Getin Noble Bank S.A. Capital Group

Consolidated financial statements

prepared in accordance with

International Financial Reporting Standards

for the financial year ended 31 December 2009

SELECTED FINANCIAL FIGURES

	PLN '000		EUR '000	
Consolidated financial statements figures	**01.01.2009 -31.12.2009**	**01.01.2008 -31.12.2008**	**01.01.2009 -31.12.2009**	**01.01.2008 - 31.12.2008**
Interest income	481,186	253,013	110,857	71,632
Fee and commission income	493,763	184,209	113,755	52,153
Profit (loss) from operating activities	144,474	183,781	33,284	52,032
Gross profit	144,474	183,781	33,284	52,032
Net profit	174,913	155,896	40,297	44,137
Net profit allocated to Parent Company's shareholders	170,392	151,628	39,255	42,929
Net profit allocated to minority interests	4,521	4,268	1,042	1,208
Net earnings per one share (in PLN/EUR) allocated to controlling shareholders	0.79	0.70	0.18	0.20
Diluted earnings (loss) per share (in PLN/EUR) allocated to Parent Company's shareholders	0.79	0.70	0.18	0.20
Cash flows from operating activities	1,089,015	452,634	250,890	128,149
Net cash flows from investing activities	(685,363)	(434,842)	(157,896)	(123,108)
Net cash flows from financing activities	(85,595)	35,909	(19,720)	10,166
Total net cash flows	318,057	53,701	73,275	15,203
Loans and advances granted to the customers	6,738,671	3,825,081	1,640,298	916,758
Total assets	9,098,789	5,602,916	2,214,787	1,586,240
Total liabilities	8,313,685	4,910,366	2,023,681	1,390,172
Amounts due to other banks and financial institutions	19,695	500,632	4,794	141,734
Amounts due to customers	7,708,583	3,454,781	1,876,389	978,082
Total equity	785,104	692,550	191,107	196,068
Equity attributable to Parent Company's shareholders	783,351	683,618	190,680	193,539
Share capital	215,178	215,178	52,378	60,919
Treasury shares at nominal value	(2,635)	(147)	(641)	(42)
Number of shares	215,178,156	215,178,156	215,178,156	215,178,156
Solvency ratio	9.2%	13.8%	9.2%	13.8%

The selected financial figures comprising the basic items of the consolidated 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 2009, i.e. EUR 1 = PLN 4.1082 and as at 31 December 2008, i.e. EUR 1 = PLN 4.1724.
- the individual items of the statement of comprehensive incomes 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 period of twelve months ended 31 December 2009 and 31 December 2008. (respectively: EUR 1 = PLN 4.3406 and EUR 1 = PLN 3.5322).

CONTENTS:

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

	Additional information	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
CONTINUED ACTIVITY			
Interest income	1	481,186	253,013
Interest expense	1	(461,184)	(181,014)
Gain (loss) on interest		**20,002**	**71,999**
Fee and commission income	2	493 763 1	84,209
Fee and commission expense	2	(66,293)	(29,157)
Gain (loss) on fee and commission		**427,470**	**155,052**
Dividend income	XI	171	-
Gain (loss) on financial instruments measured at fair value through statement of comprehensive income	3	(37,394)	26,643
Gain (loss) on other financial instruments	4	(2,225)	(93)
Foreign exchange gain (loss)	5	13,702	100,972
Other operating income	6	9,013	12,449
Other operating expense	6	(12,129)	(6,663)
Other operating net income and expense		**(28,862)**	**133,308**
Net impairment of loans and leases	8	(12,745)	(5,071)
General administrative costs	7	(261,391)	(171,507)
Profit (loss) from operating activities		**144,474**	**183,781**
Gross profit		**144,474**	**183,781**
Income tax	10	30,439	(27,885)
Net profit		**174,913**	**155,896**
Other total income			
Financial assets available for sale		(7,551)	2,483
Income tax on financial instruments available for sale		1,435	(472)
Other total net income		**(6,116)**	**2,011**
TOTAL INCOME FROM THE REPORTING PERIOD		**168,797**	**157,907**
Profit allocated to:			
- shareholders of the Parent Company		170,392	151,628
- minority shareholders		4,521	4,268
Total income allocated to:			
- shareholders of the Parent Company		164,276	153,639
- minority shareholders		4,521	4,268
Earnings per share:			
- basic from profit for period, allocated to the shareholders of the Parent Company		0.79	0.70
- diluted from profit for period, allocated to the shareholders of the Parent Company		0.79	0.70

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

	Additional information	31.12.2009 PLN '000	31.12.2008 PLN '000
ASSETS			
Cash, balances with central bank	13	239,979	83,762
Amounts due from banks	14	496,949	965,217
Financial assets held for trade		42	-
Derivative financial instruments	15	126,382	60,843
Loans to customers	16	6,738,671	3,825,081
Financial assets available for sale	17	1,197,361	477,241
Intangible assets	21	132,310	103,738
Tangible fixed assets	20	27,064	24,692
Income tax assets including:	10	27,492	18,126
Current income tax assets		8,288	17,396
Deferred income tax assets		19,204	730
Other assets	23	104,082	44,164
Tangible fixed assets assumed for sale	22	8,457	52
TOTAL ASSETS		**9,098,789**	**5,602,916**
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to other banks and financial institutions	24	19,695	500,632
Derivative financial instruments	15	28,562	472,383
Amounts due to customers, including:	25	7,708,583	3,454,781
Financial liabilities measured at fair value through statement of comprehensive income	25	17,907	221,054
Issue of debt securities	26	412,206	414,150
Corporate income tax payables		510	1,160
Other liabilities	28	144,077	33,255
Provision for deferred income tax	10	-	33,953
Provisions	27	52	52
TOTAL LIABILITIES		**8,313,685**	**4,910,366**
Equity (attributable to the shareholders of parent company)		**783,351**	**683,618**
Share capital	29	215,178	215,178
Treasury shares at nominal value		(2,635)	(147)
Retained earnings		172,396	171,842
Other capitals	29	398,412	296,745
Minority interests		**1,753**	**8,932**
Total equity		**785,104**	**692,550**
TOTAL LIABILITIES AND EQUITY		**9,098,789**	**5,602,916**

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

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

	attributable to the shareholders of the Parent Company								
	Share capital	**Treasury shares at nominal value**	Other capitals			Undivided financial result	**Total**	**Minority interests**	**Total equity**
			Supplementary capital	Revaluation reserve	Other reserve capital				
As at 1 January 2009	**215,178**	**(147)**	**294,734**	**2,011**	**-**	**171,842**	**683,618**	**8,932**	**692,550**
Total income from the reporting period	-	-	-	(6,116)	-	170,392	164,276	4,521	168,797
Distributed profit (covered loss) for the previous reporting period	-	-	119,830	-	-	(119,830)	-	-	-
Purchase of subsidiaries	-	-	1,548	-	(8,934)	(5,224)	(12610)	1,153	(11,457)
Dividend payment	-	-	-	-	-	(44,784)	(44784)	(7,170)	(51,954)
Repurchase of own shares	-	(2,488)	(4,661)	-	-	-	(7,149)	-	(7,149)
Valuation of options	-	-	-	-	-	-	-	(5,683)	(5,683)
As at 31 December 2009	**215,178**	**(2,635)**	**411,451**	**(4,105)**	**(8,934)**	**172,396**	**783,351**	**1,753**	**785,104**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended on 31 December 2008

	attributable to the shareholders of the Parent Company								
	Share capital PLN '000	**Treasury shares at nominal value**	**Other capitals**			**Undivided financial result PLN '000**	**Total PLN '000**	**Minority interests PLN '000**	**Total equity PLN '000**
			Supplementary capital PLN '000	**Revaluation reserve PLN '000**	**Other reserve capital PLN '000**				
As at 1 January 2008	**215,178**	**-**	**192,140**	**-**	**-**	**123,159**	**530,477**	**5,864**	**536,341**
Total income from the period	-	-	-	2011	-	151,628	153,639	4,268	157,907
Distributed profit (covered loss) for the previous reporting period	-	-	102,945	-	-	(102,945)	-	-	-
Dividend payment to minority shareholders						(44,784)	-	(1,200)	(1,200)
Repurchase of own shares	-	(147)	(351)	-	-	-	(498)	-	(498)
as at 31 December 2008	**215,178**	**(147)**	**294,734**	**2,011**	**-**	**171,842**	**683,618**	**8,932**	**692,550**

IV. CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2009

	Additional information	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Cash flows from operating activities			
Net profit		174,913	155,896
Total adjustments:		914,102	296,738
Amortization and depreciation		12,324	8,584
(Profit) loss on investing activities		2,255	-
Interest and dividend		(26,009)	15,206
Changes in amounts due from the banks	XIII	630,108	(312,236)
Changes in derivative financial instruments (asset)		(65,539)	(42,840)
Changes in loans to customers		(2,913,590)	(2,649,182)
Changes in deferred income tax assets	XIII	(17,511)	1,922
Changes in other assets and other liabilities		(10,013)	(13,520)
Changes in amounts due to other banks and financial institutions		(480,937)	305,241
Changes in derivative financial instruments (liability)		(443,821)	471,186
Changes in amounts due to customers		4,253,802	2,516,760
Changes in liabilities from issue of debt securities		(1,944)	2,739
Changes in provisions and in provision for deferred income tax		(33,481)	8,573
Income tax paid		(11,253)	(26,000)
Current tax charge (statement of comprehensive income)		19,711	10,305
Net cash from operating activities	**XIII**	**1,089,015**	**452,634**
Cash flows from investing activities			
Investing Inflows		**15,682,409**	**16,167,355**
Sale of investment securities		15,631,838	16,162,668
Interest received		50,571	4,687
Investing outflows		**(16,367,772)**	**(16,602,197)**
Acquisition of subsidiary	XIII	17,102	-
Purchase of investment securities		(16,359,318)	(16,584,677)
Intangible and tangible fixed assets purchase		(25,556)	(17,520)
Net cash used in investing activities		**(685,363)**	**(434,842)**
Cash flows from financing activities			
Earnings from issue of debt securities		-	57,500
Repurchase of own shares		(7,149)	(498)
Dividend paid		(51,954)	(1,200)
Interest paid		(26,492)	(19,893)
Net cash from (used in) financing activities		**(85,595)**	**35,909**
Change in net cash and cash equivalents		318,057	53,701
Net exchange differences		(1,599)	-
Opening balance of cash and cash equivalents		93,762	40,061
Closing balance of cash and cash equivalents	**31**	**410,220**	**93,762**
including cash and cash equivalents in restricted use		-	-

V. GENERAL INFORMATION

Getin Noble Bank S.A. Capital Group ("the Group") is composed of Getin Noble Bank S.A. ("the Bank", "Getin Noble Bank", "Parent Company") and its subsidiaries. The consolidated financial statements encompass the financial year ended 31 December 2009 and contain comparative data for financial year ended 31 December 2008.

Getin Noble Bank S.A. operating to 4 January 2010 under the name of Noble Bank S.A. with its registered office in Warsaw (Poland) at ul. Domaniewska 39B, 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, is the parent company of the Group. On 8 June 2001 it was entered in the National Court Register under entry No. 0000018507.

The legal basis for the Parent Company's activity is its Articles of Association drawn up in the form of a notarial deed of 21 September 1990 (as amended).

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

The Parent Company and companies which make up the Capital Group have been incorporated for an indefinite term.

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 1241, section 1 and section 3 of the Banking Law, with reference to article 492, paragraph 1, point 1 of the Code of Commercial Companies, through a transfer of all assets of Getin Bank S.A. to Noble Bank S.A. with a simultaneous increase of the share capital of Noble Bank S.A. by means of a new issue of stocks (see: Note 29).

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

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

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

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

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

On 15 December 2009 the Supervisory Board appointed Mr. Remigiusz Baliński to the function of Vice-Chairman of the Supervisory Board.

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

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

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

These consolidated financial statements were approved for publication by the Parent Company’s Management Board on 28 February 2010.

Getin Holding S.A. is the main holding company (the controlling entity) of the entire Getin Noble Bank S.A. Capital Group. Mr. Leszek Czarnecki is the controlling shareholder of the entire Getin Holding S.A. Capital Group.

Group's business

Banking

The Group’s business in this area involves banking services and business activities within the scope set forth in the Articles of Association. The Group operates throughout Poland, and offers its services mainly to private individuals, in Polish zlotys and in foreign currencies.

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

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

Financial intermediation

(figures in PLN '000)

Financial intermediation business consists in providing services related to personal finance, mainly in loan, deposit and investment intermediation, analyses of and commentaries on the financial market.

<u>Management of assets and investments funds</u>

This business involves investing cash acquired through offering participation units to the public, advisory services in securities trading, asset management services, setting up and managing investment funds: treasury, equity and mixed.

Getin Noble Bank S.A. Capital Group includes the following subsidiaries:

Unit	Registered office	Basic line of business	Bank's percentage share in capital	
			31.12.2009	31.12.2008
Open Finance S.A.	ul. Domaniewska 39, Warsaw	financial intermediation	100.0%	100.0%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	ul. Domaniewska 39, Warsaw	Investment fund management	70.0%	70.0%
Introfactor S.A.	ul. Wołoska 18, Warsaw	other financing activities	100.0%	100.0%
Noble Concierge Sp. z o.o.	ul. Domaniewska 39, Warsaw	activity supporting financial services	100.0%	100.0%
Noble Securities S.A.	ul. Lubicz 3/215, Kraków	stock brokerage service	79.8%	0.0%
Panorama Finansów S.A.	ul. Domaniewska 39, Warsaw	financial intermediation	100.0% *	0.0%

* Through subordinated entity - Open Finance S.A

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

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

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

The aforementioned rights contained in the Investment Agreements regarding Noble Funds TFI are treated by the Bank as the program of payments in the form of the shares settled in cash (according to IFRS 2 Share-based payments).

Open Finance S.A., a subsidiary of Noble Bank S.A. concluded on 6 February 2009 an agreement with Getin Holding S.A. regarding the purchase of 500 ordinary registered shares of Panorama Finansów S.A. with nominal value of PLN 1,000.00 (one thousand PLN) each accounting for 100% of the share capital of the company and entitling to 100% of the votes at the General Shareholders Meeting.

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

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

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

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

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

The agreement concluded covers the purchase of 9,872,629 (nine million eight hundred and seventy two thousand six hundred and twenty nine) shares of GMAC of the nominal value of PLN 2 (two) each and the total nominal value of PLN 19,745,258 (nineteen million seven hundred and forty five thousand two hundred and fifty eight zlotys). The shares purchased correspond to 100% of GMAC's share capital and entitle to the shareholder to 100% of votes at the company's General Shareholders Meeting..

The transfer of the legal title to the shares of GMAC to Getin Noble Bank S.A. shall take place after all the conditions precedent under the agreement are complied with (transaction closing day). The following conditions precedent are specified in the said agreement:

- the Bank obtains an approval of the Office of Competition and Consumer Protection for the purchase of GMAC's shares,

- the Bank obtains an approval of the Financial Supervision Authority for the purchase of GMAC’s shares,
- the parties involved submit their declarations on the correctness of all the assurances under the agreement as at the transaction closing day,
- the parties involved conclude a commission contract with a broker’s house,
- the Seller concludes a deposit agreement with a broker’s house,
- the Bank concludes a trust agreement,
- the Bank concludes an agreement concerning taking over the obligations related to funding,
- a trust amount is transferred to the trustee’s account and further on to the account of GMAC International Finance B.V.,
- the Bank effects the payment of the purchase price with regard to GMAC’s shares to the Seller’s account.

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

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

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

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

As at 31 December 2009 the Parent Company had no investments in the subordinated or affiliated companies.

The Group did not discontinue any activity during the financial year 2009 and during the financial year 2008.

The Group holds assets classified as assets for sale for the value of PLN 8,457 thousand. The Group plans to sell them in 2010 and therefore undertook active steps in this direction. The assets are measured and recognised in accordance with IFRS 5. Tangible fixed assets classified as assets for sale have been discussed in Note X.22.

VI. BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

VII. ACCOUNTING POLICY

1. Statement of compliance with International Financial Reporting Standards

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

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

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

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

The Group's subsidiaries keep their account books in accordance with the accounting policies (principles) as set forth in the Accounting Act of September 29th 1994 (Journal of Laws of 2009 No. 152 item 1223, "the Act") as amended, and with its secondary legislation ("the Polish accounting standards"). The consolidated financial statements incorporate adjustments not included in the account books of the Group's companies, which have been introduced to make their financial statements complaint with IFRS.

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

The measurement currency of the Parent Company and of other companies covered by these consolidated financial statements and the reporting currency of these consolidated financial statements is the Polish zloty.

3. Changes to the accounting principles

New or amended IFRS regulations and new IFRIC interpretations which the Group has used in the current year are presented below.
The accounting principles (policies) applied to prepare the consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009, except for the following amendments to the standards in question and new interpretations applicable to the annual reporting periods starting on or after 1 January 2009:

- IFRS 8 *Operating segments* which, when it became effective, replaced IAS 14 *Segment reporting.* In accordance with this standard, identification and measurement of the results as per the operating segments subject to financial reporting are performed in conformity with the management's approach. Information on the operating segments is presented in section IX of these statements. The Group separated the new operating segment – "debt collection" as a result of the application of the new standard.

- IAS 1 *Presentation of financial statements* (as amended in September 2007) - this standard introduces a differentiation between the changes in equity resulting from the capital transactions with the owners, whereas all the other changes in equity are presented in a single line. Moreover, the standard introduces a "statement of comprehensive income" covering all items of income and costs cost recognised under profit or loss as well as other items of recognised income and costs. However, all these items can be presented together in one statement or in two interrelated statements. The Group has decided to present all the items of income and costs jointly in one statement. In order to adjust the financial statements to the requirements of IAS 1, the Group has changed the manner of presenting capitals. The revaluation reserve is presented in the statement of comprehensive income, and under the equity item, it is recognised as "other capital". Net profit and non-distributed profit from previous years are currently presented under "retained earnings/loss not covered".

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

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

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

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

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

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

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

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

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

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

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

4. 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 39 Financial instruments: Recognition and Measurement: Exposures Qualifying for Hedge Accounting (amendments introduced in July 2008) - applicable to annual periods beginning on or after 1 July 2009, not approved by the EU until the date of approval of these consolidated financial statements,
- IFRIC 17 Interpretation - Distribution of Non-Cash Assets to Owners - applicable to the annual periods starting on 1 July 2009 or later, not approved by the EU until the date of approval of these consolidated financial statements,
- Amendments to IAS 39 and IFRS 7 – Reclassification of Financial Assets - Effective Date and Transition (amendments introduced in November 2008) - applicable from 1 July 2009, not approved by the EU until the date of approval of these consolidated financial statements,
- IFRS 3 *Business Combinations* (revised in January 2008) – applicable to annual reporting periods beginning on or after 1 July 2009,
- Amended IFRS 1 *First-Time Adoption of International Financial Reporting Standards* (revised in November 2008) – applicable to annual reporting periods starting on or after 1 July 2009,
- Amendments resulting from annual improvements to IFRS (issued in April 2009) – partially applicable to annual periods beginning on or after 1 January 2009 and partially to annual reporting periods beginning on 1 January 2010 not approved by the EU until the date of approval of these consolidated financial statements,
- Amendments to IFRS 2 *Share-based Payments: Share-Based Group Payment Transactions* cleared in cash (amended in June 2009) applicable to annual periods beginning on or after 1 January 2010, not approved by the EU until the date of approval of these consolidated financial statements,
- Amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards*: additional exemptions for those adopting the IFRS for the first time – applicable to annual periods beginning on or after 1 January 2010, not approved by the EU until the date of approval of these consolidated financial statements,
- Amendments to IAS 32 *Financial instruments: Presentation*: Classification of drawing rights issues - applicable to annual reporting periods starting on or after 1 February 2010,
- IAS 24 *Related Parties Disclosures* (amended in November 2009) – applicable to annual periods beginning on or after 1 January 2011 not approved by the EU until the date of approval of these financial statements,
- IFRS 9 *Financial Instruments* – applicable to annual periods starting on or after 1 January 2013, not approved by the EU until the date of the approval of these consolidated financial statements,
- Amendments to IFRIC 14 IAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*: prepayments of the minimum funding requirements – applicable to annual periods starting on or after 1 January 2011, not approved by the EU until the date of the approval of these consolidated financial statements,
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – applicable to annual periods beginning on or after 1 July 2010, not approved by the EU until the date of the approval of these consolidated financial statements,

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

The Management Board of the Parent Company does not expect the above standards and interpretations (except for IFRS 9 and IFRS 3) to have a significant effect on the Group's accounting principles (policy). In respect of IFRS 9 the Group is currently conducting analysis of the effect of the said standard on the consolidated financial statements. In respect of IFRS 3 the effect of this standard could be significant in reference to the recognition of the goodwill resulting from the valuation of put options and recognition of the assets on account of capitalised costs related to the merger of Noble Bank S.A. with Getin Bank S.A.. The Group is currently trying to assess the effect of this standard on its accounting policy in the said areas.

5. Consolidation

The consolidated financial statements include the financial statements of Getin Noble Bank S.A. and those of the Bank's subsidiaries. Financial statements of the subsidiaries have been prepared for the same reporting period as the financial statements of the Parent Company, using consistent accounting principles and based on uniform accounting principles applied to transactions and business events of a similar nature. When the subsidiaries keep the accounting books according to the Polish Accounting Standards, the Parent Company makes the adjustments within the scope of the consolidation eliminating the inconsistencies in the applied accounting principles.
All significant inter-company balances and transactions between the Group companies, including unrealised gains arising from intra-group transactions, have been fully eliminated. Unrealised losses are eliminated unless there is evidence of impairment.
Subsidiaries are subject to consolidation from the date on which the Group obtains control over them and continue to be consolidated until the date when such control ceases. Control is exercised by the parent company when it has, directly or indirectly, through is subsidiaries, more than half of the votes in a company, unless such ownership can be proved not to be to the determinant of exercising control. Control is also exercised when the parent company is able to affect the financial and operating policies of a company (detailed conditions are defined in IAS 27 and IFRIC 12).

6. Significant accounting principles

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

Conversion of items expressed in foreign currencies

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

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

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

(figures in PLN '000)

Currency	31.12.2009	31.12.2008
1 EUR	4.1082	4.1724
1 USD	2.8503	2.9618
1 CHF	2.7661	2.8014
1 GBP	4.5986	4.2913
100 JPY	3.0890	3.2812

Financial assets and liabilities

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

Recognition of financial instruments

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

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

The Group's financial instruments are divided into the following categories: financial instruments measured at fair value through profit or loss, financial assets held to maturity, loans and receivables, financial assets available for sale, and other financial liabilities

Financial instruments measured at fair value through statement of comprehensive income

This category is divided into two subcategories:

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

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

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

defined in IAS 24 Related Party Disclosures), e.g. to the management board or executive director of the entity.

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

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

Derivative financial instruments

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

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

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

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

Financial assets held to maturity

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

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

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

Loans and receivables

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

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

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

Financial assets available for sale

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

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

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

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

Other financial liabilities

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

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

Removal from the statement of financial position

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

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

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

A financial asset or part of a financial asset is removed from the books when the Group loses control of the asset or part of the asset, i.e. when the Group exercises its rights to specific contractual rewards, when such rights expire or when the Group renounces such rights.
A financial liability or part of a financial liability is removed from the Group's statement of financial position (or its part) when the obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets

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

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

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

Loans, repurchased receivables, other receivables

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

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

Impairment losses are recognised under financial profit (loss).
Impairment losses are measured for all the credit receivables for which individual evidence of impairment is identified.

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

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

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

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

The value of loans and impairment charges for the old portfolio is updated at the end of each quarter.

Repurchased receivables - measurement

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

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

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

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

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

As at the end of the given reporting period, the impairment of financial assets was measured in accordance with

IAS 39 using the measurement model applied on the date of adoption of the International Financial Reporting Standards. While building its model for the measurement of financial asset impairment, the Bank applied the following assumptions:

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

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

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

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

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

Investments held to maturity

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

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

Available for sale financial assets

Financial assets available for sale

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

Offsetting of financial instruments

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

Total tangible fixed assets and intangible assets

Tangible fixed assets

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

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

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

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

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

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

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

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

Intangible assets

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

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

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

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill is initially recognised at the excess of costs of a business combination over the acquirer's share of the net fair values of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is measured at the purchase price less the previous accumulated impairment charges. Goodwill is not amortised, only annually tested for impairment. Impairment is determined by measuring the recoverable amount of a cash-generating unit to which the goodwill relates. If the recoverable amount of the cash-generating unit is lower than its carrying amount plus goodwill, a goodwill impairment charge is made.

Goodwill is also recognised in respect of the transactions regarding the rights of minority shareholders to call the Bank to purchase the shares of Noble Funds TFI S.A. held by such shareholders. A detailed description of the aforementioned rights is presented in Note V and a further part of Note VI.6 regarding the accounting policy.

Trademark

An intangible fixed asset acquired in a business merger, separable, reliably measured, recognised separately from the goodwill. As a trademark is expected to contribute to generating net cash inflows for an indefinite time, it is considered to have an indefinite useful life. A trademark is not amortised until its useful life is reclassified to finite. In accordance with IAS 36, a trademark is subjected to tests for impairment annually and whenever indications exit that it may have been impaired.

Principles used with regards to intangible assets of the Group are as follows:

	Trademark	Goodwill	Computer software
Useful life	Indefinite	Indefinite	2 - 10 years
Applied depreciation method	Indefinite life assets are not amortised or revalued	Indefinite life assets are not amortised or revalued	Straight-line method
Produced internally or acquired	acquired	acquired	acquired
Verification in terms of impairment/assessing recoverable value	Annual impairment test	Annual impairment test	Annually assessed for indications of impairment. If indications exist — impairment test.

Profits or losses arising from the removal of intangible assets from the statement of financial position are calculated as the difference between net income from sale and the book value of an asset and are recognised in the financial profit/loss when such removal is made.

<u>Combinations of businesses under common control.</u>

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”) 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 in all material respects) as well as relevant to the economic decision – making needs of users.
In making its judgment, Management considers the following sources:

- the requirements and guidance in IFRS’s dealing with similar and related issues; and
- the definitions, recognition criteria and measurement concepts for assets, liabilities, revenues and costs as described in the *Conceptual Framework.*

In making the judgment, Management may also consider the most recent pronouncements of other standard -

setting bodies that use a similar conceptual framework.

For the purpose of settlement of a combination of entities under common control (acquisition of Panorama Finansów S.A. by Bank's subsidiary - Open Finance S.A. and acquisition by Getin Noble Bank S.A. of the shares of Noble Securities S.A. from Getin Holding S.A.) which took place in 2009, the Group applied the pooling of interest method. In the opinion of Management, the selected method best reflects the values of assets, liabilities and equity taken over.

A combination under the pooling of interests method consists in adding together individual items of relevant assets, liabilities, revenues and costs of the combined companies, as at the combination date, having adjusted them using uniform valuation methods and after the specified below 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 combination;
- profits or losses on business transactions between the combining companies, that were carried out before the combination, included in values of assets and liabilities subject to the combination
- the share capital of a company whose assets were transferred to another company shall be eliminated. As soon as this elimination is carried out, relevant items of the 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 costs incurred in relation to a business combination, including the organization costs incurred during the incorporation of the new company or the costs of increasing the capital of the company that takes over the assets of the merging companies are deferred and presented under "other assets" item (Note X.23)

Combination of business units that are not under common control

The combination of the business units that are not under the common control concerns the combination of separate entities into the single reporting entity. The combination of the business units results in the acquisition of control by a parent company over the taken over units. The combinations of business units that are not under common control are settled under the acquisition method. The acquisition method registers the combination of the business units from the perspective of the unit identified as the acquiring entity. The acquiring entity recognises the acquired assets, liabilities and accepted contingent liabilities including those which were not previously recognised by the acquired entity.

The application of the acquisition method concerns the performance of the following actions:

- identification of the acquiring entity,

- identification of the combination cost of business units,

- allocation of the cost of the combination of business units on the acquisition date to the acquired assets and accepted liabilities and contingent liabilities.

The acquiring entity defines the cost of the combination of business units at the amount equal to the sum of:

- the fair value on the date of exchange of the released assets, liabilities taken or assumed, and equity instruments issued by the acquiring entity in return for the control over the acquired entity, increased by

- any costs that can be directly attributable to the combination of the business units.

Fixed assets held for sale and discontinued operations

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

Discontinued operations are an element of the Group's activities that is a separate, specialised area of the Group's operations or its geographical segment, or a subsidiary acquired exclusively to be resold. The Group discloses an operation as discontinued when it is sold or classified as "held for sale".

Impairment of fixed assets

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

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

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

Cash and cash equivalents

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

Accrued expenses and deferred income

Accrued expenses (assets) are expenses recognised in the financial profit/loss in future reporting periods, based on the passing of time. Accrued expenses (assets) are recognised under "other assets".

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

Provisions

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

Employee benefits

In accordance with the Polish Labour Code and the Compensation Rules, the Group'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 Group generates a provision for severance pay to assign the future costs to the periods to which they relate. In accordance with IAS 19, disability/retirement severance pay is provided under termination benefit plans. The current amount of such liabilities as at each reporting date is determined by an independent actuary. The liabilities are equal to discounted payments to be made in the future, taking the employee turnover rate into account, and they relate to the reporting period. Demographic and employee turnover figures are based on historical data. Gains or losses resulting from actuarial calculations are recognised in the financial profit/loss.

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

Leasing

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

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

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

Equity

Equity is the capital, reserves and funds generated in accordance with the applicable laws, regulations and the articles of association.

Equity consists of share capital, repurchased own shares, retained earnings (undistributed financial profit/loss) and other capital.

Share capital

Share capital is recognised 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 posistion.

Repurchased own shares (treasury shares)

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

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

Proceeds from sale of shares above their nominal value

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

Retained earnings

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

Other capital

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

Share-based payment transactions

Equity-settled transactions

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

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the benefits ("vesting date"). The cumulative expense recognised for equity-settled transactions as at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the 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 recognised for awards that are not eventually vested, except for the awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

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

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

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

Cash-settled transactions

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

Transaction regarding the right of individuals to call the Bank to buy the shares of Noble Funds TFI S.A. held by such individuals (put option)

The rights contained in the Investment Agreements regarding Noble Funds TFI and discussed in Note V are regarded by the Group as the share-based payment program settled in cash (according to IFRS 2 the share-based payments).
In the consolidated financial statements of the Group, the liability related to put option (the right of the minority shareholders to call Bank to buy shares of Noble Funds TFI S.A.) is determined and recognized while the call option does not impact the accounting for the transaction in the consolidated financial statements.

The put option is held by the minority shareholders, who have the dividend right and voting right which can impact the accounting of the liability. The Group accounts for the liability due to the put option held by minority shareholders in the following manner:

- The Group determines the amount that would have been recognized within equity for the minority interests including an update to reflect its share of profits or losses (and other changes of in equity) of Noble Funds TFI S.A. for each reporting date as if the minority shareholders did have the put option;
- The Group recognizes the financial liability (equal to the present value of the amount payable under the put option), in correspondence with the "minority interests within equity", the difference between the higher value of the financial liability and the value of minority interest within equity is shown as and goodwill;
- The difference between the present value of the amount payable under the put option and the fair value of the shares subject to the put option as of that date (i.e. equivalent of the cost of the put option to the Group) is related to the cost of services rendered by individuals entitled to call the Bank to purchase the shares of Noble Funds TFI S.A. held by these individuals and according to IFRS 2 is presented within the statement of comprehensive income (in each reporting period).

In the case of the aforementioned put options the price of exercising the out option is defined at the level equal to the estimated fair value of Noble Funds TFI shares that are the subject of the transaction and constitutes a 30% share in 10 times of the net profit of Noble Funds TFI S.A. for the 12 month period preceding the date of exercising the option (i.e. for 2012) and therefore the cost of services provided by the individuals who are entitled to call the Bank to purchase the shares of Noble Funds TFI S.A. held by these individuals, is equal to zero.

<u>Income</u>

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

Gain (loss) on interest

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

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

- loans granted and other receivables not held for trading,

- financial assets held to maturity,

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

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

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

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

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

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

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

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

Gain (loss) on fee and commission

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

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

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

Revenue from credit intermediation services

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

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

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

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

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

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

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

Foreign exchange gain (loss)

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

Other operating income and expense

Other operating income and expenses are income and expenses not directly related to the Group’s activities.

They include, in particular, the result from sale and liquidation of fixed assets, revenue from sale of other services, penalties and fines received and paid.

Dividend income

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

Income tax

Deferred tax

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

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

save for cases when the provision for the deferred tax is generated as a result of the initial statement of the company goodwill or the initial statement of an asset or liability for the transaction which neither constitutes a business combination nor, on its conclusion, influences the gross financial result or the revenue to be taxed as well as tax loss; and

- in the event of positive transitory differences resulting from investments in subordinated or associated entities and shares in joint ventures, except for situations when the dates of reversing the transitory differences are subject to the investor's control and when it is probable that the transitory differences will not be reversed in the foreseeable future.

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

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

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

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

Deferred income tax assets and provision for deferred income tax are determined using tax rates that are expected to apply when a deferred tax asset is realised or the provision is released, based on the tax rates (and

regulations) that have been enacted or will substantially be enacted by the end of the reporting period
Income tax concerning items directly recognised in equity is recognised in equity, not in the financial profit/loss.

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

Hedge accounting

Derivative financial instruments and hedges

Derivative financial instruments and security

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

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

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

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

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

Fair value hedging

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

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

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

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

Contingent liabilities granted

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

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

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

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

Profit per share

Profit per share for each period is calculated by dividing the net profit for a period by the weighted average number of shares in a given reporting period.

VIII. IMPORTANT FIGURES BASED ON PROFESSIONAL JUDGEMENT AND ESTIMATES

Professional judgement

Classification of leases

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

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

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

Valuation of newly purchased receivables portfolios

The value of impairment charges was calculated using the method of discounted expected cash flows in next periods, assessed on the basis of expected recoveries from receivables portfolios and the current collection results.

Close rate of loans, deposits and savings plans

The Group recognises commission income from the loan applications submitted (but for loans not yet paid out), applications for term deposits and saving plans (submitted but not yet processed) with other financial institutions based on a closing ratio. This ratio is based on historical data for the likelihood of a loan applied being actually paid out and a term deposit or a saving plan realised. This ratio is also used in determining the amount of provision for commission to be paid to Group's advisers for such loans, term deposits and saving plans. Receivables under financial intermediation assessed on the basis of the close rate amounted to PLN 34,984 thousand (compared to PLN 11,453 thousand as at December 31st 2008). Liabilities under fees for advisers assessed on the basis of the close rate amounted to PLN 23,885 thousand as at December 31st 2009 (PLN 4,482 thousand as at December 31st 2008). The level of the close rates adopted by the Group is presented in note VII.6 *income from intermediation in selling financial products.*

IBNR rate

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

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

Trademark and goodwill

Trademark and goodwill are annually tested for impairment. Identified impairment is recognised in the financial profit/loss.

As at December 31st 2009 and December 31st 2008 the tests which had been carried out did not reveal the impairment of trademark and goodwill (Note X.21)

Deferred tax

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

Uncertainty of estimates

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

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

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

Impairment of loans

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

In the opinion of the Group, there is evidence that the entire old group of loans is impaired. The amount of impairment losses has been determined by discounting the expected cash flows in successive periods, estimated on the basis of historical recovery rates for the old group of loans and on the basis of the current results of debt recovery. The relevant details are presented in note X.19 of these financial statements.

Moreover, as described in the section regarding professional judgement above and in the section regarding loans granted as part of the Parent Company’s strategy, launched in 2006, to build a private-banking platform *(new group of loans),* the uncertainty is connected with the estimates of impairment of the new group of loans (with regard to the loans with a risk of impairment and the loans without a risk of impairment, for which write-offs are made based on the IBNR ratio). The relevant details are presented in note X.16 of these consolidated financial statements.

Fair value of collateral for loans granted

The fair value of collateral pledged on loans granted is determined based on measurement methods and the real estate market analysis.

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

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

Fair value of amounts due to customers is measured in the following manner**:**

The carrying value of deposits is determined as the sum of the actual deposit balance and the accrued interest as at the date of measurement. The value is subsequently discounted until the date of measurement using a discounting factor appropriate for the maturity date from the market profitability curve increased by the average weighted margin for deposits from a given range of the period of deposit or the original period. The result is the fair value. Gain (loss) on measurement at fair value is presented in the statement of comprehensive income under "gain (loss) on financial assets and liabilities measured at fair value through statement of comprehensive income". The valuation of the present value of the future liability resulting from the execution of the put option by the Bank is presented in note X.28.

The present value of the future liability resulting from the execution of a put option by the Bank depends on the financial result and the value of net assets of Noble Funds TFI S.A. during the years, in which the option may be exercised (years 2010 – 2012). This value constituting the best judgment of the management on the date of preparing the Group's financial statements is estimated based on Noble Funds TFI S.A. budgets approved for the years 2010-2012. The value of the future liability estimated in the aforementioned manner is then discounted to the present value with the support of the discounting ratio equal to the interest rate of three year treasury bonds.
As the financial forecasts refer to the future, the actual results could differ from the forecasted results due to the occurrence of the unexpected events and circumstances and thus the value of the liability resulting from the execution of put option by the Bank (the details regarding the assumptions and measurement of the liability are presented in note X.28) could change in the future.

<u>Fair value of other financial instruments</u>

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

<u>Impairment of other fixed assets</u>

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

Deferred tax assets

The Group recognises a deferred tax asset on the assumption that in the future a tax gain will be achieved which will permit its use. Worse tax results in the future could cause this assumption to be unfounded. The deferred tax assets are presented in note X.10.

Other estimated values

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

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

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

IX. OPERATING SEGMENTS

The following reporting operating segments function within the Group:

- Metrobank
- Debt collection
- Financial intermediation
- Assets and fund management

Metrobank

Operations in this segment involve banking services and business activities in the following areas: accepting cash deposits payable on demand or at a due date and keeping accounts for such deposits, keeping other bank accounts, granting loans, granting and confirming bank guarantees and confirming letters of credit, issuing banking securities, conducting banking cash settlements, granting cash advances, concluding cheque, bill of exchange and warrant transactions, issuing payment cards and processing card operations, performing term financial transactions, purchase and sale of receivables, safekeeping of valuables and securities and provision of safe boxes, purchase and sale of foreign currencies, granting and confirming sureties, performing commissioned operations related to the issue of securities, providing agency services in money transfers and foreign exchange settlements.

The Group operates throughout Poland and offers private banking services — current accounts for individual customers, savings accounts, deposits, consumer and mortgage loans, term deposits, in the Polish zloty and in foreign currencies.

The segment income includes the interest income of the bank and the commission income related to the sale of additional products offered under the credit offer. These income also include the result on exchange. The segment assets include the credits portfolio excluding the old portfolio credits and the purchased receivables, the funds at central bank, receivables from the banks, derivative financial instruments (assets) and financial instruments available for sale and held to maturity.

Debt collection

The subject of Group's operations in the area of debt collection concerns the collection of credit receivables and purchased receivables.

The segment income includes the value of the recovered receivables. The segment assets include the old portfolio and the purchased receivables.

Financial intermediation

The Group’s operations in this area involve providing financial intermediation services — loan, deposit, saving and investment intermediation services. Personal finance services include legal information, professional advice, and comparisons of banks’ offerings. Investment intermediary services include offerings in the area of savings schemes, deposits, currency schemes and investment funds.

The segment income includes all income recognised by Open Finance S.A., Panorama Finansów S.A. and income from bank commissions in the area of the conducted financial intermediation business. The segment assets include the assets of Open Finance S.A. and Panorama Finansów S.A. and receivables of the bank resulting from the financial intermediation business.

Funds and assets management

The subject of this activity includes the depositing of the funds collected under public offering of participation units, advice in respect of the securities trade, securities management services, creation and management of investment funds: treasury, securities and mixed funds.

The income of the segment includes the income recognised by Noble Funds TFI S.A. The assets of the segment include the assets disclosed by Noble Funds TFI S.A.

None of the Group's operating segments was merged with other segment in order to create the aforementioned reporting segments.

The Management Board monitors separately the operating performance of the segments in order to make the decisions regarding the allocation of the resources, assess the outcomes of that location and the performance. The performance is measured primarily by the gross profit or loss, which to some extent - as explained in the table below - is measured different to the gross profit and loss in the consolidated financial statements. The financing of the Group (including the financial costs and income) and the income tax are monitored at the Group's level and these are not allocated to the segments.

The transaction prices applied to the transactions between the operating segments are defined on arms length basis similar to the transactions concluded with unrelated parties.

(figures in PLN '000)

01.01.2009 - 31.12.2009	**Metrobank**	**Debt collection**	Financial intermediation	Management of assets and funds	**Exclusions**		**Total**
Interest income	480,620	-	1,667	1,032	(2,133)	1)	481,186
Interest expense	(464,041)	-	(907)	(68)	3,832	2)	(461,184)
Net interest income	**16,579**	**-**	**760**	**964**	**1,699**		**20,002**
Income from commissions and fees	246,828	-	371,584	26,273	(150,922)	3)	493,763
Fee and commission expenses	(85,746)	-	(81,094)	(6,250)	106,797	4)	(66,293)
Net fee and commission income	**161,082**	**-**	**290,490**	**20,023**	**(44,125)**		**427,470**
Dividend income	-	-	-	-	171		171
Result on financial instruments at fair value	(37,394)	-	-	-	-		(37,394)
Result on other financial instruments	(2,430)	-	-	200	5		(2,225)
Foreign exchange result	13,726	-	(20)	(4)	-		13,702
Other operating income	-	43,002	994	79	(35,062)	5)	9,013
Other operating expenses	-	(2,186)	(705)	(50)	(9,188)	6)	(12,129)
General administrative costs	(6,987)	(3,885)	(162,104)	(5,065)	(83,350)	7)	(261,391)
Result on impairment charges regarding the credits, loans, leasing receivables	(9,891)	(2,854)	-	-	-		(12,745)
Profit/loss from operating activities	**134,685**	**34,077**	**129,415**	**16,147**	**(169,850)**		**144,474**
Gross profit	**134,685**	**34,077**	**129,415**	**16,147**	**(169,850)**		**144,474**
assets of the segment	**8,739,843**	**20,775**	**144,340**	**22,460**	**171,371**	8)	**9,098,789**
liabilities of the segment	**8,204,334**	**-**	**53,938**	**3,518**	**51,895**	9)	**8,313,685**

1) Exclusions regarding the interest income include the consolidation adjustments (-PLN 4,027 thousand) and income, which were not attributed to the operating segments ((+PLN 1,894 thousand)

2) Exclusions regarding interest expense include consolidation adjustments (+PLN 5,895 thousand) and the expenses, which were not attributed to the operating segments (-PLN 2.063 thousand)

3) The exclusions regarding commissions from fees and income include consolidation adjustments (-PLN 159,710 thousand) and commission income, which were not attributed to the operating segments (+8.788 thousand)

4) The exclusions regarding the commissions and fees expenses include consolidation adjustments (+PLN 108,251 thousand) and commission expenses, which were not attributed to the operating segments (-PLN 1,454 thousand)

5) The exclusions regarding other operating income concern the difference in the method of recognition of income in the debt collection segment and bank books (-PLN 40,285 thousand), other operating income, which were not attributed to the operating segments (+PLN 13,235 thousand) and consolidation adjustments (-PLN 8,012 thousand)

6) The exclusions regarding other operating expenses concern consolidation adjustments (+PLN 216 thousand) and other operating expenses, which were not attributed to the operating segments (-PLN 9,404 thousand)

7) The exclusions regarding general administration costs concern consolidation adjustments (+PLN 25,560 thousand) and general administration costs, which were not attributed to the operating segments (-PLN 108,910 thousand). The depreciation costs are not attributed to the operating segments and are fully presented in the exclusions.

The analysis of the operating segments is carried out by the Management Board of the Parent Company at the level of gross profit and does not include the income tax.

8) The assets presented in the segments do not include intangible assets (+PLN 130,659 thousand), tangible fixed assets (+ PLN 15,625 thousand), income tax assets (+PLN 22,140 thousand), fixed assets classified as held for sale (+PLN 8,457 thousand) and other assets (+PLN 154,269 thousand). The adjustments include also the consolidation exclusions of the mutual settlements between the companies from Noble Bank Group (-PLN 159,779 thousand)

9) The liabilities presented in the segments do not include the consolidation exclusions (-PLN 35,580 thousand) and other liabilities (+PLN 87,475 thousand)

(figures in PLN '000)

01.01.2008 - 31.12.2008	Metrobank	Debt collection	Financial intermediation	Management of assets and funds	Exclusions		Total
Interest income	**251,262**	**-**	**869**	**1,507**	**(625)**	**1)**	**251,262**
Interest expense	**(182,805)**	**-**	**(123)**	**(57)**	**1,971**	**2)**	**(181,014)**
Interest result	68,457	-	746	1,450	1,346		71,999
Net interest income	**1,748**	**-**	**198,244**	**28,775**	**(44,558)**	**3)**	**184,209**
Income from commissions and fees	**(404)**	**-**	**(33,938)**	**(7,159)**	**12,344**	**4)**	**(29,157)**
Fee and commission expenses	1,344	-	164,306	21,616	(32,214)		155,052
Net fee and commission income	**26,643**	**-**	**-**	**-**	**-**		**26,643**
Result on other financial instruments	**70**	**-**	**-**	**-**	**-**		**(93)**
Foreign exchange result	**101,010**	**-**	**(37)**	**(1)**	**-**		**100,972**
Other operating income	**-**	**33,504**	**2,673**	**10**	**(23,738)**	**5)**	**12,449**
Other operating expenses	**-**	**(1,527)**	**(3,310)**	**(103)**	**(1,723)**	**6)**	**(6,663)**
General administrative costs	**(6,376)**	**(3,508)**	**(108,465)**	**(5,225)**	**(47,933)**	**7)**	**(171,507)**
Result on impairment charges regarding the credits, loans, leasing receivables	**(5,071)**	**-**	**-**	**-**	**-**		**(5,071)**
Profit/loss from operating activities	186,077	28,469	55,913	17,584	(104,262)		183,781
Loss on sale of shares in subsidiaries	-	-	7	-	(7)		-
Gross profit	186,077	28,469	55,920	17,584	(104,269)		183,781
assets of the segment	**5,404,738**	**36,476**	**58,612**	**32,626**	**70,464**	**8)**	**5,602,916**
liabilities of the segment	**4,894,716**	**-**	**17,161**	**2,854**	**(4,365)**	**9)**	**4,910,366**

1) The exclusions regarding interest income include consolidation adjustments (-PLN 645 thousand) and the income, which were not attributed to the operating segments (+PLN 20 thousand)

2) The exclusions regarding interest expense include consolidation adjustments (+PLN 2,498 thousand) and the expenses, which were not attributed to the operating segments (-PLN 527 thousand)

3) The exclusions regarding commission and fees income include consolidation adjustments (-PLN 46,646 thousand) and commission income, which were not attributed to the operating segments (+PLN 2,088 thousand)

4) The exclusions regarding the commission and fees expenses include consolidation adjustments (+PLN 13,227 thousand) and commission expenses, which were not attributed to the operating segments (-PLN 883 thousand)

5) The exclusions regarding other operating income concern the difference in the method of recognition of income in the debt collection segment and bank books (-PLN 30,932 thousand), other operating income, which were not attributed to the operating segments (+PLN 10,478 thousand) and consolidation adjustments (-PLN 3,284 thousand)

6) The exclusions regarding other operating expenses concern consolidation adjustments (-PLN 4 thousand) and other operating expenses, which were not attributed to the operating segments (-PLN 1,719 thousand)

7) The exclusions regarding general administration costs concern consolidation adjustments (+PLN 16,791 thousand) and general administration costs, which were not attributed to the operating segments (-PLN 64,724 thousand). The depreciation costs are not attributed to the operating segments and are fully presented in the exclusions.

The analysis of the operating segments is carried out by the Management Board of the Parent Company at the level of gross profit and does not include the income tax.

8) The assets presented in the segments do not include intangible assets (+PLN 103,738 thousand); tangible fixed assets (+PLN 24,692 thousand), income tax assets (PLN 18,126 thousand) and other assets (PLN 44,164 thousand). The adjustments include also the consolidation exclusions of the mutual settlements between the companies from Noble Bank Group (-PLN 120,256 thousand).

9) The liabilities presented in the segments do not include the consolidation exclusions (-PLN 62,586 thousand); deferred income tax provision (+PLN 30,018 thousand) and other liabilities (+PLN 28,203 thousand)

X. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Interest income and expense and similar interest and expense

Interest income	**01.01.2009-31.12.2009 PLN '000**	**01.01.2008-31.12.2008 PLN '000**
Income from deposits and current accounts held with other banks	35,684	34,412
Income from loans granted to customers	286,905	149,238
Income from financial instruments available for sale	48,981	21,664
Income from financial instruments held to maturity	1,588	-
income from derivative financial instruments (assets)	95,406	16,767
income from derivative financial instruments (liabilities)	6,381	27,118
Interest on obligatory reserve	5,678	3,786
Other interest	563	28
Total	**481,186**	**253,013**

Interest expense	**01.01.2009-31.12.2009 PLN '000**	**01.01.2008-31.12.2008 PLN '000**
Expenses on deposits of other banks and financial institutions	19,591	9,688
Expenses on amounts due to customers	414,272	137,702
Expenses on own issue of debt securities	24,275	27,589
Interest - financial leasing	461	173
Interest on loans incurred	2,494	5,822
Other interest expense	91	40
Total	**461,184**	**181,014**

Additional information	**01.01.2009-31.12.2009 PLN '000**	**01.01.2008-31.12.2008 PLN '000**
Interest income including income from financial assets for which permanent impairment loss was recognised	9,594	-
Total interest income calculated using the effective interest rate in relation to financial assets not measured at fair value through statement of comprehensive income	378,836	209,100
Interest expense calculated using the effective interest rate in relation to financial liabilities not measured at fair value through statement of comprehensive income	461,093	180,974

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

2. Fee and commission income and expense

Fee and commission income	**01.01.2009-31.12.2009 PLN '000**	**01.01.2008-31.12.2008 PLN '000**
Income from loans granted	244,537	775
Income from bank account maintenance	1,656	973
Income from credit cards	635	174
Income from intermediation in sale of credits and investment products	213,870	152,297
Income from sale of TFI participation units	21,163	25,475
Income from portfolio management and fees related to asset management	3,382	3,266
Other	8,520	1,249
Total	**493,763**	**184,209**

Fee and commission expenses	**01.01.2009-31.12.2009 P LN'000**	**01.01.2008-31.12.2008 PLN '000**
Expense on credit cards	131	30
Expense on loans	1,246	404
Expense on intermediation in sale of credits and investment products	63,108	27,573
Other	1,808	1,150
Total	**66,293**	**29,157**

The Group has continued a new business model which involves financial intermediary services.

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

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

Gain (loss) on financial assets and liabilities measured at fair value through statement of comprehensive income	**01.01.2009-31.12.2009 PLN '000**	**01.01.2008-31.12.2008 PLN '000**
Gain (loss) on derivatives (asset)	(30,319)	23,405
Gain (loss) on derivatives (liability)	(404)	(2,666)
Gain (loss) on liabilities classified as financial liabilities measured at fair value through statement of comprehensive income	(6,671)	5,904
Total	**(37,394)**	**26,643**

Gain (loss) on financial assets and financial liabilities measured at fair value through statement of comprehensive income in the period 01.01.2009 - 31.12.2009	**Gain PLN '000**	**Loss PLN '000**	**Net gain(loss)**
Financial liabilities measured at fair value through statement of comprehensive income	-	(6,671)	(6,671)
Gain (loss) on derivatives (asset)	2,666	(32,985)	(30,319)
Gain (loss) on derivatives (liability)	-	(404)	(404)
Total	**2,666**	**(40,060)**	**(37,394)**

Gain (loss) on financial assets and financial liabilities measured at fair value through statement of comprehensive	**Gain**	**Loss**	**Net gain(loss)**

income in the period 01.01.2008 - 31.12.2008	PLN '000	PLN '000	
Financial liabilities at fair value through statement of comprehensive income	5,904	-	5,904
Gain (loss) on derivatives (asset)	23,405	-	23,405
Gain (loss) on derivatives (liability)	324	(2,990)	(2,666)
Total	**29,633**	**(2,990)**	**26,643**

4. Gain (loss) on other financial instruments

	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Realised profits		
On financial instruments available for sale	316	71
Total	**316**	**71**
Realised losses		
On financial instruments available for sale	(2,541)	(164)
Total	**(2,541)**	**(164)**
Net realised profit (loss)	**(2,225)**	**(93)**

5. Foreign exchange gain (loss)

Foreign exchange gain (loss)	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Gain (loss) on derivative instruments	29,791	(808,539)
Gain (loss) on loans and deposits	(16,085)	909,549
Other	(4)	(38)
Total	**13,702**	**100,972**

6. Other operating income and expenses

Other operating income	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Sale of products and services	858	726
Other incidental income	750	196
Recovered debt collection costs	833	569
Reversal of impairment losses of other assets	26	191
Sale or liquidation of non-financial fixed assets	424	21
Release of provisions	-	7,073
Release of other provisions	17 1	276
Recovery of non-recoverable debts	1,412	1,372
Recovered legal fees	472	631
Operating leasing	9	57
On brokerage activities	3,734	-
Other income	478	337
Total	**9,013**	**12,449**

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

Other operating expenses	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Indemnities, fees and penalties paid	14	103
Cost of products, goods and materials sold	403	939
Credit receivables collection and monitoring	2,186	1,527
Rental costs	389	223
Incidental expense	2,383	679
Allowances for receivables	4	2,125
Loss on sale of non-financial fixed assets	273	196
Donations	13	-
Leasing	273	363
Impairment regarding other assets	5,714	143
Other expense	477	365
Total	**12,129**	**6,663**

7. General administrative costs

General administrative costs	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Employee benefits	133,855	84,479
Materials and energy consumption	6,651	5,697
External services, including:	98,702	66,104
- marketing, representation and advertising	38,838	28,763
- IT services	2,807	1,914
- lease and rental	34,151	21,710
- security services	105	98
- costs of maintenance, repairs and overhauls	1,880	1,004
- telecommunication and postal services	6,679	5,026
- legal services	2,392	1,428
- advisory services	3,379	1,221
- insurance	645	398
- credit cards related costs	1,206	1,085
- transport services	195	591
- cleaning services	1,300	490
- business trips	250	538
- other	4,875	1,838
Other material costs	1,141	1,886
Taxes and levies	2,897	2,328
Contributions and payments to the Bank Guarantee Fund and Polish Financial Supervision Authority	2,753	956
Amortization and depreciation	12,324	8,584
Other	3,068	1,473
Total	**261,391**	**171,507**

Employee benefits	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Remuneration	114,811	70,654
Social insurance	14,453	8,240
Training	1,956	3,322
Other	2,635	2,263
Total	**133,855**	**84,479**

Amortization and depreciation	01.01.2009-	01.01.2008-

(figures in PLN '000)

	31.12.2009 PLN '000	31.12.2008 PLN '000
Tangible fixed assets	9,556	2,401
Intangible assets	2,768	6,183
Total	**12,324**	**8,584**

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

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

01.01.2008 – 31.12.2008	Loans to customers			Total
	corporate	housing	consumer	
Opening balance of impairment losses/provisions as at 01.01.2008	**42,027**	**10,150**	**29,689**	**81,866**
Created	6,708	38,662	18,297	63,667
Reversed	(8,128)	(27,293)	(23,121)	(58,596)
Changes in net provisions recognised through statement of comprehensive income	**(1,474)**	**11,369**	**(4,824)**	**5,071**
Used - written off	**(762)**	**-**	**(878)**	**(1,640)**
Closing balance of impairment losses/provisions as at 31.12.2008	**39,791**	**21,519**	**23,987**	**85,297**

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

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

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

Net gains and losses recognised in the statement of comprehensive income

	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Deposits and loans		
Interest income from loans	286,905	149,238
Interest income from deposits	35,684	34,412
Commission income from loans	244,537	775
Commission income from current accounts	1,656	973
Foreign exchange gain (loss)	(16,243)	910,515
Released impairment losses of loans	22,172	58,596
Created impairment losses of loans	(34,917)	(63,667)
Total net gain on deposits and loans	**539,794**	**1,090,842**
Financial assets available for sale		
Interest income from available-for-sale financial assets	48,981	21,664
Gain (loss) on available-for-sale financial assets	(2,225)	(93)
Total net gain on available-for-sale financial assets	**46,756**	**21,571**
Financial assets held to maturity		
Interest income from financial assets held to maturity	1,588	
Total net gain on available-for-sale assets	**1,588**	
Financial assets measured at fair value through statement of comprehensive income		
Interest income from financial derivatives	95,406	16,767
Gain (loss) on measurement of financial instruments	(30,319)	23,405
Foreign exchange gain (loss)	29,791	-
Total net gain on financial assets measured at fair value through statement of comprehensive income	**94,878**	**40,172**
Financial liabilities measured at depreciated cost		
Interest expense on financial liabilities measured at depreciated cost	(461,093)	(180,974)
Commission expense on financial liabilities measured at depreciated cost	(1,246)	(404)
Foreign exchange gain (loss) – deposits	158	(966)
Total net loss on financial liabilities measured at depreciated cost	**(462,181)**	**(182,344)**
Financial liabilities measured at fair value through statement of comprehensive income		
Interest income from financial derivatives	6,381	27,118
Gain (loss) on measurement of financial instruments	(404)	(2,666)
Foreign exchange gain (loss)	-	(808,539)
Gain (loss) on financial assets and liabilities classified measured at fair value through statement of comprehensive income – customer deposits	(6,671)	5,904
Total net loss on financial liabilities measured at fair value through statement of comprehensive income	**(694)**	**(778,183)**
Net gain on financial assets	**683,016**	**1,152,585**
Net loss on financial liabilities	**(462,875)**	**(960,527)**

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

	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Net gain on measurement of available-to-sale assets	(6,116)	2,011
Total	**(6,116)**	**2,011**

10. Income tax

Basic tax liabilities	**01.01.2009-31.12.2009 PLN '000**	**01.01.2008-31.12.2008 PLN '000**
Consolidated statement of comprehensive income		
Current income tax	19,711	10,305
Current tax liability	19,711	10,305
Deferred income tax	(50,150)	17,580
Related to occurrence and reversal of temporary differences	(135,296)	(42,421)
Tax loss for the current year	85,146	60,001
Tax liability shown in the statement of comprehensive income	**(30,439)**	**27,885**
Consolidated equity		
Deferred income tax	(1,435)	472
related to measurement of financial instruments available for sale	(1,435)	472
Tax liability disclosed in the consolidated equity	**(1,435)**	**472**
Total basic tax liabilities	**(31,874)**	**28,357**

	As at 01.01.2009	Changes in the reporting period			As at 31.12.2009
		Recognised in profit/loss	Recognized in equity	Acquisition of subsidiaries	
Provision for deferred income tax					
Income to be received relating to loans and deposits	12,144	37,824	-	-	49,968
Measurement of financial instruments available for sale	472	-	(472)	-	-
Tax depreciation surplus	914	(376)	-	-	538
Deferred income tax on Open Finance trademark	9,614	-	-	-	9,614
"Old group of loans" as measured	4,760	(2,038)	-	-	2,722
FX differences – loans and deposits	165,544	(80,863)	-	-	84,681
Deferred commissions	6,878	4,765	-	-	11,643
Financial instruments – FX differences and measurement	-	18,586	-	-	18,586
Other	1,072	1,372	-	-	2,444
Provision for deferred income tax	**201,398**	**(20,730)**	**(472)**	**-**	**180,196**
Deferred income tax assets				**-**	
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	13,444	20,227	-	-	33,671
Measurement of financial instruments available for sale	-	-	963	-	963
Financial instruments – FX differences and measurement	81,767	(81,767)	-	-	-
Provisions for anticipated costs and liabilities	3,908	4,432	-	-	8,340
Impairment provisions	52	918	-	-	970
Specific provision for tax receivables	7,769	613	-	-	8,382
Tax loss	60,001	85,146	-	-	145,147
Other	1,234	(149)	-	842	1,927
Gross deferred income tax assets	**168,175**	**29,420**	**963**	**842**	**199,400**
Deferred income tax liability disclosed in P&L account	**x**	**(50,150)**	**x**	**842**	**x**
Deferred income tax liability disclosed in equity	**x**	**x**	**(1,435)**		**x**
Net deferred tax assets	**730**	**x**	**x**		**19,204**
Net provision for deferred tax	**33,953**	**x**	**x**		**-**

	As at 01.01.2008	Changes in the reporting period Recognised in profit/loss	 Recognized in equity	As at 31.12.2008
Provision for deferred income tax				
Income to be received relating to loans and deposits	8,080	4,064	-	12,144
Measurement of financial instruments available for sale	-	-	427	472
Tax depreciation surplus	589	325	-	914
Deferred income tax on Open Finance trademark	9,614	-	-	9,614
FX differences – loans and deposits	-	165,544	-	165,544
"Old group of loans" as measured	6,872	(2,112)	-	4,760
Financial instruments – FX differences and measurement	2,845	(2,845)	-	-
Other	901	7,049	-	7,950
Provision for deferred income tax	**28,901**	**172,025**	**427**	**201,398**
Deferred income tax assets				
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	2,515	10,929	-	13,444
Financial instruments – FX differences and measurement	-	81,767	-	81,767
Provisions for anticipated costs and liabilities	4,640	(732)	-	3,908
Impairment provisions	31	21	-	52
Specific provisions for credit receivables	3,504	4,265	-	7,769
FX differences – loans and deposits	195	(195)	-	-
Tax loss	12	59,989	-	60,001
Other	2,833	(1,599)	-	1,234
Gross deferred income tax assets	**13,730**	**154,445**	**-**	**168,175**
Deferred income tax liability disclosed in P&L account	**x**	**17,580**	**x**	**x**
Deferred income tax liability disclosed in equity	**x**	**X**	**427**	**x**
Net deferred tax assets	**2 652**	**x**	**x**	**730**
Net provision for deferred tax	**17,823**	**x**	**x**	**33,953**

	31.12.2009 '000 PLN	31.12.2008 '000 PLN
Amount of negative temporary differences, tax losses not cleared, unused tax exemption resulting in not recognising the deferred income tax asset in the statement of financial position	25,696	2,309

The aforementioned negative temporary differences will expire in 2014.

Effective tax rate	01.01.2009-31.12.2009 PLN '000	01.01.2008-31.12.2008 PLN '000
Earnings before tax	144,474	183,781
Income tax shown in the statement of comprehensive income	(30,439)	(27,885)
Effective tax rate	-21%	-15%
Income tax at the applicable rate of 19%	**27,450**	**34,918**
Influence of permanent differences on tax liability, including:	**(57,889)**	**(7,033)**
- contributions on the State Fund for the Rehabilitation of Disabled Persons	170	119
- measurement of purchased receivables	(251)	(159)
- negative temporary differences not recognised in previous years' deferred tax	-	(4,773)
- substantiated tax differences – allowance for credit receivables	(145)	(526)
- representation and advertising	450	90
- exchange differences	(64,100)	(1,985)
- provision on deferred income tax assets	4,779	-
- other	1,208	201
Total income tax shown in the statement of comprehensive income	**(30,439)**	**27,885**

In 2009 the Parent Company made a tax loss of PLN 473,140 thousand (PLN 315,792 thousand In 2008). In accordance with Article 7.5 of the Corporate Income Tax Law of (Journal of Laws of 2000 No. 54, item 654 with subsequent amendments) the amount of tax loss for a financial year can be deducted from the amount of income in the five successive years following the year for which the tax loss was reported; however, the amount by which the income is reduced must not exceed 50 per cent of the amount of the tax loss.

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

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

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

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

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

11. Earnings per share (PLN per share)

Earnings per share:	**01.01.2009-31.12.2009**	**01.01.2008-31.12.2008**
Profit allocated to Parent Company shareholders (in PLN thousand)	170,392	151,628
Weighted average number of ordinary shares during the period (in thousands)	215,178	215,178
Earnings per share (in PLN per share)	**0.79**	**0.70**

Diluted earnings per share	**01.01.2009-31.12.2009**	**01.01.2008-31.12.2008**
Profit allocated to Parent Company shareholders (in PLN thousand)	170,392	151,628

Weighted average number of ordinary shares during the period (in thousands)	215,178	215,178
Diluted earnings per share (in PLN per share)	**0.79**	**0.70**

12. Social assets and liabilities due to the Company Social Benefits Fund (ZFŚS)

The Company Social Fund Act of 4 March 1994 requires that employers hiring more than 20 full-time employees maintain a Company Social Fund (ZFŚS). The Group companies maintain such a fund and makes periodic contributions to the fund in the basic amount required. The aim of the fund is to subsidise employee-related activity of the Group companies, loans given to their employees and other social costs.

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

Social Fund	31.12.2009 PLN '000	31.12.2008 PLN '000
Loans to employees	8	59
Cash	715	438
Liabilities due to the fund	723	497
Contributions to the fund in the reporting period	1,044	689

13. Cash and balances with central bank

Cash, balances with central bank	31.12.2009 PLN '000	31.12.2008 PLN '000
Cash	4	-
Current account with central bank	239,817	83,762
Other funds	158	-
Total	**239,979**	**83,762**

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

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

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

14. Deposits with other banks and loans to other banks

Amounts due from banks	**31.12.2009 PLN '000**	**31.12.2008 PLN '000**
Current accounts	126,326	10,000
Deposits at other banks	346,955	940,205
Trade receivables	23,668	15,012
Total	**496,949**	**965,217**
Impairment losses of amounts due (-)	**-**	**-**
Total net	**496,949**	**965,217**

	31.12.2009 PLN '000	**31.12.2008 PLN '000**
Amounts due from banks, with variable interest rate amounts to	57,624	12,223
Amounts due from banks, with fixed interest rate amounts to	415,283	936,775
Non-interest bearing receivables *	24,042	16,219
Total	**496,949**	**965,217**

* - non-interest bearing receivables include mainly the receivables resulting from financial intermediation.

Structure of amounts due from banks by term to maturity from reporting date to repayment date	**31.12.2009 PLN '000**	**31.12.2008 PLN '000**
Current account and overnight deposits	114,254	10,000
Amounts due with term to maturity:	359,027	940,205
up to 1 month	312,800	827,993
from 1 to 3 months	12,114	112,212
from 3 to 12 months	34,113	-
Other	23,668	15,012
Total	**496,949**	**965,217**
Impairment losses of amounts due (-)	-	-
Total net	**496,949**	**965,217**

In 2009 and 2008 there was no change in impairment losses of amounts due from banks, and the amount of impairment losses charges as at December 31st 2009 and December 31st 2008 was zero.

(figures in PLN '000)

15. Derivative financial instruments

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

* Cross Currency Interest Rate Swaps (CIRSs) are settled on a quarterly basis; the above table shows the nominal values of open positions a at the last date of the transaction settlement.

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

(figures in PLN '000)

Financial derivatives as at 31 December 2008	up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Total	Negative Fair Value	Positive Fair Value
Currency transactions							
- OTC market							
Currency swap	**20,514**	**1,195,438**	**704,600**	**2,920**	**1,923,472**	**322,131**	**24,377**
Purchase of currencies	20,514	1,195,438	704,600	2,920	1,923,472	322,131	24,377
CIRS*	**44,076**	**47,860**	**692,135**	**199,300**	**983,371**	**147,513**	**-**
Purchase of currencies	44,076	47,860	692,135	199,300	983,371	147,513	-
Options/forwards	**14,000**	**-**	**-**	**-**	**14,000**	**22**	**-**
Purchase	14,000	-	-	7,205	21,205	22	-
Sale	-	-	-	7,205	7,205	-	-
Interest rate transactions							
Interest rate swap (IRS)	**-**	**-**	**500,000**	**453,000**	**953,000**	**2,717**	**36,466**
Purchase	-	-	500,000	453,000	953,000	2,717	36,466
Total derivative instruments	**78,590**	**1,243,298**	**1,896,735**	**655,220**	**3,873,843**	**472,383**	**60,843**

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

As part of its activities, the Group conducts transactions on derivatives (CIRS, IRS, FX swaps and forwards). These transactions are measured at fair value through statement of comprehensive income. The main types of risk related to financial derivatives are credit risk and market risk.
The credit risk related to derivative contracts is the potential cost of entering into a new contract on the original terms and conditions in the event that the other party to the original contract fails to meet its obligation. The Group assesses the parties to the contracts using the same methods as for loan decisions. The Group enters into derivative contracts with Polish banks. Each contract is entered into up to the credit limit granted to the contracting institution. The Group determines, based on assessment of the financial situation of the contracting bank, the maximum exposure limit for the contracting bank and the maximum exposures to particular types of contract.
The above tables show the fair values of derivative instruments. The nominal values of financial instruments are shown under off-balance sheet items. The nominal amounts of certain types of derivative instruments are used as the basis for comparison with the instruments shown in the statement of financial position, but do not necessarily indicate the amounts of future cash flows or the current fair values of such instruments and therefore they do not indicate the degree of the Group's exposure to credit risk or price risk.

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

16. Loans to customers by loan type

Loans to customers	31.12.2009 PLN '000	31.12.2008 PLN '000
Loans and borrowings	6,801,829	3,895,850
Purchased receivables	8,670	5,123
Payment cards receivables	22,118	8,929
Guarantees exercised	124	476
Total	**6,832,741**	**3,910,378**
Impairment losses of receivables (-)	(94,070)	(85,297)
Total net	**6,738,671**	**3,825,081**

As at 31 December 2009 PLN '000	Gross value excl. impairment	Gross value incl. impairment	Deductions for loans without IBNR impairment	Revaluations and deductions for loans with impairment	Total net value
- corporate loans	528,473	55,542	(2,397)	(27,442)	554 176
- housing loans	5,109,763	26,732	(21,022)	(7,044)	5 108 429
- consumer loans	1,066,647	45,584	(4,615)	(31,550)	1 076 066
Total	**6,704,883**	**127,858**	**(28,034)**	**(66,036)**	**6 738 671**

As at 31 December 2008 PLN '000	Gross value excl. impairment	Gross value incl. impairment	Deductions for loans without IBNR impairment	Revaluations and deductions for loans with impairment	Total net value
- corporate loans	258,005	43,459	(1,066)	(38,725)	261 673
- housing loans	2,979,233	5,742	(19,582)	(1,937)	2 963 456
- consumer loans	566,220	57,719	(3,218)	(20,769)	599 952
Total	**3,803,458**	**106,920**	**(23,866)**	**(61,431)**	**3 825 081**

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

Loans to customers by term to maturity	31.12.2009 Book value '000 PLN	31.12.2008 Book value '000 PLN
Loans granted to:		
- financial entities other than the banks	-	38,745
up to 1 month	-	19
from 1 to 3 months	-	-
from 3 to 1 year	-	36,726
from 1 to 5 years	-	2,000
- non-financial entities	920,164	398,297
up to 1 month	38,406	29,403
from 1 to 3 months	1,297	306
from 3 to 1 year	31,550	1,594
from 1 to 5 years	143,516	38,890
over 5 years	705,395	328,104
- private individuals	5,818,507	3,388,039
up to 1 month	108,647	145,996
from 1 to 3 months	6,707	3,519
from 3 to 1 year	68,506	55,215
from 1 to 5 years	977,675	319,017
over 5 years	4,656,972	2,864,292
Total	**6,738,671**	**3,825,081**

Loans with fixed interest rate	31.12.2009 PLN '000	31.12.2008 PLN '000
Value in PLN thousand	-	36,726
% of the entire loan portfolio	0.00%	0.96%

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

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17. Financial investment assets

Financial instruments	31.12.2009 PLN '000	31.12.2008 PLN '000
Available-for-sale securities at acquisition cost	**1,202,439**	**474,963**
- issued by central banks - debt securities	349,762	299,958
- issued by other banks - shares	118	118
- issued by other financial entities - shares and investment fund units	69,601	1,500
- issued by non-financial entities - stocks and shares	58	58
- issued by the State Treasury - debt securities	782,900	173,329
Total financial instruments	**1,202,439**	**474,963**
Measured at fair value	**(5,066)**	**2,483**
Securities available for sale		
- issued by other financial entities - shares and TFI participation units	-	(108)
- issued by the State Treasury - debt securities	(5,066)	2,591
Impairment	**(12)**	**(205)**
Securities available for sale		
- issued by other financial entities - shares and investment fund units	**(5)**	**(198)**

- issued by non-financial entities - stocks and shares	**(7)**	**(7)**
Total net financial instruments	**1,197,361**	**477,241**

Changes in financial instruments	**01.01.2009-31.12.2009 '000 PLN**	**01.01.2008-31.12.2008 '000 PLN**
Securities available for sale		
Total net value (opening balance)	**477,241**	**52,910**
Increases	**16,359,318**	**16,584,677**
Decreases (sale and redemption)	**(15,631,838)**	**(16,162,668)**
Realised losses	**191**	**(163)**
Fair value changes	**(7,551)**	**2,485**
Total net value (closing balance)	**1,197,361**	**477,241**

On 13 July 2009 the Parent Company purchased 785,200 bearer's shares of Towarzystwo Ubezpieczeń Europa SA (an insurance company) for the total price of PLN 67,056,080 based on the valuation of independent appraiser. The shares acquired by the Bank account for 9.9707 % of the share capital of Towarzystwo Ubezpieczeń Europa.

The Management of the Bank considering the small trade volume of Europa S.A. shares at Warsaw Stock Exchange, treats this market as inactive. Due to a short period from the acquisition date and lack of significant change in the market conditions, which may have affected the fair value, it was assumed that the fair value of the stocks of Towarzystwo Ubezpieczeń Europa, as at 31 December 2009, equals the transaction value as per the purchase of stocks.

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

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

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

18. Classification of financial instruments

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

Maximum exposure to credit risk	**31.12.2009 PLN '000**	**31.12.2008 PLN '000**
Financial assets:		
Cash, balances with central bank (except for cash)	239,979	83,762
Amounts due from banks	496,949	965,217
Derivative financial instruments	126,382	60,843
Loans to customers	6,738,671	3,825,081

(figures in PLN ‘000)

Financial assets available for sale.	1,197,361	477,241
Total exposure to credit risk	**8,799,342**	**5,412,144**
Guarantee liabilities	2,376	692
Financial liabilities	358,212	227,511
Total off-balance sheet liabilities	**360,588**	**228,203**
Total exposure to credit risk	**9,159,930**	**5,640,347**

(figures in PLN '000)

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

		Overdue, not impaired						
	Not overdue	**High quality**	**Standard quality**	**Lower quality**	**Overdue or impaired**	**Interest losses**	**Impairment losses (including IBNR)**	**Total**
Amounts due from banks	496,949	-	-	-	-	-	-	496,949
Financial assets held for sale	42	-	-	-	-	-	-	42
Loans to customers	6,328,621	119,946	27,236	21,336	127,549	208,053	-94,070	6,738,671
Corporate loans	495,945	9,900	824	3,653	55,542	18,151	-29,839	554,176
Housing loans	4,840,865	71,278	24,350	17 680	26,423	155,899	-28,066	5,108,429
Consumer loans	991,811	38,768	2,062	3	45,584	34,003	-36,165	1,076,066
Financial instruments	1,197,315	-	-	-	58	-	-12	1,197,361
available for sale	1,197,315	-	-	-	58	-	-12	1,197,361
- issued by central banks	349,762	-	-	-	-	-	-	349,762
- issued by other banks*	118	-	-	-	-	-	-	118
- issued by other financial entities*	69,601	-	-	-	-	-	-5	69,596
- issued by non-financial entities*	-	-	-	-	58	-	-7	51
- issued by the State Treasury	777,834	-	-	-	-	-	-	777,834
Total	**8,022,927**	**119,946**	**27,236**	**21,336**	**127,607**	**208,053**	**(94,082)**	**8,433,023**

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

		Overdue, not impaired						
	Not overdue	**High quality**	**Standard quality**	**Lower quality**	**Overdue or impaired**	**Interest losses**	**Impairment losses (including IBNR)**	**Total**
Amounts due from banks	963,833	-	-	-	-	1,384	-	965,217
Loans to customers	3,504,461	185,088	26,650	13,137	106,848	74,194	(85,297)	3,825,081
Corporate loans	217,205	37,301	-	-	43,459	3,499	(39,791)	261,673
Housing loans	2,755,180	135,550	15,127	12,420	5,670	61,028	(21,519)	2,963,456
Consumer loans	532,076	12,237	11,523	717	57,719	9,667	(23,987)	599,952
Financial instruments	477,388	-	-	-	58	-	(205)	477,241
available for sale	477,388	-	-	-	58	-	(205)	477,241
- issued by central banks	299,958	-	-	-	-	-	-	299,958
- issued by other banks*	118	-	-	-	-	-	-	118
- issued by other financial entities*	1,392	-	-	-	-	-	(198)	1,194
- issued by non-financial entities*	-	-	-	-	58	-	(7)	51
- issued by the State Treasury	175,920	-	-	-	-	-	-	175,920
Total	**4,945,682**	**185,088**	**26,650**	**13,137**	**106,906**	**75,578**	**(85,502)**	**5,267,539**

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

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

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

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

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

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

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

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

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

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

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

- in the group of lower quality loans, the Company disclosed loans for the total amount of PLN 21,336 thousand, the corresponding amount of interest of PLN 1,062 thousand and deductions of PLN 3,405 thousand;
- in the group of overdue loans, the Company disclosed loans for the total amount of PLN 127,549 thousand, the corresponding amount of interest of PLN 309 thousand and deductions of PLN 66,036 thousand.

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

- in the group of non-overdue loans, the Company disclosed loans for the total amount of PLN 3,504,461 thousand, the corresponding amount of interest of PLN 69,707 thousand and deductions of PLN 19,790 thousand;

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

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

- in the group of lower quality loans, the Company disclosed loans for the total amount of PLN 13,137 thousand, the corresponding amount of interest of PLN 428 thousand and deductions of PLN 201 thousand;
- in the group of overdue loans, the Company disclosed loans for the total amount of PLN 106,848 thousand, the corresponding amount of interest of PLN 72 thousand and deductions of PLN 62,953 thousand.

<u>Collateral obtained and other elements improving the lending conditions</u>

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

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

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

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

Renegotiated financial assets divided by class	**31.12.2009 PLN thousand**	**31.12.2008 PLN thousand**
Financial assets:		
Loans to customers	9,138	358
Corporate loans	8,606	336
Housing loans	367	-
Consumer loans	165	22
Total negotiated financial assets	**9,138**	**358**

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

Such an analysis includes:

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

Debt restructuring may take the following forms:

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

subsidising a reorganisation plan for the debtor.

(figures in PLN '000)

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

The table below shows the amount of impairment losses for each category of financial assets for the period from 1 January 2009 to 31 December 2009:

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

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

01.01.2008 - 31.12.2008	**Loans to customers**			**Total**
	corporate	**housing**	**consumer**	
Opening balance of impairment losses/provisions as at 1 Jan. 2008	**42,027**	**10,150**	**29,689**	**81,866**
Created	6,708	38,662	18,297	63,667
Released	(8,182)	(27,293)	(23,121)	(58,596)
Change in net provisions as recognised through statement of comprehensive income	**(1,474)**	**11,369**	**(4,824)**	**5,071**
Provisions removed from the statement of financial position	**(762)**	**-**	**(878)**	**(1,640)**
Closing balance of impairment losses/provisions as at 31 Dec. 2008	**39,791**	**21,519**	**23,987**	**85,297**

Payments default and breach of contractual terms and conditions

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

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

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

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

Measurement of the "old group of loans"	31.12.2009 PLN'000	31.12.2008 PLN'000
Gross nominal value of receivables	**82,029**	**92,261**
Interest	-	1
Total gross value	**82,029**	**92,262**
Impairment losses	(82,029)	(92,262)
Measurement	14,328	25,054
Net value of "old group of loans"	**14,328**	**25,054**
Share of the "old group of loans" in total gross receivables (%)	1.20%	2.36%
Coverage of receivables with corresponding impairment losses (%)	82.53%	72.84%

Movements in impairment losses of the "old group of loans"	01.01.2009 - 31.12.2009 PLN '000	01.01.2008 - 31.12.2008 PLN'000
Opening balance of impairment losses	**92,262**	**112,574**
a) increases	3,454	904
b) decreases	(13,687)	(21,216)
- repayment of receivables in the reporting period	(10,001)	(19,638)
- receivables written off in the reporting period	(3,686)	(1,640)
- other changes	-	62
Closing balance of impairment losses of financial assets	**82,029**	**92,262**

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

20. Tangible fixed assets

Tangible fixed assets	31.12.2009 PLN '000	31.12.2008 PLN'000
Land and buildings	9,508	10,449
Plant and machinery	5,735	5,105
Means of transport	5,368	4,778
Other fixed assets, including equipment	3,838	4,168
Fixed assets under construction	2,615	192
Total tangible fixed assets	**27,064**	**24,692**

As at 31 December 2009 the net value of fixed assets used under the financial lease agreements amounted to PLN 4,432 thousand (PLN 4,543 thousand as at 31 December 2008). These were the fixed assets of limited ownership title.

The initial value of all fully depreciated tangible fixed assets still in use by the Group was PLN 8,465 thousand (as at 31.12.2008 PLN 3,528 thousand).

Changes in fixed assets for the year ended 31 Dec. 2009	Land and buildings PLN '000	Plant and machinery PLN '000	Means of transport PLN '000	Other fixed assets, including equipment PLN '000	Total PLN '000
Initial value					
Opening balance as at 1 January 2009	**14,082**	**9,987**	**6,668**	**6,402**	**37,139**
Increases, including:	**1,792**	**5,159**	**3,655**	**2,039**	**12,645**
Purchase of subsidiaries	-	1,479	348	782	2,609
Acquisition - purchase	1,792	3,680	3,307	1,257	10,036
Decreases, including:	(133)	(442)	(2,007)	(29)	(2,611)
Liquidation and sale, donation	(133)	(442)	(2,007)	(29)	(2,611)
Closing balance as at 31 December 209	**15,741**	**14,704**	**8,316**	**8,412**	**47,173**
Depreciation					
Opening balance as at 1 January 2009	**3,633**	**4,882**	**1,890**	**2,234**	**12,639**
Increases, including:	**2,699**	**4,363**	**1,843**	**2,359**	**11,264**
Purchase of subsidiaries	-	1,131	200	377	1,708
Depreciation for the reporting period	2,699	3,232	1,643	1,982	9,556
Decreases, including:	(99)	(276)	(785)	(19)	(1,179)
Liquidation and sale	(99)	(276)	(785)	(19)	(1,179)
Closing balance as at 31 December 2009	**6,233**	**8,969**	**2,948**	**4,574**	**22,724**
Net value					
Opening balance as at 1 January 2009	**10,449**	**5,105**	**4,778**	**4,168**	**24,500**
Closing balance as at 31 December 2009	**9,508**	**5,735**	**5,368**	**3,838**	**24,449**

Changes in fixed assets for the year ended 31 Dec. 2008	Land and PLN thousand	Machines, equipment PLN thousand	Means of transportati PLN thousand	Other fixed assets including PLN thousand	Total PLN thousand
Initial value					
Opening balance as at 1 January 2008	**11,046**	**6,889**	**5,353**	**3,755**	**27,043**
Increases, including:	**6,741**	**4,701**	**2,268**	**2,874**	**16,584**
Acquisition - purchase	5,565	4,701	2,268	2,874	15,408
Brought forward from investments	1,176	-	-	-	1,176
Decreases, including:	(3,705)	(1,603)	(953)	(227)	(6,488)
Liquidation and sale, donation	(3,705)	(1,603)	(953)	(227)	(6,488)
Closing balance as at 31 December 2008	**14,082**	**9,987**	**6,668**	**6,402**	**37,139**
Depreciation					
Opening balance as at 1 January 2008	**5,273**	**4,958**	**821**	**888**	**11,940**
Increases, including:	**1,979**	**1,430**	**1,284**	**1,490**	**6,183**
Depreciation for the period	1,979	1,430	1,284	1,490	6,183
Decreases, including:	(3,619)	(1,506)	(215)	(144)	(5,484)
Liquidation and sale	(3,619)	(1,506)	(215)	(144)	(5,484)
Closing balance as at 31 December 2008	**3,633**	**4,882**	**1,890**	**2,234**	**12,639**
Net value					
Opening balance as at 1 January 2008	**5,773**	**1,931**	**4,532**	**2,867**	**15,103**
Closing balance as at 31 December 2008	**10,449**	**5,105**	**4,778**	**4,168**	**24,500**

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

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

21. Intangible assets

Intangible assets	31.12.2009 PLN thousand	31.12.2008 PLN thousand
Patents, licences	7,018	5,289
Goodwill	72,798	47,329
Trademark	50,600	50,600
Other	1,894	85
Advances towards intangible assets	0	435
Total intangible assets	**132,310**	**103,738**

The "Open Finance" trademark and the goodwill, both recognised as at the combination of the business entities, are a significant intangible asset from the Group's point of view.

The goodwill amounting to PLN 47,329 thousand arose due to acquiring the control, on 26 January 2006, over Open Finance S.A.

In 2009 the Group recognised the goodwill amounting to PLN 25,469 thousand related to measurement of the rights of private individuals to call the bank to purchase Noble Funds TFI S.A. shares held by those individuals, which is described in Note V and Note VI.6 and below in this note of the consolidated financial statements.

Combinations of business units

The Bank created Noble Funds TFI S.A. on 9 May 2006 (date of registration at National Court Register (KRS)). The contributed capital paid fully in cash to Noble Funds TFI S.A. amounts to 5,374 thousand.

In 2007, the Parent Company sold to the managers of Noble Funds TFI S.A. 30% interest, which is described in Note V of these financial statements.

Pursuant to the Investment Agreement dated 31 March 2006 and the agreements dated 21.10.2009 concluded between Noble Bank S.A. and private individuals being as at 31 December 2009 the shareholders of Noble Funds TFI S.A., as described in Notes V and VI.6 of these consolidated financial statements, the options to call the Bank o purchase the shares of Noble Funds TFI S.A. held by these individuals (put option) were valued. As a result of this valuation the goodwill amounting to PLN 25,469 thousand was recognised.

Noble Concierge Sp. z o.o., a subsidiary, was purchased by Noble Bank S.A. from Open Finance S.A. on 26 May 2008 for the amount of PLN 69 thousand paid in full in cash, and then on 27 August 2008 the capital was increased by issuance of 800 new shares of the value PLN 500 each. All new shares were acquired by Noble Bank S.A. and paid for in cash.

On 31 July 2008 Noble Bank S.A. acquired 50,000 shares in Introfactor S.A. for the amount of PLN 500 thousand paid fully in cash.

The aforementioned investments are not directly exposed to the interest rate risk.

On the date of the combination of the units other than the units under common control, the acquiring entity valuates the costs of combination at the amount equal to the sum of the fair value of the released assets, assumed liabilities, increased by any costs which can be directly attributed to the combination of business units. The acquiring entity recognises separately the identifiable assets and liabilities as at the combination date only when they meet the following criteria on that date:
- in the case of an asset other than an intangible asset, it is probable that any associated future economic benefits will go to the acquirer, and its fair value can be measured reliably,

- in the case of a liability other than a contingent liability, it is probable that an outflow of resources reflecting economic benefits will be required to fulfil the obligation, and its fair value can be measured reliably;

- in the case of an intangible asset or a contingent liability, its fair value can be measured reliably.

The trademark was valued at a fair value of PLN 50,600 thousand; the measurement of the trademark was based on a report prepared by an independent firm.

According to IAS 38, a company assesses as at the reporting date whether a useful life of an intangible asset is finite or infinite. The Bank's Management Board has concluded that, based on an analysis of all important factors, there is no foreseeable limit of time in which an asset may be expected to cease generating net cash inflows. The Bank's Management Board thinks that the non-determinable useful life of the trademark, taking into account all implications involved (performing, at least annually, a test for its impairment), leads to better understanding of the interim consolidated financial statements among their users and more accurately reflects the Group's financial situation.

The above decision has been taken considering the following factors:

- There are no legal restraints which would influence the useful life of the trademark,
- There are no regulatory and economic restraints or other foreseeable actions of the competitors and potential competitors, which would influence the useful time of the trademark,
- The useful time of the trademark is not susceptible to a technological, technical or commercial loss of usability,
- The useful life of the trademark does not depend on useful lives of other assets.

The Bank's Management Board will decide at the end of each reporting period whether the above factors are still true and whether it upholds the decision made.

Goodwill at the acquisition date was measured at PLN 47,329 thousand.

As at December 31st 2009 the Bank made the annual impairment test for the goodwill and the trademark. The test showed that as at December 31st 2009 the trademark and the goodwill were not impaired.

The impairment test in respect of the goodwill from the valuation of put options (Noble Funds TFI) as at 31 December 2009:
The test was carried out based on the valuation of the goodwill at fair value reduced by the costs required for the sale. The Parent Company carried out the impairment tests based on the benchmarks applicable for the assets management sector assuming the valuation of the enterprise based on the commonly recognised multipliers of EBITDA ratio.

Assessment of goodwill impairment from the acquisition of a subordinated entity (Open Finance) as at December 31st 2009:
Goodwill from the acquisition of a subordinated entity was assigned to the entire subsidiary as a cash-generating unit. The recoverable amount of the entity was measured on the basis of value in use. For the test, a forecast of the entity's cash flows for five years had been made. The measurement also included the entity's residual value resulting from cash flows after the five-year forecast period. To calculate free operating cash flows before taxation, the subsidiary's operating result in respective years covered by the forecast was adjusted with significant non-monetary

(figures in PLN '000)

items and planned capital expenditures. The Parent Company established that the following assumptions have the greatest impact on the calculation of the recoverable amount:

- planned number of new branches to be opened in respective years, estimated on the basis of experience gathered to date and a conservative analysis of market needs,
- employment growth estimated on the basis of the number of newly opened branches,
- sales of individual products per adviser, calculated on the basis of historical data and the projected market situation in the years covered by the forecast.

Other assumptions and results of impairment test for the carrying amount of goodwill regarding the acquisition of the control over Open Finance S.A. are presented in the table below:

Name of unit tested	Test date	Forecasted cash flows according to the financial plan for the years	Extrapolation of cash flows for the year	Growth rate in extrapolation	Discount rate	Test result
Open Finance S.A.	31.12.2009	2010 – 2012	2013-2014	0%	13.1%	No impairment

On the basis of the conducted sensitivity analysis, the Parent Company's Management Board is convinced that all justified and probable changes to key estimates will not cause a situation in which the carrying amount of goodwill will exceed its recoverable amount.

The Group carried out the sensitivity analysis on the impairment test of the balance sheet value of the goodwill regarding the acquisition of control over Open Finance S.A. With the increase of the discount rate to 30% assuming that the residual period is excluded from the analysis and that Open Finance S.A. will generate net profit during 2010-2012 and disposable operating cash flows at the level registered in 2009, the result of the test indicates the existence of impairment.

Assessment of trademark impairment (Open Finance) as at December 31st 2009:

The trademark was assigned to the entire subsidiary as a cash-generating unit. An impairment test for the trademark was performed using the method of compounding the licence payments. For the test, a forecast of the entity's production for five years had been made. The measurement also included the entity's residual value resulting from production after the five-year forecast period. The Parent Company established that the following assumptions have the greatest impact on the calculation of the recoverable amount:

- planned number of new branches to be opened in respective years, estimated on the basis of experience gathered to date and a conservative analysis of market needs,
- employment growth estimated on the basis of the number of newly opened branches ,
- sales of individual products per adviser, calculated on the basis of historical data and the projected market situation in the years covered by the forecast.
- the amount of licence fee set at 0.3% of the production volume and consistent with the data from third party sources of information.

Other assumptions and results of the impairment test for the carrying amount of the trademark are presented in the table below.

(figures in PLN '000)

Name of unit tested	Test date	Forecasted cash flows according to the financial plan for the years	Extrapolation of cash flows for the year	Growth rate in extrapolation	Discount rate	Test result
Open Finance S.A.	31.12.2009	2010 – 2012	2013-2014	0%	13.1%	No impairment

On the basis of the conducted sensitivity analysis, the Parent Company's Management Board is convinced that all justified and probable changes to key estimates will not cause a situation in which the carrying amount of the trademark will exceed its recoverable amount.

The Group carried out a sensitivity analysis on the impairment test of the book value of the trademark. With the increase of the discount rate to 30% assuming that the residual period is excluded from the analysis and that Open Finance S.A. will generate net profit during the years 2010-2012 and disposable operating cash flows at the level registered in 2009, the result of the test indicates the existence of an impairment.

Changes in intangible assets for the year ended on 31 December 2009 (in PLN'000)	**Patents and licences**	**Trademark**	**Goodwill**	**Other**	**Advances towards intangible assets**	**Total**
Initial value						
Opening balance as at 1 January 2009	**10,514**	**50,600**	**47,329**	**310**	**435**	**109,188**
Increases, including:	**4,087**	**-**	**25,469**	**2,628**	**(435)**	**31,749**
Purchase of subsidiaries	-	-	-	1,588	-	1,588
Acquisition	4,087	-	-	605	-	4,692
Brought forward from the investments	-	-	-	435	(435)	-
NB TFI option	-	-	25,489	-	-	25,469
Decreases, including:	**(76)**	**-**	**-**	**-**	**-**	**(76)**
Liquidation and sale, donation	**(76)**	**-**	**-**	**-**	**-**	**(76)**
Closing balance as at 31 December 2009	**14,525**	**50,600**	**72,798**	**2,938**	**-**	**140,861**
Depreciation						
Opening balance as at 1 January 2009	**5,225**	**-**	**-**	**225**	**-**	**5,450**
Increases, including:	**2,358**	**-**	**-**	**819**	**-**	**3,177**
Purchase of subsidiaries	-	-	-	409	-	409
Depreciation for the period	2,358	-	-	410	-	2,768
Decreases, including:	(76)	-	-	-	-	(76)
Liquidation and sale	(76)	-	-	-	-	(76)
Closing balance as at 31 December 209	**7,507**	**-**	**-**	**1044**	**-**	**8,551**
Net value						
Opening balance as at 1 January 2009	**5,289**	**50,600**	**47,329**	**85**	**435**	**103,738**
Closing balance as at 31 December 2009	**7,018**	**50,600**	**72,798**	**1,894**	**-**	**132,310**

Changes in intangible assets for the year ended on 31 December 2008 (in PLN'000)	Patents and licences	Trademark	Goodwill	Other	Advances towards intangible assets	Total
Initial value						
Opening balance as at 1 January 2008	**6,853**	**50,600**	**47,329**	**223**	**913**	**105,918**
Increases, including:	**3,815**	**-**	**-**	**87**	**(478)**	**3,424**
Acquisition	2,433	-	-	87	904	3,424
Brought forward from the investments	1,382	-	-		(1,382)	-
Decreases, including:	**(154)**	**-**	**-**	**-**	**-**	**(154)**
Liquidation and sale, donation	(154)	-	-	-	-	(154)
Closing balance as at 31 December 2008	**10,514**	**50,600**	**47,329**	**310**	**435**	**109,188**
Depreciation						
Opening balance as at 1 January 2008	**2,980**	**-**	**-**	**223**	**-**	**3,203**
Increases, including:	**2,399**	**-**	**-**	**2**	**-**	**2,401**
Depreciation for the period	2,399	-	-	2	-	2,401
Decreases, including:	**(154)**	**-**	**-**	**-**	**-**	**(154)**
Liquidation and sale	(154)	-	-	-	-	(154)
Closing balance as at 31 December 2008	**5,225**	**-**	**-**	**225**	**-**	**5,450**
Net value						
Opening balance as at 1 January 2008	**3,873**	**50,600**	**47,329**	**-**	**913**	**102,715**
Closing balance as at 31 December 2008	**5,289**	**50,600**	**47,329**	**85**	**435**	**103,738**

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

22. Change in fixed assets held for sale

As at 31 December 2009 and 31 December 2008, the Bank's fixed assets for sale included residential premises (flats) purchased by the Bank in 2007 and 2009 for resale. These properties were recorded in the books at the purchase price less cost of purchase. The Group undertakes active efforts to sell the aforementioned properties. They are expected to be sold within one year. The fixed assets held for sale were not classified into any operating segment.

Changes in fixed assets for sale for the year ended on 31.12.2009 (in PLN'000)	Land and buildings	Total
Initial value		
Opening balance as at 1 January 2009	**52**	**52**
Increases, including:	**8,405**	**8,405**
Acquisition - purchase	8,405	8,405
Decreases, including:	**-**	**-**
Liquidation and sale, donation		-
Closing balance as at 31 December 2009	**8,457**	**8,457**
Depreciation		
Opening balance as at 1 January 2009	**-**	**-**
Closing balance as at 31 December 2009	**-**	**-**
Net value		
Opening balance as at 1 January 2009	**52**	**52**
Closing balance as at 31 December 2009	**8,457**	**8,457**

Changes in fixed assets for sale for the year ended on 31.12.2008 (in PLN'000)	Land and buildings	Total
Opening balance as at 1 January 2008	**61**	**61**
Increases, including:	**(9)**	**(9)**
Acquisition - purchase	(9)	(9)
Closing balance as at 31 December 2008	**52**	**52**
Depreciation		
Opening balance as at 1 January 2008	**-**	**-**
Closing balance as at 31 December 2008	**-**	**-**
Net value		
Opening balance as at 1 January 2008	**61**	**61**
Closing balance as at 31 December 2008	**52**	**52**

23. Other assets

Other assets	31.12.2009 PLN'000	31.12.2008 PLN'000
Accrued expenses	1,354	3,928
Trade receivables	83,358	30,835
Taxes, subsidies and social insurance receivables	1,470	112
Revenue to be received	9,516	1,886
Other receivables	5,783	8,034
Recourses and guarantee deposits	3,324	3,474
Costs related to merger with Getin Bank S.A	3,145	-
Other	4,220	4,123
Total other gross assets	**112,170**	**52,392**
Impairment of other assets (-)	(8,088)	(8,228)
Total other net assets	**104,082**	**44,164**

Impairment of other assets	01.01.2009 - 31.12.2009 PLN'000	01.01.2008 - 31.12.2008 PLN'000
Opening balance of impairment losses of other assets	**8,228**	**8,914**
Increases recognised through statement of comprehensive income	14	264
Decreases recognised through statement of comprehensive income	(26)	(191)
Use	(128)	(759)
Closing balance of Impairment assets of other assets	**8,088**	**8,228**

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

24. Amounts due to banks

Amounts due to banks and financial institutions	31.12.2009 PLN'000	31.12.2008 PLN'000
Other banks' deposits	19,548	316,757
Loans received	-	183,816
Other amounts due to other banks	147	59
Total amounts due to other banks	**19,695**	**500,632**

	31.12.2009 PLN'000	31.12.2008 PLN'000
Amounts due to other banks, with variable interest rates	-	308,279
Amounts due to other banks, with fixed interest rates	19,548	190,000
Non-interest bearing liabilities	147	2,353
Total	**19,695**	**500,632**

Structure of amounts due to banks and other financial institutions by term to maturity (from reporting date to maturity date)	31.12.2009 PLN'000	31.12.2008 PLN'000
Term liabilities with term to maturity:	19,695	500,632
up to 1 month	147	57
from 1 to 3 months	-	127,296
from 3 to 1 year	19,548	353,279

from 1 to 5 years	-	20,000
Total	**19,695**	**500,632**

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

25. Amounts due to customers

Amounts due to customers	31.12.2009 PLN'000	31.12.2008 PLN'000
Amounts to business entities	**1,831,423**	**1,919,506**
Current accounts and overnight deposits	5,387	37,156
Term deposits	1,826,036	1,882,350
Amounts due to budgetary entities	**280,783**	**83,091**
Current accounts and overnight deposits	2,316	23
Term deposits	278,467	83,068
Amounts due to private individuals	**5,596,377**	**1,452,184**
Current accounts and overnight deposits	214,228	215,253
Term deposits	5,379,795	1,236,297634
Other *	2,354	634
Total amounts due to customers	**7,708,583**	**3,454,781**

Structure of amounts due to customers by term to maturity (from reporting date to maturity date)	31.12.2009 PLN'000	31.12.2008 PLN'000
Current accounts and overnight deposits	221,931	252,432
Term liabilities with term to maturity:	7,484,298	3,201,715
up to 1 month	1,523,328	375,812
from 1 to 3 months	1,334,730	490,120
from 3 to 1 year	2,196,201	1,539,483
from 1 to 5 years	2,430,039	796,300
Other *	2,354	634
Total	**7,708,583**	**3,454,78**

* - other amounts due to customers include mainly the cash in transit

	31.12.2009 PLN'000	31.12.2008 PLN'000
Amounts due to other customers, with fixed interest rates	2,989,317	325,018
Amounts due to other customers, with variable interest rates	4,539,846	3,082,367
Non-interest bearing liabilities	179,420	47,396

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

As at 31 December 2009, the difference between the fair value of financial liabilities and their value under the corresponding contracts (undiscounted value of future cash flows) was PLN 767 thousand (38,309 thousand as at 31

December 2008). In 2009, the Group recognised the expense on the measurement of the amounts due to customers measured at fair value through statement of comprehensive income in the amount of PLN 6,671 thousand (in 2008 – receivables of PLN 5,904 thousand). The above amounts were determined based on the measurement techniques enabling the Group to reliably reflect the amounts of the fair value change resulting from the change in the credit risk related to this liability.

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

26. Liabilities arising from issue of debt securities

Liabilities arising from issue of debt securities	**31.12.2009 PLN '000**	**31.12.2008 PLN '000**
Liabilities on issue of deposit certificates	407,500	406,902
Interest	4,706	7,248
Total liabilities arising from issue of debt securities	**412,206**	**414,150**

	31.12.2009	**31.12.2008**
	Book value PLN '000	**Book value '000 PLN**
Liabilities arising from issue, with term to maturity:	407,500	406,902
from 1 to 5 years	407,500	406,902
Interest	4,706	7,248
Total	**412,206**	**414,150**

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

On 21 July 2007, Noble Bank S.A. and Bank Handlowy w Warszawie S.A. entered into an Issuance Agreement as part of the Banking Securities Issuance Programme (BPW). On 16 July 2007, as part of the Banking Securities Issuance Programme, Noble Bank S.A. issued 3-year certificates of deposit for a total amount of PLN 270,000,000 and 5-year certificates of deposit for a total amount of PLN 80,000,000. Interest on the certificates is paid every three months at 3M WIBOR plus a margin.

The funds raised from the issue are used mostly to pay for measures to increase sales of mortgage loans and loans secured with financial assets.

On 15 September 2008, as part of the Banking Securities Issuance Programme, Noble Bank S.A. issued 2-year certificates of deposit for a total amount of PLN 57,500,000. Interest on the certificates is paid every six months at 6M WIBOR plus a margin.

The funds raised from the issue will be used to pay for measures to increase sales of mortgage loans and loans secured with financial assets.

The Parent Company did not issue any debt securities in 2009.

27. Changes in provisions

The financial year ended on 31 December 2009	Provision for restructuring	Provision for pensions and similar benefits	Total
Balance as at 1 January 2009	**-**	**52**	**52**
Provisions used			-
Provisions released			-
Balance as at 31 December 2009	**-**	**52**	**52**

The financial year ended on 31 December 2008	Provision for restructuring	Provision for pensions and similar benefits	Total
Balance as at 1 January 2008	**7,085**	**52**	**7,137**
Provisions used	(12)	-	(12)
Provisions released	(7,073)	-	(7,073)
Balance as at 31 December 2008	**-**	**52**	**52**

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

28. Other liabilities

Other liabilities	31.12.2009 PLN'000	31.12.2008 PLN'000
Settlement of holiday leaves	2,038	1,021
Settlements of other employee related liabilities	57	6,816
Settlement of material costs	6,446	4,051
Trade liabilities	45,337	8,257
Public liabilities	8,640	2,948
Leasing liabilities	5,314	4,767
Payroll liabilities	20,509	4,775
Liabilities related to brokerage activity	21,779	-
Liabilities arising from valuation of the options	31,152	-
Other	2,805	620
Total other liabilities	**144,077**	**33,255**

The liabilities arising from the options amounting to PLN 31,152 thousand, resulting from the right of private individuals to call the Bank to purchase the shares of Noble Funds TFI S.A held by these individuals (as described in Note V of the statement). The non-discounted value of the liability as at 31 December 2009 amounted to PLN 35,998 thousand. This liability was valued as at 31 December 2009 based on the budget of Noble Funds TFI S.A. for 2012 assuming the lack of material increase of the managed assets in relation to 31 December 2008. As at 31 December 2009 this option was not valued, because in the opinion of the Parent Company the realisation of the conditions required for the execution of the right was unlikely.

The analysis carried out by the Group regarding the sensitivity of the value of the liability to the changes of the selected budgetary assumptions is presented in the table below:

Changes to budgetary assumptions	31.12.2009 PLN '000	
	Increase of liability on account of put option	Decrease of liability on account of put option
Execution of the contract conditions at the level of 80% instead of assumed 100% (in respect of net assets and EBITDA)	-	-10,383
Increase/decrease of the forecasted net profit in 2012 by 10%	3,115	-3,115
Increase/decrease of the forecasted net profit in 2012 by 20%	6,230	-6,230
Change if discount ratio by 1%	-874	908
Change of discount ratio by 3%	-2,526	2,832

29. Equity

Shareholding structure as at 31 Dec. 2009	Number of shares held	Number of votes	Percentage of votes at the General Shareholders Meeting
Getin Holding S.A.	158,458,666	158,458,666	73.64%
ASK Investments S.A.	14,819,840	14,819,840	6.89%
A. Nagelkerken Holding B.V.	5,350,000	5,350,000	2.49%
International consultancy strategy Implementation B.V.	5,450,000	5,450,000	2.53%
H.P. Holding 3 B.V.	5,750,000	5,750,000	2.67%
Own shares held by the bank	2,635,000	2,635,000	1.22%
Minority shareholders	22,714,650	22,714,650	10.56%
Total	**215,178,156**	**215,178,156**	**100.00%**

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

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

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

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

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

The merger of Noble Bank S.A. and Getin Bank S.A. was effected in accordance with article 1241, section 1 and section 3 of the Banking Law, with reference to article 492, paragraph 1, point 1 of the Code of Commercial Companies, through a transfer of all assets of Getin Bank S.A. to Noble Bank S.A. with simultaneous increase of the share capital of Noble Bank S.A. by means of a new issue of shares.

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

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

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

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

Other capital	**31.12.2009 PLN'000**	**31.12.2008 PLN'000**
Supplementary fund	411,451	294,734
From sale of shares over their nominal value	139,657	139,657
Other	271,794	155,077
Revaluation reserve	(4,105)	2,011
Measurement of financial assets available for sale	(5,067)	2,484
Deferred tax	963	(472)
Other reserve capital	(8,934)	-
Balance at the end of the reporting period, total	**398,412**	**296,745**

Other capitals disclosed in the supplementary fund amounting to PLN 271,794 thousand include:

Supplementary fund for repurchase of own shares in the amount of PLN 4,993 thousand (as at 31 December 2008 – PLN 9,655 thousand), dividend declared for 2009 on the Bank's own shares in the amount of PLN 402 thousand (as at 31 December 2008 – PLN 0 thousand) and supplementary fund generated on the profit (loss) from previous years in the amount of PLN 236,211 thousand (as at 31 December 2008 – PLN 116,783 thousand). The other reserve capital results from the combination of jointly controlled subsidiaries.

30. Solvency ratio

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

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

As at December 31st 2009 and December 31st 2008, the solvency ratio and shareholders' equity forming the basis for the calculation of the ratio were calculated pursuant to the following regulations:

- Banking Law of 29 August 1997 (Journal of Laws of 2002, No. 72, item 665 with subsequent amendments).
- Resolution No. 380/2008 of the Commission for Banking Supervision of 7 December 2008, on the scope of the capital requirements against particular risks and the detailed principles to be applied in determining those requirements, including but not limited to the scope and conditions of applying statistical methods and the scope of information attached to an application for authorisation to apply them, principles and conditions of taking account of contracts on debt assignment, subparticipation, credit derivative and contracts other than those on debt assignment, subparticipation, in calculating the capital requirements, terms and conditions, scope and manner of making use of the ratings assigned by external credit assessment institutions and the export credit agencies, manner and specific principles of calculating the solvency ratio of a bank, the scope and manner of taking account of banks conducting their activities in groups in calculating their capital requirements as well as establishing additional items of the statement of financial position presented jointly with bank regulatory own funds in the calculation of capital adequacy, the amount thereof and the conditions of setting them.
- Resolution No. 2381/2008 of the Polish Financial Supervision Authority 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 authorisation 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 2009 and 31 December 2008, Getin Noble Bank S.A. calculated its capital requirements and solvency ratio based on Resolution No.380/2008 of the Polish Financial Supervision Authority.

	31.12.2009 PLN'000	31.12.2008 PLN'000
Equity		
Share capital	215,178	215,178
Supplementary fund	402,517	294,734
Other capital	(4,105)	(7,660)
Audited profit (loss) for the first half of the year	81,265	78,125
Adjustment of equity by intangible assets	(132,310)	(103,738)
Profit (loss) from previous years	2,004	20,214
Own shares	(2,635)	(147)
Total equity	**561,914**	**496,706**
Risk weighed assets		
Risk exposure of 0%	1,878,447	664,351
Risk exposure of 20%	441,566	908,152
Risk exposure of 35%	97,465	218,315
Risk exposure of 50%	55,519	57,338
Risk exposure of 75%	4,689,272	2,864,422
Risk exposure of 100%	1,857,421	710,167
Risk exposure of 150%	79,099	109,898
Total risk weighed assets	**5,643,209**	**3,310,040**
Risk weighed off-balance sheet liabilities		
Risk exposure of 20%	23,269	32,918
Risk exposure of 35%	1,477	1,116
Risk exposure of 50%	228,018	50,050
Risk exposure of 75%	147,745	92,768
Risk exposure of 100%	13,746	16,166
Risk exposure of 150%	25	1,446
Total risk weighed off-balance sheet liabilities	**243,772**	**119,910**
Total risk weighed off-balance sheet assets and liabilities	**5,886,981**	**3,429,950**
Capital requirements in respect of:		
Credit risk	470,958	274,396
Operational risk	16,331	12,987
Solvency ratio	**9.2%**	**13.8%**

The concentration risk and the capital requirement for its coverage are calculated based on the provisions of the above resolutions. As at 31 December 20089 and 31 December 2008, the portfolio of the Group did not contain any receivables that could be qualified as exceeding the concentration limits, therefore the Group estimates the concentration risk to be negligible.

31. Cash and cash equivalents

Items of the statement of financial position	31.12.2009 PLN'000	31.12.2008 PLN'000
Cash and balances with the central bank	239,979	83,762
Current amounts due from banks	170,241	10,000

Cash and cash equivalents presented in the statement of cash flows	**410,220**	**93,762**

32. Financial lease

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

Future minimum lease payments under these agreements and the present value of net minimum lease payments are presented below:

Financial lease liabilities as at 31 December 2009 (PLN '000)	gross leasing investment (minimum fees)	Present value of minimum leasing fees
up to 1 year	2,161	1,764
from 1 to 5 years	4,026	3,550
Total	**6,187**	**5,314**
Unrealised financial costs (-)	(873)	
Net leasing investment	**5,314**	
Present value of minimum leasing payments	**5,314**	**5,314**

Financial lease liabilities as at 31 December 2008 (PLN '000)	gross leasing investment (minimum fees)	Present value of minimum leasing fees
up to 1 year	1,633	1,359
from 1 to 5 years	4 163	3,408
Total	**5,796**	**4,767**
Unrealised financial costs (-)	(1,029)	
Net leasing investment	**4,767**	**4,767**
Present value of minimum leasing payments	**4,767**	**4,767**

33. Operating lease

The Group's operating lease involves the rental of premises for Open Finance and Noble Bank branches and for offices.

In accordance with the lease agreements signed, the lease subject remains in the Group's use throughout the agreement term. In exchange for the acquired rights to use the leased property, the Group must make lease payments in amounts and on dates as set out in the lease agreements.

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

Liabilities resulting from operating lease agreements with repayment period after the reporting date	31.12.2009 PLN'000	31.12.2008 PLN'000
up to 1 year	19,988	14,357
from 1 to 5 years	56,783	57,426
over 5 years	13,240	20,449

Total	**90,011**	**92,232**

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

Lease and sub-lease payments under operating lease recognised in the statement of comprehensive income	01.01.2009 – 31.12.2009 PLN'000	01.01.2008 – 31.12.2008 PLN'000
Minimum leasing payments	34,151	21,710
Total	**34,151**	**21 710**

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

34. Contingent liabilities granted

Financial contingent liabilities relate to loans granted under agreements with customers, which as at reporting date have not been used yet. The Group companies' loan offer offering includes, among others, mortgage loans paid out in tranches according to customers' instructions. The table below presents liabilities arising from the executed loan agreements.

Contingent liabilities and off-balance sheet items	31.12.2009 PLN'000	31.12.2008 PLN'000
1. Contingent liabilities granted	**360,588**	**228,203**
a) related to financing	358,212	227,511
b) guarantees granted	2,376	692
2. Liabilities related to purchase/sale operations	**4,390,791**	**4,412,732**
Total contingent liabilities and off-balance sheet items	**4,751,379**	**4,640,935**

	31.12.2009 PLN'000	31.12.2008 PLN'000
Total financial liabilities granted:	358,212	227,511
- to non-financial entities	358,212	227,511

	31.12.2009	31.12.2008
1) Liabilities granted to the financial entities:	459	-
- guarantees	459	-
2) Liabilities granted to non-financial entities	1,917	692
- guarantees	1,917	692
Total granted liabilities:	**2,376**	**692**

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

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

XI. DIVIDENDS

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

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

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

On 18 March 2009, the Ordinary General Shareholders Meeting of Noble Funds TFI S.A. decided to allocate the net profit from the financial year ended 31 December 2008 in the amount of PLN 14,227 thousand and the supplementary fund generated on the profit from the financial year ended 31 December 2007 in the amount of PLN 9,672 thousand on dividend payment to the Company shareholders. The total dividend value is PLN 23,899 thousand which constitutes PLN 238.89 per one normal share. No shares of Noble Funds TFI S.A are considered to be preferential.

XII. FAIR VALUE OF THE INDIVIDUAL CLASSES OF FINANCIAL INSTRUMENTS

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

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

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

Amounts due from the banks:

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

Loans to customers:

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

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

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

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

Amounts due to banks and customers:

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

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

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

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

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

status as at 31 December 2009

	Book value PLN'000	Fair value PLN'000
Assets:		
Cash and amounts due from central bank	239,979	239,979
Financial instruments assumed for sale	496,949	496,949
Derivative financial instruments	42	42
Amounts due from banks	126,382	126,382
Loans to customers	6,738,671	6,740,480
Liabilities:		
Amounts due to banks and financial institutions	19,695	19,695
Derivative financial instruments	28,562	28,562
Amounts due to customers	7,708,583	7,664,469
Financial lease liabilities	5,314	5,314
Liabilities arising from issue of debt securities	412,206	412,206

status as at 31 December 2008

	Book value PLN thousand	Fair value in PLN thousand
Assets:		
Cash and amounts due from central bank	83,762	83,762
Amounts due from banks	965,217	965,217
Derivative financial instruments	60,843	60,843
Loans to customers	3,825,081	3,619,087
Liabilities:		
Amounts due to banks and financial institutions	500,632	500,632
Derivative financial instruments	472,383	472,383
Amounts due to customers	3,454,781	3,440,701
Financial lease liabilities	4,767	4,767
Liabilities arising from issue of debt securities	414,150	414,150

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

Level 1

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

Level 2

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

Level 3

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

On 13 July 2009, the Parent Company acquired 785,200 bearer's shares of Towarzystwo Ubezpieczeń Europa SA for the total price of PLN 67,056,080 based on the valuation of an independent appraiser. The shares purchased by the Bank account for 9.9707 % of the share capital of Towarzystwo Ubezpieczeń Europa.

The Bank's Management Board, considering the small trading volume of Europa S.A shares at the Warsaw Stock Exchange treats this market as inactive. Due to the short period from the date of purchasing the shares and the lack of substantial changes of market conditions that could affect the fair value, it was adopted that the fair value of the shares of Towarzystwo Ubezpieczeń Europa as at 31 December 2009 equals the transaction value resulting from the purchase of the shares.

(figures in PLN '000)

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

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

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

31.12.2009	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial instruments available for sale.	780,334	349,762	67,265	1,197,361
Financial assets held for trade	42	-	-	42
Derivative instruments	-	123,263	3,119	126,382
Financial liabilities:				
Derivative instruments	-	25,443	3,119	28,562
Liabilities measured at fair value through statement of comprehensive income	-	-	17,907	17,907

31.12.2008	Level,1	Level,2	Level,3	Total
Financial assets:				
Financial instruments available for sale.	177,114	299,958	169	477,241
Derivative instruments	-	60,843	-	60,843
Financial liabilities:				
Derivative instruments	-	472,383	-	472,383
Liabilities measured at fair value through statement of comprehensive income	-	-	221,054	221,054

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

XIII. ADDITIONAL NOTES TO THE STATEMENT OF CASH FLOWS

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

1. operating activities - comprise the basic scope of activities related to provision of services by the Company, covering actions aimed at generating profit but not under investment or financial activity. The Company prepares the statement of cash flows from operating activities using the indirect method, under which a net profit for a reporting period is adjusted by non-cash effects of transactions, prepayments and accrued income and accrued costs and deferred income which relate to future or past inflows or outflows from operating activities and by other items of costs and revenues connected with cash flows from investing activities.
2. investment activity - comprises actions related to purchasing and selling fixed assets, particularly financial assets not classified as held for trading, stocks and shares in subordinated entities as well as tangible and intangible assets.
3. financing activities include operations that involve raising funds in the form of capital or liabilities, as well as servicing of the funding sources.

In relation to the acquisition of shares of Noble Securities S.A. (the purchase price was PLN 11,929 thousand), the Bank took over cash and cash equivalents in the amount of PLN 29,532 thousand, intangibles or teh value of PLN

(figures in PLN '000)

966 thousand, tangible fixed assets for the amount of PLN 337 thousand, income tax assets for the amount of PLN 35 thousand, financial instruments available for sale for the amount of PLN 26 thousand and other assets for the amount of PLN 41.007 thousand. As at the day of the shares acquisition, Noble Securities S.A. also recognised other liabilities in the amount of PLN 66,206 thousand as well as equity of PLN 5,697 thousand.

In relation to the purchase of the shares of Panorama Finansów S.A., (the purchase price was PLN 500 thousand), Open Finance S.A. acquired cash and cash equivalents amounting to PLN 9 thousand, tangible fixed assets amounting to PLN 1,974 thousand, intangible assets amounting to PLN 200 thousand, deferred income tax assets amounting to PLN 934 thousand and other assets amounting to PLN 109 thousand. As at date of the purchase of the shares of Panorama Finansów S.A. also disclosed the liabilities to banks and financial institutions for the amount of PLN 5,229 thousand, other liabilities amounting to PLN 2,687 thousand and equity amounting to PLN 4,690 thousand.

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

	Statement of financial position	Statement of cash flows	Difference	
Change in amounts due from banks	468,268	630,108	(161,840)	1)
Change in derivative financial instruments (asset)	(65,539)	(65,539)	-	
Change in loans to customers	(2,913,590)	(2,913,590)	-	
Change in financial instruments available for sale	(720,120)	-	(720,120)	2)
Change in deferred income tax assets	(18,474)	(17,511)	(963)	3)
Change in other assets and liabilities	50,904	(10,013)	60,917	5)
Change in amounts due to other banks and financial institutions	(480,937)	(480,937)	-	
Change in derivative financial instruments (liability)	(443,821)	(443,821)	-	
Change in amounts due to customers	4,253,802	4,253,802	-	
Change in liabilities from issue of debt securities	(1,944)	(1,944)	-	
Changes in provisions and deferred income tax provisions	(33,953)	(33,481)	(472)	4)

Notes:

1) changes in amounts due from banks, in cash balance
2) purchase of securities presented in cash flows from investing activities
3) asset from deferred income tax related to financial instruments available for sale recognised under equity (2009)
4) provision from deferred income tax related to financial instruments available for sale recognised under equity (2008).
5) The difference concerns: liabilities resulting from measurement of NB TFI options (PLN 31,152 thousand), measurement of instruments available for sale and changes to financial lease liabilities (+PLN 233 thousand) and other liabilities resulting from the merger of the entities (+PLN 29,532 thousand)

(figures in PLN '000)

Statement of differences between the changes in assets and liabilities in the statement of financial position and the changes recognised in the 2008 statement of cash flows:

	Statement of financial position	Statement of cash flows	Difference	
Change in amounts due from banks	(308,147)	(312,236)	4,089	1)
Change in derivative financial instruments (asset)	(42,840)	(42,840)	-	
Change in loans to customers	(2,649,182)	(2,649,182)	-	
Change in financial instruments available for sale	(462,026)	-	(462,026)	2)
Change in deferred income tax assets	1,922	1,922	-	
Change in other assets and liabilities	(13,190)	(13,520)	330	3)
Change in amounts due to other banks and financial institutions	305,241	305,241	-	
Change in derivative financial instruments (liability)	471,186	471,186	-	
Change in amounts due to customers	2,516,760	2,516,760	-	
Change in liabilities from issue of debt securities	60,239	2,739	57,500	4)
Changes in provisions and deferred income tax provisions	9,045	8,573	472	5)

Notes:

1) changes in amounts due from banks, in cash balance
2) purchase of securities presented in cash flows from investing activities
3) changes in financial lease liabilities

4) Issue of deposit certificates presented in the cash flows from financing activities

5) Deferred income tax provisions reserve related to the financial instruments available for sale recognised in equity

XIV. INFORMATION ON ASSETS PLEDGED AS COLLATERAL

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

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

The table below shows the carrying amount of assets held in connection with the existing liabilities as at 31 December 2008:

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

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

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

XV. TRANSACTIONS WITH RELATED ENTITIES

(1) DESCRIPTION OF THE TRANSACTIONS WITH RELATED ENTITIES

Getin Noble Bank is the Parent Company of Getin Noble Bank S.A. Capital Group and Getin Holding S.A. is the superior shareholder of Getin Noble Bank S.A. The Group includes in the related entities also the minority shareholder of Bank ASK Investments S.A. The group of capital related entities also includes: Getin Holding S.A.., Carcade OOO, TU Europa S.A., TU na Życie Europa S.A., Getin Bank S.A., Getin Leasing S.A., Home Broker S.A., Fiolet - Powszechny Dom Kredytowy S.A., Getin International S.A., Noble Securities S.A. (former Dom Maklerski Polonia Net S.A.), Iguana Investments Sp. z o.o., Cynamon Sp. z o.o., Tax Care S.A., LC Corp BV, Fundacja LC Hart, Leszek Czarnecki as the main shareholder of Getin Holding S.A. and the controlling party of highest level and the members of the Management Board of the Parent Company, members of the Supervisory Board of the Parent Company and the individuals related to them, key management of the subsidiary (option related to Noble Funds TFI shares presented in note X.28) and Jarosław Augustyniak and Maurycy Kuhn (option related to Noble Securities shares presented in note V)

All transactions between the Bank's related entities in 2009 and 2008 were conducted on an arm's length basis and resulted from day-to-day operations. The main items of those transactions refer to the provision of financial intermediation services. Settlements and transactions with related entities are not secured. Payment due to the unsettled balance will be effected by transfer of cash and cash equivalents.

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

(figures in PLN ‘000)

	Statement of financial position 31.12.2009				Statement of comprehensive income 01.0.12009 to 31.12.2009						off-balance sheet items 31.12.2009
	Loan receivables	**Other receivables**	**Deposits liabilities**	**Other liabilities**	**Interest income**	**Interest expense**	**Commissior income**	**Commission expense**	**sale**	**purchase**	**guarantee liabilities granted**
Getin Holding S.A.	-	1	-	-	-	31	281	-	-	753	-
Carcade ooo	-	-	-	-	1,108	-	-	-	-	-	-
Getin Bank SA	-	2,949	-	-	5,602	2,617	3,498	69	645	2,335	-
TU Europa S.A.	-	19,166	136,390	27,394	-	10,546	52,503	234	13	22	-
TU Europa na Życie SA	-	28,078	1,564,360	65	-	111,520	72,331	-		2,468	-
Getin International S.A.	-	-	242	-	-	8	4	-	15	-	-
Fiolet - Powszechny Dom Kredytowy SA	-	-	-	-	-	-	23	531	-	-	-
Getin Leasing S.A.	-	46	-	3,840	-	453	-	208	-	157	-
Noble Securities S.A. (former Dom Maklerski Polonia Net S.A.)	-	-	-	-	-	139	-	-	76	190	-
Home Broker S.A. (former JML S.A.)	-	10	-	3,053	-	-	60	6,892	-	-	460
Iguana Investments sp. z o.o.	-	12	-	-	-	-	17	16	-	-	-
Tax Care S.A.	-	229	-	-	-	-	-	-	-	-	17
Jarosław Augustyniak - First Vice-President of the	102	-	1,499	-	1	105	-	-	-	-	-
Maurycy Kuhn - Member of the Management Board	3,884	-	7	-	110	53	-	-	-	-	-
Krzysztof Spyra - Member of the Management Board	113	-	242	-	113	242	-	-	-	-	-
Key management of the subsidiary	-	-	-	31,152	-	-	-	-	-	-	-
Agnieszka Baran - Proxy	-	-	29	-	-	-	-	-	-	-	-
Monika Pogorzelska - Proxy	4	-	-	-	-	-	-	-	-	-	-
Helena Kamińska - Proxy	123	-	1	-	37	-	-	-	-	-	-

(figures in PLN '000)

	Statement of financial position 31.12.2008				Statement of comprehensive income 01.01.2008 to 31.12.2008						off-balance sheet items 31.12.2008
	Loan receivables	**Other receivables**	**Deposits liabilities**	**Other liabilities**	**Interest income**	**Interest expense**	**Commission income**	**Commission expense**	**sale**	**purchase**	**Guarantee liabilities granted**
Getin Holding S.A.	-	-	-	-	-	-	-	-	-	4	-
Carcade ooo	36,726	-	-	-	3,303	-	-	-	-	-	-
Getin Bank SA	-	42	125,186	-	-	496	2,511	20	26	240	-
TU Europa S.A.	-	365	121,934	462	-	7,994	6,953	15	16	139	-
TU Europa na Życie SA	-	1,360	1,259,958	1,397	-	39,715	23,556	670	153	3,199	-
Panorama Finansów S.A.	2,013	108	1	10	32	22	-	9	129	-	-
Fiolet - Powszechny Dom Kredytowy SA	-	-	-	-	-	-	-	-	-	106	-
Powszechny Dom Kredytowy S.A.	-	-	-	-	-	-	-	24	-	520	-
Noble Securities S.A. (former Dom Maklerski Polonia Net S.A.)	-	-	2,514	-	-	104	-	-	-	-	-
Home Broker S.A. (former JML S.A.)	-	16	-	56	-	-	83	205	-	-	450
Iguana Investments sp. z o.o.	16	-	-	-	-	-	16	-	-	-	-
Tax Care S.A.	2	-	-	-	-	-	-	-	2	-	-
LC Copr. BV	-	-	-	-	-	-	279	-	-	-	-
Fundacja LC Heart	-	-	-	-	-	-	36	-	-	-	-
Jarosław Augustyniak - President of Mgmt. Board	20	-	3,144	-	-	501	-	-	-	-	-
Maurycy Kuhn - Member of the Management Board	4,041	-	2,465	-	108	77	-	-	-	-	-
Krzysztof Spyra - Member of the Management Board	43	-	1,701	-	1	112	-	-	-	-	-

(2) INFORMATION ON THE AMOUNTS OF OUTSTANDING ADVANCES, LOANS AND GUARANTEES

As at 31 December 2009

Carcade Sp. z o.o.

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

As at 31 December 2008

Carcade Sp. z o.o.

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

(3) INFORMATION ON REMUNERATION AND BENEFITS FOR THE BANK'S SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS

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

Short-term remuneration and benefits

1.01.2009 – 31.12.2009 PLN 12,766 thousand *

1.01.2008 – 31.12.2008 PLN 10,018 thousand

* Remuneration for 2009 for members of Bank's Management Board:

Jarosław Augustyniak PLN 4,093 thousand

Maurycy Kuhn PLN 3,993 thousand

Krzysztof Spyra PLN 3,993 thousand

Bogusław Krysiński PLN 510 thousand

Radosław Stefurak PLN 68 thousand

Krzysztof Rosiński PLN 119 thousand

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

Short-term remuneration and benefits

1.01.2009 – 31.12.2009 PLN 0 thousand

1.01.2008 – 31.12.2008 PLN 0 thousand

(4) BANK'S SHARES OWNED BY ITS SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS (IN OFFICE AS AT DECEMBER 31ST 2009)

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

	Postiion	As at 31.12.2008	shares acquired in the reporting period	shares sold in the reporting period	Status as at 31.12.2009
Remigiusz Baliński	Member of the Supervisory	22,333	-	-	22,333
Maurycy Kuhn	Member of the	10,304,447	24,147	-	10,328,594
Krzysztof Spyra	Member of the	10,389,947	-	-	10,389,947
Jarosław Augustynia	President of the	10,697,947	-	-	10,697,947

XVI. CAPITAL MANAGEMENT

The main aim of the Group's capital management is maintaining a good credit rating and safe capital ratios that would support the Group's operating activities and increase its value for shareholders. Capital management is effected at the level of companies which make up the Group and it is supervised through positions held within the companies' Supervisory Boards.

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

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

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

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

The calculation of the solvency ratio is presented in Note 30 to these financial statements. Shareholders' equity is described in Note 31 to these financial statements.

The capital management takes place according to the regulation requirements also at the level of Noble Funds TFI S.A. and Noble Securities S.A. as subsidiaries of the Parent Company.

NOBLE Securities S.A. as a brokerage house is required to maintain the capital requirements according to the regulation of the Minister of Finance dated 18 November 2009. The Company controls on on-going basis the financial liquidity and capital adequacy ratios. Any material financial information including the information regarding the liquidity and capital adequacy is submitted to the Supervisory Board of NOBLE Securities S.A. Information on the level of the supervised capital is submitted in the form of a report (monthly or current report) to the Polish Financial Supervision Authority. As at 31.12.2009 the Company had equity amounting to PLN 8,555 thousand, which substantially exceeds the statutory required level. As at 31.12.2009 the minimum required stator level of equity amounted to PLN 4,000 thousand.

Equity is controlled at TFI on an on-going basis pursuant to the provisions of the investments funds act. The level of TFI's minimum equity depends on the scope of activity carried out by TFI, the level of managed assets, value of the total incurred costs and the value of variable distribution costs.. As at 31.12.2009 the Company's equity exceeded the minimum level required under the investment funds act. As at 31.12.2009 the Company's equity amounted to PLN 18,941.91 thousand, which substantially exceeded the level required under the investment funds act. As at 31.12.2009 the minimum required level of TFI's equity is PLN 3,018.83 thousand.

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

Methods and objectives adopted for the financial risk management:
The risk management in the Capital Group is concentrated directly in the Bank. The Bank's governing bodies, i.e. the Management Board and the Supervisory Board, play the most important role in the risk management process.

The objective of asset and liability management policy is to optimise the structure of the items presented and not presented in the statement of financial position to retain the assumed proportion of income to the risk incurred. The Bank's Management Board is responsible for managing risk at the strategic level, and for that purpose it has established two committees: the Credit Committee and the Asset and Liability Management Committee (ALCO). These committees are responsible for managing their relevant risk areas at the operational level, monitoring risk levels as well as for the development of current risk management policies within the framework of strategies adopted by the Bank's Management Board, within internal limits and in line with the supervisory regulations.

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

1. Credit Risk

Credit risk management in the Group is mainly done by the Parent Company i.e. Getin NOBLE Bank, and aims to guarantee safe lending while maintaining a sensible approach to risk. The Bank controls credit risk by introducing and complying with internal procedures for the monitoring of the loans granted by the Bank and by reviewing, on a day-to-day basis, the borrowers' financial standing and loan repayments.

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

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

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

(figures in PLN '000)

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

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

a) breakdown into the individual entities

Concentration for 10 largest customers	31.12.2009
	% of portfolio
Customer 1	0.60
Customer 2	0.46
Customer 3	0.41
Customer 4	0.38
Customer 5	0.34
Customer 6	0.33
Customer 7	0.31
Customer 8	0.31
Customer 9	0.31
Customer 10	0.30
Other customers	96.25
Total	**100.00**

Concentration for 10 largest customers	31.12.2008
	% of portfolio
Customer 1	0.89
Customer 2	0.87
Customer 3	0.72
Customer 4	0.64
Customer 5	0.61
Customer 6	0.61
Customer 7	0.55
Customer 8	0.55
Customer 9	0.49
Customer 10	0.49
Other customers	93.57
Total	**100.00**

(figures in PLN '000)

b) breakdown into industries

Industry sector	31.12.2009 %	31.12.2008 %
Agriculture and hunting	**0.1**	**0.1**
Manufacturing	**1.6**	**0.5**
- manufacturing of foods	0.3	0.1
- manufacturing of fabrics and textile products	0.2	0.1
- manufacturing of wood and wood products	0.2	0.0
- manufacturing of chemicals and chemical products	0.1	0.1
- manufacturing of rubber and plastic products	0.1	0.0
- manufacturing of other non-metal products	0.1	0.0
- manufacturing of metals and processed metal products	0.2	0.1
- manufacturing of machines and equipment not classified elsewhere	0.2	0.0
- manufacturing of transport machines	0.1	0.0
- manufacturing not classified elsewhere	0.1	0.0
Electrical energy and gas supply	**0.1**	**0.0**
Construction	**2.5**	**2.4**
Retail and wholesale	**2.0**	**1.3**
Transport, warehouse management and communication	**0.2**	**0.1**
Financial intermediation	**1.2**	**2.2**
Real estate service	**7.2**	**6.5**
Other sections	**2.1**	**1.3**
Individuals	**83.0**	**85.7**
Total	**100.0**	**100.0**

c) breakdown into geographical market segments

By Poland's administrative division	31.12.2009 %	31.12.2008 %
Dolnośląskie	8.0	6.7
Kujawsko-Pomorskie	1.7	1.4
Lubelskie	1.8	1.8
Lubuskie	0.9	0.5
Łódzkie	3.2	2.3
Małopolskie	5.9	6.2
Mazowieckie	48.4	51.9
Opolskie	0.7	0.4
Podkarpackie	1.2	1.1
Podlaskie	1.3	1.3
Pomorskie	6.5	5.1
Śląskie	6.0	4.7
Świętokrzyskie	0.6	0.7
Warmińsko-Mazurskie	1.3	1.1
Wielkopolskie	5.6	5.1
Zachodniopomorskie	1.4	1.0
Registered offices abrod	5.5	8.7
Total	100.0	100.0

d) loan portfolio structure

Loan portfolio structure	31.12.2009 %	31.12.2008 %
Loans for individuals	**83.0**	**85.7**
including:		
- instalment loans	0.2	0.3
- housing, construction, mortgage loans	66.8	69.6
- other	16.1	15.8
Corporate loans	**17.0**	**14.3**
Total	**100.0**	**100.0**

Exposure concentration limits: Banking Law, Article 71.1	31 Dec. 2009 PLN '000	31 Dec. 2008 PLN '000	
Bank's receivables, off-balance commitments granted and shares exposed to risk of a single a related entity or entities where none of those parties are related to the bank must not exceed the exposure concentration limit which amounts to 25% of the Bank's equity	140,479	124,177	Limit 1
Largest exposure to one customer			
% of equity	7%	8%	
% of loan portfolio	1%	1%	
Exposure to 10 largest customers			
% of equity	46%	55%	
% of loan portfolio	4%	6%	
Largest exposure to one group of companies			
% of equity	5%	8%	
% of loan portfolio	0%	1%	
Exposure to 5 largest groups of companies			
% of equity	22%	31%	
% of loan portfolio	2%	4%	
Bank's receivables, off-balance commitments granted and shares, exposed to risk of a single a related entity or entities which are related to the bank must not exceed the exposure concentration limit which amounts to 20% of the bank's own funds	112,383	99,341	Limit 2
Exposure to entities related to the bank			
% of own funds	12%	8%	
% of loan portfolio	1%	1%	
The aggregate amount of the Bank's exposures equal or in excess of 10% of its equity (large exposure) to a single entity or entities linked by capital or organisation structure shall not exceed 800% of the Bank's equity	56,191	49,671	Limit 3
Individual exposures			
% of equity	11.9%	0.0%	
of loans portfolio	1.0%	0.0%	

In the Group's subsidiaries the credit risk does not exist or is at a very low level. It stems from the fact that in the financial intermediation segment the Group co-operates with financial institutions which have no liquidity problems and which regularly settle their obligations.

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

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

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

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

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

2. Market risk

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

Interest rate risk

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

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

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

In addition, the Bank also analyses the following risks:

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

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

The basis risk Basis risk results from an imperfect correlation between interest rates for instruments (with the same re-measurement periods) that generate interest income and interest expense.
Basis risk analysis involves analysing the sensitivity of assets and liabilities that are expressed in foreign currencies and that generate interest income and interest expense to changes in base interest rates for those currencies. The analysis uses the gap analysis method separately for the four key currencies from the Bank's point of view, i.e. PLN, CHF, USD and EUR, and jointly for all the other currencies.

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

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

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

Items of the statement of financial position	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	More than 1 and up to 5 years inclusive	Over 5 years	Non-interest bearing assets/ liabilities	Total
Assets:	**1,306,536**	**3,934,320**	**1,021,863**	**1,532,026**	**14,777**	**1,289,267**	**9,098,789**
Cash and amounts due from central bank	239,979	-	-	-	-	-	239,979
Amounts due from banks	460,351	3,571	-	32,651	-	376	496,949
Loans to customers	256,444	3,930,749	816,881	926,523	14,777	793,297	6,738,671
Securities	349,762	-	204,982	572,852	-	69,807	1,197,403
Other	-	-	-	-	-	425,787	425,787
Liabilities:	**1,546,290**	**1,842,632**	**1,907,216**	**2,630,937**	**-**	**386,610**	**8,313,685**
Amounts due to other banks and financial institutions	147	-	19,548	-	-	-	19,695
Amounts due to customers	1,546,143	1,435,132	1,887,668	2,630,937	-	208,703	7,708,583
Liabilities arising from issue of debt securities	-	407,500	-	-	-	4,706	412,206
Other	-	-	-	-	-	173,201	173,201
Capital	**-**	**-**	**-**	**-**	**-**	**785,104**	**785,104**
Total liabilities and equity	**1,546,290**	**1,842,632**	**1,907,216**	**2,630,937**	**-**	**1,171,714**	**9,098,789**
Gap	**(239,754)**	**2,091,688**	**(885,353)**	**(1,098,911)**	**14,777**	**117,553**	**-**
Off-balance sheet items							
Interest rate transactions:							
Assets	-	19,000	57,000	377,000	-	-	453,000
Liabilities	-	453,000	-	-	-	-	453,000
Gap	**-**	**(434,000)**	**57,000**	**377,000**	**-**	**-**	**-**
Total gap	**(239,754)**	**1,657,688**	**(828,353)**	**(721,911)**	**14,777**	**117,553**	**-**

* - in the above table, liabilities with a fixed interest rate were classified by term to maturity

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

Items of the statement of financial position	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	More than 1 and up to 5 years inclusive	Over 5 years	Non-interest bearing assets/ liabilities	Total
Assets:	**1,236,287**	**3,804,641**	**48,196**	**160,049**	**8,749**	**344,994**	**5,602,916**
Cash and amounts due from central bank	83,762	-	-	-	-	-	83,762
Amounts due from banks	833,387	112,213	-	-	-	19,617	965,217
Loans to customers	19,138	3,671,774	36,726	49	8,749	88,645	3,825,081
Securities	300,000	-	11,470	160,000	-	5,771	477,241
Other	-	20,654	-	-	-	230,961	251,615
Liabilities:	**918,996**	**831,330**	**1,764,516**	**798,322**	**-**	**597,202**	**4,910,366**
Amounts due to other banks and financial institutions	-	125,000	353,279	20,000	-	2,353	500,632
Amounts due to customers	568,996	648,830	1,411,237	778,322	-	47,396	3,454,781
Liabilities arising from issue of debt securities	350,000	57,500	-	-	-	6,650	414,150
Other	-	-	-	-	-	540,803	540,803
Capital	**-**	**-**	**-**	**-**	**-**	**692,550**	**692,550**
Total liabilities and equity	**918,996**	**831,330**	**1,764,516**	**798,322**	**-**	**1,289,752**	**5,602,916**
Gap	**317,291**	**2,973,311**	**(1,716,320)**	**(638,273)**	**8,749**	**(944,758)**	**-**
Off-balance sheet items							
Interest rate transactions:							
Assets	-	-	500,000	453,000	-	-	953,000
Liabilities	-	953,000	-	-	-	-	953,000
Gap	**-**	**(953,000)**	**500,000**	**453,000**	**-**	**-**	**-**
Total gap	**317,291**	**2 020 311**	**(1,216,320)**	**(185,273)**	**8,749**	**(944,758)**	**-**

* - in the above table, liabilities with a fixed interest rate were classified by term to maturity

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

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

Sensitivity analysis

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

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

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

- the Bank's equity in the reporting period.

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

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

Changes in margin	**01.01.2009 – 31.12.2009 PLN '000**	**01.01.2008 – 31.12.2008 PLN '000**
Fall in interest rates by 1 % point	(3,951)	(4,376)
Rise in rates by 1 % point	3,951	4,376

Currency risk

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

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

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

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

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

	31.12.2009 PLN'000	**31.12.2008 PLN'000**
CHF	1,160	(1,817)
EUR	(246)	459
USD	136	20
GBP	(83)	(16)
JPY	109	(3)
Global position	**1,076**	**(1,357)**
Total position	**1,405**	**(1,836)**

as at 31.12.2009

	Currency (in PLN'000)						Total
	PLN	EUR	CHF	USD	GBP	JPY	
ASSETS							
Cash and amounts due from central bank	239,979	-	-	-	-	-	239,979
Amounts due from banks	179,251	122,321	9,921	64,781	26,774	93,901	496,949
Loans to customers	3,100,374	38,090	3,191,789	49,671	-	358,747	6,738,671
Securities	1,197,403	-	-	-	-	-	1,197,403
Other	425,787	-	-	-	-	-	425,787
TOTAL ASSETS	**5,142,794**	**160,411**	**3,201,710**	**114,452**	**26,774**	**452,648**	**9,098,789**
Amounts due to banks and financial institutions	19,695	-	-	-	-	-	19,695
Amounts due to customers	7,395,356	167,641	7,311	111,418	26,857		7,708,583
Liabilities arising from issue of debt securities	412,206	-	-	-	-	-	412,206
Provisions	52	-	-	-	-	-	52
Other	173,149	-	-	-	-	-	173,149
TOTAL LIABILITIES	**8,000,458**	**167,641**	**7,311**	**111,418**	**26,857**	**-**	**8,313,685**
CAPITAL	**785,104**	**-**	**-**	**-**	**-**	**-**	**785,104**
TOTAL LIABILITIES AND EQUITY	**8,785,562**	**167,641**	**7,311**	**111,418**	**26,857**	**-**	**9,098,789**
NET EXPOSURE	**(3,642,768)**	**(7,230)**	**3,194,399**	**3,034**	**(83)**	**452,648**	**-**
Off-balance sheet items							
Assets	4,354,006	11,092	142,454	-	-	-	
Liabilities	612,608	4,108	3,335,693	2,898	-	452,539	
GAP	**98,630**	**(246)**	**1,160**	**136**	**(83)**	**109**	

at 31.12.208

analysed data	Currency (in PLN thousand)						Total
	PLN	EUR	CHF	USD	GBP	JPY	
ASSETS							
Cash and amounts due from central bank	83,762	-	-	-	-	-	83,762
Amounts due from banks	823,551	23,812	94,089	11,120	5,958	6,687	965,217
Loans to customers	349,476	20,326	3,019,494	85,907	-	349,878	3,825,081
Securities	477,241	-	-	-	-	-	477,241
Other	**251,615**	**-**	**-**	**-**	**-**	**-**	**251,615**
TOTAL ASSETS	**1,985,645**	**44,138**	**3,113,583**	**97,027**	**5,958**	**356,565**	**5,602,916**
Amounts due to banks and financial institutions	341,821	-	158,811	-	-	-	500,632
Amounts due to customers	3,336,149	54,110	6,550	53,371	4,601	-	3,454,781
Liabilities arising from issue of debt securities	414,150	-	-	-	-	-	414,150
Provisions	52	-	-	-	-	-	52
Other	540,751	-	-	-	-	-	540,751
TOTAL LIABILITIES	**4,632,923**	**54,110**	**165,361**	**53,371**	**4,601**	**-**	**4,910,366**
CAPITAL	**692,550**	**-**	**-**	**-**	**-**	**-**	**692,550**
TOTAL LIABILITIES AND EQUITY	**5,325,473**	**54,110**	**165,361**	**53,371**	**4,601**	**-**	**5,602,916**
NET EXPOSURE	**(3,339,828)**	**(9,972)**	**2,948,222**	**43,656**	**1,357**	**356,565**	**-**
Off-balance sheet items							
Assets	3,866,107	11,265	-	841	-	-	
Liabilities	953,000	834	2,950,039	44,477	1,373	356,568	
GAP	**(426,721)**	**459**	**(1,817)**	**20**	**(16)**	**(3)**	

Sensitivity analysis

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

Exchange rate changes	31.12.2009 PLN'000		31.12.2008 PLN'000	
	increase	decrease	increase	decrease
change by 10%	180	(180)	(141)	141
change by 15%	270	(270)	(211)	211
change by 20%	360	(360)	(281)	281

	31.12.2009 PLN'000	31.12.2008 PLN'000
Currency position	1,405	(1,836)

3. Hedge accounting

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

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

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

	As at 31.12.2009
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 the year 2008, the Bank did not apply hedge accounting principles.

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

	01.01.2009 – 31.12.2009	
	Hedging instrument	**Item secured against risk**
Gain	-	805
Loss	4,428	-
Total	**4,428**	**805**

4. Liquidity risk

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

Liquidity management is based on stating the Group's assets and liabilities by adjusted maturity dates (the gap method). It enables analysing and controlling liquidity items at the level of the entire Group in the short-, medium- and long-term perspective.

The gap method is to warn in advance about the emergence of mismatched assets and liabilities, which poses a threat to the Group. The warning function makes it possible to respond in advance or plan using an appropriate financial instrument to cover the negative gap. On the basis of the statement of the Bank's assets and liabilities and the statement of its off-balance sheet items, ALCO sets liquidity limits, which are monitored on an ongoing basis and the aim of which is to reduce the risk of the Group's losing liquidity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Items of the statement of financial position	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	Total, up to 12 months	More than 1 and up to 5 years inclusive	Over 5 years	Total, over 12 months	Undefined maturity	Total
Assets:									
Cash and balances with central bank	239,979	-	-	239,979	-	-	-	-	239,979
Amounts due from banks	427,054	12,114	34,113	473,281	-	-	-	23,668	496,949
Financial assets held for trade	-	-	-	-	-	-	-	42	42
Derivative financial instruments	7,623	14,956	72,854	95,433	30,949	-	30,949	-	126,382
Loans to customers	256,311	7,861	99,379	363,551	1,021,382	5,353,738	6,375,120	-	6,738,671
Financial instruments	349,762	-	204,982	554,744	572,852	-	572,852	69,765	1,197,361
available for sale	349,762	-	204,982	554,744	572,852	-	572,852	69,765	1,197,361
Intangible assets	-	-	-	-	-	-	-	132,310	132,310
Tangible fixed assets	-	-	-	-	-	-	-	27,064	27,064
Fixed assets assumed for sale	-	-	-	-	-	-	-	8,457	8,457
Income tax assets	-	-	-	-	-	-	-	27,492	27,492
Current income tax assets	-	-	-	-	-	-	-	8,288	8,288
Deferred income tax assets	-	-	-	-	-	-	-	19,204	19,204
Other assets	69,081	24,849	1,022	94,952	3,500	-	3,500	5,630	104,082
Total assets	**1,349,810**	**59,780**	**412,350**	**1,821,940**	**1,628,683**	**5,353,738**	**6,982,421**	**294,428**	**9,098,789**
Liabilities:									
Amounts due to other banks and financial institutions	147	-	19,548	19,695	-	-	-	-	19,695
Derivative financial instruments	151	3,489	6,209	9,849	18,713	-	18,713	-	28,562
Amounts due to customers	1,745,259	1,334,730	2,196,201	5,276,190	2,430,039	-	2,430,039	2,354	7,708,583
Liabilities arising from issue debt securities	-	-	-	-	407,500	-	407,500	4,706	412,206
Corporate income tax payables	510	-	-	510	-	-	-	-	510
Other liabilities	77,737	-	1,419	79,156	4,495	-	4,495	60,426	144,077
Provisions	-	-	-	-	-	-	-	52	52
				-			-		
Total liabilities:	**1,823,804**	**1,338,219**	**2,223,377**	**5,385,400**	**2,860,747**	**-**	**2,860,747**	**67,538**	**8,313,685**
Capital	-	-	-	-	-	-	-	785,104	785,104
Total liabilities and equity	**1,823,804**	**1,338,219**	**2,223,377**	**5,385,400**	**2,860,747**	**-**	**2,860,747**	**852,642**	**9,098,789**
Liquidity gap	**(473,994)**	**(1,278,439)**	**(1,811,027)**	**(3,563,460)**	**(1,232,064)**	**5,353,738**	**4,121,674**	**(558,214)**	**-**

The table below presents the Group's assets and liabilities as at 31 December 2008 by term to maturity (PLN '000)

Items of the statement of financial position	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	Total, up to 12 months	More than 1 and up to 5 years inclusive	Over 5 years	Total, over 12 months	Undefined maturity	Total
Assets:									
Cash and balances with central bank	83,762	-	-	83,762	-	-	-	-	83,762
Amounts due from banks	837,993	112,212	-	950,205	-	-	-	15,012	965,217
Derivative financial instruments	1,010	23,762	-	24,772	36,071	-	36,071	-	60,843
Loans to customers	175,418	3,825	93,535	272,778	359,907	3,192,396	3,552,303	-	3,825,081
Financial instruments held for trade	299,958	-	10,964	310,922	164,956	-	164,956	1,363	477,241
Intangible assets	-	-	-	-	-	-	-	103,738	103,738
Tangible fixed assets	-	-	-	-	-	-	-	24,692	24,692
Fixed assets assumed for sale	-	-	-	-	-	-	-	52	52
Income tax assets	-	-	17,396	17,396	-	-	-	730	18,126
Current income tax assets	-	-	17,396	17,396	-	-	-	-	17,396
Deferred income tax assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**730**	**730**
Other assets	**3,854**	**1,325**	**1,719**	**6,898**	**2,626**	**-**	**2,626**	**34,640**	**44,164**
Total assets	**1,401,995**	**141,124**	**123,614**	**1,666,733**	**563,560**	**3,192,396**	**3,755,956**	**180,227**	**5,602,916**
Liabilities:									
Amounts due to other banks and financial institutions	57	127,296	353,279	480,632	20,000	-	20,000	-	500,632
Derivative financial instruments	12,372	153,281	282,258	447,911	24,472	-	24,472	-	472,383
Amounts due to customers	628,878	490,120	1,539,483	2,658,481	796,300	-	796,300	-	3,454,781
Liabilities arising from issue debt securities	5,785	1,463	-	7,248	406,902	-	406,902	-	414,150
Corporate income tax payables	-	-	-	-	-	-	-	1,160	1,160
Other liabilities	14,053	6,717	7,888	28,658	3,149	-	3,149	1,448	33,255
Deferred income tax provision	-	-	-	-	-	-	-	33,953	33,953
Provisions	-	-	-	-	-	-	-	52	52
							-		
Total liabilities and equity	**661,145**	**778,877**	**2,182,908**	**3,622,930**	**1,250,823**	**-**	**1,250,823**	**36,613**	**4,910,366**
Capital	-	-	-	-	-	-	-	692,550	692,550
Total liabilities	**661,145**	**778,877**	**2,182,908**	**3,622,930**	**1,250,823**	**-**	**1,250,823**	**729,163**	**5,602,916**
Liquidity gap	**740,850**	**(637,753)**	**(2,059,294)**	**(1,956,197)**	**(687,263)**	**3,192,396**	**2,505,133**	**(548,936)**	**-**

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

Items of the statement of financial position	On demand	from 1 to 3 months inclusive	from 3 months to 1 year inclusive	Total, up to 12 months	more than 1 up to 5 years inclusive	over 5 years	Total
Financial liabilities:							
Amounts due to central bank	-	-	-	-	-	-	-
Amounts due to other banks and financial institutions	-	-	20,000	20,000	-	-	20,000
Derivative financial instruments*	119	924	-2,797	(1,754)	1,715	-	(39)
Amounts due to customers	1,791,863	1,369,021	2,323,581	5,484,465	2,823,285	-	8,307,750
Liabilities arising from issue of debt securities	4,904	1,455	339,540	345,899	87,553	-	433,452
Total undiscounted financial liabilities	**1,796,886**	**1,371,400**	**2,680,324**	**5,848,610**	**2,912,553**	**-**	**8,761,163**

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

Derivative financial instruments	On demand	from 1 to 3 months inclusive	from 3 months to 1 year inclusive	Total, up to 12 months	more than 1 up to 5 years inclusive	over 5 years	Total
Derivative financial instruments – inflows	26,766	374,799	132,267	533,832	107,951	-	641,783
Derivative financial instruments – outflows	(26,885)	(375,723)	(129,470)	(532,078)	(109,666)	-	(641,744)
Total undiscounted liabilities in respect of derivative financial instruments	**(119)**	**(924)**	**2,797**	**1,754**	**(1,715)**	**-**	**39**

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

Items of the statement of financial position	On demand	from 1 to 3 months inclusive	from 3 months to 1 year inclusive	Total, up to 12 months	more than 1 up to 5 years inclusive	over 5 years	Total
Financial liabilities:							
Amounts due to other banks and financial institutions	2,410	131,528	357,503	491,441	20,000	-	511,441
Derivative financial instruments	81,795	128,958	175,796	386,549	37,425	-	423,974
Amounts due to customers	593,483	504,173	1,678,446	2,776,102	986,929	-	3,763,031
Liabilities arising from issue of debt securities	6,650	7,980	32,365	46,995	430,552	-	477,547
Total undiscounted financial liabilities	**684,338**	**772,639**	**2,244,110**	**3,701,087**	**1,474,906**	**-**	**5,175,993**

4. Credit and market risk as at 31 December 2009:

instruments reported in the statement of financial position (SFP)

Type of instrument	Book value PLN '000	Risk weighed value PLN '000
Balances with central bank	239,979	0
Receivables	7,235,620	5,434,335
Debt securities	1,128,836	0
Other securities, shares	68,525	68,252
Fixed assets	35,521	35,521
Other	390,308	105,101
Total banking portfolio	**9,098,789**	**5,643,209**
Total instruments reported in SFP	**9,098,789**	**5,643,209**

off-balance sheet instruments

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

Other off-balance sheet instruments – banking portfolio

Type of instrument	Off-balance sheet value PLN '000	Credit equivalent value PLN '000	Risk weighed value PLN '000
Credit lines	323,612	161,806	124,182
Guarantees granted	2,376	1,188	927
Total banking portfolio	**325,988**	**162,994**	**125,109**

	Book value and off-balance sheet value	Risk weighed value	Capital requirement
Total bank portfolio (credit risk)	**9,676,064**	**5,886,981**	**470,958**

Capital requirements for trading portfolio (market risk)	Total net short positions	Total net long positions	Capital requirement
Market risk	-	-	-
including:			
Currency risk	-	-	-
Commodity price risk	-	-	-
Equity price risk	-	-	-
Debt instrument specific risk	-	-	-
Interest rate general risk	-	-	-
Settlement risk – delivery and contractor	-	-	-
Underwriting risk	-	-	-
Other	-	-	-
Total capital requirement			**470,958**

5. Credit and market risk as at 31 December 2008

instruments reported in the statement of financial position (SFP)

Type of instrument	Book value PLN '000	Risk weighed value PLN '000
Balances with central bank	83,762	-
Receivables	4,790,298	3,240,126
Debt securities	477,241	806
Other securities, shares	169	254
Fixed assets	24,692	24,692
Other	226,754	44,163
Total banking portfolio	**5,602,916**	**3,310,041**
Total instruments reported in SFP	**5,602,916**	**3,310,041**

off-balance sheet instruments

Type of instrument	Replacement cost PLN '000	Book value equivalent PLN '000	Risk weighed value PLN '000
Credit lines	227,511	113,756	88,010
Guarantees granted	692	346	290
Total banking portfolio	**228,203**	**114,102**	**88,300**

	Book value and off-balance sheet value	Risk weighed value	Capital requirement
Total banking portfolio (credit risk)	**5,914,087**	**3,429,951**	**274,396**

Capital requirements for trading portfolio (market risk)	Total net short positions	Total net long positions	Capital requirement
Market risk	**-**	-	-
including:			
Currency risk	-	-	-
Commodity price risk	-	-	-
Equity price risk	-	-	-
Debt instrument specific risk	-	-	-
Interest rate general risk	-	-	-
Settlement risk – delivery and contractor	-	-	-
Underwriting risk	-	-	-
Currency risk	-	-	-
Total capital requirement			**274,396**

6. Operating risk

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

- internal fraud,
- external fraud,
- personnel and health and safety practices,
- customers, products and business practice,
- physical damage of assets,
- business interruptions and system failures,
- carrying out transactions, delivery and process management.

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

- Identification and estimation of operating risk in all banking products, operations, processes and systems. Making sure that before new products, processes and systems are presented or implemented in the Group's structures, the operating risk resulting from them is appropriately assessed.
- Assessment by ultimately implementing a "self-assessment" system, and, on a current basis, through risk ratios which indicate and estimate the influence of operating risk on the Bank's losses, on the basis of historical data on such losses (tracking and registering significant information on single loss-bringing events). The historical data cover the period from the effective date of internal regulations on operating risk. The assessment process has an auxiliary function in:
  - prioritising hazards,
  - determining the appropriate access levels,
  - testing security gaps.

- Creating a database of losses based on the registered single loss-bringing events. Each event entered in the database is described on the appropriate gravity level.
- Monitoring via receiving regular reports from relevant units, functional groups, departments and internal audit carrying out periodical audits of operational risk (including, among others, setting identification criteria for particular types of events and incidents, providing access to knowledge and training for personnel).
- Reporting on the extent of the Bank's exposure to losses from operational risk and events taking place. Reports are generated quarterly and submitted to the Bank's Supervisory Board, Management Board and Internal Audit.

As far as the operating risk management issues are concerned, the Group follows regulations contained in Recommendation M, which deals with the operating risk management in banks. The method of calculating capital requirement for operational risk is described in Note X, paragraph 30.

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

The changes to the composition of the Bank's Management Board were made after the end of the year - the detailed information is presented in Section V – General Information hereto.

On 4 January 2010, the Bank was informed that the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register, issued a decision pursuant to which, on 4 January 2010, the merger of Noble Bank S.A. and Getin Bank S.A. was registered in the Register of Entrepreneurs of the National Court Register under the name of Getin Noble Bank S.A. The foregoing has been described in details in Section V – General Information and in Note X.29 hereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(figures in PLN '000)

STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 31 December 2009	Capital Group of Noble Bank S.A.	Capital Group of Getin Bank S.A.	Adjustments	Consolidated data
Interest income	481,186	2,122,989	(8,647)	2,595,528
Interest expense	461,184	1,358,773	(8,656)	1,811,301
Gain (loss) on interest	**20,002**	**764,216**	**9**	**784,227**
Fee and commission income	493,763	426,372	(3,822)	916,313
Fee and commission expense	66,293	77,387	(3,312)	140,368
Gain (loss) on fee and commission	**427,470**	**348,985**	**(510)**	**775,945**
Dividend income	171	2,141	-	2,312
Gain (loss) on financial instruments measured at fair value	(37,394)	156,308	-	118,914
Gain (loss) on other financial instruments	(2,225)	(5)	-	(2,230)
Foreign exchange gain (loss)	13,702	95,031	-	108,733
Other operating income	9,013	61,951	(3,157)	67,807
Other operating expense	12,129	37,252	(112)	49,269
Other operating net income and expense	**-28,862**	**278,174**	**(3,045)**	**246,267**
Net impairment of loans and leases	(12,745)	(797,006)	2,001	(807,750)
General administrative costs	261,391	427,361	(991)	687,761
Profit/loss from operating activities	144,474	167,008	(554)	310,928
Gross profit	**144,474**	**167,008**	**(554)**	**310,928**
Income tax	(30,439)	27,828	(105)	(2,716)
Net profit	174,913	139,180	(449)	313,644
Other total income				
Financial assets available for sale.	(7,551)	(11,098)	-	(18,649)
Impairment losses on cash security	-	(6,749)	-	(6,749)
Exchange differences from conversion of foreign entities	-	(85)	-	(85)
Income tax on other total income	1,435	3,391	-	4,826
Other total net income	**(6,116)**	**(14,541)**	**-**	**(20,657)**
TOTAL INCOME FOR THE REPORTING PERIOD	**168,797**	**124,639**	**(449)**	**292,987**
Profit allocated to:				
- shareholders of the Parent Company	**170,392**	**138,950**	**(449)**	**308,893**
- minority shareholders	**4,521**	**230**	**-**	**4,751**
Total income allocated to:				
- shareholders of the Parent Company	**164,276**	**124,409**	**(449)**	**288,236**
- minority shareholders	**4,521**	**230**	**-**	**4,751**

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

1. Adjustment of interest income at the amount of PLN -8,647 thousand, which consists of the following elements:

   a) adjustment at the amount of PLN -8,219 thousand due to elimination of the intra-group transactions regarding the interest income from the interbank deposits made,

   b) adjustment at the amount of PLN 9 thousand due to elimination of intra-group transactions regarding the commission expenses on account of Open Finance SA intermediation in the sale of Getin Bank SA loans included in the measurement of loans by Getin Bank S.A., settled in the consolidated statement of comprehensive income of Getin Bank S.A. Capital Group for the period ended 30 June 2009,

   c) adjustment at the amount of PLN -437 thousand due to elimination of intra-group transactions regarding the interest income from financial lease.

2. Adjustment of interest expense at the amount of PLN -8,656 thousand consisting of the following components:

   a) adjustment at the amount of PLN -8,219 thousand due to elimination of intra-group transactions regarding the interest expense of the interbank deposits made,

   b) adjustment at the amount of PLN -437 thousand due to elimination of the intra-group transaction regarding interest income on financial lease.

3. Adjustment of income from fees and commissions amounting to PLN -3,822 thousand consisting of:

   a) Adjustment at the amount of PLN -3,498 thousand due to elimination of intra-group transactions regarding the income of Noble Bank and Open Finance on account of the commission for intermediation in the sale of Getin Bank S.A. products,

   b) adjustment at the amount of PLN -255 thousand due to elimination of intra-group transactions regarding insurance commissions,

   c) adjustment at the amount of PLN -69 thousand due to elimination of intra-group transactions regarding the commission on the guarantees granted and other banking operations.

4. Adjustment of the costs due to commissions and fees at the amount of PLN -3,312 thousand consisting of the following elements:

   a) Adjustment at the amount of PLN -2,570 thousand due to elimination of intra-group transactions regarding the intermediation in the sale of Getin Bank S.A. products by Noble Bank S.A.,

   b) adjustment at the amount of - PLN 365 thousand n account of elimination of intra-group transactions regarding Open Finance costs due to intermediation in the sale of Getin Bank S.A. credits, which are included in the valuation of credits and receivables;

   c) adjustment at the amount of PLN -334 thousand due to elimination of intra-group transactions regarding the intermediation in the settlement of credit card transactions,

   d) adjustment at the amount of PLN -43 thousand due to elimination of intra-group transactions regarding the commissions on granted guarantees

5. Adjustment of other operating income at the amount of PLN -3,157 thousand consisting of the following elements:

   a) adjustment at the amount of PLN -2,001 thousand due to the receivables sold,

   b) adjustment at the amount of PLN -334 thousand due to elimination of intra-group transactions regarding intermediation in the settlement of credit transactions,

   c) adjustment at the amount of PLN-81 thousand due to elimination of intra-group transactions regarding debt collection

   d) adjustment at the amount of PLN -666 thousand due to elimination of intra-group transactions regarding general administration costs (lease, rental)

   e) adjustment at the amount of PLN -44 thousand due to elimination of intra-group transactions regarding other operating expenses

   f) adjustment at the amount of PLN -31 thousand due to elimination of intra-group transactions regarding material costs

6. Adjustment of other operating costs at the amount of PLN -112 thousand consisting of the following elements:

   a) adjustment at the amount of PLN -81 thousand due to debt collection

   b) adjustment at the amount of PLN -31 thousand regarding intra-group elimination of intra-group transactions regarding material costs

7. Adjustment of the result on impairment of loans and off-balance sheet liabilities at the amount of PLN 2 001 thousand due to receivables sold
8. Adjustment of general administration costs at the amount of PLN -991 thousand consisting of the following elements:

   a) adjustment at the amount of PLN -255 thousand due to elimination of intra-group transactions regarding insurance commissions

   b) adjustment at the amount of PLN -26 thousand due to elimination of intra-group transactions regarding bank commissions

   c) adjustment at the amount of PLN -44 thousand due to elimination of intra-group transactions regarding operating expenses

   d) adjustment at the amount of PLN -666 thousand due to elimination of intra-group transactions regarding general administration costs (lease, rental)

(figures in PLN '000)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2009	Capital Group of Noble Bank S.A	Capital Group of Getin Bank S.A	Adjustments	Consolidated data
ASSETS				
Cash, balances with central bank	239,979	669,025	-	909,004
Amounts due from banks and financial institutions	496,949	572,613	(241)	1,069,321
financial assets held for trade	42	-	-	42
Derivative financial instruments	126,382	219,563	-	345,945
Loans to customers	6,738,671	18,829,021	(554)	25,567,138
Financial lease receivables	-	570,951	(3,148)	567,803
Financial assets	1,197,361	2,651,925	-	3,849,286
available for sale	1,197,361	2,651,925	-	3,849,286
Intangible assets	132,310	88,167	-	220,477
Tangible fixed assets	27,064	110,477	-	137,541
Income tax assets	27,492	197,606	105	225,203
Current income tax assets	8,288	-	-	8,288
Deferred income tax assets	19,204	197,606	105	216,915
Other assets	104,082	109,797	(2,755)	211,124
Tangible fixed assets assumed for sale	8,457	16,157	-	24,614
TOTAL ASSETS	9,098,789	24,035,302	(6,593)	33,127,498
LIABILITIES AND EQUITY				
Liabilities				
Amounts due to other banks and financial institutions	19,695	717,824	-	737,519
Derivative financial instruments	28,562	24,451	-	53,013
Amounts due to customers	7,708,583	20,528,202	(241)	28,236,544
Liabilities arising from issue of debt securities	412,206	488,765	-	900,971
Current income tax payables	510	12,259	-	12,769
Other liabilities	144,077	148,790	(5,903)	286,964
Provision for deferred income tax	0	77	-	77
Provisions	52	5,868	-	5,920
TOTAL LIABILITIES	8,313,685	21,926,236	(6,144)	30,233,777
Equity (attributable to Bank shareholders)				
Share capital	215,178	349,856	388,729	953,763
Treasury shares at nominal value	(2,635)	-	-	(2,635)
Retained earnings	172,396	143,113	(449)	315,060
Other capitals	398,412	1,614,578	(388,729)	1,624,261
Minority interests	1,753	1,519	-	3,272
Total equity	785,104	2,109,066	(449)	2,893,721
TOTAL LIABILITIES AND EQUITY	9,098,789	24,035,302	(6,593)	33,127,498

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

1. Adjustment of amounts due other the banks and financial institutions at the amount of PLN -241 thousand due to elimination of intra-group transactions regarding current accounts.
2. Adjustment of the loans granted to the customers at the amount of PLN -554 thousand due to elimination of intra-group transactions regarding the unsettled commission expenses from intermediation of Open Finance S.A. in the sale of Getin Bank S.A. loans included in the measurement of loans by Getin Bank S.A.
3. Adjustment of the financial lease receivables at the amount of PLN -3,148 thousand due to elimination of intra-group transactions regarding the leasing agreements,

4. Adjustment of the deferred income tax asset at the amount of PLN 105 thousand as result of elimination of intra-group transactions regarding the intermediation of Open Finance S.A. in the sale of Getin Bank S.A. loans
5. Adjustment of other assets at the amount of PLN -2,755 thousand regarding the intra-group trade receivables
6. Adjustment of amounts due to customers at the amount of PLN -241 thousand due to elimination of intra-group transactions regarding the current accounts.
7. Adjustment of other liabilities at the amount of PLN -5,903 thousand consisting of the following elements: PLN -3,333 thousand due to elimination of intra-group transactions regarding lease agreements and PLN -2,570 thousand regarding trade liabilities
8. Adjustment of share capital at the amount of PLN 388,729 thousand consisting of the following elements:

   a) adjustment at the amount of PLN 738,585 thousand resulting from the increase - as a result of the combination 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 (one) each, dedicated for the shareholders of Getin Bank S.A.,

   b) adjustment at the amount of PLN -349,856 thousand resulting from the elimination of the share capital of Getin Bank S.A. as result of the application of the pooling of interests method
9. Adjustment of other capital at the amount of PLN -388,729 thousand consisting of the following elements:

   a) adjustment at the amount of 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 (one) each, dedicated for the shareholders of Getin Bank S.A.

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

(figures in PLN '000)

Signatures of all Members of the Management Board

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