 8	0.88
Customer 9	0.81
Customer 10	0.81
Other customers	88.40
Total	100.00

b) by industry

Industry sector according to the Polish Classification of Business Activities (PKD)	31 Dec. 2008 (%)	31 Dec. 2007 (%)
A - Agriculture and hunting	0.1	0.5
D – Manufacturing	0.4	0.9
DA – Manufacturing of foods	0.1	0.0
DB – Manufacturing of fabrics and textile products	0.1	0.0
DG – Manufacturing of chemicals and chemical products	0.1	0.0
DJ – Manufacturing of metals and processed goods	0.1	0.0
DN – Manufacturing not classified elsewhere	0.0	0.9
F – Construction	2.4	2.2
G - Wholesale and retail	1.3	1.2
I- Transport, warehousing and communications	0.1	0.0
J - Financial intermediation	2.2	3.2
K - Real estate management	6.5	4.7
L – Public administration	0.1	0.0
Other sections	1.2	1.0
Individuals	85.7	86.3
Total	**100.0**	**100.0**

(Figures in PLN'000)

c) by geographical market segment

By Poland's administrative division (provinces)	Dec 31st 2008 (%)	Dec 31st 2007 (%)
Dolnośląskie	6.7	6.9
Kujawsko-Pomorskie	1.4	1.5
Lubelskie	1.8	2.1
Lubuskie	0.5	1.1
Łódzkie	2.2	1.6
Małopolskie	6.2	4.2
Mazowieckie	51.9	49.4
Opolskie	0.4	0.5
Podkarpackie	1.1	2.2
Podlaskie	1.3	1.1
Pomorskie	5.1	4.1
Śląskie	4.7	5.3
Świętokrzyskie	0.7	0.8
Warmińsko-Mazurskie	1.1	1.3
Wielkopolskie	5.1	4.5
Zachodniopomorskie	1.1	1.2
Offices abroad	8.7	12.3
Total	100.0	**100.0**

d) Structure of loan portfolio

Structure of loan portfolio	31 Dec.2008 %	31 Dec. 2007 %
Loans for individuals	**85.7**	**86.3**
- hire purchase	0.3	1.1
- housing, construction and mortgage loans	69.6	73.8
- other	15.8	11.4
Corporate loans	14.3	13.7
Total	100.0	100.0

Exposure concentration limits: Banking Law, Article 71.1	31 Dec.2008 PLN'000	31 Dec.2007 PLN'000	
Bank's receivables, off-balance commitments granted and shares, exposed to a single a related entity or entities where none of those parties are connected* to the bank may not exceed the exposure concentration limit which amounts to 25% of the bank's own funds	120,455	74,175	Limit 1
Largest exposure to one customer			
% of own funds	8%	9%	
% of loan portfolio	1%	2%	
Exposure to 10 largest customers			
% of own funds	55%	46%	
% of loan portfolio	6%	12%	
Largest exposure to one group of companies			
% of own funds	8%	0%	
% of loan portfolio	1%	0%	
Exposure to 5 largest groups of companies			
% of own funds	31%	0%	
% of loan portfolio	4%	0%	
Bank's receivables, off-balance commitments granted and shares, exposed to a single a related entity or entities which are connected* to the bank may not exceed the exposure concentration limit which amounts to 20% of the bank's own funds	96,364	59,340	Limit 2
Exposure to entities related to the bank			
% of own funds	8%	9%	
% of loan portfolio	1%	2%	
The aggregate amount of the bank's exposures equal or in excess of 10% of its own funds (large exposure) to a single entity or entities linked by capital or organisation structure shall not exceed 800% of the bank's own funds	48,182	29,670	Limit 3
Individual exposures			
% of own funds	0%	0%	
% of loan portfolio	0%	0%	

The process of managing and monitoring concentration risk at Noble Bank complies with Resolution 1/2007 of the Commission for Banking Supervision. The Bank monitors concentration risk and, if such risk is identified, calculates capital requirement in accordance with Annex 2 to the above resolution. As at 31 December 2008, no evidence of concentration risk was identified and therefore 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.

Noble Bank follows the instructions contained in a document called *Rekomandacja S* or Recommendation S. It is a directive issued by the Commission for Banking Supervision that contains a set of best practices to be followed by banks with regard to mortgage-secured loans. In the case of borrowers applying for loans denominated in Swiss frank, the directive provides sufficient protection against the risk of increases in the amount of loan payments. Detailed analysis of the repayment rate for mortgage loans in foreign currencies indicate that the increases in monthly loan payments we have seen since August 2008 due to depreciation of the Polish zloty have not significantly reduced the repayment rates. However, due to a relatively short period of monitoring the repayment rates in the new economic conditions in the 4th quarter of 2008, there is uncertainty about credit loss ratios and allowances for credit risk in the future if the Polish currency continues to weaken and the economic situation in Poland continues to deteriorate.

The Bank 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, with regard to both financial and mortgage loans. 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. The Bank assesses, on a quarterly basis, the extreme conditions with regard to the effect of a debtor's exchange rate risk on the credit risk the Bank is exposed to.

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.

<u>Interest rate risk</u>

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 Money Management Office. 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 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 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 change (due to a one percentage point change of interest rates) in the Bank's equity.

In addition, the Bank also analyses the following risks:

- customer options risk
- basis risk, and
- yield curve risk

<u>Customer options risk</u>

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 cancel 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

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

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 2008 by the interest rate criterion (PLN '000).

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	From 1 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 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 from securities in issue	350,000	57,500	-	-	-	6,650	414,150
Other	-	-	-	-	-	530,160	530,160
-							
Equity	-	-	-	-	-	648,707	**648,707**
-							
Total equity and liabilities	**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 table below shows the Company's assets, liabilities and off-balance sheet liabilities classified as at 31 December 2007 by the interest rate criterion (PLN '000)

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	From 1 to 5 years inclusive	Over 5 years	Non-interest bearing assets/liabilities	Total
Assets:	**271,139**	**1,508,533**	**1,898**	**23,620**	**-**	**206,515**	**2,011,705**
Cash and amounts due from Central Bank	1,739	-	-	-	-	24,226	25,965
Amounts due from banks	218,056	400,000	-	-	-	-	618,056
Loans to customers	1,365	1,108,533	-	23,620	-	52,132	1,185,650
Securities	49,979	-	1,898	-	-	568	52,445
Other	-	-	-	-	-	129,589	129,589
Liabilities:	**513,933**	**676,845**	**180,477**	**128,440**	**-**	**29,431**	**1,529,126**
Amounts due to central bank							-
Amounts due to other banks and financial institutions	86	176,211	-	18,077	-	-	194,374
Amounts due to customers	513,847	150,634	180,477	110,363	-	1,365	956,686
Liabilities from securities in issue	-	350,000	-	-	-	3,911	353,911
Other	-	-	-	-	-	24,155	24,155
-							
Equity	-	-	-	-	-	482,579	**482,579**
Total equity and liabilities	**513,933**	**676,845**	**180,477**	**128,440**	**-**	**512,010**	**2,011,705**
Gap	**(242,794)**	**831,688**	**(178,579)**	**(104,820)**	**-**	**(305,495)**	**-**
Off-balance sheet items							
Interest rate transactions:							
Assets	-	-	-	167,000	-	-	**167,000**
Liabilities	-	167,000	-	-	-	-	**167,000**
Gap	**-**	**(167,000)**	**-**	**167,000**	**-**	**-**	**-**
Total gap	**(242,794)**	**664,688**	**(178,579)**	**62,180**	**-**	**(305,495)**	**-**

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

- raising interest rates, even by a few points, may cause interest in investment funds to drop and weaken interest in mortgage loans;
- successful market entry of large financial advisory firms such as AWD or MLP, which may lead to growing costs of customer acquisition and rising pressure on advisers' salaries;
- rises in interest rates or share prices on 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, which 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 balance sheet items 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 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 change (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 2008 (effect on net profit and equity):

Changes in margins	31 Dec.2007 PLN'000	31 Dec.2007 PLN'000
Fall in interest rates by 1 percentage point	(4,376)	(555)
Rise in interest rates by 1 percentage point	4,376	555

Currency risk

The Bank, as part of its operating activities, aims to minimise currency risk through maintaining the total currency position at a level lower than the limit adopted in an official instruction—"Currency risk management at Noble Bank S.A."

(Figures in PLN'000)

The total amount of currency position may not exceed 2% of the Bank's equity. The adopted limit 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.

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 Money Management Office, taking into account 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 2008 and 31 December 2007, the Bank's currency position was as follows:

	31 Dec. 2008	**31 Dec. 2007**
CHF	(1,817)	**870**
EUR	459	**(123)**
USD	20	**239**
GBP	(16)	(245)
JPY	(3)	709
Global position	**(1,357)**	**1,450**
Total position	**(1,836)**	**1,818**

As at 31 December 2008

	Currency (PLN '000)						Total
	PLN	EUR	CHF	USD	GBP	Other	
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
Debt securities in issue	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
EQUITY	**648,707**	**-**	**-**	**-**	**-**	**-**	**648,707**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**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)**	

As at 31 December 2007

	Currency (PLN '000)						Total
	PLN	EUR	CHF	USD	GBP	Other	
ASSETS							
Cash and amounts due from Central Bank	25,965	-	-	-	-	-	25,965
Amounts due from banks	600,550	8,310	-	2,672	6,418	106	618,056
Loans to customers	236,971	7,302	910,048	26,380	-	4,949	1,185,650
Securities	52,445	-	-	-	-	-	52,445
Investments in subordinated entities	89,537	-	-	-	-	-	89,537
Other	40,052	-	-	-	-	-	40,052
TOTAL ASSETS	**1,045,520**	**15,612**	**910,048**	**29,052**	**6,418**	**5,055**	**2,011,705**
LIABILITIES							
Amounts due to other banks and financial institutions	115,197	-	78,946	231	-	-	191,374
Amounts due to customers	903,253	22,541	2,416	21,813	6,663	-	956,686
Debt securities in issue	353,911	-	-	-	-	-	353,911
Provisions	7,137	-	-	-	-	-	7,137
Other	17,018	-	-	-	-	-	17,018
TOTAL LIABILITIES	**1,396,516**	**22,541**	**81,362**	**22,044**	**6,663**	**-**	**1,529,126**
EQUITY	**482,579**	**-**	**-**	**-**	**-**	**-**	**482,579**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,879,095**	**22,541**	**81,362**	**22,044**	**6,663**	**-**	**2,011,705**
NET EXPOSURE	**(833,575)**	**(6,929)**	**828,686**	**7,008**	**(245)**	**5,055**	**-**
OFF-BALANCE SHEET ITEMS							
Assets	**849,979**	**6,806**	**-**	**-**	**-**	**-**	
Liabilities	**231**	**-**	**827,816**	**6,769**	**-**	**4,346**	
GAP	**16,173**	**(123)**	**870**	**239**	**(245)**	**709**	

Sensitivity analysis

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 Noble Bank's total open currency position as at 31 December 2008. 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 results.

Exchange rate changes	**31 Dec.2008 PLN'000**		**31 Dec.2007 PLN'000**	
	Increase	**Decrease**	**Increase**	**Decrease**
Change by 10%	(141)	141	182	(182)
Change by 15%	(211)	211	273	(273)
Change by 20%	(281)	281	364	(364)

	31 Dec.2008 PLN'000	**31 Dec.2007 PLN'000**
Currency position	(1,836)	1,818

3. Liquidity 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 lies in shaping the structure of balance sheet and off-balance sheet items 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 allows 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 in regard to individual balance sheet items 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 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 Money Management Office,
4) weekly information about the Bank's selected items of assets and liabilities,
5) the Bank's 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, Noble Bank S.A. keeps the following liquid assets in its portfolio: cash in the account in the Payment Systems Department at the National Bank of Poland, interbank deposits (overnight, tomnext), liquid securities.

Throughout 2008 and 2007 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) the ratio of short-term liquidity - for the period from on demand to 3 months,
2) the ratio of mid-term liquidity - for the period from on demand to 3 years,
3) the ratio of mid-term liquidity - for the period from on demand to over 3 years

The above ratios are calculated for the PLN and the currency part of the balance sheet and in total, after taking into account adjustments of the value of balance sheet assets and off-balance sheet assets and the value of balance sheet liabilities and off-balance sheet liabilities.

Forecasting 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.

Apart from the balance sheet items, these statements also cover selected off-balance sheet items that might possibly cause an inflow or outflow of funds (sureties and guarantees, and undrawn credit limits).

Noble Bank measures and manages liquidity risk based on internal procedures in place and Resolution 9/2007 of the Commission for Banking Supervision on the determination of liquidity standards applicable. In calculating supervisory liquidity measures, banks are required to maintain, on each business day, four liquidity measures at levels four times higher than the limits specified by the Commission for Banking Supervision. As at 31 December 2008, Noble Bank complied with all the requirements regarding such measures as specified in Resolution 9/2007 of the Commission for Banking Supervision and did not exceed its internal limits on liquidity risk. 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 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 took 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 2008 and until the date of preparation of these financial statements, Noble Bank 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 2008 by term to maturity (PLN '000):

Balance sheet items	**Up to 1 month inclusive**	**From 1 to 3 months inclusive**	**From 3 months to 1 year inclusive**	**Total below 12 months**	**From 1 to 5 years inclusive**	**Over 5 years**	**Total over 12 months**	**Undefined maturity**	**Total**
Assets:									
Cash and balances with Central Bank	83,762		-	83,762	-	-	-	-	83,762
Amounts due from banks	833,449	112,212	-	945,661	-	-	-	-	945,661
Financial derivatives	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
Non-current assets classified as held 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**	**5,575,103**
Liabilities:									
Amounts due to other banks and financial institutions	-	127,296	353,279	480,575	20,000	-	20,000	-	500,575
Financial derivatives	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
Debt securities in issue	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**
Equity	-	-	-	-	-	-	-	648,707	648,707
Total shareholders' equity and liabilities	**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 presents the Company's assets and liabilities as at 31 December 2007 by term to maturity (PLN '000):

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	Total below 12 months	From 1 to 5 years inclusive	Over 5 years	Total over 12 months	Undefined maturity	Total
Assets:									
Cash and balances with Central Bank	25,965	-	-	25,965	-	-	-	-	25,965
Amounts due from banks	218,056	400,000	-	618,056	-	-	-	-	618,056
Financial derivatives	-	18,003	-	18,003	-	-	-	-	18,003
Loans to customers	110,884	3,401	2,290	140,195	160,320	908,755	1,045,455	-	1,185,650
Financial instruments	49,979	-	1,898	51,877	-	-	-	568	52,445
Available for sale	49,979	-	1,898	51,877	-	-	-	568	52,445
Investments in affiliated entities	-	-	-	-	-	-	-	89,537	89,537
Intangible assets	-	-	-	-	-	-	-	2,968	2,968
Tangible fixed assets	-	-	-	-	-	-	-	8,807	8,807
Non-current assets classified as held for sale	-	-	-	-	-	-	-	61	61
Current income tax assets	-	-	-	-	-	-	-	2,291	2,291
Other assets	-	-	-	-	-	-	-	7,922	7,922
Total assets	**404,884**	**421,404**	**4,188**	**854,096**	**160,320**	**908,755**	**1,045,455**	**112,154**	**2,011,705**
Liabilities:									
Amounts due to other banks and financial institutions	-	-	50,396	50,396	143,978	-	143,978	-	194,374
Financial derivatives	-	1,197	-	1,197	-	-	-	-	1,197
Amounts due to customers	414,650	151,196	230,477	796,323	160,363	-	-	-	956,686
Debt securities in issue	4,458	-	-	4,458	349,453	-	349,453	-	353,911
Other liabilities	5,265	104	467	5,836	2,360	-	2,360	-	8,196
Provision for deferred income tax	-	-	-	-	-	-	-	7,625	7,625
Provisions	-	-	340	340	534	168	702	6,095	7,137
Total liabilities:	**424,373**	**152,497**	**281,680**	**858,550**	**656,688**	**168**	**496,493**	**13,720**	**1,529,126**
Equity	-	-	-	-	-	-	-	482,579	482,579
Total shareholders' equity and liabilities	**424,373**	**152,497**	**281,680**	858,550	**656,688**	**168**	**496,493**	**496,299**	**2,011,705**
Liquidity gap	**(19,489)**	**268,907**	**(277,492)**	**(4,454)**	**(496,368)**	**908,587**	**548,962**	**(384,145)**	**-**

The table below shows an analysis of 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 below 12 months	From 1 to 5 years inclusive	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
Financial derivatives*	81,795	128,958	175,796	386,549	37,425	-	423,974
Amounts due to customers	593,483	504,173	1,768,446	2,776,102	986,929	-	3,763,031
Debt securities in issue	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**

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

Financial derivatives	On demand	From 1 to 3 months	From 3 months to 1 year	Total below 12 months	From 1 to 5 years inclusive	Over 5 years	Total
Financial derivatives – inflows	59,005	949,741	1,501,720	2,510,466	244,874	-	2,755,340
Financial derivatives - outflows	(140,800)	(1,078,699)	(1,677,516	(2,897,015)	(282,299)	-	(3,179,314)
Total undiscounted financial liabilities if respect of financial derivatives	**(81,795)**	**(128,958)**	**(175,796)**	**(386,549)**	**(37,425)**	-	**(423,974)**

The table below shows an analysis of financial liabilities by contractual residual maturity as at 31 December 2007 (PLN '000):

Balance sheet items	On demand	From 1 to 3 months	From 3 months to 1 year	Total below 12 months	From 1 to 5 years inclusive	Over 5 years	Total
Financial liabilities:							
Amounts due to other banks and financial institutions	-	1,089	53,689	54,778	146,367	-	201,145
Financial derivatives	-	1,197	-	1,197	-	-	1,197
Amounts due to customers	515,342	152,762	188,002	856,106	142,677	-	998,783
Debt securities in issue	5,388	10,592	26,464	42,444	375,962	-	418,406
Total undiscounted financial liabilities	**520,730**	**165,640**	**268,155**	**954,525**	**665,006**	**-**	**1,619,531**

4. Credit and market risk

As at 31 December 2008

Type of instrument	Carrying amount PLN '000	Risk weighted amount PLN '000
Balances with 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**

Off-balance sheet instruments

Type of instrument	Replacement cost PLN'000	Balance sheet equivalent PLN'000	Risk-weighted value PLN'000
Derivatives			
Interest rate instruments:	3,262	39,726	19,863
CRS	997	997	498
IRS	2,265	38,729	19,365
Currency instruments	19,262	43,242	11,746
Forward	140	140	28
Swap	19,122	43,102	11,718
Total derivatives	**22,524**	**82,968**	**31,609**
Incl. bank portfolio	22,524	82,968	31,609
trading portfolio			

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	227,511	110,173	87,279
Guarantees granted	2,645	1,323	1,022
Total bank portfolio	**230,156**	**111,496**	**88,301**
Issue guarantees	-	-	-
Total trading portfolio	**-**	**-**	**-**

Type of instrument	Balance sheet value & off-balance sheet value PLN'000	Risk-weighted value PLN'000	Capital requirement PLN'000
Total bank portfolio (credit risk)	**5,995,786**	**3,425,384**	**274,031**

Capital requirements for trading portfolio (Market risk)	Total net positions (short positions)	Total net positions (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**

As at 31 December 2007

Type of instrument	Carrying amount PLN '000	Risk weighted amount PLN '000
Balances with central bank	25,965	-
Financial derivatives	18,003	-
Receivables	1,803,706	1,300,138
Debt securities	52,445	568
Other securities, shares	92,505	-
Fixed assets	8,807	8,815
Other	10,274	2,614
Total banking portfolio	**2,011,705**	**1,312,135**

Type of instrument	Off-balance sheet value PLN'000	Credit equivalent value PLN'000	Risk-weighted value PLN'000
Credit lines	142,846	71,230	71,230
Guarantees granted	386	193	193
Total bank portfolio	**143,232**	**71,423**	**71,423**

Type of instrument	Balance sheet value & off-balance sheet value PLN'000	Risk-weighted value PLN'000	Capital requirement PLN'000
Total bank portfolio (credit risk)	**2,179,596**	**1,383,558**	**110,685**

Capital requirements for trading portfolio (Market risk)	Total net positions (short positions)	Total net positions (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			**110,685**

5. Operational risk

Operational 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 purposes of efficient operational risk management, a five-stage management process has been implemented:

- Identification and estimation of operational 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 operational 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 operational 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 operational 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, among others, setting identification criteria for particular types of events and incidents, providing access to knowledge and training for personnel).

- Reporting on the extent of the Group's exposure to losses from operational 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 operational risk management issues are concerned, Noble Bank S.A. follows regulations contained in Recommendation M, which deals with the operational risk management in banks. The method of calculating capital requirement for operational risk is described in Note X, paragraph 30.

XVIII. OTHER IMPORTANT INFORMATION

In 2007 the Bank was inspected by the Financial Supervision Commission. The findings of the inspection have no material effect on the Company's financial results for the year ended 31 December 2007 and 31 December 2008, or on the Bank's equity as at 31 December 2007 and 31 December 2008.

XIX. IMPORTANT EVENTS BETWEEN THE DATE OF PREPARATION OF THESE FINANCIAL STATEMENTS TO THE DATE OF APPROVAL FOR PUBLICATION

In 2009 the Company continued to repurchase its own shares. From 1 January 2009 to the date of approval of these financial statements for publication, the Company purchased 851 thousand own shares with a total nominal value of PLN 851 thousand. The total cost of purchase of the shares was PLN 2,028 thousand.

On 29 January 2009, the Management Boards of Noble Bank and Getin Bank S.A. agreed upon, and the Supervisory Boards of both banks, approved a Plan to Merge Noble Bank S.A. and Getin Bank S.A. No evidence was identified, as at the date of approval of these financial statements, necessitating a re-measurement of the Company's assets and liabilities in connection with the planned merger.

On 9 January 2009, the Supervisory Board appointed Mr Bogusław Krysiński as a member of the Management Board.

Except for the above, no events occurred after the balance sheet date which could affect the financial statements for the financial year ended 31 December 2008.

Signatures of all members of the Bank's Management Board

27 February 2009	Jarosław Augustyniak	Management Board Chairman	…………………………….
27 February 2009	Maurycy Kuhn	Management Board Member	…………………………….
27 February 2009	Krzysztof Spyra	Management Board Member	…………………………….
27 February 2009	Bogusław Krysiński	Management Board Member	…………………………….