GETIN NOBLE BANK S.A.

Financial statements

for the year ended 31 December 2010

with the auditor's report

Warsaw, 24 February 2011

SELECTED FINANCIAL DATA

Financial data of financial statements	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand		EUR thousand	
Interest income	2,853,258	2,623,208	712,531	604,342
Fee and commission income	973,267	771,079	243,049	177,643
Impairment losses on loans, advances to customers and off-balance liabilities	(1,047,341)	(785,342)	(261,548)	(180,929)
Profit before tax	421,232	305,658	105,192	70,418
Net profit	436,857	317,901	109,094	73,239
Net cash flow s from operating activities	2,796,832	742,787	698,440	171,125
Net cash flow s from investing activities	(98,406)	(13,477)	(24,574)	(3,105)
Net cash flow s from financing activities	(1,447,432)	(388,276)	(361,460)	(89,452)
Total net cash flow	1,250,994	341,034	312,405	78,568

Financial data of financial statements	31.12.2010	31.12.2009 (restated)	31.12.2010	31.12.2009 (restated)
	PLN thousand		EUR thousand	
Loans and advances to customers	34,229,435	26,217,763	8,643,142	6,381,813
Financial instruments available for sale	2,803,301	3,847,266	707,851	936,485
Total assets	42,635,385	33,044,879	10,765,696	8,043,639
Amounts due to other banks and financial insitutions	735,792	737,372	185,792	179,488
Derivatives	1,035,582	53,013	261,491	12,904
Amounts due to customers	37,227,800	28,278,492	9,400,247	6,883,426
Total liabilities	39,353,919	30,173,382	9,937,106	7,344,672
Total equity	3,281,466	2,871,497	828,590	698,967
Share capital	953,763	953,763	240,831	232,161
Purchased ow n shares- nominal value	(696)	(2,635)	(176)	(641)
Number of shares	953,763,097	953 763 097	953,763,097	953 763 097
Capital adequacy ratio	9.54%	11.10%	9.54%	11.10%

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

- the individual items of assets and liabilities and equity have been converted in accordance with the average exchange rates announced by the National Bank of Poland as at 31 December 2010, i.e. 1 EUR = 3.9603 PLN and as at 31 December 2009, i.e. 1 EUR = 4.1082 PLN.
- the individual items of the income statement as well as the items regarding the statement of cash flows have been converted in accordance with exchange rates constituting arithmetic means of the average exchange established by the National Bank of Poland as at the last day of every month within the year ended 31 December 2010 and 31 December 2009 (1 EUR = 4.0044 PLN and 1 EUR = 4.3406 PLN, respectively).

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I. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. INCOME STATEMENT
for the year ended 31 December 2010

	Note	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
		PLN thousand	PLN thousand
CONTINUED ACTIVITY			
Interest income	IV.1	2,853,258	2,623,208
Interest expense	IV.1	(1,830,399)	(1,843,856)
Net interest income		**1,022,859**	**779,352**
Fee and commission income	IV.2	973,267	771,079
Fee and commission expense	IV.2	(229,341)	(217,431)
Net fee and commission income		**743,926**	**553,648**
Dividend income	IV.3	71,216	53,872
Result on financial instruments measured at fair value through profit or loss	IV.4	(15,288)	108,437
Result on other financial instruments	IV.5	86,558	(2,435)
Foreign exchange result	IV.6	135,698	107,064
Other operating income	IV.7	51,944	33,794
Other operating expense	IV.8	(65,581)	(39,175)
Net other operating income and expense		**264,547**	**261,557**
General administrative expenses	IV.9	(562,759)	(503,557)
Impairment losses on loans, advances to customers and off-balance liabilities	IV.10	(1,047,341)	(785,342)
Operating profit		**421,232**	**305,658**
Profit before tax		**421,232**	**305,658**
Income tax	IV.11	15,625	12,243
Net profit		**436,857**	**317,901**

2. STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Net profit for the period	**436,857**	**317,901**
Valuation of financial assets available for sale	(500)	(28,087)
Income tax relating to valuation of financial instruments available for sale	95	5,337
Effect of cash flow hedge	(46,745)	(6,749)
Income tax relating to effect of cash flow hedge	8,882	1,282
Net other comprehensive income	**(38,268)**	**(28,217)**
Total comprehensive income	**398,589**	**289,684**

3. STATEMENT OF FINANCIAL POSITION as at 31 December 2010

	Note	31.12.2010	31.12.2009 (restated)
		PLN thousand	PLN thousand
ASSETS			
Cash and balances with the Central Bank	IV.12	1,974,766	908,839
Amounts due from banks and other financial institutions	IV.13	2,511,003	1,014,903
Derivative financial instruments	IV.14	48,653	329,320
Loans and advances to customers	IV.15	34,229,435	26,217,763
Financial instruments available for sale	IV.16	2,803,301	3,847,266
Investment in subordinated entities	IV.18	263,273	127,731
Intangible assets	IV.19	91,656	92,889
Property, plant and equipment	IV.20	155,316	122,366
Investment properties	IV.21	3,339	-
Income tax assets, including:		246,977	201,793
Receivables relating to current income tax		-	6,042
Deferred tax asset	IV.11	246,977	195,751
Other assets	IV.23	305,265	157,395
Assets held for sale	IV.24	2,401	24,614
TOTAL ASSETS		**42,635,385**	**33,044,879**
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to other banks and financial institutions	IV.25	735,792	737,372
Derivative financial instruments	IV.14	1,035,582	53,013
Amounts due to customers	IV.26	37,227,800	28,278,492
measured at fair value through profit or loss		-	0
Liabilities from the issue of debt securities	IV.27	81,347	900,971
Current income tax liabilities		23,670	12,259
Other liabilities	IV.28	239,722	185,788
Deferred tax liability			
Provisions	IV.29	10,006	5,487
Total liabilities		**39,353,919**	**30,173,382**
Equity		**3,281,466**	**2,871,497**
Share capital	IV.30	953,763	215,178
Equity from merger		-	738,585
Purchased own shares- nominal value		(696)	(2,635)
Retained earnings		(932)	23
Net profit		436,857	317,901
Other capital	IV.31	1,892,474	1,602,445
Total equity		**3,281,466**	**2,871,497**
TOTAL LIABILITY AND EQUITY		**42,635,385**	**33,044,879**

4. STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Share capital	Equity from the merger	Purchased own shares- nominal value	Other capital				Retained earnings	Net profit	Total equity
				Reserve capital	Revaluation reserve	Other reserve capital	Share based payments			
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 01.01.2010	**215,178**	**738,585**	**(2,635)**	**1,576,762**	**(11,810)**	**37,493**	**-**	**23**	**317,901**	**2,871,497**
The settlement of merger	738,585	(738,585)								-
Costs of merger				(2,111)						(2,111)
Comprehensive income for the period					(38,268)				436,857	398,589
Appropriation of the financial result for the previous reporting period				318,856				(955)	(317,901)	-
Cost of the registration of shares				(149)						(149)
Sale of own shares			1,939	8,036						9,975
Valuation of management options							3,665			3,665
As at 31.12.2010	**953,763**	**0**	**(696)**	**1,901,394**	**(50,078)**	**37,493**	**3,665**	**(932)**	**436,857**	**3,281,466**

(restated)	Share capital	Equity from the merger	Purchased own shares- nominal value	Other capital			Retained earnings	Net profit	Total equity
				Reserve capital	Revaluation reserve	Other reserve capital			
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 01.01.2009	**215,178**	**738,585**	**(147)**	**1,056,643**	**16,407**	**42,155**	**41,415**	**524,521**	**2,634,757**
Adjustments relating to changes in accounting policies							(932)		-
As at 01.01.2009 after adjustments	**215,178**	**738,585**	**(147)**	**1,056,643**	**16,407**	**42,155**	**40,483**	**524,521**	**2,633,825**
Comprehensive income for the period					(28,217)			317,901	289,684
Costs of shares issued				(78)					(78)
Appropriaton of the financial result for the previous reporting period				520,197			(40,460)	(479,737)	-
Purchase of own shares			(2,488)			(4,662)			(7,150)
Dividends								(44,784)	(44,784)
As at 31.12.2009	**215,178**	**738,585**	**(2,635)**	**1,576,762**	**(11,810)**	**37,493**	**23**	**317,901**	**2,871,497**

5. STATEMENT OF CASH FLOWS
for the year ended 31 December 2010

	Note	01.01.2010-31.12.2010	01.01.2009-31.12.2009
		PLN thousand	PLN thousand
Cash flow from operating activities			
Net profit		436,857	317,901
Total adjustments:		2,359,975	424,886
Amortization and depreciation		43,640	40,432
Foreign exchange differences		(80)	12,117
Profit (loss) on investing activities		(2,582)	2,566
Interest and dividend		(35,909)	21,464
Change in amounts due from banks	IV.36.1)	(1,311,033)	1,638,172
Change in derivative financial instruments (assets)	IV.36.2)	245,724	(216,399)
Change in loans and advances to customers		(8,011,672)	(4,670,264)
Change in financial instruments available for sale	IV.36.3)	1,043,560	(518,146)
Change in financial instruments held to maturity		-	315
Change in deferred tax asset		(51,226)	(78,731)
Change in other assets		(147,870)	(93,023)
Changes in amounts due to other banks and financial institutions	IV.36.4)	620,840	(398,611)
Change in derivative financial instruments (liabilities)	IV.36.5)	979,649	(1,764,457)
Change in amounts due to customers		8,949,308	6,762,196
Change in amounts due to the issue of debt securities	IV.36.6)	(22,124)	(172,416)
Change in provisions		4,519	(34,557)
Change in other liabilities	IV.36.7)	37,437	13,745
Other adjustments		341	(932)
Income tax paid		(8,677)	(209,290)
Current tax expense (profit and loss account)		26,130	90,705
Net cash flow from operating activities		**2,796,832**	**742,787**
Cash flow from investing activities			
Dividends received	IV.3	71,216	53,872
Sale of investment securities		-	5,016
Sale of intangible and fixed assets		6,333	1,743
Acquisition of subsidiary, net of cash acquired		(137,384)	(31,930)
Purchase of intangible and fixed assets		(38,571)	(42,178)
Net cash flows from investing activities		**(98,406)**	**(13,477)**
Cash flow from financing activities			
Proceeds from issue of shares			49,920
Redemption of issued debt securities		(797,500)	(155,000)
Dividends paid		-	(44,784)
Loans and advances		101,190	-
Repayment of loans and advances		(723,530)	(153,786)
Sale/ purchase of own shares		9,975	-
Interest paid		(35,307)	(84,626)
Other financial inflows/outflows		(2,260)	-
Net cash flow from financing activities		**(1,447,432)**	**(388,276)**
Net change in cash and cash equivalents		1,250,994	341,034
Cash and cash equivalents at the beginning of the period		1,195,116	854,082
Cash and cash equivalents at the end of the period	**IV.36**	**2,446,110**	**1,195,116**

(data in PLN thousand)

II. INFORMATION ABOUT THE BANK

1. GENERAL INFORMATION

The financial statements encompass the year ended 31 December 2010 and include restated comparable data for the year ended 31 December 2009.

Getin Noble Bank S.A. ('the Bank', 'Getin Noble Bank', 'the Company') operating until 4 January 2010 under the name of Noble Bank S.A. with its registered office in Warsaw (Poland) at Domaniewska Str. 39B, was registered pursuant to the decision of the District Court in Lublin, 11th Commercial and Registration Department dated 31.10.1990 in the Commercial Register Section B under No. H 1954. On 8 June 2001 it was entered in the National Court Register under entry No. 0000018507. The Company has been granted with statistical number (REGON) 004184103. The Company has been incorporated for an indefinite term. The legal basis for the Company's activity is its Articles of Association drawn up in the form of a notarial deed of 21 September 1990 (as amended).

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

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

The main activities of the Company are banking services and the business activities as defined in the Bank's Articles of Association.

2. COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The composition of the Management Board of the Bank as at 31 December 2010 was as follows:

Krzysztof Rosiński	–	President of the Management Board,
Karol Karolkiewicz	–	Member of the Management Board,
Maurycy Kühn	–	Member of the Management Board,
Krzysztof Spyra	–	Member of the Management Board,
Radosław Stefurak	–	Member of the Management Board,
Maciej Szczechura	–	Member of the Management Board,
Grzegorz Tracz	–	Member of the Management Board.

During the reporting period and until the date of approval of these financial statements there have been following changes in the composition of the Company's Management Board:

On 15 December 2009 the Bank's Supervisory Board decided to appoint Mr. Grzegorz Tracz as a Management Board member as of the day of merger of Noble Bank S.A. and Getin Bank S.A. (i.e. 4 January 2010). At the same time, on 15 December 2009 the Supervisory Board decided to appoint Mr. Jarosław Augustyniak as the I Vice-president of the Management Board and Mr. Krzysztof Rosiński as the Vice-president of the Management Board and acting President as of the day of merger of Noble Bank S.A. and Getin Bank S.A. (i.e. 4 January 2010).

On 5 August 2010 the Polish Financial Supervision Authority ("KNF") granted their consent to appoint Mr.

(data in PLN thousand)

Krzysztof Rosiński as a President of the Management Board of the Bank in accordance with the Banking Law and the resolution of the Supervisory Board of the Bank dated 5 March 2010. Mr. Krzysztof Rosiński took his new position when the consent from KNF was granted.

On 7 September 2010 the Supervisory Board of the Bank appointed Mr. Karol Karolkiewicz and Mr. Maciej Szczechura as the Management Board members.

At the same time, Mr. Jarosław Augustyniak acting as I Vice-president of the Management Board resigned from his function as of 7 September 2010 due to his new responsibilities as acting President of the Management Board of GMAC Bank Polska S.A. (since 13 October 2010 under the name of Idea Bank S.A.) located in Warsaw.

As of 31 December 2010 the composition of the Supervisory Board was as follows:

Leszek Czarnecki, Ph.D. – President of the Supervisory Board

Radosław Boniecki – Vice-president of the Supervisory Board,

Remigiusz Baliński – Member of the Supervisory Board,

Michał Kowalczewski – Member of the Supervisory Board,

Dariusz Niedośpiał – Member of the Supervisory Board.

During the reporting period there have been following changes in the composition of the Company's Management Board: on 6 April 2010 the Shareholders Meeting of Getin Noble Bank S.A. decided to appoint the above persons for a new term in the Supervisory Board. Mr. Marek Grzegorzewicz was not reappointed as the Supervisory Board member. In addition, Mr. Leszek Czarnecki was appointed the Chairman of the Supervisory Board. On 17 May 2010 the Supervisory Board appointed Mr. Radosław Boniecki as the Supervisory Board Vice-president.

3. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Management Board of the Bank on 24 February 2011.

4. INVESTMENTS OF THE BANK

The Bank has the following investments in subsidiaries:

Entity	Headquarter	Main activity	Bank's share	
			31.12.2010	31.12.2009
Open Finance S.A.	Domaniewska 39, Warsaw	Financial brokerage	100.00%	100.00%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	Domaniewska 39, Warsaw	Management of investment funds	70.00%	70.00%
Introfactor S.A.	Domaniewska 39, Warsaw	Other financial activities	100.00%	100.00%
Noble Concierge Sp. z o.o.	Domaniewska 39, Warsaw	Activities auxiliary to financial services	100.00%	100.00%
Noble Securities S.A.	Lubicz 3/215, Cracow	Brokerage services	79.76%	79.76%
Getin Leasing S.A.	Powstańców Śl. 2-4, Wrocław	Leasing	93.18%	93.18%
Getin Finance PLC	Londyn, Great Britain	Financial services	99.99%	99.99%
Idea Bank S.A.	Wołoska 5, Warsaw	Banking services	100.00%	-

As of 31 December 2010 and 31 December 2009 the Company's share in the voting rights in its subsidiaries was equal to the Company's share in the equity of subsidiaries, except Noble Securities S.A. where the share in the voting rights amounted to 82.73%.

In these financial statements the investments in those entities are recognized in accordance with IAS 27. Investments in subordinated entities are recognized by the Bank at costs less impairment.

On 8 December 2009, an agreement was concluded for the purchase of 100% of shares in GMAC Bank Polska S.A. ("GMAC") with its registered office in Warsaw. The agreement was concluded between Getin Noble Bank S.A. and GMAC's single shareholder, i.e. GMAC Inc. with its registered office in Wilmington Delaware, USA. According to the agreement the Bank acquired 9,872,629 (nine million eight hundred seventy two thousand six hundred twenty nine) shares at par value PLN 2.00 per share with the total value of PLN 19,745,258 (nineteen million seven hundred forty five two hundred fifty eight). The transfer of legal rights to the share in GMAC to Getin Noble Bank S.A. became effective on 30 June 2010. The acquired shares give 100% of voting rights on the Shareholders' Meeting of the company.

On a basis of the resolution of the Extraordinary Shareholders' Meeting of GMAC Bank Polska S.A. held on 9 July 2010, since 13 October 2010 the bank operates under the name of Idea Bank S.A.

On a basis of the resolution of the Extraordinary Shareholders' Meeting of Introfactor S.A. the company increased in 4 quarter 2010 its share capital by issuing 100,000 serie B shares, which were entirely acquired by the Bank i.e. the only shareholder of the company.

Due to an initial public offering of Open Finance S.A. which is being considered, the Bank decided on its intention to sell part of its share in Open Finance S.A. On 10 December 2010 Open Finance S.A. filed a request with Komisja Nadzoru Finansowego to approve the prospectus of the company, together with the legally required attachments including in particular the prospectus of the company.

III. ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements have been prepared based on the assumption that the Bank entities would continue their activities in the foreseeable future, i.e. for a period of at least 12 months from the reporting date. As of the date of approval of these financial statements no circumstances were identified which could threaten the continuity of the Bank's operations.

1.1 Statement of compliance

The financial statements were prepared in accordance with International Financial Reporting Standards approved by the European Union ("IFRS-UE"). The Bank applies 'carve-out' to IAS 39 approved by the EU as described in these financial statements.

1.2 Identification of the consolidated financial statements

The Company has also prepared the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2010, covering Getin Noble Bank S.A. and its subsidiaries in accordance with the International Financial Reporting Standards approved by the European Union, and they were approved for publication on 24 February 2011. In the consolidated financial statements, the Bank's subsidiaries were consolidated using the pooling of interests method (entities under common control) or acquisition method (entities not under common control). In the standalone financial statements the investment in subsidiaries are recognized at cost less impairment.

1.3 Functional and reporting currency

The functional currency of the Bank and the reporting currency of the financial statements is the Polish zloty.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are consistent with those applied in the preparation of the Bank's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations applicable for annual periods beginning on 1 January 2010, as follows:

- IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions - applicable from 1 January 2010. The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or financial results of the Bank.
- IFRS 3 *Business Combinations (revised)* and IAS 27 *Consolidated and Separate Financial Statements (amended)* – applicable to annual reporting periods beginning on or after 1 July 2009. IFRS 3 (revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration, and business combinations

achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes to IFRS 3 (revised) and IAS 27 (amended) will affect future acquisitions or loss of control in subsidiaries and transactions with non-controlling interests. The effect of introducing of the above changes in IFRS 3 is described in Note II.2.1.

- IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*. Effective from 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion of risk in particular situations. The amendment had no effect on the financial position nor the financial results of the Bank.
- IFRIC 17 *Distribution of Non-cash Assets to Owners*- applicable from 1 July 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserve capital or as dividends. The interpretation had no effect on the financial position nor the financial results of the Bank.
- Improvements to IFRS (issued in May 2008) - In May 2008, the Board issued its first set of amendments to its standards. All amendments issued are effective for the Bank from 1 January 2010:
    - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: the amendment clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment impacts only the consolidated financial statements and had no impact on the financial position nor financial results of the Bank presented in the standalone financial statements.
- Improvements to IFRSs (issued in April 2009) – In April 2009 the Board issued its second set of amendments to its standards, primarily with the objective to remove inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or financial results of the Bank.
    - IFRS 8 *Operating Segment Information:* Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Bank's chief operating decision maker does review segment assets, the Bank discloses required information in Note IV.37.
    - IAS 36 *Impairment of Assets:* The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Bank as the annual impairment test is performed before aggregation.
    - IAS 39 *Financial Instruments: Recognition and Measurement:* It has been clarified that the option of earlier repayment is closely related to the agreement, if the option strike price gives a return roughly equal to the fair value of interest lost as a result of the earlier repayment. This change did not have any impact on the financial situation and results of the Bank.

- Other amendments to the following standards resulting from the annual review did not have any impact on the accounting policies, the financial position or the financial results of the Bank:
  - IFRS 2 *Share-based Payment*
  - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
  - IAS 1 *Presentation of Financial Statements*
  - IAS 7 *Statement of Cash Flows*
  - IAS 17 *Leases*
  - IAS 38 *Intangible Assets*
  - IFRIC 9 *Reassessment of Embedded Derivatives*
  - IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

The Bank has not adopted any other standard, interpretation or amendment that was issued but is not yet effective earlier.

2.1 Changes in accounting policies – comparative data

In 2010 the Bank introduced the following changes to the accounting policies:

- Unification of accounting policies of Noble Bank S.A. and Getin Bank S.A. due to merger of the two entities and necessity to provide adequate comparative data - adjustments no. 9 and 10 in the income statement, and the change of presentation of a separate income statement and a statement of comprehensive income. The above adjustments are of presentational nature.
- Accounting for the transaction costs of business combinations not being under common control (adjustment no. 9 in the statement of financial position).
- Presentation change relating to transferring of foreign exchange differences from Impairment losses on loans, advances to customers and leasing receivables to Foreign exchange result (adjustment no. 11 in the income statement).

Furthermore, in relation to the merger on 4 January 2010 of the two entities Noble Bank S.A. and Getin Bank S.A into Getin Noble Bank S.A. being under common control using the pooling of interest method the Bank has decided to adopt an accounting policy to present comparative data as if the entities have been always merged.

Joint impact of the changes in accounting policies and in the presentation of the financial data relating to the above described merger of entities remaining under common control on the comparative data as of 31 December 2009 and for the 12-month period ended 31 December 2009 is presented below:

(data in PLN thousand)

Statement of financial position as of 31 December 2009

Balance sheet	Noble Bank S.A. standalone statement of financial position	Getin Bank S.A. standalone statement of financial position	Adjustments due to the merger		Adjustments due to changes in IFRS		Standalone data
ASSETS							
Cash and balances with the Central Bank	239,817	669,022					908,839
Amounts due from banks and financial institutions	447,795	568,507	(1,399)	1			1,014,903
Derivative financial instruments	126,382	219,563	(16,625)	2			329,320
Loans and advances to customers	6,818,339	19,382,799	16,625	3			26,217,763
Financial instruments available for sale	1,195,341	2,651,925					3,847,266
Investments in subordinated entities	102,495	25,236					127,731
Intangible assets	5,441	87,448					92,889
Property, plant and equipment	13,961	108,405					122,366
Deferred tax assets	21,146	180,535			112	10	201,793
Receivables from the current income tax	6,042	-					6,042
Deferred tax assets	15,104	180,535			112	10	195,751
Other assets	54,321	106,820	(2,702)	4	(1,044)	8	157,395
Assets held for sale	8,457	16,157					24,614
Total assets	**9,033,495**	**24,016,417**	**(4,101)**		**(932)**		**33,044,879**

Balance sheet	Noble Bank S.A. standalone statement of financial position	Getin Bank S.A. standalone statement of financial position	Adjustments due to the merger		Adjustments due to changes in IFRS		Standalone data
LIABILITIES AND EQUITY							
Liabilities							
Amounts due to other banks and financial institutions	19,548	717,824					737,372
Derivative financial instruments	28,562	24,451					53,013
Amounts due to customers	7,744,018	20,534,474					28,278,492
Liabilities from the issue of debt securities	412,206	488,765					900,971
Current income tax liabilities	-	12,259					12,259
Other liabilities	63,059	126,830	(4,101)	5			185,788
Provisions	52	5,435					5,487
TOTAL LIABILITIES	**8,267,445**	**21,910,038**	**(4,101)**		**-**		**30,173,382**
Equity (attributable to the Bank's shareholders)	766,050	2,106,379			(932)		**2,871,497**
Share capital	215,178	349,856	(349,856)	6			215,178
Equity from the merger	-	-	738,585	6			738,585
Purchased own shares - nominal value	(2,635)	-					(2,635)
Retained earnings	955	-			(932)	9	23
Net profit	175,393	142,508					317,901
Other capital	377,159	1,614,015	(388,729)	7			1,602,445
Total equity	**766,050**	**2,106,379**	**0**		**(932)**		**2,871,497**
TOTAL EQUITY AND LIABILITIES	**9,033,495**	**24,016,417**	**(4,101)**		**(932)**		**33,044,879**

The adjustments relating to standalone financial data are directly related to the merger and include:

1. Adjustment of amounts due from banks and financial institutions in the amount of PLN -1,399 thousand due to elimination of purchased lease receivables.
2. Adjustment to derivatives in the amount of PLN -16,625 thousand due to unification of presentation of deferred margin on credit products.
3. Adjustment to loans and advances to clients in the amount of PLN 16,625 due to unification of presentation of deferred margin on credit products.
4. Adjustment to other assets in the amount of PLN -2,702 thousand due to elimination of intra-group trade receivables.
5. Adjustments to other liabilities in the amount of PLN -4,101 thousand containing: PLN -1,399 thousand due to elimination of intercompany leasing contracts and PLN -2,702 thousand due to elimination of intra-group trade liabilities.

6. Adjustment of share capital amounting to PLN 388,729 thousand consisting of the following elements:

    a) adjustment amounting to PLN 738,585 thousand resulting from the increase - as a result of the merger of Noble Bank S.A. with Getin Bank S.A. - of the share capital of Noble Bank S.A. from PLN 215,178 thousand to PLN 953,763 thousand through the creation of 738,584,941 new ordinary bearer shares series J numbered from 1 to 738,584,941 of par value PLN 1.00 each, assigned to the shareholders of Getin Bank S.A.,

    b) adjustment amounting to PLN -349,856 thousand resulting from the elimination of the share capital of Getin Bank S.A. as a result of the application of the pooling of interests method.

7. Adjustment of other capital amounting to PLN -388,729 thousand consisting of the following elements:

    a) adjustment amounting to PLN -738,585 thousand resulting from the increase - as a result of the merger of Noble Bank S.A. with Getin Bank S.A. - of the share capital of Noble Bank S.A. from PLN 215,178 thousand to PLN 953,763 thousand through the creation of 738,584,941 new ordinary bearer shares series J numbered from 1 to 738,584,941 of par value PLN 1.00 each, assigned to the shareholders of Getin Bank S.A.

    b) adjustment amounting to PLN 349,856 thousand resulting from the elimination of the share capital of Getin Bank S.A. as a result of the application of the pooling of interests method.

8. Adjustment to other assets amounting to PLN -1,044 thousand relating to cost of acquisition of shares in other entities.

9. Adjustment to retained earnings amounting to PLN -1,044 thousand relating to acquisition of shares in other entities less deferred tax of PLN 112 thousand.

10. Adjustment to the deferred tax asset amounting to PLN 112 thousand relating to the acquisition of shares in other entities.

(data in PLN thousand)

Income statement for the year ended 31 December 2009

Income statement	Noble Bank S.A standalone income statement	Getin Bank S.A standalone income statement	Adjusments due to merger		Adjusments from changes in accounting policies		Consolidated data
Interest income	480,620	2,124,321	(8,219)	1	26,486	9	2,623,208
Interest expense	(464,041)	(1,361,548)	8,219	2	(26,486)	9	(1,843,856)
Net interest income	**16,579**	**762,773**	**0**		**0**		**779,352**
Fee and commision income	353,076	420,616	(2,613)	3			771,079
Fee and commision expense	(142,991)	(77,387)	2,947	4			(217,431)
Net fee and commision income	**210,085**	**343,229**	**334**				**553,648**
Dividend income	51,731	2,141					53,872
Result on financial instruments measured at fair value through profit or loss	(37,394)	156,308			(10,477)	10	108,437
Result on other financial instruments	(2,430)	(5)					(2,435)
Foreign exchange result	13,726	95,253			(1,915)	10, 11	107,064
Other operating income	4,737	32,170	(3,113)	5			33,794
Other operating expense	(5,631)	(33,656)	112	6			(39,175)
Net operating income	**24,739**	**252,211**	**(3,001)**		**(12,392)**		**261,557**
General administrative expenses	(106,918)	(397,305)	666	8			(503,557)
Net impairment losses on credits, loans and off-balance sheet liabilities	(12,745)	(786,990)	2,001	7	12,392	11	(785,342)
Operating profit	**131,740**	**173,918**	**0**		**0**		**305,658**
Profit before income tax	**131,740**	**173,918**	**0**				**305,658**
Income tax	43,653	(31,410)	0				12,243
Net profit	**175,393**	**142,508**	**0**		**0**		**317,901**

Adjustments to the standalone financial data are directly related to the merger and comprise:

1. Adjustment to the interest income in the amount of PLN -8,219 thousand containing adjustments of intra-group transactions affecting interest income such as placed interbank deposits.
2. Adjustment to the interest expense in the amount of PLN -8,219 thousand containing adjustments of intra-group interest expenses affecting interest costs such as placed interbank deposits.
3. Adjustment to the commission income in the amount of PLN -2,613 thousand which include:
   a. adjustment of PLN -2,570 thousand due to elimination of intra-group transactions concerning Noble Bank S.A. relating to brokerage of Getin Bank S.A. products,
   b. adjustment of PLN -43 thousand due to elimination of intra-group commission relating to guarantees granted and other banking operations.
4. Adjustment to the commission costs in the amount of PLN -2,947 thousand which include:
   a. adjustment of PLN -2,570 thousand relating to intra-group brokerage of Getin Bank S.A. products by Noble Bank S.A.,
   b. adjustment of PLN -334 thousand due to elimination of intra-group intermediary transactions concerning credit cards;
   c. adjustment of PLN -43 thousand due to elimination of intra-group transaction relating to commission resulting from guarantees granted.
5. Adjustment to the other operating income in the amount of PLN 3,113 thousand including:
   a. an adjustment of PLN -2,001 thousand for receivables sold,
   b. an adjustment of PLN -334 thousand for intra-group credit card settlements;

   c. an adjustment of PLN -81 thousand due to elimination of intra-group transactions relating to the collection costs;
   d. an adjustment of PLN -666 thousand due to elimination of intra-group transactions relating to general administrative expenses (rental and Lease);
   e. an adjustment of PLN -31 thousand due to elimination of intra-group transactions relating to material costs.

6. Adjustment to the other operating costs in the amount of PLN 112 thousand including:
   a. an adjustment of PLN -81 thousand due to elimination of intra-group transactions relating to the collection costs;
   b. an adjustment of PLN -31 thousand due to elimination of intra-group transactions relating to material costs.
7. Adjustment of PLN 2,001 thousand to the impairment losses on loans, advances and off-balance sheet liabilities due to the receivables sold.
8. Adjustment to general administrative expense in the amount of PLN -666 thousand due to the elimination of intra-group transactions relating to rental services.
9. Adjustment to the interest income and expenses in the amount of PLN 26,486 thousand relating to separate presentation of interest income and expense on derivative financial instruments.
10. Adjustment to the result on financial instruments measured at fair value and the foreign exchange result in the amount of PLN 10,477 thousand relating to the presentation of the valuation of derivative instruments such as CIRS and FX swap valued at fair value, presented in the foreign exchange result in the previous reporting periods.
11. Adjustment to the foreign exchange result and to impairment losses on loans, advances and off-balance sheet liabilities of PLN 12,392 thousand relating to the presentation of foreign exchange differences on created and released impairment allowances in the foreign exchange result.

Due to the introduction of amended IFRS 3 from 1 January 2010 the costs of merger of Noble Bank S.A. and Getin Bank S.A. presented as other assets in the previous reporting period have been settled in other equity.

From 1 January 2010 all additional costs (legal costs, advisory, audit, external specialists) related to the acquisition of entities not remaining under common control are recognized in the income statements as incurred. Costs incurred up to 31 December 2009 are recognized in the retained earnings.

Due to the merger of Getin Bank S.A. and Noble Bank S.A. starting from 31 December 2009 the Bank presents income statement and statement of comprehensive income separately. This change in presentation has no impact on the presented financial results.

3. NEW STANDARDS AND INTERPRETATIONS PUBLISHED BUT NOT YET EFFECTIVE

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

- Amendments to IAS 32 Financial *instruments: presentation: Classification of Rights Issues* – effective for financial years beginning on or after 1 February 2010,
- IAS 24 *Related Party Disclosures* (revised in November 2009) – effective for financial years beginning on or after 1 January 2011,
- IFRS 9 *Financial Instruments* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,

- Amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirements* – effective for financial years beginning on or after 1 January 2011,
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – effective for financial years beginning on or after 1 July 2010,
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* – effective for financial years beginning on or after 1 July 2010,
- Improvements to IFRSs (issued in May 2010) – some improvements are effective for annual periods beginning on or after 1 July 2010, the rest is effective for annual periods beginning on or after 1 January 2011 - not endorsed by EU till the date of approval of these financial statements,
- Amendment to IFRS 7 *Financial Instruments – Disclosures: Transfer of Financial Assets* - effective for financial years beginning on or after 1 July 2011 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* – effective for financial years beginning on or after 1 January 2012 - not endorsed by EU till the date of approval of these financial statements,
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* - effective for financial years beginning on or after 1 July 2011 - not endorsed by EU till the date of approval of these financial statements.

The Management Board does not expect the above standards and interpretations (except for IFRS 9) to have a significant effect on the Bank's accounting principles (policy). In respect of IFRS 9 the Bank is currently conducting analysis of the effect of this standard on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Foreign currency translation

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

(data in PLN thousand)

The following exchange rates were applied for valuation purposes:

Currency	31.12.2010	31.12.2009
1 EUR	3.9603	4.1082
1 USD	2.9641	2.8503
1 CHF	3.1639	2.7661
1 GBP	4.5938	4.5986
100 JPY	3.6440	3.0890

4.2. Investments in subsidiaries and associates

Investments in subsidiaries, joint-ventures and associates that have not been classified as held for sale (or have not been a part of group of assets classified as held for sale under IFRS 5), are recognized an cost.

4.3. Business combinations of entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory (IFRS 3).

IFRS 3 does not apply to a business combination of entities or businesses under common control. In such a situation, (according to IAS 8; “In the absence of an IFRS that specifically applies to a transaction, other event or condition”) the Management uses judgment in developing and applying an accounting policy that results in information that is reliable (i.e. faithfully representing the situation, reflecting the economic substance of the transaction and not merely the legal form, are neutral and free from bias, prudent and complete) as well as relevant to the users of financial statements.

A combination under the pooling of interests method consists in adding together individual items of relevant assets, liabilities, equity, revenues and costs of the combined companies, as at the date of merger, having adjusted them using uniform valuation methods and after the following eliminations:

- mutual receivables and liabilities as well as similar items of the combining companies;
- revenue and costs of business transactions between the combining companies, that were carried out in a financial year before the merger;
- profits or losses on business transactions between the combining companies, that were carried out before the merger, included in values of assets, liabilities and equity;
- the share capital of a company whose assets were transferred to another company and non-controlling interest. After this elimination is carried out, equity of the company to which the assets of the combined companies or of the newly-formed company are transferred, shall be adjusted for the difference between total assets and total equity and liabilities.

The comparative data is presented as if the entities were combined since the beginning.

4.4. Financial assets and liabilities

The Bank classifies financial assets to the following categories:

- financial assets held to maturity,
- financial instruments measured at fair value through profit or loss,
- loans and receivables,
- financial assets available for sale.

The Management Board decides on the classification of financial assets and liabilities upon their initial recognition.

Financial assets held to maturity

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

- those designated by the Bank upon initial recognition, as at fair value through profit or loss,
- those designated by the Bank as available for sale; and
- those that meet the definition of loans and receivables.

Financial instruments at fair value through profit or loss

A financial asset or financial liability at fair value through profit or loss is a financial asset or financial liability that meets either of the following conditions.

a) It is classified as held for trading. A financial asset or financial liability is classified as held for trading if:
   - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
   - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
   - it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
b) Upon initial recognition it is designated by the entity as at fair value through profit or loss in accordance with IAS 39.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
b) those that the entity upon initial recognition designates as available for sale; or
c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets that are designated as available for sale or are not classified as any other of the previously listed three categories.

Financial assets held for sale are recognized at fair value increased by the transaction costs directly attributable to the purchase or issuance of the financial asset. Results of changes in fair value of financial assets available for sale (if there is a market price available from the active market or the fair value can be reliably measured in other way) are recognized in the other comprehensive income until the asset is derecognized from the statement of financial position or impaired when the cumulative gain or loss recognized previously in other comprehensive income is than recognized in the income statement. Changes in fair value recognized as other comprehensive income are presented in the statement of comprehensive income.

Financial liabilities

Financial liability is any liability that is:

a) a contractual obligation:
   - to deliver cash or another financial asset to another entity,

- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity,

b) a contract that will or may be settled in the entity's own equity instruments and is:
   - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments,
   - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this reason, the entity's own equity instruments do not include instruments which are contracts concerning future receipt or issue by the entity of its own equity instruments.

Purchase and sale of financial assets is recognized at the transaction date (and not upon cash receipt or payment), and recorded in the books of account and in the financial statements for the period they relate to.

A financial asset is derecognized from the Bank's statement of financial position upon expiry of the contractual rights relating to the financial instruments; usually in case when the instrument is sold or all cash flows assigned to the financial instrument are transferred to an independent third party.

In particular, the Bank writes-off loan receivables from the balance sheet in correspondence with impairment write-downs, if such receivables are non-collectible, i.e.:

- the costs of further debt recovery exceed the expected recoveries;
- the ineffectiveness of the execution with regard to the Bank's receivable has been confirmed by a relevant document issued by the competent enforcement proceedings authority, or the Bank obtained a decision on the conclusion of bankruptcy proceedings or on the dismissal or the bankruptcy petition due to the lack of debtor assets;
- it is impossible to determine the debtor's property that can be used for execution purposes, and the debtor's address in unknown;
- the claims have become prescribed or written off,

A financial liability or part of a financial liability is derecognized by the Bank from its statement of financial position only when the obligation specified in the contract is settled, cancelled or expired.

The value of assets and liabilities and the financial gain (loss) are determined and disclosed in the accounting books in a reliable and clear manner, presenting the Bank's financial and economic standing. Upon initial recognition, the financial asset or liability is measured at fair value plus, in the case of financial assets or liabilities not classified as measured at fair value through financial gain (loss), the transactions costs that can be directly attributed to the acquisition or issue of the financial asset or liability. For the purpose of measurement of a financial asset, after initial recognition it is classified as of the date of acquisition or creation into one of the following categories:

- financial assets held to maturity,
- financial instruments measured at fair value through profit or loss,
- loans and receivables,
- financial assets available for sale.

After initial recognition, the Bank measures financial assets, including derivatives that are assets, at fair value, without deducting the transaction costs that may be incurred upon sale or other method of asset disposal. Exception is made for the following financial assets:

a) loans and receivables measured at amortized costs using the effective interest rate method,

b) investments held to maturity measured at amortized costs using the effective interest rate method,

c) investments in equity instruments not quoted in the active market, whose fair value cannot be reliably measured, as well as related to them derivatives which must be settled by delivering unquoted equity instruments measured at cost.

Financial assets available for sale are measured at fair value. The effects of changes in their fair value are recognized in the other comprehensive income until the asset is derecognized from the statement of financial position or impaired, when the cumulative gain or loss recognized previously in other comprehensive income is than recognized in the income statement. Changes in fair value recognized as other comprehensive income are presented in the statement of comprehensive income.

After initial recognition, the Bank measures all financial liabilities at amortized cost using the effective interest rate method, except for the following:

a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which shall be measured at cost,
b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
c) financial guarantee – after initial recognition, an issuer of such a contract shall measure it at the higher of:
   - the amount representing the most appropriate estimate of expense necessary to fulfill the current obligation under the financial guarantee, taking into account the probability of its realization;
   - the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18.

The Bank does not offset financial assets against financial liabilities, unless this is required or allowed under a standard or interpretation. Financial assets and financial liabilities are offset and recognized on a net basis only if the Bank holds a valid legal right to offset the recognized amounts and intends to settle the amounts net, or to realize a given asset and settle the liability at the same time.

4.5. Derivative financial instruments

A derivative is a financial instrument with all three of the following characteristics:

a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
c) it is settled at a future date.

Derivative financial instruments not subject to hedge accounting are recognized as of the date of the transaction and measured at fair value as of the end of the reporting period. The Bank recognizes changes in fair value in result on financial instruments measured at fair value through profit or loss or in foreign exchange result (FX swap, FX forward and CIRS transactions), respectively in correspondence to receivables/liabilities arising from derivative financial instruments.

The result of the final settlement of derivative transactions is recognized in result 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 foreign exchange result.

The notional amounts of derivative transactions are recognized in off-balance sheet items as of the date of the transaction and throughout their duration. Revaluation of off-balance sheet items expressed in foreign currencies takes place at the end of the day, at the average exchange rate of the National Bank of Poland (fixing as of the valuation date).

The fair value of financial instruments quoted in a 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).

4.6. Hedge accounting

The Bank has adopted accounting policy for cash flow hedge accounting for hedging interest rate risk in accordance with IAS 39 as approved by the EU.

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

In accordance with hedge accounting, hedging instruments are classified as:

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

Hedging of the exchange risk for the future liability of increased probability is accounted for as a cash flow.

At the time of designation of the hedging instrument, the Bank formally assigns and documents the hedging relationship as well as the purpose of risk management and the strategy for establishment of the hedging instrument. The documentation comprises identification of the hedging instrument, hedged transaction or item, nature of the risk being hedged as well as the manner of assessing the efficiency of the given hedging instrument in offsetting of the risk by changes of the fair value of the item being hedged or cash flows related to the hedged risk. It is expected that the hedging instrument is to be highly efficient in offsetting changes of the fair value or cash flows resulting from the risk being hedged. Efficiency of the hedge relationship is assessed on a regular basis in order to verify whether it is highly effective in all reporting periods for which it has been designated.

The Bank hedges the volatility of cash flows for mortgage loans denominated in CHF using specifically identified float-to-fixed CHF/PLN IRS portfolio and the volatility of cash flows for the deposits in PLN separated from existing CIRS transactions using a specifically identified portfolio of fixed-to-float IRS. During the hedging period the Bank analyses the hedge relationship effectiveness. Any gains or losses arising from changes in fair value of hedging instruments are recognized in the other comprehensive income, except for the ineffective portion of hedge, which is recognized in the income statement as the result on financial instruments measured at fair value through profit or loss.

After the date of re-designation of hedge relationship, the effective portion of the hedge is amortized in the income statement according to the schedule prepared by the Bank until the maturity of the original portfolio.

As of 4 January 2010, the Bank ceased to use fair-value hedge accounting for PLN deposits with a fixed interest rate.

4.7. Impairment of financial assets

At the end of each reporting period, the Bank estimates whether there is any objective evidence indicating the impairment of any financial asset. If such evidence is identified, the Bank determines the amounts of impairment write-downs. Impairment loss is 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, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Loans, purchased receivables, other receivables

In Getin Noble Bank S.A. the value of loans granted and receivables is periodically assessed whether any indicators of impairment exist and what is the level of impairment allowances in accordance with IAS 39 and IAS 37.

If there is objective of evidence impairment of loans and receivables or held-to-maturity investments measured at amortized cost, the amount of the impairment allowance is the difference between the carrying value of the asset and the current value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted using the original effective interest rate of the financial instrument. The carrying amount of an asset is decreased using the allowance account. The amount of impairment loss is charged to the income statement. The Bank first assesses if there is objective evidence for the impairment of individual financial assets which are considered individually significant and individually or collectively in case of financial assets which are not significant. Where no objective evidence for loan impairment assessed on an individual basis has been identified by the Bank, regardless of whether or not it constitutes a significant item, such exposure is included in the portfolio of items of similar character of credit risk and the collective analysis of the impairment is conducted. Financial assets assessed on an individual basis, for which the Bank recognizes an impairment allowance or decides to continue to recognize such allowance, are not included in the portfolio of loans that are assessed on a collective basis.

Loans, advances and receivables, which are individually significant, are subject to individual periodical evaluation in order to determine whether impairment losses occurred. The impairment of an individual loan, advance or receivable is recognized and, as a consequence, an impairment allowance is made where there is objective evidence for the impairment due to one or more events which shall influence future estimated cash flows from such loans, advances or receivables. Such events include the following:

- lack or delinquent payments of loan interest or principal;
- significant financial difficulties of a borrower resulting in a decrease in credit risk rating;
- request for an immediate repayment of the entire loan due to termination of the loan contract (an exposure was transferred over to debt recovery);
- the entity has initiated execution proceedings against the debtor or learnt about such proceedings already in progress;
- filing a notion for bankruptcy or commencement of corporate recovery proceedings by the debtor,
- imposed administration has been established or debtor activities has been suspended (in case of banking entities),
- the amount of debt has been questioned by the debtor in legal proceedings;
- loan restructuring.

An impairment allowance for loans that are subject to individual evaluation is determined as a difference between the carrying amount of the exposure and the present value of estimated future cash flows discounted using the original effective interest rate. In the case of loans for which collateral has been established, the present value of estimated future cash flows includes cash flows that can be obtained through execution of the collateral, less costs of execution and costs to sell, if execution is probable. The carrying amount of loan is decreased by the amount of the corresponding impairment allowance.

Homogenous groups of loans that are not significant individually and individually significant items for which the individual evaluation showed no objective evidence for impairment, are subject to collective evaluation for impairment, including incurred but not reported credit losses (IBNR). In order to estimate collective impairment allowances, the Bank classifies loans into portfolios with similar credit risk characteristics and assesses if there is objective evidence for impairment. The period of delinquency in loan repayment is the main identification of indicators for the objective evidence for impairment.

The collective impairment measurement process consists of two elements:

- estimation of collective impairment allowances for exposures which are not considered individually significant and for which at least one evidence of impairment has been identified,
- estimation of allowances for incurred but not reported credit losses (IBNR) – the exposures for which no evidence indicating impairment has been identified;

The present value of estimated future cash flows for exposures assessed on a collective basis is estimated based on:

- the expected future cash flows discounted using the effective interest rate for particular portfolio;
- historical data relating to delays and repayments for particular portfolio.

The portfolio parameters i.e. PD (probability of default) and RR (recovery rates) required for the calculation of impairment allowances are determined based on the historical data. The parameters are determined independently for each product portfolio using statistical methods. Parameters estimates are performed on the historical base of exposures. In justified cases, manual adjustment is allowed in order to reflect the impact of current circumstances. To reduce discrepancies between estimated and actual values of parameters, the Group regularly verifies the methodology and the assumptions underlying performance parameters. In addition, in order to estimate an IBNR provision for each identified portfolio, the LIP parameter (loss identification period) is determined.

For loans granted by former Wschodni Bank Cukrownictwa („old portfolio") impairment allowances are calculated using the method of discounted projected cash-flows in future periods which are determined using historical recovery rates and current debt recovery results. Information is updated at the end of each quarter. The interest rate applied for discounting of cash flows is determined as of the balance sheet date as the sum of risk free rate and credit risk spread.

Held-to-maturity investments

The Bank 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 value of an asset and the current value of estimated future cash flows (excluding future credit losses not incurred) discounted using the effective interest rate as at the date on which such evidence occurs for that financial asset.

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

Available-for-sale financial assets

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

Should there be any objective evidence of impairment of a financial assets available for sale, the amount constituting the difference between the acquisition cost of the assets (decreased by all capital repayments and interest) and its current fair value, less any impairment losses for these assets component previously recognized in profit or loss, is removed from equity and recognized in profit or loss. The reversal of impairment write-downs for equity instruments classified as available for sale shall not be reversed through profit or loss. If, in the next period, the fair value of a debt instrument available for sale increases, and the increase can be objectively related to an event subsequent to the recognition of the impairment loss in the financial profit or loss, then the amount of the reversals is recognized in the financial profit or loss.

4.8. Contingent liabilities

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

- 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 control of the Bank;
- present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be reliably measured.

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

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

Financial assets and financial liabilities are offset and recognized on a net basis only if the Bank holds a valid legal right to offset the recognized amounts and intends to settle the amounts net, or to realize a given asset and settle the liability at the same time.

4.9. Tangible fixed assets

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

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

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

Type	Period
Investment in third party assets	rental duration - up to 10 years
Buildings	from 20 to 40 years
Machinery	from 5 to 17 years
Computer units	from 4 to 5 years
Means of transport	from 2.5 to 5 years
Office equipment, furniture	from 5 to 7 years

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

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

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

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

4.10. Investment property

Investment property is real estate (land, buildings or parts of them or both items) which the Bank treats as a source of income from rent or holds due to the related increase in value, or both, and such real estate is not:

a) used during performance of services or other administrative activities, or
b) intended for sale as part of the entity's ordinary business.

Investment property is recognized at cost, including the transaction costs. After initial recognition, the value of investment property is decreased by depreciation and impairment write-downs.

Investment property is derecognized upon disposal or permanent withdrawal from use, if no future economic benefits from its disposal are expected. All profit or loss arising from the derecognition of an investment property are recognized in the income statement in the period of derecognition.

Transfer of assets to investment property is made only when there is a change in use evidenced by end of owner-occupation or commencement of an operating lease agreement. If a property occupied by the Bank becomes an investment property, the Bank applies rules as described in paragraph *Tangible fixed assets* up to the date of change in use of property.

4.11. Intangibles

An intangible asset acquired in a separate transaction is initially measured at acquisition or production cost. The cost of acquisition of an intangible asset in a business combination is equal to its fair value as of the date of the business combination. An initially recognized intangible asset with a definite useful life is recognized at the cost of acquisition or production less amortization and impairment write-downs. Except development work, expenditure on internally generated intangible assets, except for capitalized expenditure on development, is not capitalized and is recognized in the costs of the period in which it was incurred.

The Bank assesses whether the useful life of an intangible asset is definite or indefinite. An intangible asset with a definite useful life is amortized 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 amortization of intangible assets with a definite useful life are verified at least as of 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 recognized through a change of, respectively, the period or method of depreciation, and treated as changes of estimates. The amortization charges for intangible assets with a definite useful life are recognized in profit and loss, in the respective category for the function of that intangible asset.

Intangible assets with an indefinite useful life and those which are not used are, on an annual basis, subject to impairment tests with respect to individual assets or at the level of a cash-generating unit. In case of other intangibles the assessment is made on an annual basis whether the impairment indicators exist. The economic useful life periods are also subject to verification on an annual basis and, if necessary, adjusted with effect from the beginning of the financial year.

Goodwill

Goodwill is a value created as a result of the acquisition of subsidiaries. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. The goodwill is recognized at cost less any accumulated impairment write-downs. Goodwill is not amortized. Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. The impairment loss is determined by estimating the recoverable value of the cash-generating unit to which the goodwill was allocated. If the recoverable value of the cash-generating unit is lower than its carrying amount plus goodwill, the impairment loss is recognized.

Gains or losses resulting from the derecognition of intangibles are measured as the difference between the net proceeds from sale and the carrying amount of the given asset and recognized in the profit or loss as incurred.

4.12. Non-current assets held for sale and discontinued operations

Non-current assets held for sale include tangible fixed assets, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset held for sale is recognized at the lower of its carrying amount and fair value less costs to sell. Non-current assets are not subject to depreciation.

If the criteria for non-current assets held for sale are no longer met, the Bank ceases its recognition as non-current assets held for sale and reclassifies to the proper category of assets. In this case, the asset is measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation or revaluations that would have been recognized had the asset not been classified as held for sale,
- its recoverable amount at the date of the subsequent decision not to sell.

A discontinued operation is a component of the Bank that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

The reclassification to the discontinued operations is made when the operation is disposed or when the operation meets the criteria of discontinued operation.

4.13. Impairment of tangible fixed assets

The carrying amount of intangible fixed assets is tested for impairment periodically. If the Bank 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 recognized in the financial 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 the selling costs and the asset's value in use. An asset's value in use is determined as the future cash flows expected to be derived from the asset, discounted with the current market rate of interest plus a margin against a risk specific to the given class of assets.

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

4.14. Cash and cash equivalents

The Bank recognizes the following cash and cash equivalents: cash and balances on current accounts in the Central Bank and balances on current accounts and overnight deposits in other banks.

4.15. Accrued expense and deferred income

Accrued expenses (assets) are expenses recognized in the financial profit or loss in the future reporting periods over time. Accrued expenses (assets) are recognized under "other assets".

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

4.16. Employee benefits

In accordance with the Polish Labor Code and the Compensation Rules, the Bank's employees are entitled to disability/retirement severance pay. Such severance pay is paid as a lump sum to an employee upon termination of his or her employment for retirement or disability and the severance pay amount depends on the number of the employee's years of service and his or her individual pay level. The Bank creates a provision for severance pay to assign the future costs to the periods to which they relate. In accordance with IAS 19, disability/retirement severance pay is provided under termination benefit plans. The current amount of such liabilities as at each reporting date is determined by an independent actuary. The liabilities are equal to discounted payments to be made in the future, taking into account the employee turnover rate, and they relate to the reporting period. Demographic and employee turnover figures are based on historical data. Actuarial gains or losses are recognized in the profit or loss.

4.17. Provisions

A provision is recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Bank creates provisions for:

a) Retirement severance pay

The Bank creates provisions for retirement severance pay. The amount of provisions is determined according to valuation made by an independent actuary and updated at the end of each reporting period. The provision is recognized as a liability in "Provisions".

b) Unused leave

The Bank creates a provision in the full amount related to unused leave of the Group's employees at the end of the reporting period on the basis of the unused leave balance. The provision is recognized as a liability in "Provisions".

c) Other items

The Bank creates provisions for legal obligations or highly probable obligations whose amount can be reliably estimated. Such obligations may result, for instance, from contracts concluded, such as employment agreements, as well as in relation to pending lawsuits.

4.18. Leasing

Financial leasing agreements which transfer substantially all the risks and rewards incident to ownership of the leased asset on the Bank are recognized in the statement of financial position as at the date of commencement of the lease term at the lower of two values: the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the operating expenses and the reduction of the outstanding liability so as to produce a constant interest rate on the remaining balance of the liability. Other operating expenses are recognized directly in the financial profit or loss. Tangible fixed assets used under finance leases are depreciated over the shorter of the following two periods: the lease term or the estimated life of the asset. Leases where the lessor retains substantially all the risks and rewards of ownership of the asset leased are classified as operating leases. Operating lease payments are recognized under expense in the financial profit or loss on a straight-line basis over the term of the relevant lease.

The Bank recognizes assets under financial lease as receivables at the amount equal to the net lease investment. The initial costs directly related to the conclusion of a lease agreement are included in the initial value of the finance lease receivable and reduce the amount of income received during the lease period.

Lease fees related to the given financial period, excluding service costs, reduce the lease investment and constitute a part of the minimum lease fee; they are charged on the basis of the agreement together with the lease agreement. Financial lease income is recognized on an accrual basis, according to a fixed rate of return calculated on the basis of all cash flows related to the given lease agreement, discounted with the original effective interest rate.

The Bank presents assets under operating leases in the relevant fixed asset group, according to the nature of the respective asset. Fixed asset under operating lease agreements are depreciated on a straight-line basis over the lease agreement period, taking into account residual value. The residual value is determined at the amount the Bank could currently expect to obtain, taking into account the age and condition of the asset at the end of the lease agreement, less the estimated costs of disposal. Operating lease income is recognized as income on a straight-line basis over the agreement period, unless another systematic basis is more representative of the time pattern of the user's benefit.

4.19. Other receivables

Other receivables are recognized at the amount of the payment due, less impairment write-downs. In case the effect of the time value of money is material, the receivable amount is determined by discounting expected future cash flows to the current value using a discount rate that reflects current market assessments of the time value of money. If the discounting method has been applied, increase of the receivable amount over time is recognized in the income statement.

4.20. Other liabilities

Other liabilities are recognized at the amount of the payment due. In case the effect of the time value of money is material, the payable amount is determined by discounting expected future cash flows to the current value using a discount rate that reflects current market assessments of the time value of money. If the discounting method has been applied, increase of the payable amount in time is recognized in the income statement.

4.21. Equity

Equity is the capital, reserves and funds generated in accordance with the applicable laws, regulations and the articles of association. Equity consists of share capital, repurchased own shares, retained earnings (undistributed financial profit or loss) and other capital.

Share capital

Share capital is recognized at nominal value according to the articles of association and the incorporation records.

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

Repurchased own shares

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

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

Proceeds from sale of shares above their nominal value

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

Retained earnings

Retained earnings are created as a portion of the current financial result as well as the financial result from the previous years, which have not been allocated on the supplementary fund or distributed to the shareholders.

Other capital

Other capital comprises: the difference between the fair value of the payment received and the nominal values of the shares issued by the parent company; revaluation of the financial instruments available for sale, revaluation of the cash flow hedge and the deferred tax relating to temporary differences recognized in the revaluation reserve; retained earnings generated on the allocated from profit for the purposes specified in the articles of association and other applicable legal regulations. Other capital also includes other reserve capital resulting from the merger and the valuation of share-based payment transactions.

4.22. Share-based payments

Equity settled transactions

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

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled until the date in which particular employees become entitled to awards ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting 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 parent company's Management Board, at that date, based on the best available estimate of the number of equity instruments, will eventually be vested.

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

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

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

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

Cash-settled transactions

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

4.23. Revenues

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

Interest income

Interest income and expense include all interest income and expense on financial instruments valued at amortized cost using effective interest rate and assets available for sale. Interest income also includes incremental costs relating to originated loans and advances, including integral and direct internal costs.

The following financial assets and liabilities are measured at amortized cost by the Bank:

- loans and advances granted and other receivables not held for trading,

- financial assets held to maturity,
- financial liabilities not designated, upon inception, as financial liabilities measured at fair value through profit or loss and not being derivative instruments.

The effective interest rate is the rate that discounts the expected cash flows until maturity or the next market-based repricing date to the current net carrying amount of the financial asset or financial liability. That calculation should include all fees paid or received by the Bank under the contract for the asset or liability, excluding the potential future credit losses.

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

The recognition method for various types of fee/commission through profit or loss as interest or fee and commission income and, generally, whether it should be settled over time and not recognized through profit or loss as incurred, depends on the economic nature of the given fee/commission.

Deferred fees and commission income includes, for example, loan approval fees, loan origination fees, fees for loan disbursement, fees for additional collateral, etc. Such fees are an integral part of the return generated by the given financial instrument. This category also comprises fees and charges for changing the terms and conditions of contracts, which modifies the originally calculated effective interest rate.

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

In case of an asset for which impairment has been identified, the interest income is recognized in profit or loss based on net exposure determined as the difference between gross exposure and impairment allowance, and using the effective interest rate that was applied in the determination of the impairment allowance.

Net interest result also comprises the profit or loss on the interest charged and paid in relation to the derivative CIRS and IRS instruments.

Net commission income

Fees and commissions recognized in the financial profit or loss using the effective interest rate method are recognized in net interest result. Fees and commissions that are recognized over time using the straight-line method or upfront, are recognized under "net fee and commission income". The fee and commission income includes fee and commission income from transaction services.

This category includes fees and commissions for transaction services where the Bank acts as an agent or provides services such as distribution of investment fund units, investment and structured products, income and expense on commission and fees not being an integral part of loan receivables measured using effective interest rate method.

The Bank applies the policy of a one-off recognition of commission income relating to the sale of insurance products on a basis of the professional judgment whether particular commission is a charge for service or a part of effective interest rate.

The following factors are considered in the professional judgment:

- voluntary purchase of insurance,
- correlation between credit margin and concluding insurance agreement,
- possibility of purchase alternative insurance without Bank's intermediation,
- independence of loan and insurance agreements.

Commission expenses paid to brokers for sales of banking products are settled over the life of the given products.

Result on financial instruments measured at fair value

The result on financial instruments measured at fair value is determined assuming the following principles: the financial liabilities not designated, upon inception, as financial liabilities measured at fair value through profit or loss and the derivative instruments (IRS, CIRS, FX SWAP, FX FORWARD) are measured at fair value.

Foreign exchange result

Foreign exchange result comprises gains and losses arising from the purchase and disposal of foreign currencies or from the translation of foreign currency assets and liabilities, including unrealized gains/losses on the initial exchange of derivatives.

4.24. Other operating income and expense

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

4.25. Dividend income

Dividend income is recognized in the profit or loss when the right of shareholders to dividend is established, provided the dividend is paid from profits made after the acquisition date.

4.26. Taxes

Current tax

Liabilities and receivables due to the current tax for the current and previous periods are measured as the expected amount to be paid to (or received from) tax authorities assuming the tax rates and tax regulations effective as at the balance sheet date.

Deferred tax

For the purposes of financial reporting, deferred tax is provided calculated, using the liability method, on temporary differences arising as at the end of the reporting period between the tax value of assets and liabilities and their book value presented in the financial statements.

Deferred tax liabilities are recognized with respect to all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in case of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be achieved against which the above differences, assets and losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in case of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be achieved against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is verified at the end of each reporting period and is subject to a respective decrease by the amount which corresponds to the lower probability of generating taxable income sufficient for partial or full realization of the deferred tax asset. A deferred tax asset that was not recognized is re-assessed as at the end of each reporting period and is recognized to the amount which corresponds to the probability of generating taxable income in the future in order to utilize that asset.

Deferred income tax assets and provision for deferred income tax are determined using tax rates that are expected to be applied when a deferred tax asset is realized or the provision is released, based on the tax rates (and regulations) that have been effective or is expected to be effective at the end of the reporting period. Income tax concerning items recognized directly in other comprehensive income or in equity is recognized directly in other comprehensive income or in equity, respectively.

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

4.27. Earnings per share

Earnings per share for each period is calculated by dividing the net profit for a given period by the weighted average number of shares in a given reporting period. The disclosures required by IAS 33 have been presented on a basis of consolidated data only and have been presented in the consolidated financial statements.

5. SIGNIFICANT VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

5.1. Professional judgment

While applying the accounting policies with respect to the matters described below, except the best estimates, the professional judgment of the management was of the significant importance.

Classification of lease contracts

The Bank classifies leases as either financial or operating, based on the assessment of the extent to which the risk and rewards are transferred to the lessor and the lessee. Such an assessment is based on the economic substance of each transaction.

Valuation of loans granted by Wschodni Bank Cukrownictwa (old portfolio)

The amount of impairment losses has been determined by discounting the expected cash flows in consecutive periods, estimated on a basis of historical recovery rates from the old portfolio. For the purpose of discounting of cash flows, as at 31 December 2010 the Bank applies the rate based on two-year bonds and increased by the credit risk spread.

The portfolio coefficients in the valuation of exposures

Based on historical data, the parameters are determined necessary to calculate IBNR provision i.e. PD (probability of default) and RR (recovery rate). These parameters are determined independently for each product group using statistical methods. Estimation of parameters is made on the basis of historical exposure. In justified cases, it is possible to manual adjust the parameters of portfolio in order to reflect the impact of current conditions. Additionally, for the portfolios for which the base historical data is insufficient, the parameters for the portfolios of similar risk profile are used. At the moment the merger, for the calculation of the level of impairment allowances for portfolios of former Noble Bank S.A., the Bank adopted the parameters set in the portfolio based on historical data of portfolios of the former Getin Bank S.A., which are being supplemented with data for the combined portfolios.

5.2. Uncertainty of estimates

While preparing financial statements in accordance with IFRS, the Bank is required to make estimates and assumptions that affect the amounts reported in the financial statements. These assumptions and estimates are reviewed on an ongoing basis by the Bank's management and based on historical experience and various other factors, including such expectations as to the future events which seem justified in a particular situation. Although these estimates are based on the best knowledge of the current conditions and of the activities undertaken by the Bank, the actual results may be different from these estimates. Estimates made as at the end of the given reporting period reflect the conditions as at the given date (e.g. currency exchange rates, interest rates, market prices).

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

Impairment of loans and advances

As at the end of each reporting period, the Bank assesses whether there is any objective evidence that a financial asset or a group of assets is impaired. The Bank assesses whether there is any evidence indicating a reliably measurable decrease in estimated future cash flows relating to the loan portfolio, before such a decrease can be allocated to a particular loan in order to estimate the level of impairment. The estimates may include observable data indicating an unfavorable 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 loss parameters are adjusted 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 do not exist now. The methodology and assumptions for estimating amounts of cash flows and the periods in which they occur is subject to review on a regular basis in order to reduce the discrepancies between the estimated and actual amounts of losses.

The value of impairment allowances for old portfolio was calculated based on the method of discounted expected cash flow in subsequent periods, estimated on the basis of historical recoveries from the old portfolio and the ongoing effects of the debt recovery process.

Uncertainty is also associated with estimates of impairment in value of portfolio (both in relation to the impaired portfolio and regular portfolio, for which an IBNR allowance is made), which follows from the assumptions (described in the paragraph on professional judgments) and specific of statistical models used.

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

The fair value of derivatives, financial assets and financial liabilities not quoted on active markets is determined based on widely recognized measurement methods. All the models are subject to approval before application and calibrated to ensure that the results achieved reflect the actual data and comparable market prices. As far as practicable, the models use only observable data from an active market; however, under certain circumstances, the Bank estimates the relevant uncertainties (such as the counterparty risk, volatility and market correlations). Change in the assumptions adopted for these factors may affect the measurement of certain financial instruments.

Fair value of other financial instruments

The fair value of financial instruments not quoted in active markets is determined using relevant valuation techniques. All models subject to approval before use and calibrated to ensure that the results reflect the actual data and comparative market prices. As far as possible only observable data, derived from an active market is used in the models.

Impairment of other non-current assets

At the end of each reporting period the Bank assesses the existence of impairment indicator for fixed assets. In case such indicators are identified, the Bank estimates the value in use. Estimation of the value in use of fixed asset assumes, inter alia, the adoption of the assumptions with respect to the amounts, timing of future cash flows that the Bank may receive in respect of any asset and other factors. While estimating the fair value less costs to sell, the Bank uses available market data or independent appraisals, which in principle are also based on estimates.

Valuation of provisions for retirement severance pay

The provision for retirement severance pay is determined based on the valuation performed by an independent actuary and it is subject to revision at the end of each reporting period.

Impairment of goodwill

After its initial recognition, goodwill is measured at cost less any accumulated impairment write-downs. Impairment tests are carried out once a year. Furthermore, as at each reporting date the assessment is made whether there are impairment triggers with respect to goodwill.

The Bank assessed whether there are any circumstances as of the balance sheet date indicating that the carrying value of goodwill is lower than its recoverable amount. An annual goodwill impairment test is performed for this purposes, regardless of whether there is any evidence of goodwill impairment or not. The test is performed in accordance with IAS 36.

The recoverable amount is estimated according to the value in use of the cash generating units (hereinafter referred to as CGUs), attributed to goodwill. CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes not larger than an operating segment.

Value in use is the present estimated value of the future cash flows the Bank expects to derive from further use of the CGU. Value in use include the end (residual) value of the CGU. The residual value of the CGU is calculated by extrapolating cash flow projections beyond the forecast period, while applying a determined growth rate.

Forecasts related to future flows cover five years and are based on the following:

- historical data reflecting CGU potential with regard to cash flow generation,
- balance sheet and profit or loss account projections for the CGU as of the goodwill impairment test date,
- balance sheet and profit or loss account forecasts for the period covered by the forecast,
- assumptions included in the Bank's budget,
- analysis of the reasons for discrepancies between future cash flow forecasts and the actual flows obtained.

Future cash flows constituting the bases for value in use calculation reflect the value of potential dividends/additional capital contributions, taking into account a determined level of generated profit as well as regulatory capital necessary to maintain the assumed capital adequacy level.

The present value of future cash flows is calculated using the adequate discount rate, taking into account the risk free rate, the risk premium, the low capitalization premium and the specific risk premium.

The present value of future cash flows is compared to the carrying value (as of the date of the test) for the total of the following: goodwill and CGU net assets (CGU own funds and profits).

Deferred tax asset

The Bank recognizes deferred tax asset based on the assumption that future tax profits will be achieved which will allow for its utilization. The decrease in the tax results in the future could make this assumption unjustified.

Other estimates

As at 31 December 2010 the Bank recognized revenues from the portfolio insurance contract made with the TU Europa S.A. with respect to real estates being collaterals for the Bank's mortgage loans. The amount of remuneration was recognized in the discounted value due to the impact of deferred cash payments. The discount rate reflects the credit risk of TU. The discounted amount of remuneration was divided into two parts:

- for the current monthly premium payment servicing, determined on the basis of market valuation of the remuneration for this service, i.e. rates applied by the insurance company for this type of benefits and is recognized as income on a straight-line basis throughout the period of 60 months,
- for intermediary services recognized as income upfront, taking into account the estimated amount of potential reimbursement of remuneration.

The Bank carried out an estimate of the amount of potential reimbursement of remuneration charged to deferred income on the basis of the likelihood of events that could lead to return of remuneration. These estimates were based on an analysis of the scale of submitted and recognized actual customer complaints and the actual behavior of mortgage loans portfolio in the past.

Although estimates used are based on best knowledge, actual results may differ from the applied estimates. The compliance of actual results with the estimated values is being revised in reporting periods.

IV. ADDITIONAL NOTES AND DISCLOSURES

1. Interest income and expense

Interest income	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Income from deposits in other banks	15,693	53,489
Income from loans and advances granted to customers	2,032,551	1,714,888
Income from debt securities available-for-sale	188,433	221,153
Income from debt securities held-to-maturity	-	1,604
Income from derivative financial instruments	585,106	604,187
Interest income from obligatory reserve	31,475	27,804
Other interest	-	83
Total	**2,853,258**	**2,623,208**

Interest expense	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Expense on deposits w ith banks and other financial institutions	11,586	25,907
Expense on amounts due to customers	1,632,958	1,593,550
Expense on derivative financial instruments	154,513	120,714
Expense on issuance of ow n debt securities	24,322	76,035
Expense on loans taken	7,020	27,650
Other interest expense	**1,830,399**	**1,843,856**
Total		
Net interest income	**1,022,859**	**779,352**

Additional informations	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Interest income from impaired financial assets	125,480	76,915
Total interest income calculated using the effective interest rate in relation to financial assets not measured at fair value through profit or loss	2,268,152	2,018,938
Interest expense calculated using the effective interest rate in relation to financial liabilities not measured at fair value through profit or loss	1,675,886	1,723,142

The interest income for 2010 and 2009 includes the accrued interest not received as at the end of the reporting period and the interest on receivables received. The most significant interest income item for both years was income from loans granted to customers and the most significant interest expense item was expense on amounts due to customers.

2. Fee and commission incomeand expense

Fee and commision income	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Related to loans and advances granted	192,518	261,401
Related to guarantees, letters of credit and similar operations	492	331
Related to servicing bank accounts	23,398	22,420
Related to payment and credit cards	19,259	14,715
Related to cash and clearing operations	4,325	3,662
Related to agency services, including:	726,655	466,415
sale of investment products	273,610	52,985
sale of insurance policies	451,348	401,644
other	1,697	11,786
Other	6,620	2,135
Total	**973,267**	**771,079**
including: income from financial assets and liabilities not measured at fair value through profit or loss	*966,647*	*768,944*

Fee and commision expense	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Related to payment and credit cards	13,087	13,024
Related to loans and advances	63,939	25,073
Related to agency services, including:	142,663	176,814
sale of investment products	64,762	19,814
sale of insurance policies	37,298	31,778
other	40,603	125,222
Related to cash and clearing operations	1,381	1,275
Other	8,271	1,245
Total	**229,341**	**217,431**
including: expense from financial assets and liabilities not measured at fair value through profit or loss	*221,070*	*216,186*

The main items of commission income and expense in 2010 were income and expense related to brokerage in investment and insurance policies products sale. The decrease of commission income related to loans and advances is connected with significantly lower scale of sale of special offers mainly within mortgage loans.

3. Dividend income

	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Dividend income from:		
shares and stocks of subordinated entities	68,460	51,560
securities available for sale	2,756	2,312
Total	**71,216**	**53,872**

4. Result on financial instruments measured at fair value through profit or loss

	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Derivatives	(15,967)	115,108
Financial liabilities measured at fair value through profit or loss	679	(6,671)
Total	**(15,288)**	**108,437**

	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Gains	172,951	162,925
Losses	(188,239)	(54,488)
Total	**(15,288)**	**108,437**

The positive financial result in 2009 resulted from incorporation of spread margin increase on the CIRS market in their valuation at fair value and from implementation in the second half of 2009 of cash flow hedge accounting for mortgage loans portfolio denominated in CHF which allowed to realize positive financial result on financial instruments measured at fair value amounting to PLN 156 million in 2009.

5. Result on other financial instruments

Result on other financial instruments	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Available for sale financial instruments	95,058	(2,435)
Shares and stocks of subordinated entities	(8,500)	-
Total	**86,558**	**(2,435)**

The result on other financial instruments in 2010 amounted to PLN 86,558 thousand and was higher by PLN 88,993 thousand than the result achieved in 2009. It was mainly achieved due to sale in 3 quarter 2010 of shares of TU Europa. As a result, the Bank recognized in the profit or loss pre-tax gain amounting to PLN 98,249 thousand.

	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Gains and losses from available-for-sale financial instruments recognized directly in equity	**(500)**	**(28,087)**

6. Foreign exchange result

Foreign exchange result	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Foreign exchange differences resulting from valuation of loans, deposits, financial instruments and foreign currency purchase/sale transactions	135,698	107,064

7. Other operating income

Other operating income	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Rental income	8,009	1,579
Received penalties, compensation and fees	5,721	5,928
Sale of products and services	4,457	1,244
Income from non financial fixed assets sell	7,448	8,372
Recovery of non-recoverable debts	1,800	1,920
Recovered legal and debt collections	20,665	12,391
Other income	3,844	2,360
Total	**51,944**	**33,794**

8. Other operating expense

Other operating expenses	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Rental costs	5,137	524
Paid penalties, compensation and fees	1,277	32
Court and administration fees	17,868	15,177
Loan receivables collection and monitoring	26,696	15,635
Incidental expenses	2,482	2,685
Loss and sale of non financial fixed assets along with allowance	7,940	3,088
Other expenses	4,181	2,034
Total	**65,581**	**39,175**

Other operating income and expense are not related directly to banking operations. Here are included particularly: result from sale and liquidation of fixed assets, income from sale of other services, received and paid compensation and fees, expenses related to collection, including remuneration for external entities and court fees.

9. General administrative costs

General administrative expenses	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Employee benefits	224,285	195,569
Materials and energy	24,218	21,715
External services, including:	241,915	223,058
- marketing, representation and advertising	66,945	60,229
- IT services	12,941	10,976
- lease and rental	81,141	70,637
- security and cash processing services	8,242	9,900
- telecommunication and postal services	42,529	37,525
- legal services	1,592	2,659
- advisory services	5,563	5,938
- insurance	1,197	1,216
- other	21,765	23,978
Other material costs	7,422	5,838
Taxes and levies	5,234	4,142
Contributions and payments to the Bank Guarantee Fund and the Polish Financial Supervision Authority	16,045	12,803
Amortization and depreciation	43,640	40,432
Total	**562,759**	**503,557**

Employee benefits	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
Remuneration	190,774	165,534
Including: valuation of managament options programme	*3,665*	-
Insurance and other employee benefits	33,511	30,035
Total	**224,285**	**195,569**

(data in PLN thousand)

10. Write-downs on receivables and provisions for off-balance sheet liabilities

01.01.2010 - 31.12.2010	Loand and advances granted to customers				Total	Amount due from banks	Off-balance liabilities	Total
	Corporate	Car	Mortgage	Consumer				
Write-downs/provisions at the beginning of the period	**121,892**	**288,546**	**171,276**	**1,018,372**	**1,600,086**	**12**	**913**	**1,601,011**
Increases	271,999	512,026	703,995	737,597	2,225,617	220	3,932	2,229,769
Decreases	(225,480)	(246,910)	(297,732)	(408,992)	(1,179,114)	(10)	(3,304)	(1,182,428)
Net change of write-downs recognized in the profit or loss	46,519	265,116	406,263	328,605	1,046,503	210	628	1,047,341
Utilization- write-offs	(13,867)	(12,303)	(2,739)	(6,155)	(35,064)	-	-	(35,064)
Other increases	-	-	8,301	-	8,301	1	-	8,302
Other decreases	(2,868)	(6,658)	-	(34,964)	(44,490)	-	-	(44,490)
Net other increases/decreases	(2,868)	(6,658)	8,301	(34,964)	(36,189)	1	-	(36,188)
Write-downs/provisions at the end of the period	151,676	534,701	583,101	1,305,858	2,575,336	223	1,541	2,577,100

01.01.2009 - 31.12.2009 (restated)	Loand and advances granted to customers				Total	Amount due from banks	Off-balance liabilities	Total
	Corporate	Car	Mortgage	Consumer				
Write-downs/provisions at the beginning of the period	**119,533**	**172,747**	**111,446**	**475,126**	**878,852**	**24**	**571**	**879,447**
Increases	55,087	329,391	190,793	786,612	1,361,883	-	6,177	1,368,060
Decreases	(43,600)	(190,093)	(138,664)	(204,513)	(576,870)	(13)	(5,835)	(582,718)
Net change of write-downs recognized in the profit or loss	**11,487**	**139,298**	**52,129**	**582,099**	**785,013**	**(13)**	**342**	**785,342**
Utilization- write-offs	**(8,819)**	**(20,347)**	**(1,833)**	**(13,734)**	**(44,733)**	**-**	-	**(44,733)**
Other increases	43	-	13,046	307	13,396	1	-	13,397
Other decreases	(352)	(3,152)	(3,512)	(25,426)	(32,442)	-	-	(32,442)
Net other increases/decreases	**(309)**	**(3,152)**	**9,534**	**(25,119)**	**(19,046)**	**1**	-	**(19,045)**
Write-downs/provisions at the end of the period	**121,892**	**288,546**	**171,276**	**1,018,372**	**1,600,086**	**12**	**913**	**1,601,011**

The Bank has changed the presentation by transferring foreign exchange differences amounting to PLN 12,392 thousand from write-downs to foreign exchange result.

Created and released write-downs result from regular operations of the Bank. The policies of creating of write-downs have been described in the Accounting Policies (point III.4.7 of these financial statements).

11. Income tax

Tax charge

Tax presented in the income statement shows negative value.

In January 2010, Getin Noble Bank S.A. has changed the accounting for foreign exchange differences for the purpose of income tax form the tax method into the accounting method. This change led to the necessity of recognition the FX changes charged in 2009 under the tax income/expense in 2010. In accordance with the tax law interpretations received, the recognition only covers the foreign exchange differences included in the profit or loss account for 2009. It means that while applying the accounting method, the foreign exchange differences that arose before 2009 will not increase the taxable income.

As a result of the change, Getin Noble Bank released in 2010 the deferred income tax provision related to the aforementioned foreign exchange differences in the amount of PLN 88,624 thousand.

After elimination of the tax effect of the aforementioned release of the deferred income tax provision, the effective tax rate amounts to 17.33%.

In 2010 Getin Noble Bank S.A. settled in current tax the previous years tax losses of PLN 67,400 thousand, which is the maximal amount for current year. Additionally, Getin Noble Bank S.A. has PLN 67,400 thousand of previous years tax losses to be settled with the income tax in next years. The deferred tax asset relating to this amount has been created.

The main items of tax charge for the year ended 31 December 2010 and 31 December 2009 are as follows:

	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Income statemnt		
Current income tax	***26,130***	***90,705***
Current tax charge	30,982	90,556
Adjustments related to current tax from previous years	(4,852)	149
Deferred income tax	***(41,755)***	***(102,948)***
Relating to origination and reversal of temporary differences	(109,155)	(188,094)
Tax loss from previous years	67,400	85,146
Tax charge shown in the income statement	**(15,625)**	**(12,243)**
Other comprehensive income		
Current income tax	-	-
Deferred income tax	***(9,471)***	***(6,731)***
relating to origination and reversal of temporary differences, including:	(9,471)	(6,731)
related to financial instruments available-for-sale	(95)	(5,337)
related to cash flow hedges	(8,882)	(1,282)
other	(494)	(112)
Tax charge shown in the other comprehensive income	**(9,471)**	**(6,731)**
Total main items of tax charge disclosed in the statement of comprehensive income and equity	**(25,096)**	**(18,974)**

Reconciliation of the effective tax rate

The reconciliation of profit before tax at statutory tax rate, with the effective tax rate calculated by the Bank for the year ended 31 December 2010 and 31 December 2009 is as follows:

	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Profit/ (loss) before tax	**421,232**	**305,658**
19% tax rate	80,034	58,076
Non taxable revenue	(13,839)	(75,178)
Non-tax-deductible costs	6,303	(69)
Unrecognized tax losses		4,779
Adjustments relating to current income tax from previous years	146	149
Settlement of foreign exchange differences due to the change of tax method to the accounting method	(88,624)	-
Other	355	
Tax charge shown in the statement of comprehensive income	**(15,625)**	**(12,243)**
Effective tax rate	**-3.71%**	**-4.01%**

Deferred income tax

Deferred income tax results from following positions:

	As at 01.01.2010 PLN thousand	Changes during the period		As at 31.12.2010 PLN thousand
		Recognized in the income statement PLN thousand	Recognized in other comprehensive income PLN thousand	
Deferred income relating to securities and derivatives	58,557	(15,768)	-	42,789
Deferred income relating to loans and deposits	63,730	52,783	-	116,513
Depreciation (fixed assets financed by investment tax relief)	792	(54)	-	738
Commission paid in advance	5,141	(4,783)	-	358
Commission related to loans Paid in advance	70,251	38,022	-	108,273
Surplus of tax depreciation	2,651	1,481	-	4,132
Discounted interest on the BFG loan	1,260	(1,260)	-	-
Valuation of debt securities available-for-sale	41	-	(41)	-
Foreign exchange differences	84,681	(84,681)	-	-
Other	3,166	13,289	(494)	15,961
Deferred tax liability	**290,270**	**(971)**	**(535)**	**288,764**
Interest on deposits, issue of own securities, derivative instruments and interest on bonds (related to BFG loan to be settled at their redemption)	100,846	420	-	101,266
Revenue taxed in advance	6,108	35	-	6,143
Provision for expected liabilities and costs	7,185	332	-	7,517
Valuation of cash flow hedge	1,282	-	8,882	10,164
Tax loss from previous years	145,147	(77,747)	-	67,400
Valuation of debt securities available-for-sale	1,529	-	54	1,583
Write-downs for loan receivables (in accordance with IFRS)	220,465	118,550	-	339,015
Other	3,459	(806)	-	2,653
Deffered tax asset	**486,021**	**40,784**	**8,936**	**535,741**
Net income tax asset				**246,977**

(restated)	As at 01.01.2009 PLN thousand	Changes during the period: Recognized in the income statement PLN thousand	Changes during the period: Recognized in the other comprehensive income PLN thousand	As at 31.12.2009 PLN thousand
Deferred income relating to securities and derivatives	30,341	28,216	-	58,557
Deferred income relating to loans and deposits	24,400	39,330	-	63,730
Depreciation (fixed assets financed by investment tax relief)	852	(60)	-	792
Commission paid in advance	4,814	327	-	5,141
Commission related to loans paid in advance	52,685	17,566	-	70,251
Surplus of tax depreciation	1,833	818	-	2,651
Discounted interest on the BFG loan	6,171	(4,911)	-	1,260
Valuation of debt securities available-for-sale	3,876	-	(3,835)	41
Foreign exchange differences	165,544	(80,863)	-	84,681
Other	5,882	(2,604)	(112)	3,166
Deferred tax liability	**296,398**	**(2,181)**	**(3,947)**	**290,270**
Interest on deposits, issue of own securities, derivative instruments and interest on bonds (related to BFG loan to be settled at their redemption)	178,785	(77,939)	-	100,846
Revenue taxed in advance	7,992	(1,884)	-	6,108
Provision for expected liabilities and costs	10,145	(2,960)	-	7,185
Valuation of cash flow hedge	122,335	98,130	-	220,465
Tax loss from previous years	60,001	85,146	-	145,147
Valuation of debt securities available-for-sale	27	-	1,502	1,529
Valuation of cash flow hedge	-	-	1,282	1,282
Other	3,185	274	-	3,459
Deffered tax asset	**382,470**	**100,767**	**2,784**	**486,021**
Net income tax asset				**195,751**

Tax settlements and other areas of operations under regulations (for example custom or currency cases) may be subject to control of administration authorities which are entitled to impose high penalties and sanctions. No reference to well-established regulations in Poland cause occurrence of inconsistencies and ambiguities in regulations in force. The differences frequently presented in legal interpretations opinions concerning tax regulations, both within state authorities as well as between state authorities and companies, result in the occurrence of the areas of uncertainty and conflicts.

Tax settlements may be subject to control within 5 years, starting from the end of the year in which tax payment was made. As a result of tax controls, current Bank's tax settlements may by increased by additional tax liability. In the opinion of the Bank, as at 31 December 2010 appropriate provisions for recognized and quantifiable tax risk were created.

12. Cash and balances with the Central Bank

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Cash	107,280	113,923
Current account in the Central Bank	1,867,392	794,900
Other	94	16
Total	**1,974,766**	**908,839**

During the day, the Bank may use funds on the current account with the Central Bank to carry out current monetary settlements, however, the Bank must ensure that the average monthly balance is maintained on this account in the amount consistent with the declaration of the obligatory reserve.

Funds on the obligatory reserve account bear interest of 0.9 of the note rediscount rate, which amounted to 3.375% as at 31 December 2010 and as at 31 December 2009.

13. Amounts due from banks and financial institutions

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Current accounts	84,812	107,405
Deposits placed in other banks	2,410,545	905,688
Granted loans and advances	14,825	6
Purchased debts	1,044	1,760
Other receivables	-	56
Total	**2,511,226**	**1,014,915**
Impairment w rite-dow ns (-)	(223)	(12)
Total, net	**2,511,003**	**1,014,903**

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Amounts due from banks, w ith variable interest rate	1,545,609	145,560
Amounts due from banks, w ith fixed interest rate	964,567	867,990
Non-interest bearing receivables- interests	827	1,353

Amounts due from banks, by maturity	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Current accounts and overnight deposits	471,344	286,277
Amounts due w ith term of maturity:	2,039,882	728,582
up to 1 month	594,853	577,134
form 1 to 3 months	106,802	23,888
from 3 months to 1 year	441,670	66,244
from 1 year do 5 years	896,557	61,316
over 5 years	-	-
Other receivables	-	56
Total	**2,511,226**	**1,014,915**
Impairment w rite-dow ns (-)	(223)	(12)
Total, net	**2,511,003**	**1,014,903**

14. Derivative financial instruments

Nominal values and fair values of derivative financial instruments according to original maturity are shown in the table below:

As at 31.12.2010	Up to 1 month PLN thousand	From 1 to 3 months PLN thousand	From 3 months to 1 year PLN thousand	From 1 to 5 years PLN thousand	Over 5 years PLN thousand	Total PLN thousand	Fair value (negative) PLN thousand	Fair value (positive) PLN thousand
Currency transactions								
Currency swap	**782,033**	**1,477,099**	**-**	**-**	**-**	**2,259,132**	**2,393**	**16,879**
Purchase of currency	391,282	745,153	-	-	-	1,136,435		
Sale of currency	390,751	731,946	-	-	-	1,122,697		
CIRS	**-**	**-**	**-**	**29,837,669**	**1,065,042**	**30,902,711**	**1,000,330**	**11,144**
Purchase of currency	-	-		14,415,662	495,540	14,911,202		
Sale of currency	-	-		15,422,007	569,502	15,991,509		
FX/Purchase/Sale	**116,069**	**-**	**-**	**-**	**-**	**116,069**	**76**	**32**
Purchase of currency	58,013	-	-	-	-	58,013		
Sale of currency	58,056	-	-	-	-	58,056		
Options	**-**	**-**	**43,566**	**63,760**	**-**	**107,326**	**2,809**	**2,809**
Purchase	-	-	21,783	31,880	-	53,663		
Sale	-	-	21,783	31,880	-	53,663		
Forward	**299**	**3,978**	**-**	**59,954**	**-**	**64,231**	**999**	**57**
Purchase	151	1,998	-	29,306	-	31,455		
Sale	148	1,980	-	30,648	-	32,776		
Interest rate transactions								
Interest rate swap (IRS)	**-**	**-**	**-**	**754,000**	**-**	**754,000**		**13,721**
Purchase	-	-	-	377,000	-	377,000		
Sale	-	-	-	377,000	-	377,000		
Forward Rate Agreement (FRA)	**-**	**-**	**-**	**6,809,655**	**-**	**6,809,655**	**24,971**	
Purchase	-	-	-	-	-	-		
Sale	-	-	-	6,809,655	-	6,809,655		
Other transactions								
Index for commodity options	**-**	**-**	**-**	**120,179**	**-**	**120,179**	**4,004**	**4,011**
Purchase	-	-	-	60,114	-	60,114		
Sale	-	-	-	60,065	-	60,065		
Total derivatives	**898,401**	**1,481,077**	**43,566**	**37,645,217**	**1,065,042**	**41,133,303**	**1,035,582**	**48,653**

As at 31.12.2009 (restated)	Up to 1 month PLN thousand	From 1 to 3 months PLN thousand	From 3 months to 1 year PLN thousand	From 1 year to 5 years PLN thousand	Over 5 years PLN thousand	Total PLN thousand	Fair value (negative) PLN thousand	Fair value (positive) PLN thousand
Currency transactions								
Currency swap	**570,552**	**4,106,605**	**2,948,901**	**5,777**	-	**7,631,835**	**10,310**	**91,505**
Purchase of currency	285,276	2,063,309	1,507,936	2,879	-	3,859,400		
Sale of currency	285,276	2,043,296	1,440,965	2,898	-	3,772,435		
CIRS	-	-	**1,636,157**	**19,394,170**	**718,233**	**21,748,560**	**19,405**	**214,867**
Purchase of currency	-	-	813,782	9,731,781	358,640	10,904,203		
Sale of currency	-	-	822,375	9,662,389	359,593	10,844,357		
FX/Purchase/Sale	**31,300**	-	-	-	-	**31,300**	**52**	
Purchase of currency	15,624	-	-	-	-	15,624		
Sale of currency	15,676	-	-	-	-	15,676		
Forward	**829**	**1,658**	-	-	-	**2,487**		**7**
Purchase	411	836	-	-	-	1,247		
Sale	418	822	-	-	-	1,240		
Options	-	-	**10,800**	**47,596**	-	**58,396**	**2,114**	**2,114**
Purchase	-	-	5,400	23,798	-	29,198		
Sale	-	-	5,400	23,798	-	29,198		
Interest rate transactions								
Interest rate swap (IRS)	-	-	-	**906,000**	-	**906,000**		**19,822**
Purchase	-	-	-	453,000	-	453,000		
Sale	-	-	-	453,000	-	453,000		
Forward Rate Agreement (FRA)	-	-	-	**3,396,835**	-	**3,396,835**	**20,127**	
Purchase	-	-	-	-	-	-		
Sale	-	-	-	3,396,835	-	3,396,835		
Other transactions								
Index and commodity options	-	-	**30,850**	**28,884**	-	**59,734**	**1,005**	**1,005**
Purchase	-	-	15,425	14,442	-	29,867		
Sale	-	-	15,425	14,442	-	29,867		
Total derivatives	**602,681**	**4,108,263**	**4,626,708**	**23,779,262**	**718,233**	**33,835,147**	**53,013**	**329,320**

15. Loans and advances to customers

Loans and advances to customers	31.12.2010	31.12.2009 (restated)
	PLN thousand	PLN thousand
Loans and advances	35,437,162	26,804,266
Purchase receivables	1,147,086	791,707
Payments and credit cards receivables	220,331	223,671
Realized guarantees and letters of credit	192	205
Total	**36,804,771**	**27,819,849**
Impairment write-downs	(2,575,336)	(1,602,086)
Total, net	**34,229,435**	**26,217,763**

31.12.2010	Gross value of unimpaired loans	Gross value of impaired loans	Allowance for loans and advances with no impairment-IBNR	Allowance for impaired loans and advances	Total net value
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
corporate loans	2,341,083	185,465	(20,582)	(131,094)	2,374,872
car loans	3,444,174	692,663	(70,086)	(464,615)	3,602,136
mortgage loans	25,274,363	1,237,942	(191,599)	(391,502)	25,929,204
consumer loans	2,071,803	1,557,278	(102,075)	(1,203,783)	2,323,223
Total	**33,131,423**	**3,673,348**	**(384,342)**	**(2,190,994)**	**34,229,435**

31.12.2009 (restated)	Gross value of unimpaired loans	Gross value of impaired loans	Allowance for loans and advances with no impairment-IBNR	Allowance for impaired loans and advances	Total net value
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
corporate loans	1,650,142	151,005	(7,480)	(116,412)	1,677,255
car loans	3,306,523	377,012	(57,214)	(231,332)	3,394,989
mortgage loans	18,537,202	427,218	(52,342)	(118,934)	18,793,144
consumer loans	2,223,075	1,147,672	(171,662)	(846,710)	2,352,375
Total	**25,716,942**	**2,102,907**	**(288,698)**	**(1,313,388)**	**26,217,763**

Loans and advances granted to customers	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Loans and advances granted to:		
local government authorities	137,456	5,643
financial institutions other than banks	174,781	208,051
non financial institutions other than individual persons	4,621,222	3,446,668
natural persons	29,295,976	22,557,401
Total	**34,229,435**	**26,217,763**

Loans and advances granted to customers by maturity	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Loans and advances granted to customers:		
up to 1 month	3,319,013	1,149,151
from 1 month to 3 months	458,895	361,499
from 3 months to 1 year	2,308,487	1,806,316
from 1 year to 5 years	7,171,907	6,483,376
over 5 years	20,971,133	16,417,421
Total	**34,229,435**	**26,217,763**

Loans and advances with fixed interest	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Carrying amount	473,098	429,998
% of portfolio of loans and advances	1.38%	1.64%

16. Financial instruments available for sale

Financial instruments	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Securities available-for-sale		
issued by central banks	999,330	1,049,210
issued by other banks	18	118
issued by other financial institutions	1,707	136,365
issued by non financial institutions	28,397	4,272
issued by the State Treasury	1,775,180	2,660,376
Total financial instruments	**2,804,632**	**3,850,341**
Impairment of financial instruments		
Securities available-for-sale		
issued by other banks	-	-
issued by other financial institutions	-	(10)
issued by non financial institutions	(1,331)	(3,065)
Impairment of financial instruments	**(1,331)**	**(3,075)**
Total financial instruments, net	**2,803,301**	**3,847,266**

Changes in financial instruments	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Securities available-for-sale		
Net value at the beginning of the period	3,847,266	3,353,303
Increases	78,274,438	73,599,779
Decreases (sale and redemption)	(79,297,663)	(73,083,359)
Fair value changes	(22,484)	(22,452)
Allowance for impairment losses (-)	1,744	(5)
Net value at the end of the period	**2,803,301**	**3,847,266**
Securities held-to-maturity		
Net value at the beginning of the period	0	5,315
Increases	-	-
Decreases (sale and redemption)	-	(5,000)
Allowance for impairment losses (-)	-	-
Fair value changes	-	(315)
Net value at the end of the period	**0**	**0**

Securities available-for-sale- change in revaluation reserve	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
At the beginning of the period	**(6,342)**	**8,763**
valuation *(value recognized in revaluation reserve)*	21,267	(10,075)
repurchase *(value transferred from the revaluation reserve, recognized in the profit or loss account)*	(21,673)	(5,030)
At the end of the period	**(6,748)**	**(6,342)**

In the line „Securities available-for-sale" there are also presented stock and shares of companies. They amount to 0.53% of securities portfolio. The Bank holds 10.93% of shares in Biuro Informacji Kredytowej S.A., which are measured at the acquisition price in accordance with IAS 39.46.

On 27 September 2010 all Bank's shares of TU Europa S.A. were sold through the Warsaw Stock Exchange S.A., i.e. 1,570 thousand ordinary bearer shares representing 19.94% of TU Europa S.A. share capital. Income from sale amounted to PLN 238,701 thousand . As a result, the Bank recognized in the profit or loss account pre-tax gain amounting to PLN 79,582 thousand.

Carrying amount of securities available-for-sale by maturity as at 31.12.2010	Up to 1 month PLN thousand	From 1 to 3 months PLN thousand	From 3 months to 1 year PLN thousand	From 1 to 5 years PLN thousand	Over 5 years PLN thousand	Maturity date not determined PLN thousand	Total PLN thousand
issued by central banks	999,330		0	0	0	0	999,330
issued by other banks						18	18
issued by other financial institutions						1,707	1,707
issued by non financial institutions			20	25,994		2,383	28,397
issued by the State Treasury			707,364	1,067,816			1,775,180
issued by local authorities							0
Gross securities available-for-sale as at 31.12.2010	**999,330**	**0**	**707,384**	**1,093,810**	**0**	**4,108**	**2,804,632**
Impairment write-downs (-)						-1,331	-1,331
Net securities available-for-sale as at 31.12.2010	**999,330**	**0**	**707,384**	**1,093,810**	**0**	**2,777**	**2,803,301**

Carrying amount of securities available-for-sale by maturity as at 31.12.2009 (restated)	Up to 1 month PLN thousand	From 1 to 3 months PLN thousand	From 3 months to 1 year PLN thousand	From 1 to 5 years PLN thousand	Over 5 years PLN thousand	Maturity date not determined PLN thousand	Total PLN thousand
issued by central banks	1,049,210	-	-	-	-	-	1,049,210
issued by other banks	-	-	-	-	-	118	118
issued by other financial institutions	-	-	-	14	-	136,351	136,365
issued by non financial institutions	-	-	-	20	-	4,252	4,272
issued by the State Treasury	99,883	580,383	502,121	1,196,131	281,858	-	2,660,376
Gross securities available-for-sale as at 31.12.2009	**1,149,093**	**580,383**	**502,121**	**1,196,165**	**281,858**	**140,721**	**3,850,341**
Impairment write-downs (-)	-	-	-	-	-	-3,075	-3,075
Net securities available-for-sale as at 31.12.2009	**1,149,093**	**580,383**	**502,121**	**1,196,165**	**281,858**	**137,646**	**3,847,266**

17. Assets pledged as security

Types of assets pledged as security as at 31.12.2010	Types of liabilities	Value of secured liabilities PLN thousand	Carrying amount of assets pledged as security PLN thousand
treasury bonds	BFG fund	122,018	151,578
treasury bonds	loan	101,320	113,716
amounts due from banks (interbank deposits)	CIRS transaction	1,036,707	1,421,553
amounts due from banks (interbank deposits)	SWAP transaction	2,467	62,004
amounts due from banks (interbank deposits)	deposit certificates	80,747	4,039
Total		**1,343,259**	**1,752,890**

Types of assets pledged as security as at 31.12.2009	Types of liabilities	Value of secured liabilities PLN thousand	Carrying amount of assets pledged as security PLN thousand
treasury bills	BFG	101,715	119,373
treasury bonds	technical loan	127,500	156,162
treasury bills	loan	276,801	288,854
treasury bonds	lombard loan	170,000	180,820
treasury bonds	BFG loan	447,331	485,555
amounts due from banks (intrabank deposits)	CIRS transactions	133,687	115,029
amounts due from banks (intrabank	SWAP transactions	119,980	52,428
amounts due from banks (intrabank	deposit certificates	407,270	22,452
Total		**1,784,284**	**1,420,673**

The Bank maintained the port folio of assets pledged as security until the payment of these liabilities. Deposits accounting for the hedge of liabilities arising from issued deposit certificates were concluded for the period of 3 months, and will be renewed by the Bank until the payment of liabilities arising from issued deposit certificates. According to the Articles 25 and 26 the Act on Bankowy Fundusz Gwarancyjny, the entities are obliged to create the fund of guaranteed funds at the amount described by the Act on BFG. The basis is the sum of cash held in the Bank in all accounts accounting for the basis for calculation of the obligatory reserve amount.

18. Investment in subordinated entities

Investment in subordinated entities	01.01.2010-31.12.2010	01.01.2009-31.12.2009 (restated)
	PLN thousand	PLN thousand
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	469
Noble Securities S.A.	15,813	11,989
Getin Finance PLC	71	71
Getin Leasing S.A.	25,165	25,165
IDEA Bank S.A. (former GMAC Bank Polska S.A.)	132,218	-
Total	**263,273**	**127,731**

The Bank acquired on 30 June 2010 100% of shares of GMAC Bank Polska S.A., currently IDEA Bank S.A. Acquisitions in 2009 related to: Noble Securities S.A. and Getin Leasing S.A.
In 2010 the Bank created impairment allowance for its all shares in Introfactor. The increase of investment value in Noble Securities by PLN 3,824 thousand results from the recognition in the value of investment the valuation of call options for Noble Securities shares, which were described in the note IV.38.
Investments in subordinated entities are described in details in the point II.4.

19. Intangible assets

	31.12.2010	31.12.2009 (restated)
	PLN thousand	PLN thousand
Patents, licenses	37,906	39,128
Goodw ill	51,307	51,307
Advances on intangible assets	2,443	2,454
Total	**91,656**	**92,889**

The Bank assesses if, at the balance sheet date, there were events resulting in that book value of goodwill is not lower than its recoverable value. For this purpose, impairment test for the goodwill is made annually – irrespective of whether events indicating impairment occurred. Test is carried out in accordance with IAS 36.

The recoverable amount is estimated based on the value in use of the cash-generating units (CGU) which were assigned to the goodwill. From the point of operations segments CGU are included within retail segment.

The value in use is the present, estimated value of the future cash flows which the Bank expects from further usage of CGU. Value in use takes into account the end value (residual) of CGU. The residual value of CGU is calculated based on an extrapolation of the cash flows projections beyond the budget period using the long-term growth rate at the level of NBP long-term inflation rate (2.5%).
The forecasts concerning future cash flow are made for 5 years and base on:

- historic data reflecting potential of CGU regarding to cash flow generation,
- forecasts of statement of financial position and income statement of CGU as at day of impairment test preparation (as at 31 December CGU value amounted to PLN 2,721 million),
- forecasts of statement of financial position and income statement for the period of forecast,

- assumption of the Bank's budget,
- analysis of reasons of discrepancies between past forecasts of cash flows and actual obtained cash flows.

Future cash flows, being the basis of calculation of value in use, reflects the value of potential dividends/recapitalization with assumed level of generated profit and regulatory capital, necessary to maintain assumed capital adequacy level.

The present value of future cash flows is calculated by using discount rate amounting to 13.64% taking into account risk free rate, risk premium, low-capitalization premium and specific risk premium.

The present value of future cash flows is compared to the carrying amount (as at day of test preparation) for total: goodwill and net assets value of CGU (CGU's own funds and profit).

As at 31 December 2010, as well as at 31 December 2009,the Bank did not record the impairment of the goodwill. The carrying amount of the goodwill as at 31 December 2010 amounted to PLN 51 million while the carrying amount of net assets value of CGU amounted to PLN 226 million. The excess of the present value of future cash flows over the sum total of net assets and goodwill amounted at the end of 2010 to PLN 318 million (as at 31 December 2009 the excess amounted to PLN 359 million).

Changes in intangible assets as at 31 December 2010	Patents and licences PLN thousand	Goodwill PLN thousand	Other PLN thousand	Advances on intangible assets PLN thousand	Total PLN thousand
Gross value as at 01.01.2010	86,037	51,307	144	2,454	139,942
Increases, including:	*7,846*	*0*	*0*	*4,875*	*12,721*
Purchase	2,960	-	-	-	2,960
Brought forward from investment	4,886	-	-	-	4,886
Other	-	-	-	4,875	4,875
Decreases, including:	*0*	*0*	*0*	*(4,886)*	*(4,886)*
Brought forward from investment	-	-	-	(4,886)	(4,886)
Gross value as at 31.12.2010	**93,883**	**51,307**	**144**	**2,443**	**147,777**
Amortization as at 01.01.2010	40,973	-	144	-	41,117
Amortization for the period	9,068	-	-	-	9,068
Amortization as at 31.12.2010	50,041	0	144	0	50,185
Impairment write-downs as at 01.01.2010	5,936	-	-	-	5,936
Increases	-	-	-	-	-
Impairment write-downs as at 31.12.2010	5,936	0	0	0	5,936
Net value					
Opening balance as at 01.01.2010	39,128	51,307	0	2,454	92,889
Closing balance as at 31.12.2010	37,906	51,307	0	2,443	91,656

Changes in intangible assets as at 31 December 2009 (restated)	Patents and licences PLN thousand	Goodwill PLN thousand	Other PLN thousand	Advances on intangible assets PLN thousand	Total PLN thousand
Gross value as at 01.01.2009	**73,958**	**51,307**	**144**	**1,952**	**127,361**
Increases, including:	*12,383*	-	-	*9,976*	*22,359*
Purchase	2,994	-	-	9,976	12,970
Brought forward from investment	9,389	-	-	-	9,389
Other					0
Decreases, including:	*(304)*	-	-	*(9,474)*	*(9,778)*
Liquidation, sale, donation	(304)	-	-	-	(304)
Brought forward from investment	-	-	-	(9,474)	(9,474)
Gross value as at 31.12.2009	**86,037**	**51,307**	**144**	**2,454**	**139,942**
Amortization as at 01.01.2009	**33,120**	-	**144**	-	**33,264**
Amortization for the period	8,156	-	-	-	8,156
Liquidation and sale	(303)	-	-	-	(303)
Amortization as at 31.12.2009	**40,973**	-	**144**	-	**41,117**
Impairment write-downs as at 01.01.2009	**5,936**	-	-	-	**5,936**
Increases	-	-	-	-	-
Impairment write-downs as at 31.12.2009	**5,936**	-	-	-	**5,936**
Net value					
Opening balance as at 01.01.2009	**34,902**	**51,307**	-	**1,952**	**88,161**
Closing balance as at 31.12.2009	**39,128**	**51,307**	-	**2,454**	**92,889**

20. Property, plant and equipment

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Land and buildings	87,426	70,316
Machinery and equipment	39,982	31,680
Means of transport	13,677	7,609
Other fixed assets	7,944	7,636
Fixed assets under construction	6,287	5,125
Total	**155,316**	**122,366**

As at 31 December 2010 the net assets value of fixed assets used on the basis of financial lease amounted to PLN 15,005 thousand and as at 31 December 2009 PLN 4,432 thousand.

In 2010 and 2009 no limitation of rights relating to legal title of the Bank to fixed assets by liabilities hedge occurred.

The amount of received compensations obtained from third parties relating to impairment or loss of fixed assets recognized in the income statement amounted in 2010 to PLN 152 thousand and in 2009 to PLN 102 thousand.

Changes in fixed assets for the year ended 31.12.2010	Land and buildings PLN thousand	Plant and machinery PLN thousand	Means of transport PLN thousand	Other fixed assets PLN thousand	Total PLN thousand
Gross value as act 01.01.2010	**133,425**	**96,576**	**19,430**	**19,857**	**269,288**
Inceréases including	**44,594**	**20,444**	**10,772**	**2,739**	**78,549**
Purchases	14,692	18,108	10,772	2,557	46,129
Transfer from fixed assets under construction	2,621	2,070	-	182	4,873
Transfer from assets held-for-sale	27,281	266	-	-	27,547
Decreases including:	**(3,372)**	**(1,598)**	**(3,008)**	**(127)**	**(8,105)**
Liquidation and sale	(2,121)	(1,505)	(3,008)	(127)	(6,761)
Transfer to assets held-for-sale	(501)	-	-	-	(501)
Transfer to investment properties	(750)	-	-	-	(750)
Other decreases	-	(93)	-	-	(93)
Gross value as act 31.12.2010	**174,647**	**115,422**	**27,194**	**22,469**	**339,732**
Depreciation as at 01.01.2010	**63,092**	**64,896**	**11,821**	**12,221**	**152,030**
Increases including	**15,945**	**12,077**	**4,059**	**2,427**	**34,508**
Depreciation for the period	15,945	12,077	4,059	2,427	34,508
Decreases including	**(1,598)**	**(1,533)**	**(2,363)**	**(123)**	**(5,617)**
Liquidation and sale	(1,598)	(1,440)	(2,363)	(123)	(5,524)
Other	-	(93)	-	-	(93)
Depreciation as at 31.12.2010	**77,439**	**75,440**	**13,517**	**14,525**	**180,921**
Impairment write-downs as at 01.01.2010	**17**	**-**	**-**	**-**	**17**
Increases	9,765	**-**	-	-	9,765
Impairment write-downs as at 31.12.2010	**9,782**	**0**	**-**	**0**	**9,782**
Net value as at 01.01.2010	**70,316**	**31,680**	**7,609**	**7,636**	**117,241**
Net value as at 31.12.2010	**87,426**	**39,982**	**13,677**	**7,944**	**149,029**

Changes in fixed assets for the year ended 31.12.2009	Land and buildings PLN thousand	Plant and machinery PLN thousand	Means of transport PLN thousand	Other fixed assets PLN thousand	Total PLN thousand
Gross value as at 01.01.2009	**147,373**	**88,834**	**23,864**	**17,831**	**277,90**
Incereases, including:	**10,621**	**10,268**	**854**	**2,382**	**24,12**
Purchases	2,799	3,740	854	1,535	8,92
Transfer from fixed assets under construction					(
Transfer from assets held-for-sale	7,632	6,528	-	847	15,00
Other increases	190	-	-	-	19
Decreases including:	**(24,569)**	**(2,526)**	**(5,288)**	**(356)**	**(32,739**
Liquidation and sale	(2,042)	(2,260)	(5,288)	(356)	(9,946
Transfer to assets held-for-sale	(22,527)	(266)	-	-	(22,793
Gross value as at 31.12.2009	**133,425**	**96,576**	**19,430**	**19,857**	**269,28**
Depreciation as at 01.01.2009	**50,212**	**56,134**	**11,392**	**10,014**	**127,75**
Increases, including:	**14,787**	**10,797**	**4,186**	**2,506**	**32,27**
Deprecation for the period	14,787	10,797	4,186	2,506	32,27
Decreases, including:	**(1,907)**	**(2,035)**	**(3,757)**	**(299)**	**(7,998**
Liquidation and sale	(1,907)	(2,035)	(3,757)	(299)	(7,998
Depreciation as at 31.12.2009	**63,092**	**64,896**	**11,821**	**12,221**	**152,03**
Impairment write-downs as at 01.01.2009	**9,764**	**-**	**-**	**20**	**9,78**
Increases	17	**-**	-	-	1
Decreases	-	-	-	(20)	(20
Classification as part of assets held-for-sale	(9,764)	-	-	-	(9,764
Impairment write-downs as at 31.12.2009	**17**	**0**	**-**	**0**	**1**
Net value as at 01.01.2009	**87,397**	**32,700**	**12,472**	**7,797**	**140,36**
Net value as at 31.12.2009	**70,316**	**31,680**	**7,609**	**7,636**	**117,24**

21. Investment properties

	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Opening balance	**0**	**0**
Changes:	3,339	0
transfer from own real estates	**3,403**	-
depreciation for the period	(64)	-
Closing balance	**3,339**	**0**

Investment properties include buildings and premises owned by the Bank, depreciated for 40 years on a straight-line basis. There are no limitations of rights to sale investment properties and rights to transfer related to them income and profits.

In 2010 the following amounts of income and expenses connected with investment properties are recognized in profit or loss account:

	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Income from rental of investment properties	22	-
Direct operating expenses (including: repair and maintenance expenses) related to investment properties, which generated rental income in the period	20	-
Direct operating expenses (including: repair and maintenance expenses)related to investment properties, which did not generate rental income in the period	38	-
Total	80	-

22. Financial and operating leasing

Liabilities arising from financial leases

In accordance with concluded contracts leased assets are used by the Bank during the whole term of the contract. In exchange for obtained rights for using of leased assets, the Bank is obliged to make lease payments in the amounts and terms described in lease contracts. After the end of a lease contract the Bank has the right to purchase leased asset provided that all liabilities towards lessor have been settled. If the Bank does not use the option to purchase leased asset, it is obliged to return the leased asset to the lessor. Lease contracts do not envisage the extension of leasing term. No other restrictions are envisaged by lease contracts. Contingent fees are not envisaged either. Leased assets at the end of the reporting period include cars and IT equipment.

Future minimum lease payments arising from these contracts and the present value of minimum net lease payments are as follows:

As at 31.12.2010	Gross lease investment (minimum payments) PLN thousand	Present value of minimum lease payments PLN thousand
Lease liabilities:		
up to 1 year	92	91
from 1 to 5 years	17,435	16,172
over 5 years	-	-
Total	**17,527**	**16,263**
Unrealized finance expenses (-)	(1,264)	
Net lease investment	**16,263**	**16,263**

As at 31.12.2009 (restated)	Gross lease investment (minimum payments) PLN thousand	Present value of minimum lease payments PLN thousand
Lease liabilities:		
up to 1 year	1,083	945
from 1 to 5 years	1,457	1,273
over 5 years	-	-
Total	**2,540**	**2,218**
Unrealized finance expense (-)	(322)	-
Net lease investment	**2,218**	**2,218**

Liabilities arising from operating leases

The Bank concludes rental agreements, which, in accordance with IFRS-EU, are treated as irrevocable operating lease agreements. Rented offices are used for banking operations purpose. Agreements for a specified term are concluded usually for the period of 5 years. As at 31 December 2010 and as at 31 December 2009 minimum payments arising from irrevocable operating lease agreements were as follows:

	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Gross lease receivables:		
up to 1 year	43,508	48,753
from 1 to 5 years	79,029	111,313
over 5 years	5,372	17,245
Total	**127,909**	**177,311**

23. Other assets

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Receivables from sundry debtors, including:	238,229	118,222
tax, donations and social insurance receivables	1,455	213
payment cards settlements	16,147	12,462
other	220,627	105,547
Accrued expenses	11,601	13,195
Income to be received	55,424	28,620
Recourses and guarantee deposits	5,843	2,432
Other assests	3,758	5,828
Total other gross assets	**314,855**	**168,297**
Impairment w rite-dow ns of other assets (-)	(9,590)	(10,902)
Total other net assets	**305,265**	**157,395**

The change of receivables from sundry debtors as at 31 December 2010 compared to 31 December 2009 results mainly from the increase of presented in the line other receivables arising from sale of insurance and investment products.

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Opening balance of impairment losses of other assets	10,902	10,854
Increases recognized through profit or loss account	511	743
Decreases recognized through profit or loss account	(173)	(489)
Other increases	-	1,269
Other decreases	(1,650)	(1,475)
Closing balance of impairment losses of other assets	**9,590**	**10,902**

24. Assets held-for-sale

The value of “Assets held-for-sale” as at 31 December 2010 and 31 December 2009 includes shares in BP REAL Nieruchomości and real estates. The Bank actively seeks to sell these real estates in expected period of sale of one year. On 18 January 2011 the decrease of equity of BP REAL Nieruchomości SA located in Łódź was entered in the National Court Register. The Bank had 12,678 shares of the company valued at PLN 1,063 thousand. Upon entry of the decrease of equity shares of the Bank were redeemed. Remuneration for redemption of Bank’s shares amounting to PLN 100 for each share will be paid by the company after 6 months from the day of entry announcement.

On January 2011 the Bank sold two real estates with carrying amount of PLN 335 thousand. The profit from the sale of these real estates amounted to PLN 277 thousand.

	01.01.2010 - 31.12.2010 PLN thousand	01.01.2009 - 31.12.2009 (restated) PLN thousand
Value at the beginning of the period	24,614	3,400
Increases, including:	501	21,434
transfer from fixed assets	501	21,434
Decreases, including:	22,714	220
sale and liquidation	2,271	30
reclassification to investment properties	2,653	-
reclassification to fixed assets	17,782	190
other decreases	8	-
Value at the end of the period	**2,401**	**24,614**

Although the Bank sought actively to sell one of its properties, the offer did not meet interests of buyers. As a result, in July 2010 reclassification of real estate from assets held-for-sale to fixed assets was made along with the recognition of depreciation amounting to PLN 512 thousand for the period when the asset was classified as held-for-sale, i.e. from July 2009 to June 2010.

25. Amounts due to other banks and financial institutions

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Current accounts	35	106
Deposits with other banks	628,804	19,763
Loans and advances received	101,320	717,503
Banker's cheques	2	-
Other amounts due to other banks	5,631	-
Amounts due to other banks, total	**735,792**	**737,372**

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Amount due to other banks with variable interest rate	103,856	717,087
Amount due to other banks with fixed interest rate	622,187	19,761
Non interest bearing liabilities- interest, cheques	9,749	524

Structure of amounts due from balance sheet date to maturity date	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Current accounts	35	106
Term liabilities with term to maturity:	735,757	737,266
up to 1 month	25,634	546
from 1 to 3 months	243,663	276,801
from 3 months to 1 year	1,454	19,548
from 1 year to 5 years	465,006	440,371
over 5 years	-	-
Total	**735,792**	**737,372**

26. Amounts due to customers

Amounts due to customers	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Amounts due to corporate entities	**8,271,216**	**5,971,311**
Current accounts and overnight deposits	593,433	323,491
Term deposits	7,677,783	5,647,820
Amounts due to budgetary entities	**1,486,968**	**1,010,934**
Current accounts and overnight deposits	754,362	648,603
Term deposits	732,606	362,331
Amounts due to individuals	**27,469,616**	**21,296,247**
Current accounts and overnight deposits	2,950,028	3,586,072
Term deposits	24,519,588	17,707,821
Other	-	2,354
Total	**37,227,800**	**28,278,492**

Structure of amounts due from balance sheet date to maturity date	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Current accounts and overnight deposits	4,297,823	4,541,883
Term liabilities with term to maturity:	32,929,977	23,734,255
up to 1 month	7,134,637	5,037,385
from 1 to 3 months	10,031,911	6,230,481
from 3 months to 1 year	13,238,077	9,844,942
from 1 to 5 years	2,525,047	2,621,447
over 5 years	305	-
Other	-	2,354
Total	**37,227,800**	**28,278,492**

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Amounts due to customers with variable interest rate	5,149,674	8,634,849
Amounts due to customers with fixed interest rate	31,648,334	19,166,778
Non interest bearing liabilities- interest	429,792	476,865

27. Liabilities from the issue of debt securities

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Liabilities from issue of:	80,465	889,024
bonds	-	231,401
certificates	79,931	645,904
other	534	11,719
Interest	882	11,947
Total	**81,347**	**900,971**

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Liabilties from issue with term of maturity:	81,347	900,971
up to 1 month	845	9,898
from 1 to 3 months	-	5,887
from 3 months to 1 year	-	804,614
from 1 year to 5 years	80,502	80,572
over 5 years	-	-
Total	**81,347**	**900,971**

Liabilities from the issue of debt securities consist of liabilities from the issue of deposit certificates and banking securities not publicly traded. There were no cases of overdue settlement by the Bank of liabilities arising from repayment of principal or interest and redemption of own debt securities.

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Liabilities from the issue of debt securities with variable interest rate	80,465	889,024
Liabilities from the issue of debt securities with fixed interest rate	-	-
Non interest bearing liabilities- interest	882	11,947

28. Other liabilities

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Settlement accounts	13,245	20,956
interbank settlements	13,245	20,956
Sundry debtors, including	114,920	134,621
taxation, customs duty, social insurances (without CIT)	21,995	20,787
payment cards settlements	2,315	1,742
other	90,610	112,092
Leasing liabilities	16,263	2,218
Accruals	28,693	15,613
Deferred income	10,495	1,881
Other liabilities	56,106	10,499
Total	**239,722**	**185,788**

29. Provisions

01.01.2010 - 31.12.2010	Provision for litigation PLN thousand	Provision for retirement benefits and other employee allowances PLN thousand	Provision for issued commitments and guarantees PLN thousand	Total PLN thousand
At the beginning of the period	**0**	**4,574**	**913**	**5,487**
Created/updated	1,959	2,637	3,931	8,527
Utilized	-	-705	-	-705
Released	-	-	-3,303	-3,303
At the end of the period	**1,959**	**6,506**	**1,541**	**10,006**

On 12 November 2010 the Office of Competition and Consumer Protection (UOKiK), with regard to conducted proceedings related to collection by the Bank in earlier periods of fees for servicing of delayed repayments of credit cards receivables (discontinued on 1 October 2009), decided that such practice breaches the collective interests of consumers and imposed on the Bank the fine of PLN 1,959,044. The Bank appealed against the above decision. The Bank created provision for the fine against other operating expenses.

01.01.2009 - 31.12.2009	Provision for restructuring PLN thousand	Provision for litigation PLN thousand	Provision for retirement benefits and other employee allowances PLN thousand	Provision for issued commitments and guarantees PLN thousand	Total PLN thousand
At the beginning of the period	**0**	**4,986**	**4,975**	**571**	**10,532**
Created/updated	878	0	868	6,177	7,923
Utilized	-	-11	-722	-	-733
Released	-878	-4,975	-547	-5,835	-12,235
At the end of the period	**0**	**0**	**4,574**	**913**	**5,487**

Provision for retirement benefits and other employee allowances	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Provision for retirement benefits	642	535
Provision for unused holidays	4,804	2,896
Provision for social insurance in respect of unused holidays	812	507
Provison for contract obligations and insurance	248	636
Total	**6,506**	**4,574**

The Bank pays retiring employees the amounts of retirement benefits amounting to the value determined in the Labor Code. As a result, the Bank, based on valuation carried out by professional actuarial firm, creates provision for present value of liabilities arising from retirement benefits.

(data in PLN thousand)

30. Share capital

As at 31 December 2010 and 31 December 2009 the structure of share capital of Getin Noble Bank S.A. was as follows:

31.12.2010	Number of shares held	Number of votes at GM of Shareholders	% share in share capital	% votes at GM of Shareholders
Getin Holding S.A.	893,786,767	893,786,767	93.71%	93.71%
ASK Investments S.A.	14,819,840	14,819,840	1.55%	1.55%
A. Nagelkerken Holding B.V.	5,150,000	5,150,000	0.54%	0.54%
International Consultancy Strategy Implementation B.V.	5,070,000	5,070,000	0.53%	0.53%
Leszek Czarnecki	1,939,420	1,939,420	0.20%	0.20%
Own shares held by the Bank	695,580	695,580	0.07%	0.07%
Other shareholders	32,301,490	32,301,490	3.39%	3.39%
Total	**953,763,097**	**953,763,097**	**100.00%**	**100.00%**

As at 31.12.2009	Number of shares held	Number of votes at GM of Shareholders	% share in share capital	% votes at GM of Shareholders
Getin Holding S.A.	158,458,666	158,458,666	73.64%	73.64%
ASK Investments S.A.	14,819,840	14,819,840	6.89%	6.89%
A. Nagelkerken Holding B.V.	5,350,000	5,350,000	2.49%	2.49%
International Consultancy Strategy Implementation B.V.	5,450,000	5,450,000	2.53%	2.53%
H.P. Holding 3 B.V.	5,750,000	5,750,000	2.67%	2.67%
Own shares held by the Bank	2,635,000	2,635,000	1.22%	1.22%
Other shareholders	22,714,650	22,714,650	10.56%	10.56%
Total	**215,178,156**	**215,178,156**	**100.00%**	**100.00%**

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

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

At the same time, the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register, on 4 January 2010, registered an increase of the share capital from the amount of PLN 215,178,156 to PLN 953,763,097, i.e. by the amount of PLN 738,584,941 by way of issue of 738,584,941 series "J" shares of Noble Bank of the nominal value PLN 1 per share.

The total number of votes in virtue of all shares issued by the Issuer after the registration of the changes in the share capital is 953,763,097 votes.

The share capital structure of the Bank after the change registration is as follows:

- 47,292 ordinary series A registered shares of the nominal value of PLN 1.00 each,
- 18,884 ordinary series B registered shares of the nominal value of PLN 1.00 each,
- 9,840 ordinary series C registered shares of the nominal value of PLN 1.00 each,
- 90,646 ordinary series D registered shares of the nominal value of PLN 1.00 each,
- 2,796 ordinary series E registered shares of the nominal value of PLN 1.00 each,

- 8,698 ordinary series F registered shares of the nominal value of PLN 1.00 each,
- 200,000,000 ordinary series G registered shares of the nominal value of PLN 1.00 each,
- 15,000,000 ordinary series H registered shares of the nominal value of PLN 1.00 each,
- 738,584,941 ordinary series J bearer shares of the nominal value of PLN 1.00 each

All issued shares are of the nominal value of PLN 1 and were fully paid.

31. Other capital

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Supplementary capital	1,901,394	1,576,762
Revaluation reserve, including:	(50,078)	(11,810)
valuation of portfolio of financial assets available-for-sale	(8,331)	(7,831)
deferred tax	1,583	1,488
cash flow hedge	(53,494)	(6,749)
deferred tax	10,164	1,282
Other reserve capital	37,493	37,493
Share-based payments	3,665	-
Total	**1,892,474**	**1,602,445**

32. Dividend paid and proposed to be paid

On 6 April 2010 the General Meeting of Shareholders of Getin Noble Bank S.A. decided to appropriate the entire Bank's net profit for 2009 amounting to PLN 317,901 thousand to supplementary capital. The Management Board of Getin Noble Bank S.A. is going to propose that all net profit generated in 2010 will be appropriated to the increase of the Bank's equity.

33. Contingent liabilities

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Contingent liabilities given	**1,135,140**	**930,227**
financial	1,122,763	916,151
including irrevocable	*127,986*	*27,116*
guarantees	12,377	14,076
including irrevocable	*12,377*	*14,076*
Contingent liabilities received	**239,580**	**498,853**
financial	99,008	297,500
guarantees	140,572	201,353
Liabilities related to sale/purchase transactions	**34,323,648**	**30,379,246**
Other off-balance sheet liabilities	**8,045,540**	**4,812,453**
Total	**43,743,908**	**36,620,779**

The Bank has commitments to grant loans. These commitments comprise approved but not fully utilized loans, unused credit card limits and unused overdraft limits on current accounts. The Bank issues guarantees and letters of credit which serve as security in case the Bank's customers will discharge their liabilities towards third parties.

The Bank charges fee for these commitments issued which are settled in accordance with the nature of the given instrument.

Provisions are created for contingent liabilities with the risk of loss of value of the underlying assets. If, at the balance sheet date, objective evidence has been identified that assets underlying contingent liabilities are impaired, the Bank creates a provision in the amount of a difference between statistically estimated part of the off-balance sheet exposure (balance sheet equivalent of current off-balance sheet items) and the present value of estimated future cash flows. The created provision does not reduce the value of the assets underlying the off-balance sheet contingent liabilities and is recognized in the Bank's statement of financial positions and income statement. Provisions for off-balance sheet liabilities are recognized in the statement of financial position under "Provisions".

34. Fair value of financial assets and liabilities

Fair value is the amount for which given asset could be exchanged, or liability settled in an arm's length transaction between willing, well-informed and non-related parties other than the transaction of foreclosure sale or liquidation, and is best reflected by market prices, if available.

The main methods and assumptions used in estimating the fair values of instruments are as follows:

Amounts due from the banks
Deposits placed on the interbank market comprise short-term placements with a maturity of up to 3 months. Therefore, the fair value of amounts due from banks is assumed to be equal to their carrying amount.

Loans and other receivables to customers
Fair value was calculated for loans with established repayment schedule. For loan agreements, for which no such schedule was established (e.g. overdrafts) it is assumed that theirs fair value equal to carrying amount. Similar assumption was adopted for payments with the maturity dates past due or for loans impaired.
In order to calculate fair value of loan, on the basis of information recorded in transaction systems, a schedule of principal and interest cash flow is identified for each loan agreement. Such calculated cash flows are grouped by type of interest, date of loan disbursement, type of product and currency of the agreement. Such determined cash flows were discounted using the interest rate which accounts for the current margin for given product. Comparison of the total cash flows discounted using the above discount rate allocated to the given loan agreement and the loan carrying amount allows to determine the difference between the fair value of the loan and its carrying amount. Identification of interest rate appropriate for discounting identified cash flows is made based on loan currency, product type and date of cash flow.

Financial instruments held-to-maturity
The fair value of financial instruments held-to-maturity is their market value.

Amounts due to banks
It is assumed that the fair value of deposits received from the other banks is their carrying amount.

Amounts due to customers
Fair value was calculated for deposits with fixed interest rate and defined maturity. For current deposits it is assumed that fair value equals their carrying amount.
In order to calculate fair value, on the basis of information recorded in transaction systems, future capital and interest cash flows are identified. Future cash flows calculated in this way are grouped by currency, original term of deposit, type of product and date of cash flow. These cash flows are discounted using the interest rate

representing the sum of market rate obtained from the yield curve for each currency, deposit maturity date and the margin offered on deposits with the commencement date in the last month of the settlement period. The margin is calculated comparing interest rate offered on deposits accepted in the last month with market interest rates. The discounting period is determined as the difference between the date of deposit maturity (rounded to a calendar month) and the date of the financial statements. This discounted value is compared with deposit carrying amount of deposits and results in a difference between the carrying amount of deposit portfolio and its fair value.

Liabilities arising from the issue of debt securities

It is assumed that fair value of bonds and certificates is their carrying amount. Fair value of bank securities has been measured using the policies applied to the calculation of fair value of amounts due to customers.

The summary of carrying amounts and fair values for assets and liabilities is presented below:

As at 31.12.2010	Carrying amount PLN thousand	Fair value PLN thousand
ASSETS:		
Cash and balances with the Central Bank	1,974,766	1,974,766
Amounts due from banks and other financial institutions	2,511,003	2,511,003
Derivative financial instruments	48,653	48,653
Loans and advances to customers	34,229,435	34,362,569
Financial instruments available-for-sale	2,803,301	2,803,301
LIABILITIES:		
Amounts due to banks and other financial institutions	735,792	735,792
Derivative financial instruments	1,035,582	1,035,582
Amounts due to customers	37,227,800	37,302,336
Liabilities from the issue of debt securities	81,347	81,357

As at 31.12.2009 (restated)	Carrying amount PLN thousand	Fair value PLN thousand
ASSETS:		
Cash and balances with the Central Bank	908,839	908,839
Amounts due from banks and other financial institutions	1,014,903	1,014,903
Derivative financial instruments	329,320	329,320
Loans and advances to customers	26,217,763	26,165,539
Financial instruments available-for-sale	3,847,266	3,849,266
LIABILITIES:		
Amounts due to banks and other financial institutions	737,372	737,372
Derivative financial instruments	53,013	53,013
Amounts due to customers	28,278,492	28,278,749
Liabilities from the issue of debt securities	900,971	900,933

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

Level 1

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

Level 2

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

Level 3

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

The carrying amounts of financial instruments at fair value by 3 hierarchy levels as at 31 December 2010 and 31 December 2009 are presented below:

As at 31.12.2010	Level 1 PLN thousand	Level 2 PLN thousand	Level 3 PLN thousand	Total PLN thousand
ASSETS:				
Derivative financial instruments	-	48,653	-	**48,653**
Financial instruments available-for-sale	2,774,510	-	28,791	**2,803,301**
LIABILITIES:				
Derivative financial instruments	-	1,035,582	-	**1,035,582**

As at 31.12.2009 (restated)	Level 1 PLN thousand	Level 2 PLN thousand	Level 3 PLN thousand	Total PLN thousand
Assets:				
Derivative financial instruments	-	326,201	3,119	**329,320**
Financial instruments available-for-sale	3,362,358	349,762	135,146	**3,847,266**
LIABILITIES:				
Liabilities measured at fair value through profit or loss	-	-	17,907	**17,907**
Derivative financial instruments	-	49,894	3,119	**53,013**

In the year ended 31 December 2010 there were no movements between level 1 and level 2 of the fair value hierarchy, and neither was any instrument moved from level 1 or level 2 to level 3 of fair value hierarchy.

35. Social assets and Company Social Benefits Fund liabilities

The act of 4 March 1994 on the Company Social Benefits Fund with later amendments assumes that the Company Social Benefits Fund is created by employers employing above 20 employees on a full-time basis. The Bank creates such fund and makes periodic allowances amounting to basic allowances. The purpose of the Fund is to finance social activity, loans granted to its employees and other social costs.

The Bank has compensated the Fund's assets with its liabilities to the Fund as these assets do not account for separate assets of the Group. As a result of the above, net balance of settlements with the Fund amounted to PLN 0.

	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Allow ances for the Fund during financial year	4,261	3,442

36. Additional notes to the statement of cash flows

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

- **operating activities** – comprise the basic scope of activities related to provision of services by the Bank, covering actions aimed at generating profit but not constituting investment or financial activity. The Bank 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 and outflows from operating activities and by other items of costs and revenues connected with cash flows from investing activities.
- **investment activities** – comprises activities related to purchasing and selling stocks or shares in subordinated entities as well as intangible assets and fixed assets. Inflows from investment activities include also received dividends related to held shares and stocks in other entities. Changes of debt securities available-for-sale are presented in operating activities.
- **financing activities** – include operations that involve raising funds in the form of capital or liabilities as well as servicing of the founding sources.

Cash and cash equivalents

For the purpose of the statement of cash flows cash and cash equivalents comprise carrying amount of cash and cash equivalents and balances of current accounts and short-term deposits.

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Cash and balances with the Central Bank	1,974,766	908,839
Current amounts due from other banks	84,812	107,405
Short-term deposits in other banks	386,532	178,872
Total	**2,446,110**	**1,195,116**

Explanation of differences between changes of assets and liabilities as stated in the statement of financial position and changes presented in the statement of cash flows

Year ended 31.12.2010	Statement of financial position PLN thousand	Statement of cash flows PLN thousand	Difference PLN thousand	
Change in amounts due from banks	(1,496,100)	(1,311,033)	(185,067)	1)
Change in derivative financial instruments (asset)	280,667	245,724	34,943	2)
Change in securities available-for-sale	1,043,965	1,043,560	405	3)
Change in amounts due to other banks and financial institutions	(1,580)	620,840	(622,420)	4)
Change in derivative financial instruments (liability)	982,569	979,649	2,920	5)
Change in liabilities from the issue of debt securities	(819,624)	(22,124)	(797,500)	6)
Change in other liabilities	53,934	37,437	16,497	7)

1) Change in part of receivables comprising cash equivalents (current accounts and overnight deposits in other banks) was excluded from „Change in amounts due from banks and other financial institutions" and presented under "Increase/decrease of net cash and cash equivalents".

2) „Change in derivative financial instruments (asset)" does not include the valuation of cash flow hedge recognized in the revaluation reserve.

3) „Change in financial assets available-for-sale" does not include valuation of financial assets recognized in the revaluation reserve.
4) Change in liabilities arising from received and paid long-term loans and advances received from other banks was excluded from "Change in amounts due to other banks and financial institutions" and presented under financing activities cash flows.
5) „Change in derivative financial instruments (liabilities)" does not include the valuation of cash flow hedge recognized in the revaluation reserve.
6) Change arising from redemption of long-term securities (bonds and deposit certificates) was excluded from „Change in liabilities from the issue of debt securities"
7) „Change in other liabilities" includes a liability arising from partially paid shares in subsidiary (purchased in previous year) and unpaid expenses on fixed assets.

37. Operating segments

The Bank runs a business within the following main products/services:
1. mortgage – financing of real estate market,
2. car – financing of car purchases,
3. consumer – service of retail customers within deposit and investment products, and also funding of consumer demands of customers by means of consumer loans (mainly cash, in credit cards),
4. corporate – service of small and medium enterprises and budgetary units.

Within the management reporting the selected items of the income statement and the statement of financial position split by main product groups are presented. The basis for the classification of particular types of income/expenses and balance sheet positions to particular group is:
1. for loan products – criterion of the purpose of loans and advances granted and type of entity,
2. for deposits – entity criterion, taking into account managerial classification of funds obtained from individual persons by the intermediary of financial entities within framework agreements.

Selected items of the income statement		01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
Interest income	Mortgage loans	1,041,226	695,255
	Car loans	482,140	457,840
	Consumer loans	368,531	443,988
	Corporate loans	140,654	117,806
	Other activities of the Bank	820,706	908,320
	Total	**2,853,258**	**2,623,208**
Interest expense	Consumer deposits	(1,420,229)	(1,367,583)
	Corporate deposits	(219,076)	(213,217)
	Other activities of the Bank	(191,094)	(263,056)
	Total	**(1,830,399)**	**(1,843,856)**
Fee and commission result	Mortgage loans	102,203	220,352
	Car loans	17,510	4,682
	Consumer loans	6,277	5,728
	Corporate loans	2,589	5,566
	Other activities of the Bank	615,347	317,320
	Total	**743,926**	**553,648**
Dividend income		**71,216**	**53,872**
Result on financial instruments measured at fair value through profit or loss		**(15,288)**	**108,437**
Result on other financial instruments		**86,558**	**(2,435)**
Foreign exchange result	Mortgage loans	100,629	75,394
	Car loans	19,546	19,515
	Other activities of the Bank	15,523	12,155
	Total	**135,698**	**107,064**
Other operating income		**51,944**	**33,794**
Other operating expense		**(65,581)**	**(39,175)**
General administrative expenses		**(562,759)**	**(503,557)**
Impairment losses on loans, advances to customers and off-balance liabilities	Mortgage loans	(426,798)	(56,984)
	Car loans	(264,658)	(139,025)
	Consumer loans	(322,967)	(569,200)
	Corporate loans	(32,919)	(20,133)
	Other activities of the Bank	0	0
	Total	**(1,047,341)**	**(785,342)**
Profit before tax		**421,232**	**305,658**

Selected items of the statement of financial position		31.12.2010	31.12.2009 (restated)
		PLN thousand	PLN thousand
Loans and advances to customers	Mortgage loans	25,929,204	18,793,144
	Car loans	3,602,136	3,394,989
	Consumer loans	2,323,223	2,352,375
	Corporate loans	2,374,872	1,677,255
	Total	**34,229,435**	**26,217,763**
Customer deposits *	Retail deposits	31,593,994	23,595,034
	Corporate deposits	5,585,889	4,188,962
	Total	**37,179,883**	**27,783,996**

* the value of deposits, including funds obtained from individual persons by intermediary of financial entities w ithin framew ork agreements

38. Related party transactions

The Getin Noble Bank understands related party as direct parent company- Getin Holding S.A., subsidiaries, entities directly related to the parent company and to the ultimate parent - Mr. Leszek Czarnecki.

Related entities, within its operations, holds current accounts in Getin Noble Bank, on which it carries out clearing operations and deposits its cash on term deposits.

Within loan activities related to related parties, the Bank applies standard loan conditions:

- transactions are concluded in accordance with accepted by the Bank rules and conditions,
- the assessment of reliability of related entities, basing on rules applicable during the assessment of credibility of other bank's customers,
- the rules of hedging of transactions funding are in accordance with the instruction of legal hedges applicable in the Bank,
- applied by the Bank general rules of monitoring of payments and rules of termination of agreements and receivables collection.

Additionally, the Bank purchases debts from related entities and acts as an agent in sale of insurance policies and investment products offered by related entities and also uses intermediary services related to sale of own products.

All transactions between related entities are concluded on an arm's length basis equivalent to those which are applicable to transactions concluded on market conditions.

The following table presents total amounts of transactions concluded with related parties for current and previous financial year:

	Transactions with related entities	Statment of financial position					Statment of comprehensive income				Off- balance
		31.12.2010					01.01.2010 to 31.12.2010				31.12.2010
		Loan receivables and purchased debts PLN thousand	Other receivables PLN thousand	Deposits liabilities PLN thousand	Other liabilities PLN thousand	Write-downs created PLN thousand	Interest and commission income PLN thousand	Interest and commission expenses PLN thousand	Other purchases PLN thousand	Other sale PLN thousand	Financial liabilities and guarantees granted PLN thousand
1	Getin Holding S.A.		40	28,792	996		84	4,135	1,918	800	
2	Carcade	103,499		9		1,481	11,368				
3	Getin Leasing S.A.	748,956	306	248	8,663	235	49,435	190	438	1,030	621
4	Open Finance		78	39	8,583		3	133 707*	725	3,837	
5	Noble Funds		1,076	16,918	128			622	420	549	
6	Noble Securities		9,904	191,662	17		1	4,786	11	336	
7	IDEA Bank S.A		25	23,004			70	414			
8	Fiolet - PDK S.A.			5,870			4,089	58 601*	900		200
9	RB Investcom Sp. z o.o.			11,412			4	78		11,368	
10	RB COMPUTER Sp.z o.o.								5,636	28	
11	LC CORP SKY TOWER	20,057		70,676			3	2,912		633	
12	Warszawa Przy Promenadzie Sp. z o.o.			10,549			1				
13	TU Europa S.A.		55,943	5,757	56,068		163,298	6,687	216	57	153
14	TU Europa na Życie S.A.		128,888	4,015,302	3		322,339	230,923	3,342		
15	Fundacja Leszka Czarneckiego			6,968			4	651			
16	Panorama Finansów			2,845			413	9,863	59	9	
17	Warszawa Przy Promenadzie Sp. z o.o. spółka komandytowa			32,212			1	891			
18	LC Corp S.A.		22	31,476			3	416		83	
19	Warszawa Przyokopowa Sp. z o.o.			20,419			1	1,083			
20	M.W. TRADE S.A	144,191		6,138		130	2,451	38			
21	Plus Bank	14,821				213	252				
22	Other related entities	5,584	1,883	14,282	135	72	1,713	1,518	8,694	1,338	1,103
23	Members of the Managament Board and the Supervisory Board of the Bank and the Parent Company**	39,235		21,273			2,830	1,717			1,040

In the note above, the entities with balances as at 31.12.2010 (irrespective of transaction type) not exceeding PLN 5 million were aggregated.

* including agency commissions paid in 2010, which are spread over time by the Bank as they represent an element of internal rate of return of loan receivables.

** including transactions with the ultimate parent

Transaction with related entities		Statement of financial position					Statement of comprehensive income				Off-balance
		31.12.2009					01.01.2009 do 31.12.2009				31.12.2009
		Loan receivables and purchased debts	Other receivables	Deposits liabilities	Other liabilities	Write-downs created	Interest and commission income	Interest and commission expenses	Other purchases	Other sale	Financial liabilities and guarantees granted
		PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
1	Getin Holding S.A.		16	151,731			15	3,377	254	280	
2	Getin Finance PLC							29,841			
3	Grupa Getin Leasing	554,891	46	5,998	3,840		52,783	1,095	508	697	
4	Open Finance		121	20,212	3,929		50	136 727*	155	36,438	
5	Noble Funds TFI		648	12,945	105		1,977	985	404	539	
6	Introfactor S.A	35,225		4,738			1,983	89		453	
7	Panorama Finansów	6,713					530	2,899	9	94	
8	Noble Securities S.A.		45	8,608				2,986	337	142	
9	Carcade	128,268				1,023	22,615				
10	Getin International S.A.	8,593		129		68	859	15		342	
11	Fiolet - PDK S.A.		1,268	33,202	347		52	59 708*	8	5,865	200
12	LC Corp BV			39,773			10	2,340			
13	LC Corp. Szmaragdowe Wzgórze			9,700			1	396			
14	LC CORP SKY TOWER			28,067			4	1,977			
15	Warszawa Przy Promenadzie			6,644			1	241			
16	TU Europa S.A.		49,033	162,030	27,394		145,118	14,044	2	60	157
17	TU Europa na Życie S.A.		49,010	2,887,683	65		193,666	153,426	2,468		
18	Fundacja LC HEART			45,925			7	1,639			
19	IGUANA INVESTMENTS SP. ZO.O.	24,249	12			189	1,584	16			
20	HOME BROKER	12,014	10		3,053	95	1,041	6,892	50	7	
21	Other related entities		3,136	19,273			1,427	2,466	14,336	90	98
22	Members of the Managament Board and the Supervisory Board of the Bank and the Parent Company **	56,931		15,278		1,629	3,178	1,930			157

In the note above, the entities with balances as at 31.12.2010 (irrespective of transaction type) not exceeding PLN 5 million were aggregated.

* including agency commissions paid in 2010, which are spread over time by the Bank as they represent an element of internal rate of return of loan receivables.

** including transactions with the ultimate parent

Other transactions with related parties

On 9 September 2010 the Bank concluded with Mr. Leszek Czarnecki sales agreement of the Bank's 1,939,420 bearer shares with par value of PLN 1 per share, representing 0.2033 % of the Bank's share capital, which gives right to 0.2033% of votes at the General Meeting as at 9 September 2010. Shares were purchased for the total amount of PLN 9,999,999.00 which accounts for PLN 5.15 per 1 share. The transaction took place on 10 September 2010 on the Warsaw Stock Exchange.

Based on agreements between Getin Noble Bank S.A. and Members of the Management Board of Noble Funds TFI (Mariusz Staniszewski, Mariusz Błachut and Sylwia Magott) and Paweł Homiński, the Bank has the right to call to sell all of shares held by the above mentioned individuals to Getin Noble Bank S.A. until 31 December 2012.

Potential purchase price is among others dependent upon way of operations of Noble Funds TFI S.A., net assets value and results as at option exercise date and financial results for the period of 12 months preceding the option exercise date. In the Bank's assessment, there is no possibility of reliable valuation of the option to fair value, mainly due to the fact that the underlying instruments are equity instruments of the unlisted entity. As a result, the Bank uses an exemption envisaged by IAS 39 and values the option at historic cost which amounts to zero.

Simultaneously, the above mentioned individuals have the right to call Getin Noble Bank S.A. to purchase shares held by them. The right is valid between 1 January 2012 and 31 December 2012. The purchase price is among others dependent upon way of operations of Noble Funds TFI S.A., net assets value and financial results in years when the option can be exercised. In calculation of potential purchase price, a multiplier, which is fixed during the agreement period and does not depend on other market conditions, was taken into account. In the opinion of the Management Board, as a result of dependence of valuation on multiplier determined in advance, the valuation does not reflect changes in fair value of Noble Funds TFI and thus does not enter within scope of IFRS 2. In Bank's assessment, there is no possibility of reliable option valuation at fair value, mainly due to the fact that the host instruments are equity instruments of non-listed entity. As a result, the Bank uses the exemption envisaged by IAS 39 and recognizes option at historical costs amounting to zero.

Based on the agreement of 12 August 2009 concluded between the Bank and Getin Holding related to entry of the Bank into rights and obligations of Getin Holding resulting from investment agreement of 30 June 2008, amended subsequently with the agreement of 12 August 2009, Mr. Maurycy Kühn and Mr. Krzysztof Spyra, who were members of the Management Board of Getin Noble Bank S.A. as at 31 December 2010, and Mr. Jarosław Augustyniak were granted call option of Noble Securities shares in the number not exceeding, respectively 5% for Mr. Jarosław Augustyniak, 5% for Mr. Maurycy Kühn and 10% for Mr. Krzysztof Spyra of total number of shares of Noble Securities. In accordance with an annex of 24 November 2010 Mr. Jarosław Augustyniak and Mr. Maurycy Kühn call options of Noble Securities shares were cancelled, while in respect of Mr. Krzysztof Spyra provision was modified, granting 5% of total shares of Noble Securities. The condition of option exercise is reaching the minimum level of consolidated net profit for years 2009-2010. The Bank has classified above programme as share-based payments settled in cash. Programme costs are recognized in correspondence with non-controlling interests. As a result of the above mentioned shares purchase conditions, in accordance with IFRS 2 provisions, the Group has recognized costs, as at 31 December 2010, in line with original provisions of investment agreement amounting to PLN 373 thousand. The fair value of option is measured as at the reporting date in accordance with Black-Scholes model, after taking into consideration conditions on which these instruments were granted. Costs of programme as at 31.12.2010 amounting to PLN 3,823 thousand were recognized as the increase of investment in Noble Securities correspondent to liabilities.

(data in PLN thousand)

The following table presents the main assumptions used for the purpose of option's fair value calculation:

Expected volatility ratio	41.45%
Risk free interest rate	4.046%
Expected duration (in years)	0.5
Option valuation in accordance with Black-Scholes model (in PLN)	7.43
Exercise price (in PLN)	6.08
Number of shares	174,737

Simultaneously, in accordance with the agreements, Mr. Jarosław Augustyniak and Mr. Maurycy Kühn obtained rights to demand, through subsidiaries, to purchase by Getin Noble Bank S.A. all shares of Noble Securities held by them, as at the day of the above mentioned agreement, within 30 days from the date of auditors opinion on the financial statements of Noble Securities S.A. for 2010.

The right to exercise these options is dependent among others on repayment of loans and advances taken by the above mentioned persons in entities of Getin Holding Group, cooperation with at least one of companies of Getin Holding Group. Exercise price dependent upon multiplier, which is fixed during the agreement period and does not depend on other market conditions, was taken into account. In the opinion of the Management Board, as a result of reliance in valuation on multiplier determined in advance, the valuation does not reflect changes in the fair value of Noble Securities and thus does not fall within the scope of IFRS 2. In Bank's assessment, there is no possibility of reliable option valuation at fair value, mainly due to the fact that the host instruments are equity instruments of non-listed entity. As a result, the Bank uses the exemption envisaged by IAS 39 and recognizes option at historical costs amounting to zero.

On the basis of the agreement concluded on 18 November 2009 by Getin Holding S.A. with Mr. Krzysztof Rosiński, who was as at 31 December 2010 the President of the Management Board of Getin Noble Bank S.A., Mr. Krzysztof Rosiński was granted, within the Management Option Programme, 1,000,000 shares of Getin Holding S.A. The right to sell these shares is limited and dependent among others on acting as the President of the Management Board of Getin Noble Bank S.A. and financial situation of Getin Noble Bank S.A. in years 2010-2011.

The Bank classifies this programme as share-based payment settled in equity instruments. The cost of this option is recognized considering the probability of execution of targets set and in proportion to the vesting period.

Up to 31 December 2010 the Bank recognized cost amounting to PLN 3,665 thousand presented as remuneration costs and in other capitals. Fair value is measured at the reporting date using Black-Scholes model, taking consideration the conditions on which this instrument was granted.

The table below presents the assumptions used for the purpose of option's fair value calculation:

	I tranche	II tranche
Expected volatility ratio	52.61%	47.91%
Risk free interest rate	4.590%	4.999%
Expected duration (in years)	1.61	2.62
Option valuation in accordance with Black-Scholes model (in PLN)	7.35	7.40
Exercise price	1.0	1.0
Number of shares	409,092	500,000

Remuneration of members of the Management Board

Remuneration and other benefits for members of the Management Board	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 * PLN thousand
Management Board of the holding company:		
Krzysztof Rosiński	**5,309**	**119**
Short-term employee benefits	1,644	119
Share-based payments	3,665	-
Maurycy Kühn	**2,196**	**3,993**
Short-term employee benefits	2,196	3,993
Share-based payments	-	-
Krzysztof Spyra	**2,196**	**3,993**
Short-term employee benefits	2,196	3,993
Share-based payments	-	-
Radosław Stefurak	**1,079**	**68**
Short-term employee benefits	1,079	68
Share-based payments	-	-
Grzegorz Tracz	**1,331**	**0**
Short-term employee benefits	1,331	
Share-based payments	-	-
Maciej Szczechura (from 01.10.2010)	**211**	**n/a**
Short-term employee benefits	211	n/a
Share-based payments	-	n/a
Karol Karolkiewicz (from 01.10.2010)	**191**	**n/a**
Short-term employee benefits	191	n/a
Share-based payments	-	n/a
Jarosław Augustyniak (to 07.09.2010)	**1,391**	**4,093**
Short-term employee benefits	1,391	4,093
Share-based payments	-	-
Bogusław Krysiński (to 31.12.2009)	**n/a**	**510**
Short-term employee benefits	n/a	510
Share-based payments	n/a	-
Total	**13,904**	**12,776**

* relates to benefits for members of Noble Bank Management Board. Total remuneration for members of Getin Bank Management Board in 2009 amounted to PLN 5,156 thousand.

(data in PLN thousand)

39. Information about the auditors remuneration

The table below presents remuneration of entity entitled to audit financial statements – Ernst & Young Audit sp. z o.o. paid or due for the year ended 31 December 2010 and 31 December 2009 split into types of services in net values:

Type of service	01.01.2010-31.12.2010	01.01.2009-31.12.2009
Audit and review of financial statements	760	730
Other services	813	1,232
Total	**1,573**	**1,962**

40. The composition of employments

The average employment within the Bank for the year ended 31 December 2010 and 31 December 2009 was as follows:

Number of employess	31.12.2010	31.12.2009 (restated)
In persons	4,213	2,964
On a full-time basis	3,985.7	2,907.4

41. Subsequent events

On the basis of the agreement of 31 January 2011 Getin Noble Bank, after fulfilling precedent conditions described in the agreement, is obliged to conclude final agreement relating to the acquisition from Link4 Towarzystwo Ubezpieczeń S.A. and Intouch Insurance Group B.V. shares of Link4 Life Towarzystwo Ubezpieczeń na Życie S.A., representing 19% of share capital of Link4 Life and giving 19% of votes on general meeting of this company. The sale price will amount to 19% of net assets value of Link4 Life Towarzystwo Ubezpieczeń na Życie S.A. as at the day of closing of transaction increased by the premium amounting to PLN 95 thousand.

The other buyers are Mr. Leszek Czarnecki and Open Finance S.A., acquiring 32% and 49% of Link4 Life Towarzystwo Ubezpieczeń na Życie S.A. shares, respectively.

On 16 February 2011 Extraordinary General Meeting of Shareholders of Open Finance adopted Resolution according to which the Management Board of Open Finance S.A. was entitled to make a decision regarding the withdrawal from conducting public offering of shares series C or its suspension at any time, particularly in case of withdrawal or suspension of public offering by Getin Noble Bank S.A. existing company shares, provided that withdrawal from conducting public offering or its suspension after the start of accepting of provisions may be made only due to important reasons indicated by the company's Management Board. In case of making a decision about suspension of conducting public offering of shares series C the company's Management Board is also entitled not to indicate new terms of public offering of shares series C which may be determined and announced by the company's Management Board later on.

After 31 December 2010 there were no other events not recognized in the financial statements which may significantly affect future financial results of Getin Noble Bank S.A.

V. RISK MANAGEMENT IN THE GROUP

Methods and objectives adopted for the financial risk management:

Getin Noble Bank S.A., carrying out its operational activity, is subject to the following key risks: credit risk, liquidity risk, market (including interest rate and currency risk), solvency risk and operational risk.

The objective of asset and liability management policy is to optimize the structure of the balance sheet and off-balance sheet to achieve the assumed proportion of income in relation to the risk incurred. The Management Board of the Bank is responsible for managing risk at the strategic level, which, for the purpose of operational risk, established committees, responsible for particular risk areas: the Credit Committee, the Asset and Liability Management Committee or the Operational Risk Committee. These committees are responsible for managing their relevant risk areas at the operational level, monitoring risk levels as well as for the development of current risk management policies within the framework of strategies adopted by the management boards of the members of the Group, within internal limits and in line with the supervisory regulations.

The Bank takes into account the market regulations and requirements of supervisory authorities, especially Polish Financial Supervision Authority regulations. The corporate governance concerning financial risk management policies is performed by the Supervisory Board.

1. Credit risk

Structure and organization of credit risk management unit

The main participants of the system of credit risk management in the Bank are:

a) Supervisory Board,
b) Management Board,
c) Credit Committee,
d) Credit Risk Division,
e) Credit risk units in business areas,
f) Internal Audit Department.

<u>Supervisory Board</u>

The role of the Supervisory Board is to approve credit risk management strategy and credit policy, periodic assessment of realization by the Management Board of the Bank’s credit strategy and policy, supervising the control function of credit risk management system and assessment of its adequacy and efficiency.

<u>Management Board</u>

The Bank’s Management Board is responsible for the development, implementation and updates of credit risk strategy and procedures, periodical reporting to the Supervisory Board on the effects of realization of credit policy and on functioning of credit risk management system, maintaining communication with the supervisory authorities and reporting to these authorities as well as making available to these authorities of all required by law information on credit risk. The Management Board of the Bank is also responsible for the development of credit risk management system and for supervising the management function over credit risk in all areas of the Bank’s business.

Credit Committee of the Bank

The Bank's Credit Committee is an opinion and decision-making body and its function results from the adopted by the Bank manner of taking credit decisions, which accounts for all the matters related to credit risk of current transactions. The role of the Credit Committee is to support the Bank's Management Board in fulfilling its opinion-making and advisory functions in the process of taking credit decisions, or making decisions on its own as part of the rights granted by the Management Board.

It is the Credit Committee that is responsible for recommending to the Bank's Management Board system solutions relating to the determination of internal limits of exposure to issuers of securities and to banks.

Credit Risk Division

The Bank's organizational structure is adapted to credit risk management policy. The separated Credit Risk Division, which reports directly to the Member of Management Board, consists of three departments:

1. Department of Credit Risk Management is responsible for credit risk management at every stage of credit process in the Bank.
2. Department of Systematic Analysis of Credit Risk executes tasks related with credit risk reporting in Bank's activities. Department is also responsible for calculating impairment allowances and capital requirements on credit risk.
3. Department of Statistical Analysis executes tasks in the area of optimization of processes, which require building of statistical models, implementing scoring cards and monitoring of their effectiveness.

Credit risk units in individual business areas of the Bank

Credit risk units in individual business areas of the Bank are responsible for current monitoring of credit risk in those areas based on the adopted credit risk management strategy, credit policy, recommended business directions and current procedures.

These units are also responsible for the realization of the recommendations of the credit risk unit and internal audit relating to activities which mitigate credit risk.

Internal Audit Department

The role of the Internal Audit Department is to control and assess the quality of credit risk management system and to conduct periodic reviews of the credit risk management process in the Bank in order to identify any irregularities in executing by system participants of their roles and tasks in the process of credit risk management.

Credit risk management strategies and processes

The Bank has developed formal "Credit Strategy and Policy", which defines policies, guidelines and recommendations relating to credit activities and which serve as a basic instrument for the realization of a selected strategy towards credit risk incurred by the Bank.

Credit risk management in the Bank is performed on the basis of internal procedures concerning risk identification, measurement, monitoring and control. The Bank applies credit risk identification and measurement models related to its operations, expressed in specific credit risk assessment ratios.

Credit risk management in the Bank aims at ensuring the safety of lending activities, while maintaining a reasonable approach to risk undertaken in its operations. In conducting its lending activities, the Bank follows the following rules:

- The Bank acquires and keeps in its loan portfolio loan exposures which ensure the safety of the deposits held by the Bank and its capital by generating stable earnings;
- While making credit decisions the Bank investigates the risks resulting from the given transaction giving consideration to the general credit risk attached to the given client and the industry as well as other circumstances that may have an influence on the recoverability of the debt;
- A loan or other commitments are granted if the client meets the requirements established in the Bank's internal instructions.

The Bank conducts its lending activities in the following five areas:

1. mortgage loans,
2. private banking,
3. financing car purchases,
4. other retail loans (cash loans and credit card loans),
5. servicing small and medium-sized enterprises and public entities.

The Bank has its own procedures for particular credit products in business areas. In order to ensure the objectivity of credit risk assessment in the Bank, within the structure of trading divisions, the sale process (gaining customers) has been separated from the evaluation and acceptance of customer's credit risk. Each department has a separate acceptance centre which is responsible for evaluation and acceptance of particular loan applications.

The procedure of making credit decisions is approved by the Bank's Management Board. Credit authorization limits are granted to the Bank's staff on an individual basis, depending on their skills, experience as well as the functions fulfilled. Credit Committees, which take credit decisions which exceed the authorization limits granted to the Bank's individual employees, can operate in the acceptance centers. The Bank's Credit Committee located in the Bank's headquarters is responsible for credit decisions exceeding the authorization limits granted to the Credit Committees in the acceptance centers. Credit decisions which exceed the Bank's Credit Committee's authorization limits are made by the Bank's Management Board. Any changes to the decision making procedure must be approved by the Bank's Management Board.

Getin Noble Bank applies internal regulations which enable determination of the level of the credit risk that arises from granting a loan to the particular client or from providing the client with other services giving rise to credit risk as well as the level of the Bank's appetite for this risk. Creditworthiness is evaluated, both at the stage of loan granting and monitoring, in the following manner:

- for individual persons - based on procedures relating to the assessment of client's creditworthiness (scoring is used for cash and car loans),
- for small and medium-sized enterprises – the assessment includes a simplified assessment of a financial ratios analysis.

Credit ratings assigned to small and medium-sized enterprises are based on the score obtained in the assessment of financial standing as well as based on qualitative assessment. This approach allows for assessing client's creditworthiness based on information about timeliness of repayments and it also enables scoring and valuation of collateral.

Scope and type of the risk reporting and measurement systems

The Bank monitors and assesses the quality of loan portfolio on the basis of an internal procedure which includes monitoring of the Bank's entire loan portfolio, both by individual units within the trading divisions and by credit risk units. The results of analyses performed by the above units are presented in periodic reports. The conclusions are used for the purpose of current management of the Bank's credit risk.

The Bank applies a risk monitoring system which includes individual risk monitoring (related to particular clients) and overall monitoring of the Bank's entire loan portfolio. As part of the overall monitoring of individual risk, the Bank performs periodic assessments of the borrower's financial and economic standing, timeliness of payments to the Bank as well as the value and condition of accepted collateral. Both the scope and the frequency of the above reviews are in line with external regulations and depend in particular on the type of the borrower, the amount of the loan exposure and the form of collateral. As part of the overall monitoring of the loan portfolio, credit risk management units perform a number of analyses and activities, including:

- monitor the quality of the Bank's loan portfolio for particular products,
- perform periodic assessments of industry risk, determines maximum concentration limits for particular industries,
- perform an assessment of the financial standing of banks – counterparties, determine maximum concentration limits for particular banks,
- perform an on-going monitoring of major loan exposures and the limits set forth for mortgage loans,
- verify the accuracy and adequacy of the loan loss provisions created by the Bank,
- perform stress tests for particular products,
- submit periodic management reports to the Supervisory and the Management Board.

Additionally, the Bank established procedures and internal regulations regarding concentration of credit risk. The Bank has and periodically monitors the limits of concentration and limits of major loan exposures. The Management Board established the concentration limit at more restrictive level that the one required by the Banking Law.

Risk management on currency and currency indexed loans

The Bank systematically analyzes the effect of changes in foreign exchange rates and interest rates on credit risk incurred in the area of car, mortgage and retail loans. The Bank also analyzes the impact of the currency risk on the quality of foreign currency indexed loans, for mortgage backed loan portfolio the Bank analyses also the impact of foreign exchange rates on the value of collaterals. Twice a year (under the "S" Recommendation, an action on an annual basis is required), the Bank carries out stress test concerning the effect of exchange rate risk of borrower on credit risk incurred by the Bank.

These tests are conducted on the assumption that the value of Polish zloty will decrease by 50% compared to other currencies, both for car and mortgage loans (the requirement of the "S" Recommendation is 30%) and under the assumption that the decrease in the exchange rate will continue for the period of 12 months.

The Bank analyzes the effect of changes in interest rates on credit risk incurred by the Bank. Stress test concerning the effect of fluctuations in interest rates on the quality of credit risk portfolio are conducted on the assumption that interest rates will increase by 50% for car loans and retail loans and by 500 base points for mortgage loans (the S Recommendation requires the increase of 400b.p) and under the assumption that the increase in interest rate will continue for the period of 12 months.

The Bank also analyzes the influence of changes of unemployment rate on credit risk in the above mentioned portfolios.

Principles for using collateral and policies of risk reduction and strategies and processes of monitoring the effectiveness of collateral and risk reduction methods

The Bank accepts various legally acceptable collateral types, which are appropriate to product type and business area. Detailed procedures for collateral selection and establishment have been described in internal regulations and product procedures for individual trading areas. The adopted legal collateral should ensure that the Bank will satisfy itself in case of the borrower's default. The main collateral of the Bank that limits its risk, especially credit risk, is good financial standing of the borrower and his good credit capacity. In selecting loan collateral, the Bank considers the type and amount of loan, loan term, legal status and financial standing of the borrower as well as risk of the Bank and other risks. The Bank prefers collateral in the most liquid forms i.e. in the forms that guarantee fast and full recovery of debt under recovery proceedings.

For capital adequacy purposes, as part of the policy concerning application and valuation of loan collateral and collateral management, the Bank uses the most liquid collaterals such as bank deposits or debt securities issued by the NBP or the Polish government. As part of risk reduction techniques, the Bank uses the most liquid collaterals which are valued on a monthly basis using the effective interest rate method.

Description of loan collaterals

The Bank as a principle requires one or more collaterals for loans. Presented below are typical collaterals required by Getin Noble Bank:

Mortgage loans:

- mortgage established on the property with priority of satisfaction;
- assignment of rights from the insurance policy in the case of fire or other accidental losses;
- property value decrease insurance policy, loss of job insurance policy and company bankruptcy insurance policy;
- insurance policy of low own contribution.

Car loans:

- registered pledge on the vehicle, partial or total assignment of vehicle property right;
- assignment of rights from the insurance policy or indicating the bank as the beneficiary of the policy;
- blank promissory note;
- death insurance policy or insurance policy against total disability of the borrower;
- guarantee of a third party in the form of own promissory note or civil warranty.

Consumer loans:

- property value decrease insurance policy, loss of job insurance policy and company bankruptcy insurance policy;
- guarantee of a third party in the form of own promissory note or civil warranty.

Corporate loans:

- mortgage established on the property with priority of satisfaction;
- registered pledge on the property of the enterprise or total assignment of the enterprise property right of the borrower;
- registered pledge on the personal property of the borrower or the company's management;
- cash deposit or pledge on funds on the trust account;
- assignment of receivables, blank promissory note or civil surety ship.
- guarantee of a third party in the form of own promissory note or civil warranty.

Gross value of impaired loans and advances assessed individually is presented below:

Impaired loans and advances assessed individually	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Corporate loans	55,090	42,439
Car loans	-	-
Mortgage loans	341,362	94,579
Consumer loans	-	-
Total	**396,452**	**137,018**

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Value of collateral used for calculating impairment allow ance for loans individually significants	193,877	128,579

Maximum exposure to credit risk as of 31 December 2010 and as of 31 December 2009 – without taking into account accepted collateral and other factors improving loan quality is presented below:

Gross maximum exposure to credit risk	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Financial assets:		
Cash and balances w ith the Central Bank (excluding cash)	1,867,485	794,916
Amounts due from banks and financial institutions	2,511,003	1,014,903
Derivatives	48,653	329,320
Loans and advances to customers	34,229,435	26,217,763
Financial instruments available for sale	2,803,301	3,849,266
Other assets	222,082	105,760
Total exposure to credit risk	**41,681,959**	**32,311,928**
Guarantee liabilities	12,377	14,076
Contingent liabilities	1,122,763	916,151
Total off-balance sheet liabilities	**1,135,140**	**930,227**
Total exposure to credit risk	**42,817,099**	**33,242,155**

Credit quality of financial assets, which are neither overdue nor impaired as at 31 December 2010 and 31 December 2009:

As at 31.12.2010	Current	Overdue and not impaired			Overdue impaired	Interest	Write-downs (including IBNR)	Total
	PLN thousand	Overdue by less than 1 month PLN thousand	Overdue by 1-2 months PLN thousand	Overdue by 2-3 months PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Amounts due from banks and financial	**2,510,399**	**-**	**-**	**-**	**-**	**827**	**(223)**	**2,511,003**
Loans and advances granted to customers, of	**25,987,635**	**5,672,817**	**672,957**	**416,066**	**3,670,218**	**385,078**	**(2,575,336)**	**34,229,435**
corporate loans	1,605,254	627,260	51,527	30,843	185,971	25,693	(151,676)	**2,374,872**
car loans	2,810,710	444,415	97,957	58,977	690,623	34,155	(534,701)	**3,602,136**
mortgage loans	19,768,849	4,439,214	476,646	290,732	1,239,475	297,389	(583,101)	**25,929,204**
consumer loans	1,802,822	161,928	46,827	35,514	1,554,149	27,841	(1,305,858)	**2,323,223**
Available for sale financial instruments:	**2,802,249**	**0**	**0**	**0**	**2,383**	**0**	**(1,331)**	**2,803,301**
issued by central banks	999,330	-	-	-	-	-	-	**999,330**
issued by other banks	18	-	-	-	-	-	-	**18**
issued by other financial institutions	1,707	-	-	-	-	-	-	**1,707**
issued by non financial institutions	26,014	-	-	-	2,383	-	(1,331)	**27,066**
issued by the State Treasury	1,775,180	-	-	-	-	-	-	**1,775,180**
Total	**31,300,283**	**5,672,817**	**672,957**	**416,066**	**3,672,601**	**385,905**	**(2,576,890)**	**39,543,739**

As at 31.12.2009 (restated)	Current	Overdue and not impaired			Overdue impaired	Interest	Write-downs (including IBNR)	Total
		Overdue by less than 1 month	Overdue by 1-2 months	Overdue by 2-3 months				
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Amounts due from banks and financial	**1,013,718**	**273**	**-**	**-**	**1**	**923**	**(12)**	**1,014,903**
Loans and advances granted to customers, of	**20,077,857**	**4,600,692**	**480,056**	**286,413**	**2,082,838**	**291,993**	**(1,602,086)**	**26,217,763**
corporate loans	1,187,180	420,166	15,305	9,547	148,995	19,954	(123,892)	**1,677,255**
car loans	2,621,050	457,576	133,854	68,591	373,660	28,804	(288,546)	**3,394,989**
mortgage loans	14,553,191	3,461,344	239,235	115,247	425,593	169,810	(171,276)	**18,793,144**
consumer loans	1,716,436	261,606	91,662	93,028	1,134,590	73,425	(1,018,372)	**2,352,375**
Available for sale financial instruments:	**3,847,084**	**-**	**-**	**-**	**3,259**	**-**	**(3,075)**	**3,847,268**
issued by central banks	1,049,210	-	-	-	-	-	-	**1,049,210**
issued by other banks	118	-	-	-	-	-	-	**118**
issued by other financial institutions	136,360	-	-	-	5	-	(10)	**136,355**
issued by non financial institutions	1,020	-	-	-	3,254	-	(3,065)	**1,209**
issued by the State Treasury	2,660,376	-	-	-	-	-	-	**2,660,376**
Total	**24,938,659**	**4,600,965**	**480,056**	**286,413**	**2,086,098**	**292,916**	**(1,605,173)**	**31,079,934**

(data in PLN thousand)

The percentage share in loan port folio in the tables below is calculated by nominal values.

Structure of Bank's loan portfolio	% share in portfolio	
	31.12.2010	31.12.2009 (restated)
Loans granted to individual persons	85.11	85.34
Car loans	6.07	7.85
Installment loans	0.05	0.12
Housing, construction and mortgage loans	68.93	62.40
Other loans	10.06	14.97
Corporate loans	14.89	14.66
Total	**100.00**	**100.00**

Industry concentration risk	% share in portfolio	
	31.12.2010	31.12.2009 (restated)
Agriculture and hunting	0.18	0.17
Mining	0.05	0.00
Production activity	1.19	1.44
Electricity and gas industry	0.03	0.02
Construction industry	2.92	2.28
Wholesale and retail trade	2.89	3.05
Transport, warehouse management and communication	2.34	2.52
Financial brokerage	0.57	0.96
Real estate service	1.57	2.78
Public administration	0.01	0.01
Other sections	3.14	1.43
Individual persons	85.11	85.34
Total	**100.00**	**100.00**

Geographical concentration risk	% share in portfolio	
	31.12.2010	31.12.2009 (restated)
Administration regions of Poland (voivodships):		
Dolnośląskie	9.71	9.34
Kujawsko-Pomorskie	3.40	3.13
Lubelskie	2.88	2.78
Lubuskie	2.09	2.03
Łódzkie	5.62	5.66
Małopolskie	6.48	6.58
Mazowieckie	27.05	28.09
Opolskie	1.75	1.61
Podkarpackie	2.22	2.25
Podlaskie	1.15	1.08
Pomorskie	7.51	6.88
Śląskie	11.69	12.15
Świętokrzyskie	1.18	1.05
Warmińsko-Mazurskie	2.68	2.42
Wielkopolskie	7.68	7.39
Zachodniopomorskie	4.76	4.55
The seat outside Poland's territory	2.15	3.01
Total	**100.00**	**100.00**

2. Operational risk

Operational risk management strategies and processes

Getin Noble Bank S.A. manages operational risk in accordance with the “Operational Risk Management Strategy” established by the Management Board and approved by the Bank’s Supervisory Board, which:

- reflects prudence provisions arising from the Banking Law and applicable resolutions and recommendations issued by banking supervision authorities;
- includes a description of the principles already in place as well as those under development and planned for the future.

The Bank’s operational risk management is a process involving the following operations:

- risk identification;
- risk measurement;
- limitation of risk;
- risk monitoring;
- reporting on risk.

Operational risk management covers all processes and systems relating to the performance of banking operations, which ensure financial services provided within the Bank’s ordinary business for customers.

Structure and organization of the operational risk management unit

The process of operational risk management is actively contributed by:

- All elements of Bank’s organizational structure, including areas, divisions and organizational units of the Bank’s headquarter, operational units (constituting local organizational Bank units);
- Related entities of the Bank’s;
- Third parties- franchise units and agencies;

which are referred to as organizational units of operational risk management.

Organizational units of operational risk management include:

- system units – responsible for systemic operational risk management, establishing internal regulations and developing solutions to current operational risk management, which are used to current operational risk management, performing also tasks relating to current operational risk management;
- operational units – dealing with current operational risk management in their everyday activities;

In all divisions and at all levels of the Bank’s organizational structure, as well as in the Bank’s related entities and external subjects, following groups of units, persons and functions, which are executed at three following levels are to be distinguished:

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

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

The Management Board is supported by a dedicated committee - namely Operational Risk Committee, which performs consulting services in the process of operational risk management.

The main, superior role in operational risk management is performed by designated employees of an independent operational risk management unit, which is part of the Security and Operational Risk Department.

Scope and types of operational risk reporting and measurement systems

The Bank has an operational risk measurement and reporting system in place supported by appropriate software dedicated to operational risk management.

The operational risk reporting system includes reports prepared for internal management and external supervisory purposes.

The Management and supervisory reporting is based on assumptions resulting from:

- guidelines included in the Recommendation "M" ,
- supervisory regulations concerning the rules and methods for announcing qualitative and quantitative information on capital adequacy by banks,
- COREP supervisory reporting rules for operational risk.

The reporting system covers various types of reports, in particular:

- operational risk reports presenting the risk profile,
- reports on the measures undertaken in order to mitigate operational risk,
- efficiency of methods mitigating operational risk.

Operational risk reporting is composed of:

- current reporting - recording data on events and operational losses and profile and changes of operational risk,
- periodic processing and distribution of data, gathered in risk monitoring process in form of quarterly and half-year reports,
- documenting and flow of data (reports) on operational risk.

Operational risk measurement is performed with use of IT system, supporting the process of operational risk management by calculating:

- required equity to cover operational risk, including regulatory capital - minimal capital requirement and internal capital to cover operational risk losses,
- ratios representing the level of Bank's exposure to operational risk, also called the Bank's sensitivity to operational risk,
- aggregated volume of actual losses.

Policies related to mitigation of operational risk and strategies and process of monitoring of effectiveness of risk management and methods related to mitigation of operational risk

Depending on the magnitude and profile of operational risk, proper adjusting and preventive activities are applied, which are adequate to the diagnosed risk and ensure the selection and implementation of effective measures to modify the risk.

In particular, the following methods are used to protect against operational risk:

- development and implementation of business continuity plans (including contingency plans) to ensure the Bank's ability to continue operations at a defined level,
- insurance against the effects of errors or operational events which are not easily predictable and may give rise to significant financial consequences,
- outsourcing of the activities.

The efficiency of the security measures and methods used by the Bank to mitigate operational risk is monitored by:

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

Operational risk of leasing activities is eliminated by implemented rules of “four eyes principle” in all processes that require the transfer of funds. Key business processes are described in proper documents - Policies and Procedures. Additionally one person is designated to continuous monitoring of business operations and reports directly to the Management Board.

3. Market risk

Market risk is defined as an uncertainty about whether the interest rates, currency exchange rates or prices of securities and other financial instruments held by the Bank will have a value different from that previously assumed, thereby giving rise to unexpected profits or losses from the positions held in these instruments.

The objective of assets and liabilities management is the optimization of the structure of balance sheet and off-balance sheet in order to preserve the adopted relation of profit to the risk undertaken by the Bank. On the strategic level, the Bank’s Management Board is responsible for risk management. In this role, the Management Board is supported by the Assets and Liabilities Committee (the “ALCO”).

3.1. Currency risk

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

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

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

The Bank has adopted the so called basic method of calculating capital requirements relating to currency risk exposure. The capital requirement related to currency risk is calculated as 8% of total currency position in absolute terms.

The analysis of the Bank’s exposure to currency risk is also made by way of measurement of the Value at Risk (VaR) and stress tests.

The Controlling and Market Risk Department submits monthly reports to the Assets and Liabilities Committee on the foreign exchange result and currency risk management, including the Bank’s positions in the individual currencies and compliance with the limits set for open currency positions.

The tables below show the Bank’s currency exposure, by individual classes of assets, liabilities and off-balance sheet liabilities:

As at 31.12.2010	Currency							Total
	PLN (PLN thousand)	EUR (PLN thousand)	CHF (PLN thousand)	USD (PLN thousand)	GBP (PLN thousand)	JPY (PLN thousand)	Other (PLN thousand)	(PLN thousand)
ASSETS								
Cash and balances with the Central Bank	1,949,844	14,077	1,474	8,189	1,181	-	1	**1,974,766**
Amounts due from banks and financial institutions	299,721	1,476,772	69,495	614,590	44,748	2,609	3,068	**2,511,003**
Loans and advances to customers	17,747,664	729,999	15,153,183	134,081	-	431,148	33,360	**34,229,435**
Financial instruments available for sale	2,803,301	-	-	-	-	-	-	**2,803,301**
Other	1,115,590	594	601	38	57		-	**1,116,880**
TOTAL ASSETS	**23,916,120**	**2,221,442**	**15,224,753**	**756,898**	**45,986**	**433,757**	**36,429**	**42,635,385**
LIABILITIES								
Amounts due to other banks and financial institutions	735,792	-	-	-	-	-	-	**735,792**
Amounts due to customers	35,283,278	1,222,371	17,808	658,546	45,757	32	8	**37,227,800**
Liabilities from the issue of debt securities	81,347	-	-	-	-	-	-	**81,347**
Provisions	9,992	13	-	1	-	-	-	**10,006**
Other	1,266,660	4,929	24,540	597	114	611	1,523	**1,298,974**
TOTAL LIABILITIES	**37,377,069**	**1,227,313**	**42,348**	**659,144**	**45,871**	**643**	**1,531**	**39,353,919**
EQUITY	**3,281,466**	-	-	-	-	-	-	**3,281,466**
TOTAL LIABILITIES AND EQUITY	**40,658,535**	**1,227,313**	**42,348**	**659,144**	**45,871**	**643**	**1,531**	**42,635,385**
NET EXPOSURE	**(16,742,415)**	**994,129**	**15,182,405**	**97,754**	**115**	**433,114**	**34,898**	**-**
OFF- BALANCE								
Assets	16,384,806	33,663	203,122	5,632	-	-	659	**16,627,882**
Liabilities	736,469	1,034,034	15,354,090	103,892	-	432,361	34,920	**17,695,766**
GAP	**(1,094,078)**	**(6,242)**	**31,437**	**(506)**	**115**	**753**	**637**	**(1,067,884)**

As at 31.12.2009 (restated)	Currency							Total
	PLN (PLN thousand)	EUR (PLN thousand)	CHF (PLN thousand)	USD (PLN thousand)	GBP (PLN thousand)	JPY (PLN thousand)	Other (PLN thousand)	(PLN thousand)
ASSETS								
Cash and balances with the Central Bank	883,457	16,275	1,587	6,228	1,291	-	1	**908,839**
Amounts due from banks and financial institutions	182,726	352,173	90,607	241,886	52,439	93,901	1,171	**1,014,903**
Loans and advances to customers	11,514,774	57,212	14,077,468	209,562	-	358,747	-	**26,217,763**
Financial instruments available for sale	3,847,266	-	-	-	-	-	-	**3,847,266**
Other	1,055,029	892	52	78	57	-	-	**1,056,108**
TOTAL ASSETS	**17,483,252**	**426,552**	**14,169,714**	**457,754**	**53,787**	**452,648**	**1,172**	**33,044,879**
LIABILITIES								
Amounts due to other banks and financial institutions	460,571	-	276,801	-	-	-	-	**737,372**
Amounts due to customers	26,435,771	1,053,087	15,015	720,720	53,899	-	-	**28,278,492**
Liabilities from the issue of debt securities	900,971	-	-	-	-	-	-	**900,971**
Provisions	5,485	2	-	-	-	-	-	**5,487**
Other	237,651	1,318	11,187	253	115	-	536	**251,060**
TOTAL LIABILITIES	**28,040,449**	**1,054,407**	**303,003**	**720,973**	**54,014**	**-**	**536**	**30,173,382**
EQUITY	**2,871,497**	**-**	**-**	**-**	**-**	**-**	**-**	**2,871,497**
TOTAL LIABILITIES AND EQUITY	**30,911,946**	**1,054,407**	**303,003**	**720,973**	**54,014**	**-**	**536**	**33,044,879**
NET EXPOSURE	**(13,428,694)**	**(627,855)**	**13,866,711**	**(263,219)**	**(227)**	**452,648**	**636**	**-**
OFF-BALANCE								
Assets	14,179,800	630,421	157,691	265,559	**-**	**-**	**-**	**15,233,471**
Liabilities	628,702	4,930	13,997,639	2,898	**-**	452,539	**-**	**15,086,708**
GAP	**122,404**	**(2,364)**	**26,763**	**(558)**	**(227)**	**109**	**636**	**146,763**

3.2. Interest rate risk

The objective of interest rate management policy of the Bank is to mitigate the risk of a decline in the expected interest income due to changes in market interest rates. The interest rate risk is managed by the Management Board, to whom the reports concerning interest rate risk are delivered on the monthly basis.

Interest rate risk management consists in minimizing the risk of negative impact of changes in market interest rates on the Bank' financial standing by:

- establishing and ensuring compliance with the limits set for acceptable interest rate risk,
- conducting periodic analyses examining the level of interest rate risk and the sensitivity of the profit and loss account to changes in interest rates.

Monitoring of interest rate risk is conducted, among others, by:

- analyzing the breakdowns of assets and liabilities and off-balance sheet items sensitive to changes in interest rates by currency and repricing dates,
- analyzing the basis risk, profitability curve risk and customer option risk,
- testing sensitivity of the financial result to interest rate (the EaR method).
- analyzing the Value at Risk of the Bank's portfolio related to market valuation (VaR),
- stress tests showing the susceptibility of the Bank to losses in case of unfavorable market conditions or in case the key assumptions of the Bank become invalid,
- analysis of the level and influence on the Bank interest margin.

Sensitivity analysis for interest rate risk and currency risk

Getin Noble Bank prepares sensitivity analysis once a month (VaR) for interest rate risk and everyday for currency risk:

in PLN thousand	31.12.2010		31.12.2009 (restated)	
	EaR (+/- 25 pb)	VaR (1D, 99.9%)	EaR (+/- 25 pb)	VaR (1D, 99.9%)
interest rate	15,876	4,796	9,807	3,861
currency risk		904		458

EaR means the potential change of the interest result of the Bank (sensitivity of profit or loss) for the next 12 months in the case of change in the interest rates by 25 base points (parallel shift of yield curve).

VaR consists in examining, with 99.9% probability, the value of the maximum loss that the Bank may incur on one day on the valuation of the portfolio, assuming normal market conditions. However, this value does not present the total absolute maximum loss the Bank may incur.

The table below shows assets and liabilities and off-balance sheet liabilities of the Bank classified as of 31 December 2010 and 31 December 2009 in accordance to the criterion of the interest rate exposure. The carrying value of financial instruments with fixed interest has been split into division to groups of instruments held to maturity date of these instruments. The carrying amount of instruments with variable rate of interest is presented according to contractual dates of repricing. Other assets and liabilities and off-balance liabilities are presented as interest-free assets/liabilities.

Balance sheet items as of 31.12.2010	Up to 1 month PLN thousand	From 1 month to 3 months inclusive PLN thousand	From 3 months to 1 year PLN thousand	From 1 year to 5 years PLN thousand	Over 5 years PLN thousand	Non-interest bearing assets/liabilities PLN thousand	Total PLN thousand
ASSETS							
Cash and balances with the Central Bank	1,974,766	-	-	-	-	-	**1,974,766**
Amounts due from banks and financial institutions	2,494,595	91	15,244	246		827	**2,511,003**
Loans and advances to customers	20,521,668	9,784,679	3,213,890	77,510	13,783	617,905	**34,229,435**
Financial instruments available for sale	999,330	707,364	20	1,093,810	-	2,777	**2,803,301**
Other	-	-	-	-	-	1,116,880	**1,116,880**
TOTAL ASSETS	**25,990,359**	**10,492,134**	**3,229,154**	**1,171,566**	**13,783**	**1,738,389**	**42,635,385**
LIABILITIES							
Amounts due to other banks and financial institutions	25,890	341,612	1,212	357,330	-	9,748	**735,792**
Amounts due to customers	13,025,724	9,617,376	12,223,506	1,931,402	-	429,792	**37,227,800**
Liabilities from the issue of debt securities	79,932	533	-	-	-	882	**81,347**
Other	-	-	-	-	-	1,308,980	**1,308,980**
TOTAL LIABILITIES	**13,131,546**	**9,959,521**	**12,224,718**	**2,288,732**	**0**	**1,749,402**	**39,353,919**
EQUITY						**3,281,466**	**3,281,466**
TOTAL LIABILITIES AND EQUITY	**13,131,546**	**9,959,521**	**12,224,718**	**2,288,732**	**0**	**5,030,868**	**42,635,385**
GAP	**12,858,813**	**532,613**	**(8,995,564)**	**(1,117,166)**	**13,783**	**(3,292,479)**	-
OFF BALANCE SHEET ITEMS							
Interest rate transactions:							
Assets	7,593,774	8,558,839	279,884	195,385	-	-	**16,627,882**
Liabilities	8,193,940	9,342,345	82,475	77,006	-	-	**17,695,766**
Gap	**(600,166)**	**(783,506)**	**197,409**	**118,379**	**0**	**0**	**(1,067,884)**
Total gap	**12,258,647**	**(250,893)**	**(8,798,155)**	**(998,787)**	**13,783**	**(3,292,479)**	**(1,067,884)**

Balance sheet items as of 31.12.2009 (restated)	Up to 1 month PLN thousand	From 1 month to 3 months PLN thousand	From 3 months to 1 year PLN thousand	From 1 year to 5 years PLN thousand	Over 5 years PLN thousand	Non-interest bearing assets/liabilities PLN thousand	Total PLN thousand
ASSETS							
Cash and balances with the Central Bank	908,839	-	-	-	-	-	**908,839**
Amounts due from banks and financial institutions	940,883	5,816	33,448	33,457	-	1,299	**1,014,903**
Loans and advances to customers	19,027,127	4,920,330	1,127,130	966,278	14,931	161,967	**26,217,763**
Financial instruments available for sale	1,149,092	580,383	502,121	1,196,165	281,859	137,646	**3,847,266**
Other	-	-	-	-	-	1,056,108	**1,056,108**
TOTAL ASSETS	**22,025,941**	**5,506,529**	**1,662,699**	**2,195,900**	**296,790**	**1,357,020**	**33,044,879**
LIABILITIES							
Amounts due to other banks and financial institutions	537,504	179,796	19,548	-	-	524	**737,372**
Amounts due to customers	9,379,251	6,355,717	9,242,747	2,793,702	-	507,075	**28,278,492**
Liabilities from the issue of debt securities	64,995	419,059	404,970	-	-	11,947	**900,971**
Other	-	-	-	-	-	256,547	**256,547**
TOTAL LIABILITIES	**9,981,750**	**6,954,572**	**9,667,265**	**2,793,702**	-	**776,093**	**30,173,382**
EQUITY	-	-	-	-	-	**2,871,497**	**2,871,497**
TOTAL LIABILITIES AND EQUITY	**9,981,750**	**6,954,572**	**9,667,265**	**2,793,702**	-	**3,647,590**	**33,044,879**
GAP	**12,044,191**	**(1,448,043)**	**(8,004,566)**	**(597,802)**	**296,790**	**(2,290,570)**	**0**
OFF BALANCE SHEET ITEMS							
Interest rate transactions:							
Assets	4,499,267	6,245,652	57,000	377,000	-	-	**11,178,919**
Liabilities	4,453,163	6,678,699	-	-	-	-	**11,131,862**
Gap	**46,104**	**(433,047)**	**57,000**	**377,000**	-	-	**47,057**
Total Gap	**12,090,295**	**(1,881,090)**	**(7,947,566)**	**(220,802)**	**296,790**	**(2,290,570)**	**47,057**

4. Liquidity risk

The main objective of liquidity risk management is to minimize the risk of losing the long-term, medium-term and short-term liquidity by the Bank by ensuring the ability to meet both current and future liabilities in the best possible manner.

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

The Assets and Liabilities Committee monitors the level of liquidity risk on a monthly basis, based on information prepared by the Controlling and Market Risk Department. The following analyses are used to perform an assessment of liquidity risk:

- supervisory liquidity norms,
- gap analysis, i.e. an analysis of the mismatch between the maturities of assets and liabilities, which covers all balance sheet items by maturity, under contractual and real-terms scenarios,
- analysis of liquidity ratios within specific time horizons by maturity, under contractual and real-terms scenarios,
- selected balance sheet ratios,
- the Bank's sensitivity to funds outflow.

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

The Bank prepares forecasts of liquidity levels for the next periods and makes the assessment of probability of deteriorating liquidity situation (the scenario analysis).

To ensure the required level of liquidity, the Bank creates the structure of assets and liabilities in line with the accepted internal limits and the NBP's recommendations. To ensure an optimal level of liquidity, the Bank:

- maintains liquidity reserves in safe and liquid financial assets,
- has a possibility of using the additional sources of financing such as lombard loan and technical loan with the NBP,
- a stable level of core deposits and equity are the main sources of financing of Bank's lending activities.

The Bank has a special procedure in case of a significant rise in liquidity risk, i.e. "The contingency plan for sustaining liquidity in Getin Bank S.A. in critical situations".

The Bank analyzes liquidity gap on a contractual basis (by contractual maturity dates) and in real terms (probable dates for the realization of receivables and liabilities, in accordance with Liquidity Risk management Policies at Getin Noble Bank).

In the opinion of the Bank, the real terms liquidity gap better shows the profile of the liquidity risk at the Bank. The key modifications with respect to the contractual gap relate to the following:

- Translating contractual cash flow from loan repayment into real terms cash flows. Modifications are often made in minus – identification of loans with biggest overdue repayment dates i.e. > 20 years, assumption that credits in current account are revolving, and in plus – considering customer trend to make payment of loan installments ahead of repayment schedule,
- Accounting for real terms trends of customer deposit withdrawal. Modifications are often made in minus –and in plus – depending on observed customer behavior in terms of termination (before maturity date) and renewal deposits,

- Accounting for liquid securities at the date on when the Bank may re-sell them. Treasury assets serving as security for the Bank's liabilities are reported at maturity dates of the underlying liabilities,
- Accounting for the entire amount of the financial result realized over the period '> 20 years',
- Accounting for the Bank's off-balance sheet liabilities in respect of credit facilities granted at probable dates of their realization i.e. at the dates of releasing funds to customers.

Assets and liabilities of the Bank as at 31 December 2010 and 31 December 2009, by contractual maturity dates are presented below:

Balance sheet items as of 31.12.2010	Up to 1 month PLN thousand	From 1 month to 3 months PLN thousand	From 3 months to 1 year PLN thousand	From 1 year to 5 years PLN thousand	Over 5 years PLN thousand	Due date not determined PLN thousand	Total PLN thousand
ASSETS							
Cash and balances with the Central Bank	1,974,766	-	-	-	-	-	**1,974,766**
Amounts due from banks and other financial institutions	1,066,197	106,801	441,453	896,552	-	-	**2,511,003**
Financial assets held for trading	32	5,253	24,084	14,697	4,587	-	**48,653**
Derivative financial instruments	3,319,013	458,895	2,308,487	7,171,907	20,971,133	-	**34,229,435**
Financial instruments available for sale	999,330	0	707,384	1,093,810	0	2,777	**2,803,301**
Investments in subordinated entities	-	-	-	-	-	263,273	**263,273**
Intangible assets	-	-	-	-	-	91,656	**91,656**
Property, plant and equipment	-	-	-	-	-	155,316	**155,316**
Investment properties	-	-	-	-	-	3,339	**3,339**
Income tax assets	-	-	-	-	-	246,977	**246,977**
Other assets	-	-	-	-	-	305,265	**305,265**
Assets held for sale						2,401	**2,401**
Total Assets	**7,359,338**	**570,949**	**3,481,408**	**9,176,966**	**20,975,720**	**1,071,004**	**42,635,385**
LIABILITIES							
Amounts due to other banks and financial institutions	25,893	243,439	1,454	465,006	-	-	**735,792**
Derivative financial instruments	77	13,215	164,585	367,039	490,666	-	**1,035,582**
Amounts due to customers	11,432,460	10,031,911	13,238,077	2,525,047	305	-	**37,227,800**
Liabilities from the issue of debt securities	845	-	-	80,502	-	-	**81,347**
Current income tax liabilities	-	23,670	-	-	-	-	**23,670**
Other liabilities	-	-	-	-	-	239,722	**239,722**
Provisions	-	-	-	-	-	10,006	**10,006**
TOTAL LIABILITIES	**11,459,275**	**10,312,235**	**13,404,116**	**3,437,594**	**490,971**	**249,728**	**39,353,919**
EQUITY						3,281,466	**3,281,466**
TOTAL LIABILITIES AND EQUITY	**11,459,275**	**10,312,235**	**13,404,116**	**3,437,594**	**490,971**	**3,531,194**	**42,635,385**
LIQUIDITY GAP	**(4,099,937)**	**(9,741,286)**	**(9,922,708)**	**5,739,372**	**20,484,749**	**(2,460,190)**	**0**

Balance sheet items as of 31.12.2009 (restated)	Up to 1 month PLN	From 1 month to 3 months PLN	From 3 months to 1 year PLN	From 1 year to 5 years PLN	Over 5 years PLN	Due date not determined PLN thousand	Total PLN
AKTYWA							
Cash and balances w ith the Central Bank	908,839	-	-	-	-	-	**908,839**
Amounts due from banks and financial institutions	863,399	23,888	66,244	61,316	-	56	**1,014,903**
Derivative financial instruments	12,000	14,962	97,016	205,342	-	-	**329,320**
Loans and advances to customers	1,149,151	361,499	1,806,316	6,483,376	16,417,421	-	**26,217,763**
Financial instruments available for sale	1,149,093	580,383	502,121	1,196,165	281,858	137,646	**3,847,266**
Investments in subordinated entities	-	-	-	-	-	127,731	**127,731**
Intangible assets	-	-	-	-	-	92,889	**92,889**
Property, plant and equipment	-	-	-	-	-	122,366	**122,366**
Income tax assets, including:	-	-	-	-	-	201,793	**201,793**
Receivables relating to current income tax	-	-	-	-	-	*6,042*	**6,042**
Deferred income tax	-	-	-	-	-	*195,751*	**195,751**
Other assets	-	-	-	-	-	157,395	**157,395**
Assets held for sale	-	-	-	-	-	24,614	**24,614**
Total Assets	**4,082,482**	**980,732**	**2,471,697**	**7,946,199**	**16,699,279**	**864,490**	**33,044,879**
LIABILITIES							
Amounts due to other banks and financial institutions	652	276,801	19,548	440,371	-	-	**737,372**
Derivative financial instruments	1,876	10,770	16,632	23,735	-	-	**53,013**
Amounts due to customers	9,579,268	6,230,481	9,844,942	2,621,447	-	2,354	**28,278,492**
Liabilities from the issue of debt securities	9,898	5,887	804,614	80,572	-	-	**900,971**
Income tax liabilities	-	12,259	-	-	-	-	**12,259**
Other liabilities	-	-	-	-	-	185,788	**185,788**
Provisions	-	-	-	-	-	5,487	**5,487**
TOTAL LIABILITIES	**9,591,694**	**6,536,198**	**10,685,736**	**3,166,125**	**-**	**193,629**	**30,173,382**
EQUITY	**-**	**-**	**-**	-	**-**	2,871,497	**2,871,497**
TOTAL LIABILITIES AND EQUITY	**9,591,694**	**6,536,198**	**10,685,736**	**3,166,125**	**-**	**3,065,126**	**33,044,879**
LIQUIDITY GAP	**(5,509,212)**	**(5,555,466)**	**(8,214,039)**	**4,780,074**	**16,699,279**	**(2,200,636)**	**0**

The undiscounted financial liabilities by contractual maturity dates as of 31 December 2010 and 31 December 2009 are presented below:

Balance sheet items as of 31.12.2010	Up to 1 month PLN thousand	From 1 month to 3 months PLN thousand	From 3 months to 1 year PLN thousand	From 1 year to 5 years PLN thousand	Over 5 years PLN thousand	Total PLN thousand
Financial liabilities:						
Amounts due to other banks and financial institutions	25,895	245,477	3,620	553,299	-	**828,291**
Derivative financial instruments	77	13,215	164,585	367,039	490,666	**1,035,582**
Amounts due to customers	11,457,535	10,114,819	13,580,599	2,759,135	557	**37,912,645**
Liabilities from the issue of debt securities	1,847	-	3,455	83,957	-	**89,259**
Total	**11,485,354**	**10,373,511**	**13,752,259**	**3,763,430**	**491,223**	**39,865,777**

Balance sheet items as of 31.12.2009 (restated)	Up to 1 month PLN thousand	From 1 month to 3 months PLN thousand	From 3 months to 1 year PLN thousand	From 1 year to 5 years PLN thousand	Over 5 years PLN thousand	Total PLN thousand
Financial liabilities:						
Amounts due to other banks and financial institutions	902	276,823	21,271	447,428	-	**746,424**
Derivative financial instruments	1,876	10,770	16,632	23,735	-	**53,013**
Amounts due to customers	9,599,896	6,322,958	10,228,883	3,049,425	-	**29,201,162**
Liabilities from the issue of debt securities	12,506	6,366	825,327	88,096	-	**932,295**
Total	**9,615,180**	**6,616,917**	**11,092,113**	**3,608,684**	-	**30,932,894**

5. Risk related to derivatives

Basic types of risk related to derivative financial instruments are market risk and credit risk. At initial recognition derivative financial instruments usually are of zero or low market value. This is due to the fact, that no initial net investment or proportionally low investment is required in comparison to other sorts of agreements with similar reactions on changes of market conditions.

Derivative financial instruments gain positive or negative value with changes of specific interest rate, price of securities, commodity price, exchange rate, credit classification, credit index or other market parameter. As a result, held derivatives become more or less profitable to instruments with the same residual maturity date, which are available on the market.

Credit risk related to derivatives is the potential cost of signing new contract on the original terms, in case that the other part of agreement does not fulfill its obligation. To estimate the potential value of replacement the Bank uses the same methods, as in case of incurred market risk.

To control the level of taken credit risk, the Bank evaluates the other part of agreements, using the same methods as those for credit decision making.

The Bank concludes transactions related to derivative financial instruments with domestic and foreign banks. Transactions are concluded within the credit limits allocated to particular institutions. On the basis of adopted procedure of bank's financial status evaluation, the Bank determines the limits of maximal exposure for banks. The percent age limit of particular types of transactions are determined within these limits.

6. Hedge accounting

The Bank applies cash flow hedge for mortgage loan portfolio denominated in CHF with separated portfolio explicitly determined CIRS float-to-fixed CHF/PLN hedging transactions and cash flow hedge of PLN deposits portfolio with separated from real CIRS transactions explicitly determined portfolio of IRS fixed-to-float hedging transactions. During the hedge period the Bank assesses the effectiveness of hedge relationship. The change of fair value of hedging instruments is recognized in revaluation reserve in the amount of effective part of hedge. Ineffective part of hedge is recognized in the profit or loss account.

Effective part recognized in revaluation reserve after the date of redesignation of hedge relationship is subject to gradual reclassification (amortization in profit or loss account), in accordance with the schedule developed by the Bank, until the maturity term of initial portfolio.

The value of effective change in fair value of hedging instruments, presented in revaluation reserve as at 31 December 2010, amounts to PLN -53,494 thousand. Cash flows relating to hedged transactions will be realized from 1 January 2011 to 6 October 2015, i.e. to maturity date of the longest CIRS transaction.

The maturity dates of CIRS hedging transactions are as follows:

	Up to 1 month PLN thousand	From 1 to 3 month PLN thousand	From 3 months to 1 year PLN thousand	From 1 to 5 years PLN thousand	TOTAL PLN thousand
Receivables	146,395	458,885	5,756,360	7,010,134	**13,371,774**
Liabilities	158,195	474,585	6,178,780	7,593,360	**14,404,920**

The change in fair value of cash flow hedge recognized in revaluation reserve is presented below:

	01.01.2010-31.12.2010 PLN thousand	01.01.2009-31.12.2009 (restated) PLN thousand
At the beginning of period	**(6,749)**	**-**
Effective part of gains/losses on hedge instrument	(1,089,923)	712,437
Amounts recognized in profit or loss account, including	(1,043,178)	719,186
interest income adjustment	321,244	151,070
foreign exchange differences gains/losses adjustment	(1,289,853)	610,384
adjustment due to ineffective hedge	(74,569)	(42,268)
At the end of period	**(53,494)**	**(6,749)**

Depreciation of domestic currency in 2010 caused negative adjustment of gains and losses arising from foreign exchange differences on hedging instrument during this period.

In 2009 the Bank applied hedging strategy in accordance to which, on a monthly basis, it set the item being secured as part of the group of the fixed interest deposits in PLN measured at amortized cost and recognized in the Bank's books as at the beginning of the given reporting month.

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

The fair value of the IRS transactions designated as hedging instruments within the fair value hedge of PLN deposits of fixed interest rate against the interest rate risk as at 31 December 2009 has been presented in the table below:

(data in PLN thousand)

	As at 31.12.2009
Fair value of IRS derivative instruments securing fair value of individual customers' deposits against the interest rate risk	19,822
Total fair value of hedging instruments:	**19,822**

In 2009 the Bank recognized the following amounts arising from the change of fair value of hedging instruments and hedged items:

	01.01.2009-31.12.2009	
	Hedging instrument	Hedged instrument
Gain	-	805
Loss	4,428	-
Total	**4,428**	**805**

In 2010, the Bank ceased the fair value hedge of PLN fixed-interest deposits. In March 2010, the remaining amount to be amortized of PLN -678 thousand, was recognized on a one-off basis in the profit or loss account.

7. Capital management

The main aim of capital management of the Bank is to maintain appropriate credit rating and secure capital ratios, which would support operating activity of the Bank and increase value for its shareholders.
The Bank manages capital structure and, as a result of changing economic conditions, implements changes to it. In order to maintain and adjust capital structure, the Bank may pay dividends to shareholders, return capital to shareholders or issue new shares. In the year ended 31 December 2010 and 31 December 2009 no changes in principles, rules and processes applied in this area were implemented.

Getin Noble Bank adjusts the level of share capital to the profile, scale and complexity of risk of its activities. Within the level of capital and capital adequacy calculation, the Bank complies with applicable legal regulations and determined strategic goals.

The measure of capital adequacy is capital adequacy ratio which shows the relationship of equity (after obligatory adjustments) to the risk weighted assets and off-sheet balance items. For the purpose of capital adequacy ratio risk weights are assigned to assets and off-sheet balance items in accordance to among others level of credit risk, market risk, currency risk and interest rate risk (capital requirements of I Pillar).

The level of internal capital to cover unexpected losses from significant risk of its activities (requirements of II Pillar) is calculated by the Bank in accordance with the internal procedure approved by the Management Board and the Supervisory Board. Within II Pillar, the Bank uses its own valuation models of requirement on internal capital, including securing of capital for additional risk in relation to I Pillar (liquidity risk, currency risk).

The internal capital of Getin Noble Bank S.A. is on the similar level to capital requirements within I Pillar.

8. Capital adequacy ratio

As at 31 December 2010 and 31 December 2009, the capital adequacy ratio and own funds being the basis for the calculation of the ratio were calculated pursuant to the following regulations:

- The Banking Act of 29 August 1997 (Journal of Laws of 2002, No. 72, item 665 with subsequent amendments),
- Resolution No. 76/2010 of the Polish Financial Supervision Authority dated 10 March 2010, on scope and detailed rules of calculating capital requirements for particular types of risk,

- Resolution No. 381/2008 of the Polish Financial Supervision Authority dated 17 December 2008, on other deductions from a bank's core capital, amount thereof, scope and conditions of such deductions from the core capital of a bank, other balance sheet items included in the supplementary capital, the amount and scope thereof, and the conditions of including them in a bank's supplementary capital, deductions from a bank's supplementary capital, the amount and scope thereof and conditions of performing such deductions from the banks' supplementary capital, the scope and manner of taking account of the business of banks conducting their activities in groups in calculating their own funds,
- Resolution No. 382/2008 of the Polish Financial Supervision Authority of 17 December 2008, on the detailed principles and conditions of accounting for exposures in determining compliance with exposure concentration limit and large exposure limit, specifying exposures exempt from the provisions regarding exposure concentration limits and large exposure limits, and the conditions they must satisfy, specifying exposures that need the authorization of the Polish Financial Supervision Authority for the exemption from the provisions related to exposure concentration limits and large exposure limits, and the scope and manner of accounting for the activities of banks operating in groups in calculating exposure concentration limits.

As at 31 December 2010 Getin Noble Bank S.A. calculated capital requirements and capital adequacy ratio based on Resolution 76/2010 of the Polish Financial Supervision Authority and as at 31 December 2009 Getin Noble Bank S.A. calculated capital requirements and capital adequacy ratio based on Resolution 380/2008 of the Polish Financial Supervision Authority.

	31.12.2010 PLN thousand	31.12.2009 (restated) PLN thousand
Own funds:		
Share capital	953,763	953,763
Supplementary capital	1,901,394	1,576,760
Other reserve capital	37,493	37,493
Own shares (-)	(696)	(2,635)
Audited net profit	350,205	228,779
Capital involvement in financial institutions adjustment	(262,804)	(127,731)
Intangible assets adjustment	(91,656)	(92,889)
Adjustment to own funds by unrealized losses on debt financial instruments classified as available-for-sale -100%	(6,748)	(6,341)
Profit (loss) from previous years	(932)	23
Short-term capital	-	3
Total	**2,880,019**	**2,567,225**
Risk weighted assets:		
Risk exposure at 0%	5,714,062	5,431,241
Risk exposure at 20%	1,687,234	1,045,204
Risk exposure at 35%	660,431	99,569
Risk exposure at 50%	686,809	170,393
Risk exposure at 75%	28,738,488	22,963,113
Risk exposure at 100%	4,935,698	3,100,021
Risk exposure at 150%	212,663	235,338
Total	**27,720,561**	**21,004,449**
Risk weighted off-balance sheet liabilities:		
Risk exposure at 0%	2,449,788	364,950
Risk exposure at 0.2%	4,770,130	2,185,713
Risk exposure at 0.25%	129,000	-
Risk exposure at 0.5%	1,334,167	749,305
Risk exposure at 1%	4,994,048	4,447,936
Risk exposure at 1.6%	41,027	-
Risk exposure at 2.5%	3,623,079	1,406,692
Risk exposure at 3.5%	7,238	-
Risk exposure at 5%	-	1,866,483
Risk exposure at 6%	11,849	-
Risk exposure at 15%	21,152	103,875
Risk exposure at 17.5%	-	1,477
Risk exposure at 20%	32,595	246,711
Risk exposure at 35%	322,884	322,766
Risk exposure at 37.5%	24,518	16,258
Risk exposure at 50%	-	25
Risk exposure at 75%	**445,881**	**584,106**
Risk exposure at 100%		
Risk exposure at 150%	**28,166,441**	**21,588,555**
Capital requirements for:		
Credit risk	2,253,283	1,727,084
Counterparty credit risk	32	2
Operating risk	162,436	122,931
Interest rate risk	266	2
Capital adequacy ratio	**9.54%**	**11.10%**

The concentration risk and the related capital requirement are calculated based on the provisions of the above resolutions. As at 31 December 2010 and 31 December 2009, the portfolio of the Bank did not contain any receivables that could be qualified as exceeding the concentration limits, therefore the Bank estimates the concentration risk to be not significant.

Signatures of the Getin Noble Bank S.A. Management Board Members:

24 February 2011, Krzysztof Rosiński - Management Board President ………………………………

24 February 2011, Karol Karolkiewicz - Management Board Member ………………………………

24 February 2011, Maurycy Kühn - Management Board Member ………………………………

24 February 2011, Krzysztof Spyra - Management Board Member ………………………………

24 February 2011, Radosław Stefurak - Management Board Member ………………………………

24 February 2011, Maciej Szczechura - Management Board Member ………………………………

24 February 2011, Grzegorz Tracz - Management Board Member ………………………………

Signature of the person responsible for the preparation of the financial statements:

24 February 2011, Barbara Kruczyńska-Nurek - Chief Accountant, Director of the Bank ....………………………