Noble Bank S.A.

Annual Financial Statement

for the financial year ended 31 December 2007,

prepared in accordance with

International Financial Reporting Standards

SELECTED FINANCIAL FIGURES

	in PLN '000		in EUR '000	
	1 Jan.2007 – 31 Dec. 2007	**1 Jan.2006 – 31 Dec. 2006**	**1 Jan.2007 – 31 Dec. 2007**	**1 Jan.2006 - 31 Dec. 2006**
Interest income	69,025	24,661	18,276	6,325
6,325Fee and commission income	27,595	2,856	7,306	732
Result from operating activities	110,188	47,038	29,175	12,064
Net profit	93,374	38,435	24,723	9,857
Cash flows from operating activities	(472,849)	38,155	(125,198)	9,786
Net cash flows from investing activities	(2,971)	(57,217)	(787)	(14,674)
Net cash flows from financing activities	499,486	(276)	132,251	(71)
Total net cash flows	23,666	(19,338)	6,266	(4,960)
	31 Dec. 2007	**31 Dec.2006**	**31 Dec. 2007**	**31 Dec.2006**
Total assets	2,019,558	464,092	563,807	121,15
Total liabilities	1,536,979	229,781	429,084	59,976
Amounts due to other banks and financial institutions	194,374	80,027	54,264	20,888
Amounts due to customers	956,686	114,562	267,082	29,902
Total equity	482,579	234,311	134,723	61,159
Share capital	215,178	200,178	60,072	52,249
Number of shares	215,178,156	200,178,156	215,178,156	200,178,156
Solvency ratio	21.4%	51.3%	21.4%	51.3%

CONTENTS

(Figures in PLN'000)

Notes 5 – 18 to these financial statements are attached as pages 8 – 96 and form an integral part of this statement.

I. PROFIT & LOSS ACCOUNT
for the financial year ended 31 December 2007

Continuing operations	Additional Information	1 Jan.2007 – 31 Dec.2007	1 Jan.2006 – 31 Dec.2006
I. Interest income	1	69,025	24,661
II. Interest expense	1	-36,515	-47
III. Net interest income		32,510	24,614
IV. Fee and commission income	2	27,595	2,856
V. Fee and commission expense	2	-10,019	-500
VI. Net fee and commission income		17,576	2,356
VII. Result from financial instruments measured at fair value through profit and loss	3	5,454	0
VIII. Result from other financial instruments	4	3,199	-1
IX. Foreign exchange result	5	45,832	2,567
X. Other operating income	6	26,986	16,188
XI. Other operating expense	6	-4,426	-1,336
XII. Other net operating income and expense		77,045	17,418
XIII. Net impairment of loans and leases	9	17,595	19,323
XIV. General administrative costs	7	-34,538	-16,673
XV. Result from operating activities		110,188	47,038
XVI. Gross profit		110,188	47,038
XVII. Income tax	11	-16,814	-2,791
XVIII. Net profit from continuing operations		93,374	44,247

Discontinued operations			
Loss from discontinued operations	8	0	-5,812
XIX.Net profit		93,374	38,435

Notes 5 – 18 to these financial statements are attached as pages 8 – 96 and form an integral part of this statement.

II. BALANCE SHEET
as at 31 December 2007

	Additional Information	31 Dec.2007 in PLN'000	31 Dec.2006 in PLN'000
ASSETS			
Cash and balances with central bank	13	25,965	1,764
Amounts due from banks	14	618,056	166,948
Derivative financial instruments	15	18,003	0
Loans to customers	16	1,185,650	141,941
Financial instruments available for sale	17	52,445	37,073
Investments in subordinated entities	20	89,537	91,299
Intangible assets	22	2,968	1,832
Tangible fixed assets	21	8,807	2,884
Income tax assets, including:		10,144	7,506
Current income tax assets		2,291	0
Deferred income tax assets	11	7,853	7,506
Other assets	24	7,922	5,177
Fixed assets for sale	23	61	7,668
TOTAL ASSETS		**2,019,558**	**464,092**
LIABILITIES & EQUITY			
Liabilities			
Amounts due to other banks and financial institutions	25	194,374	80,027
Derivative financial instruments	15	1,197	0
Amounts due to customers	26	956,686	114,562
Issue of debt securities	27	353,911	0
Other liabilities	29	8,196	7,167

(Figures in PLN'000)

Provision for deferred tax	11	15,478	5,243
Provisions	28	7,137	22,782
TOTAL LIABILITIES		**1,536,979**	**229,781**
Equity		**482,579**	**234,311**
Share capital	30	215,178	200,178
Retained earnings or loss		955	-4,760
Net profit		93,374	38,435
Other capital	30	173,072	458
Total equity		**482,579**	**234,311**
TOTAL LIABILITIES & EQUITY		**2,019,558**	**464,092**

III. STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2007

			Other Capital			Total Equity
	Share Capital	**Retained Earnings (Loss)**	**Supplementary Fund**	**Revaluation Reserve**	**Net Profit**	
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**
As at 1 January 2007	**200,178**	**-4,760**	**736**	**-278**	**38,435**	**234,311**
Revaluation of financial assets available for sale less deferred tax	**0**	0	0	278	0	278
Net profit (loss) recognised in equity	**0**	**0**	**0**	**278**	**0**	**278**
Net profit for the reporting period	**0**	**0**	**0**	**0**	**93,374**	**93,374**
Total income and expense recognised	0	**0**	**0**	**278**	**93,374**	**93,652**
Issue of shares	15,000	0	142,500	0	0	157,500
Cost of issue of shares	0	0	-2,884	0	0	-2,884
Distributed profit (covered loss) for the previous reporting period	0	5,715	32,720	0	-38,435	0
As at 31 December 2007	**215,178**	**955**	**173,072**	**0**	**93,374**	**482,579**

Notes 5 – 18 to these financial statements are attached as pages 8 – 96 and form an integral part of this statement.

	Share Capital	Retained Earnings (Loss)	Other Capital			Total Equity
			Supplementary Fund	**Revaluation Reserve**	**Net Profit (loss)**	
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**
As at 1 January 2006	**200,178**	**8,334**	**44**	**-205**	**-12,404**	**195,947**
Revaluation of financial assets available for sale less deferred tax	0	0	0	-73	0	-73
Retained earnings (loss) carried forward to supplementary fund	**0**	**-691**	**691**	**0**	**0**	**0**
Net profit (loss) recognised in equity	**0**	**-691**	**691**	**-73**	**0**	**-73**
Net profit for the reporting period	**0**	**0**	**0**	**0**	**38,435**	**38,435**
Total income and expense recognised	**0**	**-691**	**691**	**-73**	**38,435**	**38,362**
Loss for the previous period carried forward to retained earnings (loss)	0	-12,404	0	0	12,404	0
Other	0	1	1	0	0	2
As at 31 December 2007	**200,178**	**-4,760**	**736**	**-278**	**38,435**	**234,311**

Notes 5 – 18 to these financial statements are attached as pages 8 – 96 and form an integral part of this statement.

IV. CASH FLOW STATEMENT for the financial year ended 31 December 2007

	Additional Information	1 Jan.2007 - 31 Dec.2007 PLN'000	1 Jan.2006 - 31 Dec.2006 PLN'000
Cash flows from operating activities			
Net profit		93,374	38,435
Total adjustments	XII	-566,223	-280
Amortisation and depreciation		1,615	1,357
Profit (loss) on investing activities		-4,068	15,107
Change in amounts due from banks		-451,644	347,229
Change in derivative financial instruments (asset)		-18,003	0
Change in loans to customers		-1,043,709	-124,223
Change in financial instruments available for sale		0	0
Change in deferred tax assets		-347	0
Change in other assets and other liabilities		-3,945	-2,035
Change in amounts due to other banks and financial institutions		114,347	80,027
Change in derivative financial instruments (liability)		1,197	0
Change in amounts due to customers		842,124	-274,953
Change in liabilities from issue of debt securities		3,911	0
Change in provisions and in provision for deferred income tax		-5,410	-28,359
Other adjustments		0	-14,430
Income tax paid		-9,217	0
Current tax liability		6,926	0
Net cash from operating activities		**-472,849**	**38,155**
Cash flows from investing activities			
Investing inflows		**1,548,325**	**38,090**
Sale of shares in subordinated entities	V	150	0
Sale of investment securities		1,529,060	30,819
Sale of intangible and tangible fixed assets, securities		4,795	6,781
Sale of fixed assets available for sale		11,770	0
Interest received		2,550	391
Investing outflows		**-1,551,296**	**-98,307**
Purchase of shares in subordinated entities		0	-91,299
Purchase of investment securities		-1,544,432	0
Purchase of intangible and tangible fixed assets		-6,864	-4,008
Net cash used in investing activities		**-2,971**	**-57,217**
Cash flows from financing activities			
Issue of shares		154,616	0
Issue of debt securities		350,000	0
Interest paid		5,130	-276
Net cash from (used in) financing activities		**499,486**	**-276**
Change in net cash and cash equivalents		23,666	-19,338
Opening balance of cash and cash equivalents		4,243	23,581
Closing balance of cash and cash equivalents	**32**	**27,909**	**4,243**
including cash and cash equivalents in restricted use	32	24,226	536

Notes 5 – 18 to these financial statements are attached as pages 8 – 96 and form an integral part of this statement.

(Figures in PLN'000)

V. GENERAL

This financial statement covers the financial year ended 31 December 2007 and contains comparative figures for the year ended 31 December 2006.

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

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

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

The duration of the Company is indefinite.

As at 31 December 2007, the Company's Management Board consisted of the following persons:

Henryk Pietraszkiewicz	-	Chairman of the Management Board
Jarosław Augustyniak	-	Deputy Chairman of the Management Board
Maurycy Kuhn	-	Member of the Management Board
Krzysztof Spyra	-	Member of the Management Board

On 7 February 2007, Mr Dariusz Kozłowski resigned as a member of the Management Board with effect from 28 February 2007.

As at 31 December 2007, the Company's Supervisory Board consisted of the following persons:

Piotr Stępniak	-	Chairman of the Supervisory Board
Marek Ryszard Kaczałko	-	Deputy Chairman of the Supervisory Board
Michał Kowalczewski	-	Member of the Supervisory Board
Dariusz Niedośpiał	-	Member of the Supervisory Board
Remigiusz Baliński	-	Member of the Supervisory Board

Mr Remigiusz Baliński was appointed as member of the Supervisory Board on 7 March 2007.

On 22 January 2008, Mr Piotr Stępniak resigned as a member of the Bank's Supervisory Board. On 6 March 2008, Mr Krzysztof Rosiński was appointed as Chairman of the Bank's Supervisory Board. These events are also described in Note 18 to these financial statements.

On 6 March 2008, this financial statement was approved by the Company's Management Board for publication.

The controlling entity of Noble Bank S.A. is Getin Holding S.A, which is controlled in Mr Leszek Czarnecki.

(Figures in PLN'000)

Objects of the Bank

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

In 2007, the Bank continued its restructuring process with regard to debt collection, commenced as part of the Reorganisation Procedure Programme in 2003. The Bank continued its strategy, launched in 2006, of building a private-banking platform. Noble Bank's business model involves distributing both the Bank's own products and products designed by other financial institutions. Services offered by Noble Bank include financial advisory services, investment advisory services, real property advisory services and tax advisory services. Some of these services are outsourced to external companies. The Bank's services are targeted at customers with high requirements and above-average wealth. In 2007, the Bank opened 6 new branches in the following cities: Poznań, Wrocław, Katowice, Krakow, Gdańsk and Warsaw.

Investments

The Bank holds shares in the following subsidiaries:

Name	Registered Office	Basic Line of Business	Percentage Share	
			31 Dec.2007	31 Dec.2006
Open Finance S.A.	ul.Wołoska 17, Warszawa (Warsaw)	financial intermediation	100%	100%
Noble Funds TFI S.A.	ul.Wołoska 17, Warszawa (Warsaw)	investment fund management	70%	100%

As at the 31 December 2007 and 31 December 2006, the Bank's share of the total number of voting rights in its subsidiaries is equal to the Bank's share in the share capital of the same subsidiaries.

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

On 31 March 2006, an investment agreement was signed between Wschodni Bank Cukrownictwa S.A. (now Noble Bank S.A.) and Mariusz Staniszewski and Mariusz Błachut ("Managing Partners") under which they were entrusted with establishing and managing *Towarzystwo Funduszy Inwestycyjnych Noble Funds TFI S.A.* ("Noble Funds"). Under the agreement, the Managing Partners agreed to contribute and use all of their experience, knowledge and skills necessary to establish and manage Noble Funds. In return, the Bank agreed to transfer to the Managing Partners, upon satisfaction of specified conditions, the rights to shares in Noble Funds, representing 30% of its share capital.

On 28 June 2007, an agreement was executed between Noble Bank S.A. and Mariusz Staniszewski for the sale of a 9.9% stake in Noble Funds TFI S.A. for an amount of PLN 49.5 thousand. In addition, under the said agreement, a 3.1% stake in Noble Funds TFI S.A. was sold for PLN 15.5 thousand. The sale was conditional on the buyer being notified by the Polish Financial Supervision Authority (KNF) of its approval of the acquisition by the buyer of shares in Noble Funds TFI. S.A. in such a number that the buyer would achieve or exceed a 10% share of the voting rights at Noble Funds TFI S.A.'s general shareholders meetings, such notification to be received by the buyer within 2 months of notifying the said authority of the buyer's intention to acquire such a stake. Under the said agreement, Noble Bank S.A. recognised, as at 30 June 2007, a sale of a 9.9% stake in Noble Funds TFI S.A. As the Polish Financial Supervision Authority made no objections to the aforementioned additional acquisition of a 3.1% stake in Noble Funds TFI S.A., a sale of a total of 13% of shares in Noble Funds TFI S.A. was recognised in the financial statement for the period ended 31 December 2007.

On 28 June 2007, an agreement was executed between Noble Bank S.A. and Mariusz Błachut for the sale of a 9.9% stake in Noble Funds TFI S.A. for an amount of PLN 49.5 thousand. In addition, under the said agreement, a 3.1% stake in Noble Funds TFI S.A. was sold for PLN 15.5 thousand.

The sale was conditional on the buyer being notified by the Polish Financial Supervision Authority (KNF) of its approval of the acquisition by the buyer of shares in Noble Funds TFI. S.A. in such a number that the buyer would achieve or exceed a 10% share of the voting rights at Noble Funds TFI S.A.'s general shareholders meetings, such notification to be received by the buyer within 2 months of notifying the said authority of the buyer's intention to acquire such a stake. Under the said agreement, Noble Bank S.A. recognised, as at 30 June 2007, a sale of a 9.9% stake in Noble Funds TFI S.A. As the Polish Financial Supervision Authority made no objections to the aforementioned additional acquisition of a 3.1% stake in Noble Funds TFI S.A., a sale of a total of 13% of shares in Noble Funds TFI S.A. was recognised in the financial statement for the period ended 31 December 2007.

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On 28 June 2007, an agreement was executed between Noble Bank S.A. and Ms Sylwia Magott for the sale of a 2% stake in Noble Funds TFI S.A. for an amount of PLN 10.0 thousand.

On 28 June 2007, an agreement was executed between Noble Bank S.A. and Mr Paweł Hominski for the sale of a 2% stake in Noble Funds TFI S.A. for an amount of PLN 10.0 thousand.

Under the investment agreement of 31 March 2006 between Noble Bank S.A. and the private individuals being shareholders in Noble Funds TFI S.A. as at 31 December 2007, 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 Noble Funds TFI S.A. The purchase price will depend on Noble Funds TFI S.A.'s operation, on the net value of its assets, on its financial results as at the date of exercising the option and on its financial results for the 12 months preceding the date of exercising the option.

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

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

As at 31 December 2007 and 31 December 2006, the Bank did not have any investments in any co-dependent entities[1]or affiliated entities.

Translator's note:
[1] in Polish, *jednostka współzależna:* A corporation or other entity that is co-controlled by a controlling entity or a significant investor *and* other shareholders under Articles of Association, a Memorandum of Association or an agreement executed for a period longer than one year.

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

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

This financial statement has been prepared based on the assumption that the Company will continue its operations in the foreseeable future, i.e. for a period of 12 months from the balance sheet date. As at the date of this financial statement, no circumstances were identified which could threaten the continuity of the Company's operations.

The Company has also prepared a financial statement of Grupa Kapitałowa Noble Bank S.A.'s for the financial year ended 31 December 2007, covering Noble Bank S.A. and its subordinated entities. The said financial statement has been prepared in accordance with International Financial Reporting Standards and on 6 March 2008 was approved for publication. In the consolidated financial statement, the full consolidation method was used. In this financial statement (Noble Bank's financial statement), the Bank's investments in subordinated entities are presented at purchase cost less impairment losses. As at the balance sheet date, no evidence of impairment of such investments existed.

VII. ACCOUNTING POLICY

1. Statement of compliance with International Financial Reporting Standards

This financial statement has been prepared in accordance with International Financial Reporting Standards ("IFRS") approved by the EU. As at the date of approval of this financial statement for publication, taking into account both the continuing process of implementing IFRS within the EU and the Company's activities, no differences exist between the IFRS in effect and the IFRS approved by the EU with regard to the Company's accounting principles.

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

2. Currency of measurement and presentation

The currency of measurement and presentation used in this financial statement is the Polish *zloty*.

3. Changes to the accounting principles

Shown below are new or amended IFRS standards and new IFRIC interpretations adopted by the Company in the reporting period. Their adoption did not affect this financial statement.

IAS 1 Presentation of Financial Statements – Capital Disclosures
The Company adopted the amended IAS standard. New capital disclosures are presented in Note 15 – Capital Management.

IFRS 7 Financial Instruments: Recognition and Measurement
The Company adopted IFRS 7. The most significant changes were made to Note 16 (Loans to customers by loan type) and Note 18 (Classification of financial instruments).

IFRIC 7 Applying the Restatement Approach under IAS 29, *Financial Reporting in Hyperinflationary Economies*.
The Company adopted the IFRIC 7 interpretation. Its adoption did not affect the Company's financial statement.

IFRIC 8 Scope of IFRS 2.
The Company adopted the IFRIC 8 interpretation. The Company reviewed those transactions which involved issue of shares (or whereby the Company incurred a liability based on the value of equity instruments) as payment for the goods or services received. As a result of the review, no transactions were identified which would have to be recognised differently due to the adoption of the IFRIC 8 interpretation.

IFRIC 9 Reassessment of Embedded Derivatives
The Company adopted the IFRIC 9 interpretation. IFRIC 9 concludes that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract. The adoption of the IFRIC 9 interpretation did not result in any significant changes to the recognition of embedded derivatives held by the Company.

4. New standards and interpretations that have been issued but which are not yet effective

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

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

(Figures in PLN'000)

- IAS 23 Borrowing Costs (amended in March 2007, applicable to annual periods beginning on or after 1 January 2009, not approved by the EU until the date of approval of this financial statement)
- IFRIC 11 Group and Treasury Share Transactions (applicable to annual periods beginning on or after 1 March 2007)
- IFRIC 12 Service Concession Arrangements (applicable to annual periods beginning on or after 1 January 2008, not approved by the EU until the date of approval of this financial statement)
- IFRIC 13 Customer Loyalty Programmes (applicable to annual periods beginning on or after 1 July 2008, not approved by the EU until the date of approval of this financial statement)
- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (applicable to annual periods beginning on or after 1 January 2008, not approved by the EU until the date of approval of this financial statement)

The Company's Management Board does not expect the above standards and interpretations to have a significant effect on the Company's accounting principles (policy). The Company does not expect to adopt the above standards before the effective dates.

5. Significant accounting principles

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

Conversion of items expressed in foreign currencies

Transactions expressed in foreign currencies are converted to PLN at the exchange rate applicable as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies and recorded at their historical cost are converted to PLN at the average exchange rate of the National Bank of Poland applicable as at the balance sheet date. Any currency exchange gains or losses are recognised in the profit and loss account.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at their historical cost are converted to PLN at the exchange rate applicable at the date of the transaction, and items measured at fair value are converted at the average exchange rate of the National Bank of Poland applicable as at the date of measurement.

Currency exchange differences in respect of non-monetary items measured at fair value through the profit and loss account are recognised in the 'change in fair value' item in the profit and loss account. Currency exchange differences in respect of non-monetary items such as financial assets available for sale are recognised in the revaluation reserve.

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

Currency	31 Dec. 2007	31 Dec.2006
EUR	3.5820	3.8312
USD	2.4350	2.9105
CHF	2.1614	2.3842
GBP	4.8688	5.7063

JPY	0.0217	X

Financial assets and liabilities

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

Recognition of financial instruments

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

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

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

Financial instruments measured at fair value through profit and loss

This category is divided into two subcategories:

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

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

Financial assets held for trading and financial assets designated, when initially recognised, as financial assets measured at fair value through profit and loss are recognised at fair value in the balance sheet.

Derivative financial instruments

Derivative financial instruments not subject to hedge accounting are recognised as at the date of the transaction and measured at fair value as at the balance sheet date.

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

The result of the final settlement of derivative transactions is recognised in the item "Result from financial instruments measured at fair value through profit or loss" or, in the case of foreign-currency financial derivatives (FX swap, FX forward and CIRS transactions), in the item "Foreign exchange result".

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

The fair value of financial instruments in the market is the market price of such instruments, less transaction costs. In other cases, the fair value is determined based on a measurement model inputs to which have been obtained from an active market.

Financial assets held to maturity

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

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

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

Loans and receivables

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

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

Accrued interest and commission income amortised using the effective interest rate method are recognised in the income interest. Commission that is not part of the interest income and that is accounted for using a straight-line method is recognised in the fee and commission income. Impairment losses are recognised in the impairment losses in the profit and loss account.

Financial assets available for sale

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

Financial assets available for sale are measured in the balance sheet at fair value. Changes in the fair value of an asset are carried over to the revaluation reserve until the asset is excluded from the balance sheet, when the cumulative profit or loss recognised in equity is recognised in the profit and loss account. In the case of debt instruments, interest income and discount or premium are recognised in the interest income using the effective interest rate method.

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

Financial liabilities

Financial liabilities are amounts due to banks and customers, loans taken out by the Company and debt securities issued, taking into account the transaction costs.

Financial liabilities not held for trading are recognised in the balance sheet at amortised cost using the effective interest rate method.

Removal from the balance sheet

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

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

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

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

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

A financial liability or part of a financial liability is removed from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any evidence that a financial asset is impaired. If any such evidence exists, the Company determines the amount of impairment losses.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

Loans, repurchased receivables, other receivables

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

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

Impairment losses are recognised in the profit and loss account.

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

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

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

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

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

Repurchased receivables: valuation

The Company assesses the value of repurchased receivables based on discounted expected future cash flows from those receivables. The value of repurchased receivables is re-assessed as at the end of each quarter, taking into account the recoveries from those receivables and possible changes in estimated future cash flows

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

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

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

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

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

As a result of an analysis of the risks involved in the new group of loans, no evidence of impairment has been identified to date. In this situation, the Company only makes provision for potential losses that may have occurred on that group of loans but which have not yet been reported.

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

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

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

In determining the ratio, loss ratios for mortgage loans and financial loans for the entire Polish banking sector were used. The value of the ratio was determined based on claims ratios for mortgage loans for the entire banking sector in Poland. As a result, the value of the ratio that is the basis for making provision for impairment losses on the "new group of loans" was determined at the level of 1% for mortgage loans and 1.5% for financial loans (loans secured with financial assets) as at 31 December 2007.

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

Investments held to maturity

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

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

Financial assets available for sale

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

If the Company identifies objective evidence that an available-for-sale asset is impaired, the amount of the cumulative loss recognised in the revaluation reserve is removed from the revaluation reserve and recognised directly in the profit and loss account, although that asset has not been removed from the balance sheet.

In the case of capital instruments qualified as available for sale, the previously recognised impairment loss is not reversed through the profit and loss account to the amount previously recognised in equity, and the surplus is recognised in the profit and loss account.

In the case of debt instruments available for sale, impairment loss is assessed based on the same criteria as for financial assets measured at amortised cost. When evidence of impairment ceases to exist, the amount of reversed impairment loss is recognised in the profit and loss account.

Offsetting financial instruments

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

Tangible fixed assets and intangible assets

Tangible fixed assets

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

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

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

The useful lives of assets are as shown below:

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

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

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

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

When an asset is overhauled, the cost of overhaul is recognised in tangible fixed assets in the balance sheet if the criteria for such recognition are met.

Intangible assets

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

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

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

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

	Computer software

Useful life	2 – 5 years
Amortisation method	straight-line method
Internally generated or acquired	Acquired
Tested for impairment and reviewing the recoverable value	tested for evidence of impairment annually

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

Tangible assets held for sale and discontinued operations

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

Impairment of tangible assets

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

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

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

Investments in subordinated entities

The Company assesses as at each balance sheet date whether there is objective evidence that an individual investment in subordinated entities is impaired.

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

Cash and cash equivalents

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

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

Accrued expenses and deferred income

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

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

Provisions

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

Employee benefits

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

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

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

Leasing

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

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

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

Equity

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

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

Share capital

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

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

Dividends for a financial year that have been approved by the Company's General Shareholders Meeting but have not been paid as at the balance sheet date are disclosed as 'Other liabilities' in the balance sheet.

Proceeds from sale of shares above their nominal value

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

Proceeds from the sale of shares above their nominal value are recognised in the supplementary fund.

Revaluation reserve

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

Retained earnings

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

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

Share-based payment transactions

Equity-settled transactions

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

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

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

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

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

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

Cash-settled transactions

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

Income

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

Interest income

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

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

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

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

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

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

Deferred fees and commission income includes, for example, loan approval fees, loan fees, loan release fees, fees for backing a loan with additional collateral and similar. Such fees are an integral part of the return generated by the financial instrument concerned. This category also includes fees and charges for changing the terms and conditions of contracts, which modifies the originally calculated effective interest rate. Each significant change to the terms and conditions of a contract for a financial instrument results, in the economic sense, in the financial instrument with the previous characteristics expiring and a financial instrument with new characteristics being established.

This category includes fees for an amendment of a schedule for future cash flow, loan agreement restructuring charges, fees for deferment of loan payments and similar. The types of fees and charges mentioned above are deferred and recognised through profit or loss using the effective interest rate method or the straight-line method, depending on the character of the product.

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

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

Net fee and commission income

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

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

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

Revenue from credit intermediation services

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

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

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

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

- The entity has transferred to the buyer the significant risks and rewards of ownership of the product (the provision by the customer of a loan application form as required by the buyer's bank).
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably. The Company assumes that at least 50 per cent of all the loan applications received by the buyer's bank are closed.

Foreign exchange result

The foreign exchange result is determined taking into account positive and negative exchange rate differences, both realised and unrealised, which result from the daily measurement of FX assets and liabilities at the average National Bank of Poland exchange rate of the Polish currency against a given foreign currency as applicable at the balance sheet date and which affect foreign exchange income and expense.

Other operating income and expenses

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

Dividend income

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

Income tax

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

Deferred tax is recognised with reference to all positive temporary differences

- except when the deferred income tax arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss, and

- in the event of positive temporary differences that arise from investments in subsidiaries or affiliated entities and from participation in joint undertakings, except where the dates of reversal of the temporary differences are subject to the investor's control or where it is probable that the temporary differences will not be reversed in the foreseeable future.

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

- except when the deferred tax assets related to negative temporary differences arise from initial recognition of as asset or liability in a transaction other than a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss, and

- in the event of negative temporary differences that arise from investments in subsidiaries or affiliated entities and from participation in joint undertakings, a deferred tax asset is recognised in the balance sheet only in such an amount in which it is probable that the aforementioned temporary differences will be reversed in the foreseeable future and that the Company generates taxable income sufficient for deduction of the negative temporary differences.

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

Deferred tax assets and deferred tax liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

Contingent liabilities granted

As part of its operations, the Company executes transactions that, at the time of execution, are not recognised in the balance sheet as assets or liabilities, but which result in contingent liabilities.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control;

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

Off-balance sheet liabilities that carry credit risk are provided in accordance with IAS 37.

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

The Company does not apply hedge accounting.

VIII.IMPORTANT FIGURES BASED ON PROFESSIONAL JUDGEMENT AND ESTIMATES

Professional judgement

Classification of leases

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

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

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

Measurement of newly purchased receivables

The value of repurchased receivables based on discounted expected future cash flows from those receivables in subsequent periods, estimated based on the expected recovery rates and current results of debt recovery.

Measurement of restructuring provisions

- Provision for costs of retail sales

In 2002, the Company created a provision for possible claims from instalment sales intermediaries. Although the risk of instalment sale intermediaries winning their claims is decreasing, there is a risk of claims from the intermediaries related to guarantee deposits used as security for the repayment of contracts made by particular intermediaries. For this reason, maintaining the provision until the expiry of the claims. The provision is remeasured at each balance sheet date. It is described in Note 28 to these financial statements.

- Provision for costs of document storage

In 2005, the Company created a provision in connection with the purchase of Wschodni Bank Cukrownictwa (WBC) by Getin Holding and the decision to dispose of the deposits collected by WBC. Those documents for the deposit accounts which were produced by the date of sale of the deposits must be stored for the period of time required by the relevant regulations. The costs of storing the documents have been estimated on the basis of the quantities of the documents, the period of storage and the rates provided in the related contract with an archiving company. The costs of storage are recognised as provision. The provision is described in Note 28 to these financial statements.

- Provision for other identified risks in the Company, resulting from past events

Due to other identified risks in the Company's activities, in 2005 the Company created a provision for other miscellaneous risk. The provision is remeasured at each balance sheet date in accordance with IAS 37. It is described in Note 28 to these financial statements.

<u>Closed-loan ratio</u>

The Company recognises commission income from the loan applications submitted (but for loans not yet paid out) with other financial institutions based on the closed-loan ratio. This ratio is based on historical data for the likelihood of a loan applied for being actually out. This ratio is also used in determining the amount of provision for commission to be paid to Noble Bank advisers for such loans.

IBNR ratio

Due to its short history of providing mortgage loans, Noble Bank's record of observations on changes in the quality of its mortgage loans and financial loans over time is not large enough to enable the Company to estimate the loss ratios based on historical data. As a result, the Bank found it appropriate to apply a ratio at a value - estimated to the best of the Bank's knowledge – that would, in an approximate manner, take into account the anticipated amount of impairment of the Bank's mortgage loans and financial loans. In determining the value of the loss ratio, the Bank used loss-related data for groups of mortgage loans and financial loans for the entire banking sector in Poland. As a result, the value of the ratio used as the basis for creating an impairment allowance for the "new group of loans" was set at 1% for mortgage loans and 1.5% for financial loans.

Investments in subordinated entities

The value of the Company's investments in subordinated entities is tested for impairment annually. The impairment loss is recognised through profit and loss. As at 31 December 2007, no impairment of the Company's investments in subordinated entities was identified.

Uncertainty of estimates

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

Estimates made as at a particular balance sheet date reflect the conditions as at the same date (e.g. currency exchange rates, the central bank's interest rates, market prices).

The assessment of impairment of financial assets as at the balance sheet date was made in conformity with IAS 39, using the pricing model adopted as at the date of switching to IFRS. In building the pricing model for the assessment of impairment of financial assets, the Bank applied the following assumptions:

- The loan portfolio was divided into categories of homogenous loans and a category of individually significant loans.
- The category of homogenous loans were further divided into two categories: loans at risk of impairment and loans at no risk of impairment.
- The value of the portfolio of loans at no risk of impairment was assessed - depending on the product and because no database of historical data was available – using expert indicators.
- The value of the portfolio of loans at risk of impairment was assessed using estimated recover rates.

- For those categories of products for which historical recover rates could not be estimated and because relevant data were not available, expert indicators were applied.

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

Impairment of loans

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

In the opinion of the Company, there is evidence that the entire old group of loans is impaired. The amount of impairment losses has been determined by discounting the expected cash flows in successive periods, estimated on the basis of historical recovery rates for that group of loans and on the basis of the current results of debt recovery. In 2007, based on historical data for cash flows from the recovery of the old group of loans, the expected period of recovery was extended, the discount rate used in discounting future cash flows from debt recovery was increased and the anticipated amount of cash flows in future periods was changed. As a result, the balance sheet value of the old group of loans increased to PLN 20,194 thousand as at 31 December 2006 and to PLN 36,171 thousand as at 31 December 2007.

Fair value of financial instruments

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

Impairment of other fixed assets

The Company assesses, at each balance sheet date, whether there is any evidence that any fixed asset is impaired. If such evidence is identified, the Company assesses the recoverable amount. In estimating the useful value of a fixed asset, the Company makes assumptions about the amounts and dates of future cash flows that the Company may receive from a particular fixed asset as well as assumption about other factors. In estimating the fair value of a fixed asset less the costs of sale of the same asset, the Company uses the available market data in this regard or measurements by independent assessors, which in principle are also based on estimates.

Other estimated figures

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

As regards some of the Company's short-term employee liabilities (bonuses for high-level management), the Company assesses the amount of such benefits as at the balance sheet date. The final amount of such benefits is determined by way of a decision of the Supervisory Board.

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

IX. NOTES TO THE FINANCIAL STATEMENT

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

1. Interest income and expense & similar interest and expense

Interest income	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Income from deposits with other banks	15,626	6,306
Income from loans to customers	50,781	15,414
Income from financial instruments, including	922	2,941
- available-for-sale financial instruments measured at fair value	922	2,941
Interest on obligatory reserve	337	0
Interest on current accounts	1,359	0
Total	**69,025**	**24,661**

Interest expense	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Expense on other banks' deposits	3,150	0
Expense on other financial institutions' deposits	3,177	47
Expense on amounts due to customers	17,706	0
Expense on own issue of debt securities	9,587	0

Interest on loans taken out	2,895	0
Total	**36,515**	**47**

Additional Information	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Interest income including income from financial assets for which permanent impairment loss was recognised	13,148	15,148
Total interest income, calculated using the effective interest rate, in relation to financial assets not measured at fair value through profit and loss	68,103	21,720
Interest expense, calculated using the effective interest rate, in relation to financial liabilities not measured at fair value through profit and loss	36,515	47

Interest income for 2007 and 2006 includes accrued interest not received as at the balance sheet date and interest recorded on a cash basis on receivables at risk of impairment. interest was calculated using the effective interest rate on those receivables for which no evidence of impairment was identified. The most significant interest income item for the Company in 2007 and 2006 was income from loans to customers.

2. Fee and commission income and expense

Fee and commission income	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Income from loans granted	750	40
Income from bank account maintenance	234	694
Income from intermediation services	26,603	2,122
Other income	8	0
Total	**27,595**	**2,856**

Fee and commission expense	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Expense on payment cards	0	28
Expense on loans	13	58

Expense on intermediation services	9,685	348
Expense on payment transactions	36	34
Other expense	281	0
	4	32
Total	**10,019**	**500**

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

The Company recognised an amount of PLN 9,685 thousand as fee and commission expense on its financial intermediation services for 2007 (PLN 348 thousand for 2006).

3. Result from financial instruments measured at fair value through profit and loss

Result from financial assets and liabilities	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Derivative instruments	5,454	0
Total	**5,454**	**0**

Result from financial assets and liabilities measured at fair value through profit and loss from 1 Jan.2007 to 31 Dec.2007	**Profit PLN'000**	**Loss PLN'000**	**Net Profit (Loss)**
Financial assets measured at fair value through profit and loss	6,265	0	6,265
Financial liabilities measured at fair value through profit and loss	0	-811	-811
Total	**6,265**	**-811**	**5,454**

In 2006, the Company did not record any profit or loss from financial instruments measured at fair value through profit and loss.

4. Result from other financial instruments

	1 Jan.2007 – 31 Dec.2007 PLN'000	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Realised profits		
Financial instruments available for sale	3,199	0
Total	**3,199**	**0**
Realised losses		
Other	0	-1

Total	**0**	**-1**
Net realised profit/loss	**3,199**	**-1**

5. Foreign exchange result

Foreign exchange result	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Exchange rate differences from financial instruments measured at fair value through profit and loss account	41,051	0
Exchange rate difference from loans and deposits	4,781	2,567
Total	**45,832**	**2,567**

6. Other operating income and expenses

Other operating income	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Rents		
Sale of products and services	467	0
Other incidental income	321	0
Recovered debt collection costs	307	1,620
Reversal of impairment losses of other assets	542	2,955
Sale or liquidation of non-financial fixed assets	91	106
Release of provisions	4,270	0
Recovery of non-recoverable debt	17,327	10,901
Sale of goods and materials	1,475	0
Operating leases	80	0
Recovered legal fees	71	0
Other income	856	0
	1,179	606
Total	**26,986**	**16,188**

Other operating expenses	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Rent expense	467	0
Damages, penalties and fined paid	124	11

Costs of products, goods and materials sold	67	0
Court and administrative proceedings	31	33
Credit debt collection and monitoring	1,290	567
Incidental expenses	340	0
Receivable write-offs	26	0
Loss on sale of non-financial fixed assets	22	342
Loss on sale of investments	1,733	0
Donations	0	56
Court fees	10	0
Operating lease expense	161	0
Permanent impairment losses of other assets	94	162
Other expenses	61	165
Total	**4,426**	**1,336**

Debt collection-related income included, both in 2007 and 2007, income from the recovery of time-barred debts, cancelled debts, from the refund of the costs of court and court bailiff proceedings, from the refunds of the costs of payment reminders and of other costs related to debt collection.

Income from release of restructuring provisions was generated mostly as a result of adjusting the provision for liquidation of retail sales (PLN 11,929 thousand), adjusting the provision for vindication of claims (PLN 1,434 thousand), releasing the provision for identified risks (PLN 2,595 thousand) and other provisions created in the process of restructuring the Bank, including provision for storage of documents.

7. General administrative costs

General administrative costs	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Employee benefits	17,170	7,729
Use of materials and energy	2,132	935
External services, including:	12,848	6,661
- marketing, representation and advertising services	3,321	1,320
- IT services	952	358
- rental and lease	4,941	2,148
- security services	57	99
- costs of maintenance and repair	199	0
- telecommunications and postal services	1,477	1,404
- legal services	591	327
- advisory services	527	336
- insurance	126	153
- other	657	516
Other material costs	259	283
Fees and taxes	466	281
BFG* contributions	48	30
Amortisation and depreciation	1,615	754
Total	**34,538**	**16,673**

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

Employee benefits	1 Jan.2007 – 31 Dec.2007 PLN'000	1 Jan.2006 – 31 Dec.2006 PLN'000
Remuneration	16,173	7,486
Insurance and other employee benefits	997	243
Total	**17,170**	**7,729**

Amortisation and depreciation	1 Jan.2007 – 31 Dec.2007 PLN'000	1 Jan.2006 – 31 Dec.2006 PLN'000
Continuing operations	1,615	754
Tangible fixed assets	1,162	411
Intangible assets	453	343
Discontinued operations	0	603
Tangible fixed assets – discontinued operations	0	603
Total	**1,615**	**1,357**

8. Result from discontinued operations

Discontinued operations	1 Jan.2007 – 31 Dec.2007 PLN'000	1 Jan.2006 – 31 Dec.2006 PLN'000
Income from discontinued operations	0	1,170
Expense on discontinued operations	0	-6,982
Gross loss from discontinued operations	0	-5,812
Net loss from discontinued operations	0	-5,812

Discontinued operations	1 Jan.2007 – 31 Dec.2007 PLN'000	1 Jan.2006 – 31 Dec.2006 PLN'000
Net cash flows from operating activities	0	-383,711
Total cash flows from discontinued operations	0	-383,711

There were no discontinued operations in 2007.

In 2006, the Company's result from discontinued operations was affected mostly by the following: interest expense on deposits in customers' accounts for sale (The sale covered all of the deposits held by the Bank, excluding the accounts of those customers who did not agree for their deposits to be transferred to another bank. Therefore, 99% of the deposit expense relates to the Bank's discontinued operations); interest income (i.e. income from overdrafts in current accounts at the time of transaction); and the Company's costs of operations, which include the costs of remuneration and other benefits to employee employed at the Bank's branches, the costs of rental and maintenance of buildings (offices) in which the Bank's branches were located, the costs of security services, and the costs of depreciation of the Bank's properties and branch equipment.

(Figures in PLN'000)

9. Impairment losses of financial assets

Year 2007	Loans to Customers			
	Corporate	Residential	Consumer	Total
Opening balance of provisions for impairment losses as at 1 Jan.2007	**46,902**	**649**	**57,066**	**104,617**
Created	8,678	7,795	5,303	-21,776
Released	-4,850	-47	-34,474	-39,371
Change in net provisions as recognised through profit and loss	**3,828**	**7,748**	**-29,171**	**-17,595**
Used – written off	**-1,782**	**710**	**-4,084**	**-5,156**
Closing balance of provisions for impairment losses as at 31 Dec.2007	**48,948**	**9,107**	**23,811**	**81,866**

Year 2006	Loans to Customers			
	Corporate	Residential	Consumer	Total
Opening balance of provisions for impairment losses as at 1 Jan.2006	**49,086**	**0**	**86,237**	**135,323**
Created	2,152	649	449	3,250
Released	-2,788	0	-19,785	-22,573
Change in net provisions as recognised through profit and loss	**-636**	**649**	**-19,336**	**-19,323**
Provisions removed from the balance sheet	**-1,548**	**0**	**-560**	**-2,108**
Other decreases	0	0	-9,275	-9,275
Other net increases/decreases	0	0	-9,275	-9,275
Closing balance of provisions for impairment losses as at 31 Dec.2006	**46,902**	**649**	**57,066**	**104,617**

The creation and release of provisions for impairment losses are the result of the Bank's normal operations. Provisions for impairment losses of loans and receivables measured at amortised cost and reversal of such provisions is included in "Result from impairment losses of financial assets" . The principles relating to impairment losses of investments are described in the summary of significant accounting principles (Section VII, item 5).

As at 31 December 2007 and 31 December 2006, the Company analysed the evidence for impairment of the "old group of loans'. The recoverable amount was determined by discounting the expected cash flows in successive periods on the basis of historical recovery rates for that group of loans and on the basis of the current results of debt recovery. Based on the aforementioned analysis, an impairment loss of "the old group of loans" was reversed in the amount of PLN 15,977 thousand (PLN 16,357 thousand in 2006). In 2007 the Company recovered its receivables classified as "the old group of loans" and released an revaluation reserve of PLN 13,919 thousand (PLN 14,353 thousand in 2006).

10. Gains and losses on financial assets and financial obligations

Net gains and losses recognised through profit and loss

	1 Jan.2007 – 31 Dec.2007 PLN'000	**1 Jan.2006 – 31 Dec.2006 PLN'000**
Loans		
Interest income from loans	50,781	15,414
Interest income from deposits	15,626	6,306
Commission income from loans	750	40
FX income – loans	4,781	2,567

Released impairment losses of loans	39,371	22,573
Created impairment losses of loans	(21,776)	(3,250)
Total net gain on loans	**89,533**	**43,650**

Financial assets available for sale		
Interest income from available-for-sale financial assets	922	2,941
Result from available-for-sale financial assets	3,199	(1)
Total net gain on available-for-sale financial assets	**4,121**	**2,940**

Financial assets measured at fair value through profit and loss		
Gains on financial instruments measured at fair value	5,454	-
FX income – financial instruments measured at fair value through profit and loss	41,051	-
Total net gain on financial assets measured at fair value through profit and loss	**46,505**	**-**

Financial obligations measured at amortised cost		
Interest expense on financial obligations measured at amortised cost	(36,515)	(47)
Commission expense on financial obligations measured at amortised cost	(13)	(58)
Net loss on financial obligations measured at amortised cost	**(36,528)**	**(105)**

Net gain/loss on financial assets	**140,159**	**46,590**
Net gain/loss on financial obligations	**(36,528)**	**(105)**

Profit and loss recognised through equity

	1 Jan.2007 – 31 Dec.2007 PLN'000	1 Jan.2006 – 31 Dec.2006 PLN'000
Net gain on measurement of assets available for sale	278	(73)
Total, including profit and loss recognised in:	**278**	**(73)**
Revaluation reserve	278	(73)

11. Income tax

	1 Jan.2007 – 31 Dec.2007 PLN'000	1 Jan.2006 – 31 Dec.2006 PLN'000
Profit and loss account		
Current income tax	6,926	0
Current tax liability	6,926	0
Deferred income tax	9,888	2,791
Relating to original and reversal of temporary differences	7,844	2,775
Tax loss from previous years	2,044	16
Tax liability shown in the profit and loss account	**16,814**	**2,791**
Current income tax		
Relating to costs of issue of shares	-676	0
Tax liability shown under equity	**-676**	**0**
Total basic tax liabilities	**16,138**	**2,791**

	Balance Sheet		Profit & Loss Account	
	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000	1 Jan.2007 – 31 Dec.2007 PLN'000	1 Jan.2006 – 31 Dec.2006 PLN'000
Deferred tax liability				
A) Recognised through profit or loss	15,478	**5,243**	**10,235**	**-28**
Income to be received relating to loans	**3,767**	878	2,889	104
Tax-based depreciation surplus	159	0	159	0
Measurement of loans	9,523	3,293	6,230	-97
Other	2,029	1,072	957	-35
Gross deferred tax liability	**15,478**	**5,243**	**10,235**	**-28**
Deferred tax asset				
A) Recognised through profit or loss	**7,853**	**7,506**	**347**	**-2,819**
Interest on deposits	2,515	137	2,378	-226
Provisions for anticipated costs and liabilities	1,777	4,085	-2,308	-2,649
Provisions for credit receivables	3,504	953	2,551	-187
Tax loss from previous years	0	2,044	-2,044	-16
Other	57	287	-230	259
Gross deferred tax assets	**7,853**	**7,506**	**347**	**-2,819**
Deferred income tax liability	**X**	**X**	**9,888**	**2,791**
Net deferred tax assets	**-7,625**	**2,263**	**X**	**X**
Net deferred tax liability			**X**	**X**

	1 Jan.2007 – 31 Dec.2007 PLN'000	1 Jan.2006 – 31 Dec.2006 PLN'000
Negative temporary differences, unused tax losses, unused tax credits due to which a deferred tax asset was not recognised in the balance sheet	2,048	33,390

The above temporary differences are due to expire in 2011.
As at 31 December 2006, in calculating the deferred tax asset the Bank did not include a 2006 tax loss of PLN 12,900 thousand. The reason for the decision was that the Bank's Management Board did not identify, as at the balance sheet date, any significant evidence that the 2006 tax loss would be used in subsequent years. Additionally, as at 31 December 2006, the Company did not include, in calculating

the deferred income tax asset, impairment losses of PLN 20,490 thousand associated with the "old group of loans" because, in the opinion of the Bank, there was the risk that the losses would not be made tax-probable in subsequent years.

As at 31 December 2007, taking into account the information obtained in the court of continued debt recovery activities for the "old group of loans", the Company's Management Board is of the opinion that these costs, in the amount PLN 18,442 thousand, will be made tax-probable in subsequent reporting periods. As a result, as at 31 December 2007, the amount of the impairment losses for due to which a deferred income tax asset was not shown in the balance sheet decreased to PLN 2,048 thousand.

Effective tax rate	**1 Jan.2007 – 31 Dec.2007 PLN'000**	**Comparative Figures 1 Jan.2006 – 31 Dec.2006 PLN'000**
Earnings before tax	**110,188**	**47,038**
Result from discontinued operations	0	-5,812
Net profit or loss	110,188	41,226
Income tax shown in the profit and loss account	16,814	2,791
Effective tax rate	15%	7%
Income tax at the applicable rate of 19%	**20,936**	**7,833**
Influence of permanent differences on tax liability, including	**-4,122**	**-5,042**
- change in impairment losses in the reporting period	0	-2,802
- PFRON* contributions	25	-18
- originated impairment losses	0	-4,353
- measurement of purchases receivables	239	0
- 2006 tax loss not recognised in deferred tax	0	2,451
- temporary differences not recognised in 2006 deferred tax	-4,212	0
- representation and advertising	36	0
- FX differences	-260	0
- other	50	-320
Total income tax shown in the profit and loss account	**16,814**	**2,791**

<u>Translator note:</u>

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

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

12. Employee benefits

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

The Company offset the Fund's asset against its liabilities toward to the Fund because these assets are not the Company's assets. As a result, the Company's balance with the Fund is 0.00.

Social Fund	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Loans to employees	7	7
Funds	85	69
Fund-related liabilities	92	76
Contributions to the Fund in the reporting period	157	99

13. Cash and balances with central bank

Cash and balances with central bank	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Current account with central bank	25,965	1,764
Total	**25,965**	**1,764**

As at 31 December 2007 and 31 December 2006, balances with the central bank included funds in a current account held by the National Bank of Poland as an obligatory reserve against customers' deposits. The amount of the reserve is determined using a percentage of the total funds deposited in customers' accounts and is maintained as the minimum balance of the current account with the National Bank of Poland based on the arithmetic mean of the daily balances for a given month.

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

From 30 November 2006 to 31 December 2006, the Bank maintained an average balance of PLN 536 thousand in its current account with the National Bank of Poland. The interest rate for the funds deposited in the obligatory reserve account was 2.5 % as at 31 December 2006.

14. Deposits with other banks and loans to other banks

Amounts due from banks	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Current accounts	1,944	2,418
Deposits with other banks	615,650	164,530
Deposits in transit	462	0
Total	**618,056**	**166,948**

	31 Dec.2007	31 Dec.2006

	PLN'000	PLN'000
Amounts due from banks at a variable interest rate	0	2,411
Amounts due from banks at a fixed interest rate	613,999	164,000
Non-interest amounts – Interest and deposits in transit	4,057	537

Amounts due from banks by term to maturity	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Current account and deposits (overnight)	1,944	2,479
Term amounts with term to maturity:	612,055	163,932
up to 1 month	212,055	164,000
from 1 month to 3 months	400,000	0
Deposits in transit	462	0
Interest	3,595	537
Total	**618,056**	**166,948**

As at 31 December 2007 and 31 December 2006, respectively, the average effective interest rates for deposits were as follows (broken down by currency):

	31 December 2007	31 December 2006
Amounts due in EUR	4.32%	2.33%
Amounts due in PLN	5.68%	4.04%
Amounts due in USD	4.70%	4.43%
Amounts due in GBP	5.99%	X

As at the above dates, the average nominal interest rates for deposits for deposits were as follows (broken down by currency):

	31 December 2007	31 December 2006
Amounts due in EUR	4.68%	3.0%
Amounts due in PLN	5.68%	4.7%
Amounts due in USD	4.70%	5.5%
Amounts due in GBP	5.99%	X

From 1 January 2007 to 31 December 2007, and in the comparative period of 2006, there was no change in impairment losses of amounts due from banks and the amount of impairment losses as at the above dates was zero.

(Figures in PLN'000)

15. Derivative financial instruments

	Up to 1 month	1 – 3 months	3 months – 1 year	1-5 Years	Total	Negative Fair Value	Positive Fair Value
Currency transactions							
- OTC market							
Currency swaps	4,298	28,492	0	2,508	35,235	7	172
Purchase of currencies	**4,298**	**28,492**	**0**	**2,508**	**35,235**	**7**	**172**
CIRS*	**0**	**0**	**0**	**702,455**	**702,455**	**321**	**16,874**
Purchase of currencies	0	0	0	702,455	702,455	321	16,874
Options/Forwards	0	**102,622**	**0**	**14,410**	**102,622**	**398**	**877**
Purchase	0	102,622	0	7,205	95,417	398	479
Sale	**0**	**0**	**0**	**7,205**	**7,205**	**0**	**398**
FRA							
Interest rate swaps	**0**	**0**	**0**	**167,000**	**167,000**	**471**	**80**
Purchase	0	0	0	167,000	167,000	471	80
Total derivatives	**4,298**	**131,051**	**0**	**886,373**	**1,007,312**	**1,197**	**18,003**

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

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

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

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

As at 31 December 2007, the Company held a derivative instrument, i.e. an investment product consisting of a fixed rate deposit and an basket option for stock indices. As at the balance sheet date, the option was measured at fair value and the deposit was measured at amortised cost using the effective interest rate. In this financial statement, both products have been presented separately. As at 31 December 2006, the Company did not hold any financial derivatives.

16. Loans to customers by loan type

Loans to customers	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Loans	1,256,860	241,706
Purchased receivables	10,177	4,348
Credit card receivables	3	0
Exercised guarantees	476	504
Total	**1,267,516**	**246,558**
Impairment losses of receivables (-)	-81,866	-104,617
Total (net)	**1,185,650**	**141,941**

As at 31 December 2007	**Gross value excl. impairment**	**Gross value incl. Impairment**	**Deductions for loans without impairment IBNR**	**Revaluations deductions for loans with impairment**	**Total (net)**
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**
- corporate loans	91,590	41,943	-84	-48,864	84,585
- residential loans	913,974	389	-9,028	-79	905,256
- consumer loans	149,983	69,637	-1,177	-22,634	195,809
Total	**1,155,547**	**111,969**	**-10,289**	**-71,577**	**1,185,650**

As at 31 December 2006	**Gross value excl. impairment**	**Gross value incl. Impairment**	**Deductions for loans without impairment IBNR**	**Revaluations deductions for loans with impairment**	**Total (net)**
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**	**PLN'000**
- corporate loans	6,228	63,936	0	-46,902	23,262
- residential loans	101,552	0	-649	0	100,903
- consumer loans	8,838	66,004	0	-57,066	17,776
Total	**116,618**	**129,940**	**-649**	**-103,968**	**141,941**

The Company recognised a revaluation reserve for impairment of loans through profit and loss. The result from the reserve is shown under "Net impairment of loans and leases".

Loans to customers by term to maturity	31 Dec.2007		31 Dec.2006	
	Carrying Amount	Average Effective Rate	Carrying Amount	Average Effective Rate
	PLN'000	PLN'000	PLN'000	PLN'000
Loans to:				
- financial entities other than banks	25,938	11.13 %	16,924	12.51 %
up to 1 month	6		0	0.00 %
from 1 to 3 months	2,312	12.50 %	0	0.00 %
from 1 year to 5 years	23,620	11.0 %	16,924	12.51 %
- non-financial entities	76,082	6.55 %	6,375	5.69 %
up to 1 month	16,216	6.56 %	0	0.00 %
from 1 to 3 months	41	6.56 %	0	0.00 %
from 3 months to 1 year	382	6.56 5	123	5.30 %
from 1 years to 5 years	2,428	7.51 5	81	5.30 %
over 5 years	57,015	6.50 %	6,171	5.70 %
- to private individuals	1,083,630	6.89 %	118,642	6.22 %
up to 1 month	94,663	6.56 %	0	0.00 %
from 1 to 3 months	1,047	6.56 %	0	0.00 %
from 3 months to 1 year	1,908	8.32 %	11,535	5.30 %
from 1 years to 5 years	134,272	6.70 %	9,010	7.21 %
over 5 years	851,740	6.95 %	98,097	6.22 %
Total	**1,185,650**		**141,941**	

Loans at fixed interest rates	31 Dec.2007	31 Dec.2006
PLN'000 000	26	6
Percentage of the entire loan portfolio	2	4

In 2007, the Company's retail banking sales grew very fast. The amount of loans to customers increased almost eightfold, mainly as a result of mortgage sales. The fast sales growth was the main factor in an increase of the Company's interest income.

As at 31 December 2007, the average effective interest rates for loan receivables were as follows (broken down by currency):

Receivables in EUR	8.50 %
Receivables in PLN	9.27 %
Receivables in USD	11.08 %

Receivables in CHF	6.38 %
Receivables in JPY	3.54 %

The average nominal interest rates for loan receivables were as follows (broken down by currency):

Receivables in EUR	8.44 %
Receivables in PLN	9.16 %
Receivables in USD	10.63 %
Receivables in CHF	6.37 %
Receivables in JPY	3.76 %

As at 31 December 2007, the average effective interest rates for loan receivables were as follows (broken down by currency):

Receivables in EUR	6.98 %
Receivables in PLN	7.35 %
Receivables in USD	12.37 %
Receivables in CHF	5.22 %

The average nominal interest rates for loan receivables were as follows (broken down by currency):

Receivables in EUR	7.59 %
Receivables in PLN	7.11 %
Receivables in USD	12.83 %
Receivables in CHF	5.80 %

17. Financial investment assets

Financial instruments	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Available-for-sale securities	**52,452**	**39,814**
- issued by central banks	49,979	0
- issued by other banks	18	3,463
- issued by other financial entities	500	4,037
- issued by non-financial entities	57	60
- issued by the Treasury	1,898	32,254
Total financial instruments	**52,452**	**39,814**
Impairment losses of financial instruments (-)	**-7**	**-2,741**

Available-for-sale securities	-7	-2,741
- issued by other banks	0	-2,734
- issued by non-financial entities	-7	-7
Total financial instruments (net)	**52,445**	**37,073**

Changes in financial instruments	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Available-for-sale securities		
Total net (opening balance)	**37,073**	**67,991**
Increases	**1,554,432**	8,639
Decreases (sale and redemption)	-1,528,956	-39,483
Recognised impairment losses (-)	0	-93
Changes in fair value	-104	19
Total net (closing balance)	**52,445**	**37,073**

Investment securities classified as available-for-sale financial assets are measured at fair value. Shares in companies not listed on the stock exchange, which accounted for 1.1% of the Bank's securities portfolio as at the balance sheet date, have been measured at fair value.

Recognised impairment losses have been recognised through profit and loss under "Result from available-for-sale financial assets".

18.Classification of financial instruments

The table below shows the maximum exposure to credit risk as at 31 December 2007 and 31 December 2006, without taking into account the security held or other elements improving the lending conditions (PLN'000):

Maximum exposure to credit risk	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Financial assets:		
Cash and balances with central bank	25,965	1,764
Amounts due from banks	618,056	166,948
Financial derivatives	18,003	0
Loans to customers	1,185,650	141,941
Available-for-sale financial instruments	52,445	37,073
Other assets	7,922	5,177
Total exposure to credit risk	**1,900,119**	**347,726**
Guarantee liabilities	386	3
Contingent liabilities	142,846	21,901
Total off-balance sheet liabilities	**143,232**	**21,904**
Total exposure to credit risk	**2,043,351**	**369,630**

The table below shows the credit quality of financial assets as at 31 December 2007 which are not overdue and which are not impaired.

	Not Overdue	Overdue, not impaired: High Quality	Standard Quality	Lower Quality	Overdue or Impaired	Interest	Impairment Losses (incl. IBNR)	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Amounts due from banks	613,999	0	0	0	0	4,057	0	618,056
Loans to customers	1,127,756	10,629	0	0	111,969	17,162	-81,866	1,185,650
Corporate loans	90,363	0	0	0	41,943	733	-48,948	84,585
Vehicle loans	0	10,155	0	0	0	0	0	0
Residential loans	887,815	0	0	0	389	16,004	-9,107	905,256
Consumer loans	149,556	0	0	0	69,637	425	-23,811	195,809
Financial instruments	52,395	0	0	57	0	0	-7	52,445
Available-for-sale financial instruments	52,395	0	0	57	0	0	-7	52,445
- issued by central banks	49,979	0	0	0	0	0	0	49,979
- issued by other banks	18	0	0	0	0	0	0	18
- issued by other financial entities	500	0	0	0	0	0	0	500
- issued by non-financial entities	0	0	0	57	0	0	-7	50
- issued by the Treasury	1,898	0	0	0	0	0	0	1,898
Total	**1,794,150**	**10,629**	**0**	**57**	**111,969**	**21,219**	**-81873**	**1,856,151**

The table below shows the credit quality of financial assets as at 31 December 2006 which are not overdue and which are not impaired.

	Not Overdue	Overdue, not impaired: High Quality	Standard Quality	Lower Quality	Overdue or Impaired	Interest	Impairment Losses (incl. IBNR)	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Amounts due from banks	166,411	0	0	0	0	537	0	166,948
Loans to customers	114,442	10,655	0	0	113,107	354	-104,617	141,941
Corporate loans	5,906	10,655	0	0	45,699	0	-46,998	23,262
Residential loans	100,549	0	0	0	0	354	0	100,903
Consumer loans	7,987	0	0	0	67,408	0	-57,619	17,776
Financial instruments	38,127	0	0	60	0	1,627	-2,741	37,073
Available-for-sale financial instruments	38,127	0	0	60	0	1,627	-2,741	37,073
- issued by other banks	3,463	0	0	0	0	0	-2,734	729
- issued by other financial entities	4,037	0	0	0	0	0	0	4,037
- issued by non-financial entities	0	0	0	60	0	0	-7	53

(Figures in PLN'000)

- issued by the Treasury	30,627	0	0	0	0	1,627	0	32,254
Total	**318,980**	**18,655**	**0**	**60**	**113,107**	**2,518**	**-107,358**	**345,962**

Overdue loans include loans from the "new group of loans' which were being repaid on time during the balance sheet period. As a result of an analysis of the risk associated with that group of loans, no evidence of impairment was identified. Overdue loans high quality and not impaired are loans for which there were no provisions for impairment losses as at the balance sheet date. As at 31 December 2007 and 31 December 2006, overdue assets without of high quality and not impaired include loans up to 30 days overdue.

Assets of low quality, as at 31 December 2007 and 31 December 2006, include mostly shares in other financial entities. Since these assets are not traded on regular markets, they have been classified as assets of lower quality. The corresponding losses of PLN 7 thousand are also classified as assets of lower quality.

For both groups of loans, the bank takes into account the risk of losses not yet reported and makes IBNR deductions based on estimated indicators.
Impaired overdue loans include receivables from the "old group of loans" and all the groups of purchased receivables.

In 2007,

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

In 2006,

- in the group of non-overdue loans, the Company disclosed loans for the total amount of PLN 114,442 thousand, the corresponding amount of interest of PLN 354 thousand and deductions of PLN 649 thousand;
- in the group of high-quality loans, the Company disclosed loans for the total amount of PLN 18,655 thousand and the corresponding amount of deductions of PLN 334 thousand;
- in the group of overdue loans, the Company disclosed loans for the total amount of PLN 113,107 thousand, the corresponding amount of deductions of PLN 103,634 thousand.

Security obtained and other elements improving the lending conditions:

- a mortgage registered with the land register for the property at the highest position in the charges register; lower positions are also possible (if previous entries relate to the same loan);
- if the loan currency is the Polish zloty (PLN), an ordinary mortgage for 100% of the loan amount as security for the repayment of the capital and a bail mortgage in PLN for up to 70 per cent of the capital as security for the repayment of the interest, fees, commission and other amounts that might be due in the performance of the loan agreement.
- if the loan is denominated in a foreign currency, a bail deposit in PLN for up to 70 per cent of the loan amount as security for the repayment of the interest, fees, commission and other amounts that may be due in the performance of the loan agreement.

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

- a statement by the borrower (and/or the guarantor) to agree to be subject to a debt recovery enforcement procedure for up to 200% of the gross loan amount, specifying the date by which the Bank may petition to a court of law for a "declaration of enforceability" in respect of the enforcement order issued by the Bank as part of the procedure, which date may not be earlier than 3 years from the last calendar year of the loan term;
- a statement by the owner of the property to agree to be subject to a debt recovery enforcement procedure for up to the amount of the mortgage(s) secured on the property(properties) owned by that owner, specifying the date by which the Bank may petition to a court of law for a "declaration of enforceability" in respect of the enforcement order issued by the Bank as part of the procedure, which date may not be earlier than 3 years from the last calendar year of the loan term;
- a blank promissory note with a promissory note statement for the Bank;
- where the property is a building/a flat in a building under construction, an assignment of the contract for the construction of the building/the flat in the building between the borrower and the property developer/building society;
- a transfer of funds owned by the borrower into the Bank's account (pursuant to Article 102 of the Banking Law Act – bank deposits)
- a registered lien on the rights arising from securities issued by the Treasury and the National Bank of Poland (treasury bills and treasury bonds);
- an assignment of shares in an investment fund approved by the Bank;
- an assignment of an insurance policy with a life insurance company approved by the Bank;
- a financial lien, a registered lien, an assignment, a deposit or a freeze of other investment products, approved on an individually basis with the customer in the course of the loan approval process.

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

As at 31 December 2006, the Company held assets provided as security for loans:

1. current assets of PLN 1,000
2. real property worth PLN 30,000

The property was sold in 2007. The assets were acquired by the Company before 1 January 2006.

Renegotiated financial assets divided by class	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Financial assets:		
Loans to customers	539	513
Corporate loans	486	451
Consumer loans	53	62
Total renegotiated financial assets	**539**	**513**

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

Such an analysis includes:

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

Debt restructuring may take the following forms:

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

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

(Figures in PLN'000)

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

Year 2007	Loans to Customers			Available-for-Sale Financial Instruments	Total
	Corporate Loans	Residential Loans	Consumer Loans		
Opening balance of impairment losses/provisions as at 1 Jan.2007	**46,902**	**649**	**57,066**	**2,741**	**107,358**
Created	8,678	7,795	5,303	0	21,776
Released	-4,850	-47	-34,474	-2,734	-42,105
Change in net provisions as recognised in profit and loss	**3,828**	**7,748**	**-29,171**	**-2,734**	**-20,329**
Used-written off	**-1,782**	**710**	**-4,084**	**0**	**-5,156**
Closing balance of impairment losses/provisions as at 31 Dec.2007	**48,948**	**9,107**	**23,811**	**7**	**81,873**

The table below shows the amount of impairment losses for each category of financial assets for the period from 1 January 2006 to 31 December 2007.

Year 2006	Loans to Customers			Available-for-Sale Financial Instruments	Total
	Corporate Loans	Residential Loans	Consumer Loans		
Opening balance of impairment losses/provisions as at 1 Jan.2006	**49,086**	**0**	**86,237**	**2,761**	**138,084**
Created	2,152	649	449	0	3,250
Released	-2,788	0	-19,785	0	-22,573
Change in net provisions as recognised in profit and loss	**-636**	**649**	**-19,336**	**0**	**-19,323**
Provisions removed from the balance sheet	**-1,548**	**0**	**-560**		**-2,108**
Other decreases	0	0	-9,275	-20	-9,295
Other increases/decreases (net)	**0**	**0**	**-9,275**	**-20**	**-9,295**
Closing balance of impairment losses/provisions as at 31 Dec.2006	**46,902**	**649**	**57,066**	**2,741**	**107,358**

Failure to make payments and breach of the terms and conditions of agreements

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

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

As at each balance sheet date, the Company measures the receivables arising from the "old group of loans" (*Wschodni Bank Cukrownictwa*) in accordance with the accounting policy described in Note 7 and Note 8.

Figures for these receivables are shown in the tables below:

Measurement of the "old group of loans"	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Gross nominal value of receivables	**122,679**	**132,198**
Interest	75	8
Total gross value	**122,754**	**132,206**
Impairment loss	(112,574)	(121,949)
Measurement	25,991	9,937
Net value of "old group of loans"	**36,171**	**20,194**
Proportion of "old group of loan" to total gross receivables (%)	9,68%	55.73%
Cover of receivables with corresponding impairment losses (%)	91.76%	92.25%

Movements in impairment losses of "old group of loans"	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Opening balance of impairment losses	**121,949**	**135,323**
a) increases	6,958	3,207
b) decreases	(16,333)	(16,581)
- repayment of receivables in the reporting period	(13,919)	(14,353)
- receivables written off in the reporting period	(2,126)	*2,228)
- other changes	(288)	
Closing balance of impairment losses of financial assets	**112,574**	**121,949**

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

20. Investments in subordinated entities

Entity	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000

Open Finance S.A.	85,425	85,425
Noble Funds TFI S.A.	4,112	5,874
Total	89,537	91,299

Changes in investments in subordinated entities	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Opening balance of value of shares in subordinated entities	**91,299**	**0**
Acquisition of shares	0	91,299
Sale of shares (-)	-1,762	0
Closing balance of value of shares in subordinated entities	**89,537**	**91,299**

The acquisition of shares in subordinated entities in 2006 included an acquisition of shares in Noble Funds TFI S.A. (PLN 5,874 thousand) and in Open Finance S.A. (PLN 85,425 thousand). Changes in investments in subordinated entities are described in Note 5.

21. Tangible fixed assets

Tangible fixed assets	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Land and buildings	3,144	1,044
Plant and machines	455	526
Vehicles	3,030	883
Other fixed assets, including equipment	1,046	124
Fixed assets under construction	1,132	307
Total tangible fixed assets	**8,807**	**2,884**

Changes in fixed assets for the year ended 31 Dec. 2007	Land & Buildings	Plant & Machines	Vehicles	Other Fixed Assets, incl. Equipment	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Initial value					
Opening balance as at 1 Jan.2007	**4,340**	**4,300**	**1,057**	**447**	**10,144**
Increases, incl.	**2,343**	**342**	**2,840**	**1,049**	**6,619**
Acquisition – purchase	**2,343**	342	2,840	1,049	6,619
Decreases, incl.	-74	**-478**	**-349**	**-190**	**-1,091**
Liquidation and sale, donation	**-74**	-478	-349	-190	-1,091
Closing balance as at 31 Dec.2007	**6,609**	**4,164**	**3,548**	**1,351**	**15,672**
Depreciation					
Opening balance as at 1 Jan.2007	**3,296**	**3,774**	**174**	**323**	**7,567**
Increases, incl.	**173**	**400**	**443**	**172**	**1,188**
Depreciation in the reporting period	173	400	417	172	1,162
Other increases	0	0	26	0	26
Decreases, incl.	**-4**	**-465**	**-99**	**-190**	**-758**
Liquidation and sale	**-4**	**-465**	**-99**	**-190**	**-758**
Closing balance as at 31 Dec.2007	**3,465**	**3,709**	**518**	**305**	**7,997**
Net value					
Opening balance as at 1 Jan.2007	**1,044**	**526**	**883**	**124**	**2,577**
Closing balance as at 31 Dec.2007	**1,044**	**455**	**3,030**	**1,046**	**7,675**

Changes in fixed assets for the year ended 31 Dec. 2006	Land & Buildings	Plant & Machines	Vehicles	Other Fixed Assets, incl. Equipment	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Initial value					
Opening balance as at 1 Jan.200	**12,276**	**5,278**	**421**	**416**	**18,391**
Increases, incl.	**964**	**587**	**966**	**98**	**2,615**
Acquisition – purchase	964	587	966	98	2,615
Decreases, incl.	**-8,900**	**-1,565**	**-330**	**-67**	**-10,862**
Liquidation and sale, donation	-950	-1,565	-330	-67	-2,912
Carried over to other assets	-7,950	0	0	0	-7,950
Closing balance as at 31 Dec.2006	**4,340**	**4,300**	**1,057**	**447**	**10,144**
Depreciation					
Opening balance as at 1 Jan.2006	**3,846**	**5,099**	**297**	**384**	**9,626**
Increases, incl.	**566**	**278**	**157**	**13**	**1,014**
Depreciation in the reporting period	566	278	157	13	1,014
Decreases, incl.	**-1,116**	**-1,603**	**-280**	**-74**	**-3,073**
Liquidation and sale	-1,116	-1,603	-280	-74	-3,073
Closing balance as at 31 Dec.2006	**3,296**	**3,774**	**174**	**323**	**7,567**
Net value					
Opening balance as at 1 Jan.2006	**8,430**	**179**	**124**	**32**	**8,765**

(Figures in PLN'000)

Closing balance as at 31 Dec.2006	**1,044**	**526**	**883**	**124**	**2,577**

In 2006 and 2007, the Company did make deductions for impairment losses of tangible fixed assets. As at 31 December 2006 and 31 December 2007, there were no contractual obligations undertaken in order to acquire tangible fixed assets and no damages for impairment loss or loss of tangible fixed assets were received.

22. Intangible assets

Intangible assets	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Patents and licences	2,055	978
Advance payments on account of intangible assets	913	854
Total intangible assets	**2,968**	**1,832**

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

Changes in intangible assets for the year ended 31 Dec. 2007	Patents & Licences	Other	Advances Payments on Account of Intangible Assets	Total
	PLN'000	PLN'000	PLN'000	PLN'000
Initial value				
Opening balance as at 1 Jan.2007	**2,030**	**144**	**854**	**3,028**
Increases, incl.	**1,531**	**0**	**517**	**2,048**
Acquisition	1,073	0	517	1,590
Brought forward from investment	458	0	0	458
Decreases, incl.	**-77**	**0**	**-458**	**-535**
Liquidation and sale, donation	-77	0	0	-77
Other	0	0	-458	-458
Closing balance as at 31 Dec.2007	**3,484**	**144**	**913**	**4,541**
Amortisation				
Opening balance as at 1 Jan.2007	**1,052**	**144**	**0**	**1,196**
Increases, incl.	**453**	**0**	**0**	**453**
Amortisation in the reporting period	453	0	0	453
Decreases, incl.	**-76**	**0**	**0**	**-76**
Liquidation and sale	**-76**	**0**	**0**	**-76**
Closing balance as at 31 Dec.2007	**1,429**	**144**	**0**	**1,573**
Net value				
Opening balance as at 1 Jan.2007	**978**	**0**	**854**	**1,832**
Closing balance as at 31 Dec.2007	**2,055**	**0**	**913**	**2,968**

Changes in intangible assets for the year ended 31 Dec. 2006	**Patents & Licences**	**Other**	**Advances Payments on Account of Intangible Assets**	**Total**
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**
Initial value				
Opening balance as at 1 Jan.2006	**2,077**	**144**	**0**	**2,221**
Increases, incl.	**1,137**	**0**	**854**	**1,991**
Acquisition	1,137	0	854	1,991
Decreases, incl.	**-1,184**	**0**	**0**	**-1,184**
Liquidation and sale, donation	-1,184	0	0	-1,184
Closing balance as at 31 Dec.2006	**2,030**	**144**	**854**	**3,028**
Amortisation				
Opening balance as at 1 Jan.2006	**1,893**	**144**	**0**	**2,37**
Increases, incl.	**343**	**0**	**0**	**343**
Amortisation in the reporting period	343			343
Decreases, incl.	**-1,184**	**0**	**0**	**-1,184**
Liquidation and sale	**-1,184**	**0**	**0**	**-1,184**
Closing balance as at 31 Dec.2006	**1,052**	**144**	**0**	**1,196**
Net value				
Opening balance as at 1 Jan.2006	**184**	**0**	**0**	**184**
Closing balance as at 31 Dec.2006	**978**	**0**	**854**	**1,832**

In 2006 and 2007, the Company did make deductions for impairment losses of intangible assets.

23. Change in fixed assets for sale

As at 31 December 2006, the Bank's fixed assets for sale included a property located in the city of Lublin, 1 Okopowa street [ul.Okopowa 1]. In 2007, the Bank sold the property, with a profit of PLN 4,082 thousand.

As at 31 December 2006, the Bank's fixed assets for sale included flats purchased by the Company in 2007 for resale. These properties were recorded in the Company's books of account at purchase price less cost of purchase.

Changes in fixed assets for sale for the year ended 31 Dec. 2007	Land & Buildings	Plant & Machines	Vehicles	Other Fixed Assets, incl. Equipment	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Initial value					
Opening balance as at 1 Jan.2007	**11,128**	**-**	**-**	**-**	**11,128**
Increases, incl.	**61**	**-**	**-**	**-**	**61**
Acquisition – purchase	61	-	-	-	61
Decreases, incl.	**11,128**	**-**	**-**	**-**	**11,128**
Liquidation and sale, donation	11,128	-	-	-	11,128
Closing balance as at 31 Dec.2007	**61**	**-**	**-**	**-**	**61**
Depreciation					
Opening balance as at 1 Jan.2007	**3,460**	**-**	**-**	**-**	**3,460**
Decreases, incl.	**3,460**	**-**	**-**	**-**	**3,460**
Liquidation and sale	3,460	-	-	-	3,460
Closing balance as at 31 Dec.2007		**-**	**-**	**-**	
Net value					
Opening balance as at 1 Jan.2007	**7,668**	**-**	**-**	**-**	**7,668**
Closing balance as at 31 Dec.2007	**61**	**-**	**-**	**-**	**61**

Changes in fixed assets for sale for the year ended 31 Dec. 2006	Land & Buildings	Plant & Machines	Vehicles	Other Fixed Assets, incl. Equipment	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Initial value					
Opening balance as at 1 Jan.2006	**42,380**	**6,784**	**116**	**4,467**	**53,747**
Decreases, incl.	**31,252**	**6,784**	**116**	**4,467**	**42,619**
Liquidation and sale, donation	31,252	6,784	116	4,467	42,619
Closing balance as at 31 Dec.2006	11,128	-	-	-	11,128
Depreciation					
Opening balance as at 1 Jan.2006	**12,975**	**6,156**	**116**	**4,393**	**23,640**
Decreases, incl.	**9,515**	**6,156**	**116**	**4,393**	**20,180**
Liquidation and sale	9,515	6,156	116	4,393	20,180
Closing balance as at 31 Dec.2006	**3,460**	**-**	**-**	**-**	**3,460**
Net value					
Opening balance as at 1 Jan.2006	**29,405**	**628**	**-**	**74**	**30,107**
Closing balance as at 31 Dec.2006	**7,668**	**-**	**-**	**-**	**7,668**

24. Other assets

Other assets	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Accrued expenses	966	186
Other assets for sale	0	30
Amounts due from different debtors	8,441	7,300
Receivables for supplies and services	0	50
Taxes, donations and social insurance (receivables)	466	0
Lease receivables	2,856	2,792
Revenue to be received	885	1,903
Other receivables	62	619
Recourses and guarantee deposits	2,296	0
Other	703	1,295
Total other gross assets	**16,675**	**14,175**
Impairment losses of other assets (-)	-8,753	-8,998
Total other net assets	**7,922**	**5,177**

Impairment of other assets	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Opening balance of Impairment assets of other assets	8,998	9,010
Increases recognised through profit and loss	94	162
Decreases recognised through profit and loss	-91	-106
Other decreases	-248	-68
Closing balance of Impairment assets of other assets	**8,753**	**8,998**

25. Amounts due to banks

Amounts due to other banks and financial institutions	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Other banks' deposits	93,812	44,157
Loans received	100,562	35,870
Total amounts due to other banks	**194,374**	**80,027**

	31 Dec.2007 PLN'000	**31 Dec.2006 PLN'000**
Amounts due to other banks at variable interest rates	176,418	79,789
Amounts due to other banks at fixed interest rates	17,956	0
Non-interest earning amounts (interest, cheques)	0	238

Amounts due to banks and other financial institutions by term to maturity (from balance sheet date to maturity date)	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Term liabilities with term to maturity:	194,374	80,027
Up to 1 month	0	1,922
From 1 month to 3 months	0	42,236
From 3 months to 1 year	50,396	35,869
From 1 year to 5 years	143,978	0
Total	**194,374**	**80,027**

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

26. Amounts due to customers

Amounts due to customers	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Amounts due to business entities	**422,208**	**58,463**
Current accounts and overnight deposits	61,663	6,509
Term deposits	360,545	51,954
Amounts due to private individuals	**534,478**	**56,099**
Current accounts and overnight deposits	293,703	26,634
Term deposits	239,410	29,465
Other	1,365	0
Total amounts due to customers	**956,686**	**114,562**

Amounts due to customers and other financial institutions by term to maturity (from balance sheet date to maturity date)	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Current accounts and overnight deposits	355,366	33,143
Term liabilities with term to maturity:	599,955	81,419
Up to 1 month	57,919	10,505
From 1 month to 3 months	151,196	12,980
From 3 months to 1 year	230,477	6,795
From 1 year to 5 years	160,363	51,139
	1,365	
Total	**956,686**	**114,562**

	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Amounts due to other customers at variable interest rates	410,280	76,792
Amounts due to other customers at fixed interest rates	538,524	37,289
Non-interest earning amounts - interest	7,882	481

The average interest rates for customers' deposits as at 31 December 2007 and 31 December 2006 were as follows (broken down by main currencies):

	31 Dec.2007	31 Dec.2006
Deposits in PLN	5.94 %	4.91 %
Deposits in EUR	5.26 %	3.65 %
Deposits in USD	5.77 %	4.51 %
Deposits in CHG	2.79 %	2.17 %

Deposits in GBP	6.61 %	x

The average nominal interest rates for customers' deposits as at 31 December 2007 and 31 December 2006 were as follows (broken down by main currencies):

	31 Dec.2007	31 Dec.2006
Deposits in PLN	5.74 %	4.67 %
Deposits in EUR	4.70 %	2.95 %
Deposits in USD	5.54 %	4.21 %
Deposits in CHG	2.80 %	2.27 %
Deposits in GBP	6.61 %	x

27. Liabilities arising from issue of debt securities (liabilities)

Liabilities arising from issue of debt securities	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Issue of debt securities (liabilities)	349,453	0
Issue of certificates	349,453	0
Interest	4,458	0
Total liabilities arising from issue of debt securities	**353,911**	**0**

	31 Dec.2007		**31 Dec.2006**	
	Carrying Amount	**Average Effective Rate**	**Carrying Amount**	**Average Effective Rate**
	PLN'000	**PLN'000**	**PLN'000**	**PLN'000**
Liabilities arising from issue of debt securities:	349,453	6.12%	0	0.00%
From 1 year to 5 years	349,453	6.12%	0	0.00%
Over 5 years				
Interest	4,458	X	0	x
Total	**353,911**		**0**	

The above amounts of liabilities arising from issue of debt securities are measured at amortised 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 thousand and 5-year certificates of deposit for a total amount of PLN 80,000 thousand. Interest on the certificates is paid every three months at 3M WIBOR plus a margin.

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

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

Figures for the year ended 31 Dec.2007	Restructuring Provision	Provision for Pensions & Similar Payments	Total
	PLN'000	PLN'000	PLN'000
As at 1 January 2007	22,757	25	22,782
Creation/remeasurement of provisions	0	27	27
Use of provisions	-1,932	0	-1,932
Release of provisions	-13,740	0	-13,740
As at 31 December 2007	**7,085**	**52**	**7,137**

Figures for the year ended 31 Dec.2006	Restructuring Provision	Provision for Pensions & Similar Payments	Total
	PLN'000	PLN'000	PLN'000
As at 1 January 2006	60,566	31	60,597
Creation/remeasurment of provisions	0	25	25
Use of provisions	-22,396	-31	-22,427
Release of provisions	-15,413	0	-15,413
As at 31 December 2006	**22,157**	**25**	**22,782**

Provision for pensions and similar payments	31 Dec.2007	31 Dec.2006
Provision for severance pay	52	25
Total	**52**	

- Provision for costs of retail sales

In 2002, the Company created a provision for possible claims from instalment sales intermediaries. Although the risk of instalment sale intermediaries winning their claims is decreasing, there is a risk of claims from the intermediaries related to guarantee deposits used as security for the repayment of contracts made by particular intermediaries. For this reason, maintaining the provision until the expiry of the claims. The provision is remeasured at each balance sheet date. As at 31 December 2007, the provision was PLN 4,076 thousand (PLN 16,284 thousand as at 31 December 2006).

- Provision for costs of document storage

In 2005, the Company created a provision in connection with the purchase of Wschodni Bank Cukrownictwa (WBC) by Getin Holding and the decision to dispose of the deposits collected by WBC. Those documents for the deposit accounts which were produced by the date of sale of the deposits must be stored for the period of time required by the relevant regulations. The costs of storing the documents have been estimated on the basis of the quantities of the documents, the period of storage and the rates provided in the related contract with an archiving company. The costs of storage are recognised as provision. As at 31 December 2007, the provision was PLN 1,925 thousand (PLN 2,794 thousand as at 31 December 2006).

- Provision for severance pay

The amount of the provision is determined by discounting the expected future cash flows to the current value, using a discount rate that reflects current market assessments of the time value of money. In accordance with IAS 19, the value of these liabilities has been estimated by a qualified actuary.

- Provision for other identified risks in the Company, resulting from past events

Due to other identified risks in the Company's activities, in 2005 the Company estimate a provision of PLN 3,680 thousand as at 31 December 2007 and PLN 1,084 thousand as at 31 December 2006. The amount of the provision is remeasured at each balance sheet date in accordance with IAS 37. . As at 31 December 2007, the provision was PLN 1,084 thousand (PLN 3,679 thousand as at 31 December 2006).

29. Other liabilities

Other liabilities	**31 Dec.2007 PLN'000**	**31 Dec.2006 PLN'000**
Deferred income	43	265
Settlement of holiday entitlement	136	377
Settlement of other employee liabilities	2,380	600
Settlement of material costs	92	3,643
Misc. creditors	47	0
Liabilities arising from supplies and services	1,669	926
Liabilities arising from taxes, duties and social insurance (excl. CIT)	271	139
Liabilities arising from leases	2,982	753
Liabilities arising from wages	25	0
Regulatory liabilities	550	0
Other	1	464
Total other liabilities	**8,196**	**7,167**

30. Equity

Shareholding Structure 31 Dec. 2007	**Total Shares**	**Number of Voting Rights**	**Percentage of voting rights at general shareholders meeting**
Getin Holding S.A.	155,178,156	155,178,156	72.12 %
ASK Investments S.A.	15,000,000	15,000,000	6.97 %
A Nagelkerken Holding B.V.	5,750,000	5,750,000	2.67 %
International Consultancy Strategy Implementation	5,750,000	5,750,000	2.67 %
H.P.Holding 3 B.V.	5,750,000	5,750,000	2.67 %
Minority shareholders	27,750,000	27,750,000	12.90 %
Total	**215,178,156**	**215,178,156**	**100,0 %**

Shareholding Structure 31 Dec. 2006	**Number of Shares**		**Number of Voting Rights**	**Percentage of voting rights at general shareholders meeting**
	Total	**Including preference shares**		
Getin Holding S.A.	155,178,156	185,000,000	370,178,156	92.50 %
ASK Investments S.A.	15,000,000	15,000,000	30,000,000	7.50 %
Total	**200,178,156**	**200,000,000**	**400,178,156**	**100,00 %**

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

Under Resolution No.II/20/02/2007 of an Extraordinary Shareholders Meeting of Noble Bank S.A., the Bank launched an initial public offering. By decision no.73/2007 of 12 March 2007, the Commission for Banking Supervision gave its approval for relevant changes to be made to the Bank's Articles of Association.

By issuing 15,000,000 H series shares of PLN 1.00 each, the Bank's share capital was increased by PLN 15,000,000. The H series shares are ordinary shares. The difference (surplus) between the IPO price and the nominal value, less costs of issue in the amount of PLN 2,884 thousand, was recognised in the supplementary fund.

On 17 January 2008, ASK Investments sold shares in the Bank to private individuals, as described in Note 18 to these financial statements.

	31 Dec.2007 PLN'000	**31 Dec.2006 PLN'000**
Supplementary fund	173,072	736
From sale of shares over their nominal value	139,616	0
Other	33,456	736
Revaluation reserve	0	-278
Measurement of available-for-sale financial assets	0	-278
Other reserves as at the end of the reporting period (total)	**173,072**	**458**

31. Solvency ratio

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

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

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

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

- Resolution No. 1/2007 of the Commission for Banking Supervision of 13 March 2007, on the scope of the capital requirements against particular risks and the detailed principles to be applied in determining those requirements, including but not limited to the scope and conditions of applying statistical methods and the scope of information attached to an application for authorization to apply them, principles and conditions of taking account of contracts on debt assignment, subparticipation, credit derivative and contracts other than those on debt assignment, subparticipation, in calculating the capital requirements, terms and conditions, scope and manner of making use of the ratings assigned by external credit assessment institutions and the export credit agencies, manner and specific principles of calculating the solvency ratio of a bank, the scope and manner of taking account of banks conducting their activities in groups in calculating their capital requirements as well as establishing additional items of bank balance sheets presented jointly with bank regulatory own funds in the calculation of capital adequacy, the amount thereof and the conditions of setting them;

- Resolution No. 2/2007 of the Commission for Banking Supervision of 13 March 2007, on other deductions from a bank's core capital, amount thereof, scope and conditions of such deductions from the core capital of a bank, other balance sheet items included in the supplementary capital, the amount and scope thereof, and the conditions of including them in a bank's supplementary capital, deductions from a bank's supplementary capital, the amount and scope thereof and conditions of performing such deductions from the banks' supplementary capital, the scope and manner of taking account of the business of banks conducting their activities in groups in calculating their own funds;

- Resolution No. 3/2007 of the Commission for Banking Supervision of 13 March 2007, on the detailed principles and conditions of accounting for exposures in determining compliance with exposure concentration limit and large exposure limit, specifying exposures exempt from the provisions regarding exposure concentration limits and large exposure limits, and the conditions they have to satisfy, specifying exposures that need the authorisation of the Commission for Banking Supervision for the exemption from provisions related to exposure concentration limits and large exposure limits and the scope and manner of accounting for the activities of banks operating in groups in calculating exposure concentration limits.

The Bank uses an option resulting from paragraph 14.1 of the Resolution No. 1/2007 of the Commission for Banking Supervision of 13 March 2007 and applies an approach based on the currently binding regulations (Basel I) in calculating the capital requirement for credit risk, and with respect to operating risk it calculates the capital requirement using the basic indicator approach. The Bank plans to use the standardised approach to credit risk from 1 January 2008

As at 31 December 2006 the solvency ratio and shareholders' equity forming the basis for the calculation of the ratio are calculated pursuant to the following regulations:

- The Banking Law of 29 August 1997 (Journal of Laws of 2002, No. 72, item 665, as amended),
- Resolution No. 4/2004 of the Commission for Banking Supervision of 8 September 2004, on the scope and detailed rules of determining capital requirements relating to particular risks and the scope of applying statistical methods and conditions the fulfilment of which enables the bank to obtain consent to apply them, and regarding the method and detailed rules of calculating the bank's capital adequacy ratio, the scope and method of taking into account the activity of banks in holding when calculating the bank's capital adequacy requirements and ratio and specification of additional balance sheet items included together with equity in the calculation of the capital adequacy and the scope, method and conditions of their identification (Official Journal of the National Bank of Poland of 2004, No.15, item 25)
- Resolution No. 5/2004 of the Commission for Banking Supervision of 8 September 2004, on the amount, scope and conditions for reducing the bank's equity with its capital exposure to financial institutions, lending institutions, banks and insurance companies and on the scope and method of taking into account the activity of banks in holdings when determining the way of calculating equity (Official Journal of the National Bank of Poland of 2004, No. 15, item 26);
- Resolution No. 6/2004 of the Commission for Banking Supervision of 8 September 2004, on the detailed rules and conditions for taking into account exposures when determining the observance of the exposure concentration limit and the large exposure limit, determining other exposures for which no regulations on the exposure concentration limit and the large exposure limit apply and the scope and method of taking into account the activity of banks in holdings when calculating the exposure concentration limits (Official Journal of the National Bank of Poland of 2004, No. 15, item 27).

	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Shareholders' equity		
Share capital	215,178	200,178
Supplementary fund	173,072	736
Revaluation reserve	0	-278
Adjustment of equity by shares in financial institutions	-89,537	-91,299
Adjustment of equity by intangible assets	-2,986	-1,832
Retained profit (loss) from previous years	955	-4,760
Total shareholders' equity	**296,700**	**102,745**
Risk weighted assets		
Risk exposure of 20%	618,056	166,949
Risk exposure of 50%	28,576	18,671
Risk exposure of 100%	1,174,236	143,663
Total risk weighted assets	**1,312,135**	**186,388**
Risk weighted off-balance sheet liabilities		
Risk exposure of 50%	142,846	21,904
Total risk weighted off-balance sheet liabilities	**71,423**	**10,952**
Total risk weighted off-balance sheet assets and liabilities	**1,383,558**	**197,340**
Solvency ratios	**21.4 %**	**51.3 %**

Concentration risk and the capital requirement for its coverage are calculated on the basis of provisions of the above resolutions. As at 31 December 2007 and 31 December 2006 the Company's portfolio did not contain receivables which could be qualified as exceeding concentration limits, therefore the Company estimates the concentration risk to be negligible.

As at 31 December 2006 the concentration risk and the capital requirement for its coverage were calculated on the basis of provisions of the above resolutions.

32. Cash and cash equivalents

	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Cash and balances with central bank	25,965	1,764
Current amounts due from banks	1,944	2,479
Cash and cash equivalents presented in the cash flow statement	**27,909**	**4,243**

	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Cash and cash equivalents with limited availability	24,226	536

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

34. Financial lease

According to the lease agreements signed by the Company, the lease subject remains in the Company's use throughout the agreement term. In exchange for the acquired rights to use the leased property, the Company must make lease payments in amounts and on dates as set out in the lease agreements. After the lease agreement term, the Company has the right to purchase the leased property, provided that it has fulfilled all its obligations to the lessor.

If the Company decides not to exercise the option to purchase the leased property, it must return it to the lessor. The lease agreements do not allow for the lease term to be extended. No other restrictions or conditional lease payments apply. The property leased under the Company's lease contracts as at the balance sheet date is cars.

	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Carrying amount of plant and equipment used under financial lease agreements	2,954	776

	31 Dec.2007		31 Dec.2007	
	Minimum Payments PLN'000	Present Value of Payments PLN'000	Minimum Payments PLN'000	Present Value of Payments PLN'000
Up to 1 year	880	622	260	193
Between 1 to 5 years	2,759	2,360	708	560
Total minimum lease payments	**3,639**	**2,982**	**968**	**753**
Less financial costs	(657)		(215)	
Present value of minimum lease payments	2,962		753	
short-term		622		193
long-term		2,360		560

35. Operating lease

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

As at 31 December 2007 and 31 December 2006, the future minimum payments under irrevocable operating lease agreements were as follows:

	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Period:		
Up to 1 year	6,086	2,258
Between 1 to 5 years	18,495	7,902
Over 5 years	4,225	0
Total	28,806	10,160

In 2006 and 2007, the Company did not have any conditional lease payments. It was not a party to irrevocable sub-lease agreements.

	1 Jan. 2007 – 31 Dec.2007 PLN'000	1 Jan. 2006 – 31 Dec.2006 PLN'000
Lease and sub-lease payments under operating lease recognised as cost		
Minimum lease payments	4,941	2,148
Total	**4,941**	**2,148**

36. Contingent liabilities granted

Financial contingent liabilities relate to loans granted under agreements with customers which as at the balance sheet date have not been used yet.

The Company's range of loans includes, among others, mortgage loans paid out in staged payments according to customers' instructions. The table below presents liabilities arising from the loan agreements made.

Contingent liabilities and off-balance sheet items	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
1.Contigent liabilities granted	**143,232**	**21,904**
a) related to financing	142,846	21,901
b) guarantees granted	386	3
2.Other off-balance sheet items	1,007,312	0
Total contingent liabilities and off-balance sheet items	**1,150,544**	**21,904**

Financial liabilities granted	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
Total financial liabilities granted:	142,846	21,901
- to non-financial entities	142,846	21,901
Total liabilities granted	**142,846**	**21,901**

Guarantee liabilities granted	31 Dec.2007 PLN'000	31 Dec.2006 PLN'000
1) Liabilities granted to non-financial entities	386	0
- guarantees	386	0
2) Liabilities granted to the Treasury	0	3
- sureties	0	3
Total liabilities granted	**386**	**3**

The above contingent liabilities are exposed to the off-balance sheet credit risk because only fees and commissions for granting the financing and provisions for possible losses are recognised in the balance sheet until a liability is discharged or it expires. Detailed information on the credit risk concentration, including the risk from the contingent liabilities granted, is presented in Note 16.

X. DIVIDENDS

The 2006 profit was partly allocated for covering the balance sheet losses; the remaining part was used to increase the supplementary fund.

In 2007 no dividends were paid out. For the next three years, the Company's Management Board will move that net profits should be retained within the Company.

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

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

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

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

Amounts due from banks

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

Loans and advances to customers:

In the case of loans which have been found to be impaired and which are covered by the debt collection process ("old group of loans"), owing to the nature of the Company's portfolio and the methodology of calculating impairment of credit exposures, described in Note 7, 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 fair value was assumed not to differ significantly from their carrying amount, because they bear interest at variable rates.

Amounts due to banks and customers:

In the case of current deposits and other deposits without determined maturities, the fair value is assumed to be an amount which would be paid out on demand at the balance sheet date.

In the case of other financial assets held at the payable amount, it was assumed that the fair value corresponds to their carrying amount. It especially applies to current trade debtors and creditors.

Owing to the fact that for the majority of financial assets and liabilities valued at amortised cost (other than those described in detail above) using the effective interest rate the period of next revaluation does not exceed three months, the carrying amount of such items does not substantially differ from their fair value.

As at 31 December 2007

	Carrying amount	Fair value	Fair value excess/deficit over book value
	PLN '000	PLN '000	PLN '000
Assets:			
Cash and amounts due from central bank	25,965	25,965	0
Amounts due from banks	618,056	618,056	0
Loans and advances to customers	1,185,650	1,185,650	0
Liabilities:			
Amounts due to banks and financial institutions	194,374	194,374	0
Amounts due to customers	956,686	956,686	0
Debt securities in issue	353,911	353,911	0

As at 31 December 2006

	Carrying amount	Fair value	Fair value excess/deficit over book value
	PLN '000	PLN '000	PLN '000
Assets:			
Cash and amounts due from central bank	1,764	1,764	0
Amounts due from banks	166,948	166,948	0
Loans and advances to customers	141,941	141,941	0
Liabilities:			
Amounts due to banks and financial institutions	80,027	80,027	0
Amounts due to customers	114,562	114,562	0

As at 31 December 2007

	Market price	Valuation techniques - Market observation data	Total
	PLN '000	PLN '000	PLN '000
Financial assets:			
Derivative financial instruments	0	18,003	18,003
Available-for-sale financial instruments	52,445	0	52,445
Total financial assets	**52,445**	**18,003**	**70,448**
Financial liabilities:			
Derivative financial instruments	0	1,197	1,197
Total financial liabilities	**0**	**1,197**	**1,197**

As at 31 December 2006

	Market price	Valuation techniques - Market observation data	Total
	PLN '000	PLN '000	PLN '000
Financial assets:			
Available for sale financial instruments	30,073	0	30,073
Total financial assets	**30,073**	**0**	**30,073**

Total financial liabilities	**0**	**0**	**0**

(Figures in PLN'000)

XII. ADDITIONAL NOTES TO THE CASH FLOW STATEMENT

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

1. Operating activities - include the basic scope of activity related to the provision of services by companies of the Company; it involves activities other than investing or financing activities, which aim to generate profit. The Company prepares the statement of cash flows from operating activities using the indirect method, under which a net profit for a reporting period is adjusted by non-cash effects of transactions, prepayments and accrued income and accrued costs and deferred income which relate to future or past inflows or outflows from operating activities and by other items of costs and revenues connected with cash flows from investing activities.

2. Investing activities include operations which consist in the buying and selling of fixed assets, especially financial assets not classified as held for trading, shares in subsidiaries and the tangible fixed assets and intangible assets.

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

The limited availability cash and cash equivalents in the amount of PLN 24,226 thousand (PLN 536 thousand as at 31 December 2006) involve cash maintained for the mandatory reserve.

Statement of differences between balance sheet changes in assets and liabilities and changes recognised in the 2007 cash flow statement:

	Balance sheet	**Cash flow statement**	**Difference**
Change in amounts due from banks	-451,108	-451,108	536 1)
Change in derivative financial instruments (asset)	-18,003	-18,003	0
Change in loans and advances to customers	-1,043,709	-1,043,709	0
Change in available-for-sale financial instruments	-15,372	0	-15,372 2)
Change in deferred income tax assets	-347	-347	0
Change in other assets and liabilities	-1,716	-3,945	2,229 3)
Change in amounts due to other banks and financial institutions	114,347	114,347	0
Change in derivative financial instruments (liability)	1,197	1,197	0
Change in amounts due to customers	842,124	842,124	0
Change in debt securities in issue	353,911	3,911	350,000 4)
Change in provisions and deferred income tax provisions	-5,410	-5,410	0

1) Change in cash amounts due from banks
2) Purchase of securities presented in the cash flows from investing activities
3) Change in financial lease liabilities
4) Proceeds from the issue of certificates of deposits presented in the financial activities

(Figures in PLN'000)

XIII. INFORMATION ON ASSETS PLEDGED AS SECURITY

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

Type of assets pledged	Type of liability	Value of secured liabilities	Carrying amount of assets pledged
security deposit	certificates of deposit	348,750	21,370
Bank's obligatory reserve	cash in accounts	743,977	24,226
securities	cash in accounts	228,119	570
Total		**1,320,846**	**46,166**

The table below shows the carrying amount of assets pledged as collateral as at 31 December 2006.

Type of assets pledged	Type of liability	Value of secured liabilities	Carrying amount of assets pledged
Bank's obligatory reserve	cash in accounts	70,837	536
securities	cash in accounts	3,706	7
Total:		**74,543**	**543**

In accordance with Article 25 and Article 26 of the Bank Guarantee Fund Law, banks are required to establish funds for protection of guaranteed money, in amounts provided for by a resolution of 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.

XIV. TRANSACTIONS WITH AFFILIATED ENTITIES

(1) DESCRIPTION OF TRANSACTIONS WITH AFFILIATED ENTITIES

The term 'affiliated entity' means the controlling company Getin Holding S.A., which holds shares in the Bank; ASK Investments S.A., which is the Bank's minority shareholder; and subordinated companies in which the Bank holds shares: Open Finance S.A. (100%) and Noble Funds TFI S.A. (70%). The Bank's affiliated entities also include: Carcade Sp. z o.o., TU Europa S.A., TU na Życie Europa S.A., Getin Bank S.A., JML S.A., Powszechny Dom Kredytowy S.A., Leszek Czarnecki as the main shareholder in Getin Holding S.A., the members of the Company's Management Board and Supervisory Board and persons related to them.

All transactions between the Bank's affiliated entities in 2007 and 2006 were conducted on an arm's length basis and resulted from day-to-day operations. The main items of those transactions refer to the provision of financial intermediation services. No material transactions occurred which would require disclosure in this financial statement. Settlements and transactions with affiliated entities are not secured. The most important amounts of transactions with affiliated entities are presented below.

2007	Receivables from loans	Other receivables	Liabilities from deposits	Other liabilities	Interest income	Interest expense	Fee and commission income	Fee and commission expense	Sales *	Purchases **
Transactions with affiliated entities										
Open Finance S.A.	0	359	10,128	0	187	128	3,076	15,477	642	104
Noble Funds TFI S.A.	0	779	8,537	0	0	252	4,454	0	2	0
Open Dystrybycja Sp. Z o.o.	0	4	0	0	0	0	0	0	4	0
Carcade OOO	25,539	0	0	0	1,387	0	0	0	0	0
Getin Bank S.A.	0	5	0	44	1	0	0	0	362	415
TU Europa S.A., registered office in Wrocław	0	49	50,088	18	0	3,280	236	0	0	329
TU Europa na Życie S.A., registered office in Wrocław	0	2,305	141,127	0	0	2,022	8,044	0	0	0
Jarosław Augustyniak	0	0	0	47	0	49	0	0	6	0
Maurycy Kuhn	0	0	0	113	22	62	0	0	0	0
Krzysztof Spyra	0	0	0	26	0	58	0	0	0	0
JML S.A.	0	0	0	0	0	0	0	0	4	0
Powszechny Dom Kredytowy S.A.	0	0	0	0	0	0	0	313	0	0

2006	Receivables from loans	Other receivables	Liabilities from deposits	Other liabilities	Interest income	Interest expense	Fee and commission income	Fee and commission expense	Sales *	Purchases **
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Transactions with affiliated entities										
Open Finance S.A.	8,000	33	0	0	493	0	0	0	349	1,611
Noble Funds TFI S.A.	0	0	0	0	0	0	0	0	109	4,000
Getin Holding S.A.	0	0	0	0	0	0	0	0	0	85,000
Carcade OOO	10,364	0	0	0	491	0	0	0	0	0
Getin Bank S.A.	0	459	0	0	3,044	0	0	0	7,438	15,476
TU Europa S.A., registered office in Wrocław	0	0	50,000	0	0	0	0	0	0	0
Getin Raty S.A.	0	0	0	0	0	0	0	0	30	0
Maurycy Kuhn	408	0	0	0	0	0	0	0	0	0
Getin Leasing S.A.	0	0	0	929	0	0	0	0	0	196

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

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

As at 31 December 2007

Carcade Sp z o.o.

- amount of outstanding loans - USD 10,650 thousand
- amount of outstanding interest - USD 2 thousand

As at 31 December 2006

Carcade Sp z o.o.

- amount of outstanding loans - USD 3,500 thousand
- amount of outstanding interest - USD 61 thousand

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

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

Short-term remuneration and benefits

From 1 Jan. 2007 to 31 Dec. 2007 PLN 1,666 thousand

From 1 Jan. 2006 to 31 Dec. 2006 PLN 1,374 thousand

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

Short-term remuneration and benefits

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

From 1 Jan. 2006 to 31 Dec. 2006 PLN 0 thousand

(4) BANK'S SHARES OWNED BY ITS SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS (IN OFFICE AS AT DECEMBER 31ST 2007)

Name	Function	As at 31 Dec. 2007	As at 31 Dec. 2006
Remigiusz Baliński	Member of the Supervisory Board	22 333	0
Henryk Pietraszkiewicz	President of the Management Board	20 590	0
Jarosław Augustyniak	Vice-President of the Management Board	10 758 000	5 000 000
Maurycy Kuhn	Member of the Management Board	10 750 000	5 000 000
Krzysztof Spyra	Member of the Management Board	10 758 000	5 000 000

XV. CAPITAL MANAGEMENT

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

The Company manages the capital structure and modifies it as a result of changing economic conditions. In order to maintain or adjust the capital structure, the Company may change the dividend payout for shareholders, pay the capital back to shareholders or issue new shares. In 2007 and 2006, no modifications of objectives, principles and processes which apply in this area were made.

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

Capital management	**31 Dec. 2007 PLN '000**	**31 Dec. 2006 PLN '000**
Interest-bearing liabilities	1,504,971	194,589
Other liabilities	32,008	35,192
Less cash and cash equivalents	27,909	4,243
Net debt	1,509,070	225,538
Shareholders' equity	482,579	234,311
Total shareholders' equity	482,579	234,311
Shareholders' equity and net debt	1,991,649	459,849
Leverage ratio	**76%**	**49%**

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

XVI. RISK MANAGEMENT

Adopted methods and objectives of financial risk management

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

The objective of asset and liability management policy is to optimise the structure of balance sheet and off-balance sheet items to retain the planned proportion of income to the risk incurred. The Bank's Management Board is responsible for managing risk at the strategic level. It has established two committees: the Credit Committee and the Asset and Liability Management Committee (ALCO). Those committees are responsible for managing their relevant risk areas at the operational level, monitoring risk levels as well as for the development of current risk management policies within the framework of strategies adopted by the Bank's Management Board, within internal limits and in line with supervisory regulations.

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

1. Credit risk

Credit risk management in the Group is centred on the Parent Company, which is NOBLE Bank, and aims to guarantee safe lending while maintaining a sensible approach to risk.

(Figures in PLN'000)

The Bank controls credit risk through the implementation and observance of internal procedures for the monitoring of the granted loans and through day-to-day reviews of the borrowers' financial standing and loan repayments.

In 2007 the Bank was carrying intensive debt collection activities. The focus was on intensifying debt collection processes as regards the "old" loans portfolio, therefore, matters relating to managing the irregular loans, their restructuring and collection were prioritised. The Bank also started granting new loans, concentrating on the segment of mortgage loans and loans secured with financial assets.

Credit process at Noble Bank is divided into five stages: registration of a credit application, preparation of a credit agreement, payments of funds and monitoring. The Bank has internal instructions which define in detail the participants of the credit process and functions assigned to them. Decisions are made on a multi-stage basis at all points. The Bank performs a two-stage valuation of properties pledged as collateral for granted loans, using for that purpose its own services and an external company. The ultimate credit decision rests with the Bank's Management Board.

The Bank has detailed procedures for the monitoring of the granted credit facilities. Three stages of the Bank's actions in the event of irregular loan repayments can be distinguished within those procedures, which are 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. Regulations in force at the Bank in respect of agreements covered by restructuring and collection actions:

1. instructions for the monitoring of the Bank's retail receivables,
2. instructions for the monitoring of customers carrying out business activities,

a) By individual entities

Exposure to 10 largest clients	31 Dec.2007 % of portfolio
Client 1	2.19
Client 2	1.33
Client 3	1.31
Client 4	1.24
Client 5	1.20
Client 6	0.93
Client 7	0.90
Client 8	0.88
Client 9	0.81
Client 10	0.81
Other clients	88.40
Total	100.00

(Figures in PLN'000)

Exposure to10 largest clients	31 Dec. 2006
	% of portfolio
Client 1	4.14
Client 2	3.93
Client 3	3.25
Client 4	2.5
Client 5	1.36
Client 6	1,24
Client 7	1.2
Client 8	1.02
Client 9	0.91
Client 10	0.53
Other clients	79.92
Total	100.00

b) By industrial sector

Industry sector according to the Polish Classification of Business Activities (PKD)	31 Dec. 2007 (%)	31 Dec. 2006 (%)
A - Agriculture and hunting	0.5	3.6
B – Mining	0.0	0.1
C – Manufacturing	**0.9**	**4.9**
- Manufacturing not unclassified elsewhere	0.9	4.9
D – Construction	**2.2**	**0.8**
E - Wholesale and retail trade	**1.2**	**5.2**
F- Transport, storage and communications	**0.0**	**0.1**
G - Financial intermediation	**3.2**	**13.0**
H - Real property management	**4.7**	**0.1**
Other sections	**1.0**	**0.2**
Individuals	**86.3**	**72.0**
Total	**100.0**	**100.0**

c) By geographical market segments

By Poland's administrative division (provinces)	Dec 31st 2007 (%)	Dec 31st 2006 (%)
Dolnośląskie	6.9	3.77
Kujawsko-Pomorskie	1.49	3.02
Lubelskie	2.1	7.75
Lubuskie	1.05	0.52
Łódzkie	1.6	1.52
Małopolskie	4.2	4.7
Mazowieckie	49.4	30.8
Opolskie	0.5	0.87
Podkarpackie	2.2	11.04
Podlaskie	1.1	0.36
Pomorskie	4.1	3.86
Śląskie	5.3	7.18
Świętokrzyskie	0.8	5.44
Warmińsko-Mazurskie	1.3	3.13
Wielkopolskie	4.5	3.43
Zachodniopomorskie	1.2	2.07
Offices abroad	12.3	10.54
Total	**100.0**	**100.0**

(Figures in PLN'000)

d) Structure of loan portfolio

Structure of loan portfolio	31 Dec.2007 %	31 Dec. 2006 %
Loans for individuals	**86.3**	**72.0**
- hire purchase	1.1	7.0
- housing, construction and mortgage loans	73.8	41.0
- other	11.4	24.0
Corporate loans	**13.7**	**28.0**
Total	**100.0**	**100.0**

Exposure concentration limits: the Banking Law, Article 71.1	31 Dec.2007	31 Dec. 2006
The amount of the bank's claims, off-balance sheet commitments and shares or participations, exposed to a linked single entity or entities where none of those parties are connected* to the bank shall not exceed the exposure concentration limit which amounts to 25% of the bank's own funds.	74 175.00	35 925.00
The amount of the bank's claims, off-balance sheet commitments and shares or participations, exposed to a linked single entity or entities which are connected to the bank shall not exceed the exposure concentration limit which amounts to 20% of the bank's own funds.	59 340.00	28 236.00
The aggregate amount of the bank's exposures equal or in excess of 10% of its own funds (large exposure) to a single entity or entities linked by capital or organisation structure shall not exceed 800% of the bank's own funds.	29 670.00	14 118.00

Limit 1	31 Dec. 2007 % of equity	31 Dec. 2007 % of loan portfolio	31 Dec.2006 % of equity	31 Dec. 2006 % of loan portfolio
Large exposure to one client	9%	2%	10%	7%
Exposure to 10 largest clients	46%	12%	41%	30%
Large exposure to one capital group	0%	0%	0%	0%
Exposure to 5 largest capital groups	0%	0%	0%	0%

Limit 2	31 Dec. 2007 % of equity	31 Dec. 2007 % of loan portfolio	31 Dec.2006 % of equity	31 Dec. 2006 % of loan portfolio
Exposure to group of entities related to the bank	9%	2%	10%	7%

Limit 3	31 Dec. 2007 % of equity	31 Dec. 2007 % of loan portfolio	31 Dec.2006 % of equity	31 Dec. 2006 % of loan portfolio
Individual exposures	0%	0%	0%	0%

2. Market risk

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

<u>Interest rate risk</u>

The aim of measuring and managing the risk arising from the Company's holding of open positions which result from the mismatching of assets and liabilities as regards the interest rate binding dates is to minimise the risk involved in holding those positions.

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

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

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

The table below shows the Company's assets, liabilities and off-balance sheet liabilities classified as at 31 December 2007 by the interest rate criterion (PLN '000):

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	From 1 to 5 years inclusive	Over 5 years	Non-interest bearing assets/liabilities	Total
Assets:	**271,139**	**1,508,533**	**1,898**	**23,620**	**0**	**214,368**	**2,019,558**
Cash and amounts due from central bank	1,739	0	0	0	0	24,226	25,965
Amounts due from banks	218,056	400,000	0	0	0	0	618,056
Loans and advances to customers	1,365	1,108,533	0	23,620	0	52,132	1,185,650
Securities	49,979	0	1,898	0	0	568	52,445
Other	0	0	0	0	0	137,442	137,442
Liabilities:	**513,933**	**676,845**	**180,477**	**128,440**	**0**	**37,284**	**1,536,979**
Amounts due to central bank							
Amounts due to other banks and financial Institutions	86	176,211	0	18,077	0	0	194,374
Amounts due to customers	513,847	150,634	180,477	110,363	0	1,365	956,686
Liabilities from securities in issue	0	350,000	0	0	0	3,911	353,911
Other	0	0	0	0	0	32,008	32,008
Equity	0	0	0	0	0	482,579	**482,579**
Total equity and liabilities	**513,933**	**676,845**	**180,477**	**128,440**	**0**	**519,863**	**2,019,558**
Gap	**-242,794**	**831,688**	**-178,579**	**-104,820**	**0**	**-305,495**	**0**
Off-balance sheet items							
Interest rate transactions:							
Assets	0	0	0	167,000	0	0	**167,000**
Liabilities	0	167,000	0	0	0	0	**167,000**
Gap	**0**	**-167,000**	**0**	**167,000**	**0**	**0**	**0**
Total gap	**-242,794**	**664,688**	**-178,579**	**62,180**	**0**	**-305,495**	**0**

The table below shows the Company's assets, liabilities and off-balance sheet liabilities classified as at 31 December 2006 by the interest rate criterion (PLN '000):

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	From 1 to 5 years inclusive	Over 5 years	Non-interest bearing assets/liabilities	Total
Assets:	**176,279**	**125,166**	**4,576**	**5,821**	**0**	**152,250**	**464,092**
Cash and amounts due from Central Bank	0	0	0	0	0	1,764	1,764
Amounts due from banks	164,000	0	0	0	0	2,948	166,948
Loans and advances to customers	12,279	95,166	4,376	5,821	0	24,299	141,941
Securities	0	30,000	200	0	0	6,873	37,073
Other	0	0	0	0	0	116,366	116,366
Liabilities:	**13,948**	**49,704**	**6,721**	**59,369**	**0**	**100,039**	**229,781**
Amounts due to other banks and financial institutions	2,154	42,110	56	0	0	35,707	80,027
Amounts due to customers	11,794	7,594	6,665	59,369	0	29,140	114,562
Other	0	0	0	0	0	35,192	35,192
Equity	0	0	0	0	0	234,311	**234,311**
Total equity and liabilities	**13,948**	**49,704**	**6,721**	**59,369**	**0**	**334,350**	**464,092**
Gap	**162,331**	**75,462**	**-2,145**	**-53,548**	**0**	**-182,000**	**0**
Off-balance sheet items							
Interest rate transactions:							
Assets	0	0	0	0	0	0	**0**
Liabilities	0	0	0	0	0	0	**0**
Gap	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Total gap	**162,331**	**75,462**	**-2,145**	**-53,548**	**0**	**-182,100**	**0**

(Figures in PLN'000)

The table below shows the effective interest rates for each class of financial assets and liabilities to which they apply, broken down by main currencies in which financial assets and liabilities are denominated.

					As at 31 December 2007
	PLN	EUR	CHF	USD	Other
	%	%	%	%	%
ASSETS					
Cash and amounts due from Central Bank	4.73				
Amounts due from banks	5.28	4.32		4.50	6.10
Loans and advances to customers	9.27	8.50	6.38	11.08	3.54
Debt securities	5.03				
LIABILITIES					
Amounts due to other banks and financial institutions	6.09		3.78		
Amounts due to customers	5.82	5.26	2.79	5.77	6.61
Debt securities in issue	6.12				

					As at 31 December 2006
	PLN	EUR	CHF	USD	Other
	%	%	%	%	%
ASSETS					
Cash and amounts due from Central Bank	3.83				
Amounts due from banks	4.02				
Loans and advances to customers	7.35	6.98	5.22		
Debt securities	8.47				
LIABILITIES					
Amounts due to other banks and financial institutions		3.49	2.28	5.31	
Amounts due to customers	4.26	3.65	1.95	4.51	

The main market risks identified in the Company also include:

- introducing a ban on selling loans denominated in the Swiss franc, which may lead to a squeeze on the mortgage loans market and lower commissions;
- rising interest rates, even by a few points, may cause interest in investment funds to drop and weaken interest in mortgage loans;
- successful market entry of big financial advisory firms such as AWD or MLP, which may lead to growing costs of customer acquisition and rising pressure on advisers' salaries.

Sensitivity analysis

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

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

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

- the Bank's equity in the reporting period.

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

Change in margins for the interest-generating items under the influence of a change in contractual interest rates, as at December 31st 2007 (influence on net profit and equity):

Change in margins	**31 Dec. 2007**	**31 Dec. 2006**
	PLN '000	**PLN '000**
Decrease of interest rates by 1 percentage point %	555	118
Increase of interest rates by 1 percentage point %	-555	-118

<u>Currency risk</u>

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

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

Reports on currency risk are monitored by the Bank's Management Board on an ongoing basis. Decisions about the currency position amounts are made at the Money Management Office, taking into account the currency position limit.

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

As at 31 December 2007 and 31 December 2006, the Bank's currency position was as follows:

	31 Dec. 2007	31 Dec. 2006
CHF	870	**899**
EUR	-123	**159**
USD	239	**-35**
GBP	-245	48
JPY	709	0
Global position	**1 450**	**1 071**
Total position	**1 818**	**1 106**

As at 31 December 2007

	Currency (PLN '000)						Total
	PLN	EUR	CHF	USD	GBP	Other	
ASSETS							
Cash and amounts due from Central Bank	25,965	0	0	0	0	0	25,965
Amounts due from banks	600,550	8,310	0	2,672	6,418	106	618,056
Loans and advances to customers	238,292	7,302	908,727	26,380	0	4,949	1,185,650
Securities	52,445	0	0	0	0	0	52,445
Investments in associates	89,537	0	0	0	0	0	89,537
Other	47,905	0	0	0	0	0	47,905
TOTAL ASSETS	**1,054,694**	**15,612**	**908,727**	**29,052**	**6,418**	**5,055**	**2,019,558**
LIABILITIES							
Amounts due to other banks and financial institutions	115,197	0	78,946	0	0	0	194,374
Amounts due to customers	903,253	22,541	2,416	21,813	6,663	0	956,686
Debt securities in issue	353,911	0	0	0	0	0	353,911
Provisions	7,137	0	0	0	0	0	7,137
Other	24,871	0	0	0	0	0	28,871
TOTAL LIABILITIES	**1,404,369**	**22,541**	**81,362**	**22,044**	**6,663**	**0**	**1,536,979**
EQUITY	**482,579**	**0**	**0**	**0**	**0**	**0**	**482,579**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,886,948**	**22,541**	**81,362**	**22,044**	**6,663**	**0**	**2,019,558**

NET EXPOSURE	**-832,254**	**-6,929**	**827,365**	**7,008**	**-245**	**5,055**	**0**
OFF-BALANCE SHEET ITEMS							
Assets	**717,431**	**0**	**0**	**0**	**0**	**0**	**717,431**
Liabilities	**0**	**0**	**702,455**	**0**	**0**	**0**	**702,455**
GAP	**-114,823**	**-6,929**	**124,910**	**7,008**	**-245**	**5,055**	**14,976**

As at 31 December 2006

	Currency (PLN '000)						Total
	PLN	**EUR**	**CHF**	**USD**	**GBP**	**Other**	
ASSETS							
Cash and amounts due from Central Bank	1,764	0	0	0	0	0	1,764
Amounts due from banks	164,952	628	188	1,132	48	0	166,948
Loans and advances to customers	48,248	2,130	81,141	10,422	0	0	141,941
Securities	37,073	0	0	0	0	0	37,073
Investments in subordinated entities	91,299	0	0	0	0	0	91,299
Other	25,067	0	0	0	0	0	25,067
TOTAL ASSETS	**368,403**	**2,758**	**81,329**	**11,554**	**48**	**0**	**464,092**
LIABILITIES							
Amounts due to other banks and financial institutions	0	1,930	69,330	8,767	0	0	80,027
Amounts due to customers	112,520	377	238	1,427	0	0	114,562
Provisions	22,782	0	0	0	0	0	22,782
Other	12,063	143	0	204	0	0	12,410
TOTAL LIABILITIES	**147,365**	**2,450**	**69,568**	**10,398**	**0**	**0**	**229,781**
EQUITY	**234,311**	0	0	0	0	0	**234,311**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**381,676**	**2,450**	**69,568**	**10,398**	**0**	**0**	**464,092**
NET EXPOSURE	**-13,273**	**308**	**11,761**	**1,156**	**48**	**0**	**0**
OFF-BALANCE SHEET ITEMS							
Assets							**0**
0Liabilities							**0**
GAP	**-13,273**	**308**	**11,761**	**1,156**	**48**	**0**	**0**

Sensitivity analysis

Sensitivity analysis for currency risk was performed as an analysis of the impact of changes in the average exchange rates of the National Bank of Poland on the financial result. The analysis was based on the value of Noble Bank's total open currency position as at 31 December 2007. 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 influence of the rate changes on the valuation of currency positions and on the Bank's financial result.

Exchange rate change	**31 Dec. 2007 PLN '000**			**31 Dec. 2006 PLN '000**		
	Increase	**Decrease**		**Increase**	**Decrease**	
10% rate change		182	-182		111	-111
15% rate change		273	-273		166	-166
20% rate change		364	-364		221	-221

	31.12.2007 PLN '000	**31.12.2006 PLN '000**
Currency position	1 818	1 106

3. 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 lies in shaping the structure of balance sheet and off-balance sheet items in such a way as to reach strategic goals, including maximization of the market value of equity by achieving the target net profit, at the same time maintaining exposures to financial risks at levels approved by the Management Board.

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

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

of:

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

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

1) constant access to the Bank's current account balance in the Payment Systems Department at the National Bank of Poland in Warsaw, through SORBNET system,

2) ongoing data from ELIXIR system,

3) daily information about the planned volume of loans and advances to be released ,

4) daily information about operations performed by the Money Management Office,

5) weekly information about the Bank's selected items of assets and liabilities,

6) the Bank's monthly reporting.

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

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

Throughout 2007 and 2006 the Bank 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) the ratio of mismatching of assets and liabilities including adjustments,

2) the ratio of structural liquidity,

3) the ratio of liquidity surplus (deficit)

4) the ratio of current satisfying deposit withdrawals,

5) the ratio of liquid satisfying deposit withdrawals,

6) the ratio of total credit/total deposits,

7) the ratio of demand accounts/total deposits,

8) the ratio of liquid assets/total net assets.

The ratios of the mismatch of assets and liabilities with the off-balance sheet items are calculated after taking into consideration the adjustments for the PLN and the currency part of the balance sheet and in total, in the following time bands:

- on demand - 1 month,
- on demand - 3 months,
- on demand - 1 year.

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

Apart from the balance sheet items, this statement also covers selected off-balance sheet items which might possibly cause an inflow or outflow of funds (sureties and guarantees, and undrawn credit limits).

The Bank adjusts the maturity dates for assets and liabilities in the following manner:

1) cash and transactions with the Central Bank:

   The mandatory reserve should be maintained on the level declared by the Bank. Only the surplus over the mandatory reserve is included in the demand band, whereas the remaining funds are divided into remaining time bands proportionally to liabilities to the non-financial sector;

2) securities:

   The trade securities in the Bank's portfolio are disclosed as maturing within a month,

3) liabilities to non-financial sector and budget:

   Foreign stable funds are assumed to represent 60% of the volume of demand accounts and 70% of time deposits; they are transferred to liabilities with maturities of over a year,

4) off-balance sheet liabilities granted:

The off-balance sheet liabilities granted which are included in the non-performing debts are disclosed as maturing within a month.

The Bank has in place emergency procedures both in the case of an increase in the liquidity risk level and a considerable deterioration of its financial liquidity.

The table below presents the Company's assets and liabilities as at 31 December 2007 by term to maturity (PLN '000):

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	Total below 12 months	From 1 to 5 years inclusive	Over 5 years	Total over 12 months	Undefined maturity	Total
Assets:									
Cash and balances with Central Bank	25,965	0	0	25,965	0	0	0	0	25,965
Amounts due from banks	218,056	400,000	0	618,056	0	0	0	0	618,056
Derivative financial instruments	0	18,003	0	18,003	0	0	0	0	18,003
Loans and advances to customers	110,884	3,401	25,910	140,195	136,700	908,755	1,045,455	0	1,185,650
Financial instruments	49,979	0	1,898	51,877	0	0	0	568	52,445
Available for sale	49,979	0	1,898	51,877	0	0	0	568	52,445
Investments in affiliated entities	0	0	0	0	0	0	0	89,537	89,537
Intangible assets	0	0	0	0	0	0	0	2,968	2,968
Tangible fixed assets	0	0	0	0	0	0	0	8,807	8,807
Non-current assets classified as held for sale	0	0	0	0	0	0	0	61	61
Income tax assets	0	0	0	0	0	0	0	10,144	10,144
Current income tax assets	0	0	0	0	0	0	0	2,291	2,291
Deferred income tax assets	0	0	0	0	0	0	0	7,853	7,853
Other assets	0	0	0	0	0	0	0	7,922	7,922
Total assets:	**404,884**	**421,404**	**27,808**	**854,096**	**136,710**	**908,755**	**1,045,455**	**120,007**	**2,019,558**
Liabilities:									
Amounts due to other banks and financial institutions	0	0	50,396	50,396	143,978	0	143,978	0	194,374
Derivative financial instruments	0	1,197	0	1,197	0	0	0	0	1,197
Amounts due to customers	414,650	151,196	230,477	796,323	160,363	0	0	0	956,686
Debt securities in issue	5,388	5,248	10,314	20,950	332,961	0	332,961	0	353,911
Other liabilities	5,265	104	467	5,836	2,360	0	2,360	0	8,196
Deferred income tax provision	0	0	0	0	0	0	0	15,478	15,478
Provisions	0	0	340	340	534	168	702	6,095	7,137
Total liabilities:	**425,303**	**157,745**	**291,994**	**875,042**	**640,196**	**168**	**480,001**	**21,573**	**1,536,979**
Equity	0	0	0	0	0	0	0	482,579	482,579
Total shareholders' equity and liabilities	**425,303**	**157,745**	**291,994**	**875,042**	**640,196**	**168**	**480,001**	**504,152**	**2,019,558**
Liquidity gap	**-20,419**	**263,659**	**-264,186**	**-20,946**	**-503,496**	**908,587**	**565,454**	**-384,145**	**0**

The table below presents the Company's assets and liabilities as at 31 December 2006 by term to maturity (PLN '000):

Balance sheet items	Up to 1 month inclusive	From 1 to 3 months inclusive	From 3 months to 1 year inclusive	Total below 12 months	From 1 to 5 years inclusive	Over 5 years	Total over 12 months	Undefined maturity	Total
Assets:									
Cash and balances with Central Bank	1,764	0	0	1,764	0	0	0	0	1,764
Amounts due from banks	166,948	0	0	166,948	0	0	0	0	166,948
Loans and advances to customers	839	717	18,254	19,810	20,322	87,917	108,249	13,882	141,941
Financial instruments	4,818	0	32,255	37,073	0	0	0	0	37,073
Available for sale	4,818	0	32,255	37,073	0	0	0	0	37,073
Investments in subordinated entities	0	0	0	0	0	0	0	91,299	91,299
Intangible assets	0	0	0	0	0	0	0	1,832	1,832
Tangible fixed assets	0	0	0	0	0	0	0	2,884	2,884
Non-current assets classified as held for sale	0	0	0	0	0	0	0	7,668	7,668
Income tax assets	0	0	0	0	0	0	0	7,506	7,506
Deferred income tax assets	0	0	0	0	0	0	0	7,506	7,506
Other assets	0	0	0	0	0	0	0	5,177	5,177
Total assets	**174,369**	**717**	**50,509**	**225,595**	**20,332**	**87,917**	**108,249**	**130,248**	**464,092**
Liabilities:									
Amounts due to other banks and financial institutions	2,154	42,110	35,763	80,027	0	0	0	0	80,027
Amounts due to customers	44,067	12,903	6,755	63,725	50,837	0	50,837	0	114,562
Other liabilities	401	0	6,064	6,465	702	0	702	0	7,167
Deferred income tax provision	5,243	0	0	5,243	0	0	0	0	5,243
Provisions	22,782	0	0	22,782	0	0	0	0	22,782
Total liabilities:	**74,647**	**55,013**	**48,582**	**178,242**	**51,539**	**0**	**51,539**	**0**	**229,781**
Equity	0	0	0	0	0	0	0	234,311	234,311
Total shareholders' equity and liabilities	**74,647**	**55,013**	**48,582**	**178,242**	**51,539**	**0**	**51,539**	**234,311**	**464,092**

Liquidity gap	**99,722**	**-54,296**	**1,927**	**47,353**	**-31,207**	**87,917**	**56,710**	**-104,063**	**0**

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

Balance sheet items	On demand	From 1 to 3 months	From 3 months to 1 year	Total below 12 months	From 1 to 5 years inclusive	Over 5 years	Total
Financial liabilities:							
Amounts due to other banks and financial institutions	0	1,089	53,689	54,778	146,367	0	201,145
Derivative financial instruments	0	1,197	0	1,197	0	0	1,197
Amounts due to customers	515,342	152,762	188,002	856,106	142 ,677	0	998,783
Debt securities in issue	5,388	10,592	26,464	42,444	375,962	0	418,406
Total undiscounted financial liabilities	**520,730**	**165,640**	**268,155**	**954,525**	**665,006**		**1,619,531**

The table below shows an analysis of financial liabilities by contractual residual maturity as at 31 December 2006 (PLN '000):

Balance sheet items	On demand	From 1 to 3 months	From 3 months to 1 year	Total below 12 months	From 1 to 5 years inclusive	Over 5 years	Total
Financial liabilities:							
Amounts due to other banks and financial institutions	2,154	42,507	36,376	81,037	0	0	81,037
Amounts due to customers	44,081	12,968	7,150	64,199	51,015	0	115,214
Total undiscounted financial liabilities	**46,235**	**55,475**	**43,526**	**145,236**	**51,015**	**0**	**196,251**

3. Credit and market risk as at 31 December 2007

Type of instrument	Carrying amount PLN '000	Risk weighted amount PLN '000
Balances with central bank	25,965	0
Derivative financial instruments	18,003	0
Receivables	1,803,706	1,300,138
Debt securities	52,445	568
Other securities, shares	92,505	0
Fixed assets	8,807	8,815
Other	18,127	2,614
Total banking portfolio	**2,019,558**	**1,312,135**

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

	Carrying amount and off-balance sheet value	Risk Weighted Value	Capital Requirement
Total banking portfolio (credit risk)	**2,179,596**	**1,383,558**	**110,685**

Capital requirements for banking portfolio (market risk)	Total net items long position	Capital requirement
Market risk	**0**	**0**
Including:		
Currency risk	0	0
Commodity price risk	0	0
Equity price risk	0	0
Debt instrument specific risk	0	0
Interest rate general risk	0	0
Settlement risk - delivery and contractor	0	0
Underwriting risk	0	0
Other	0	0

Capital requirements for trading portfolio (market risk)	Total net items long position	Capital requirement
Market risk	**0**	**0**
Including:		
Currency risk	0	0
Commodity price risk	0	0
Equity price risk	0	0
Debt instrument specific risk	0	0
Interest rate general risk	0	0
Settlement risk - delivery and contractor	0	0
Underwriting risk	0	0

Other	0	0
Total capital requirement		**110,685**

5. Credit and market risk as 31 December 2006

Balance sheet instruments

Type of instrument	Carrying amount PLN '000	Risk weighted amount PLN '000
Cash	0	0
Balances with central bank	1,764	0
Receivables	308,889	165,473
Debt securities	37,073	0
Other securities, shares	93,131	15,690
Fixed assets	2,884	2,884
Other	20,351	2,341
Total banking portfolio	**464,092**	**186,388**
Total balance sheet instruments	**464,092**	**186,388**

Other off-balance instruments – banking portfolio

Type of instrument	Off-balance sheet amount PLN '000	Credit equivalent PLN '000	Risk weighted amount PLN '000
Credit lines	21,902	10,951	10,951
Guarantees granted	3	2	2
Total banking portfolio	**21,905**	**10,953**	**10,953**

	Carrying amount and off-balance sheet value	Risk weighted value	Capital requirement
Total banking portfolio (credit risk)	**485,997**	**197,341**	**16,020**

Capital requirements for trading portfolio (market risk)	Total net items long position	Capital requirement
Market risk	**0**	**0**
Including:		
Currency risk	0	0
Commodity price risk	0	0
Equity price risk	0	0
Debt instrument specific risk	0	0
Interest rate general risk	0	0
Settlement risk - delivery and contractor	0	0
Underwriting risk	0	0
Other	0	0
Total capital requirement		**16,020**

Operational risk

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

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

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

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

  - prioritising hazards,
  - determining the appropriate access levels,
  - testing security gaps.

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

As far as the operational risk management issues are concerned, Noble Bank S.A. follows regulations contained in Recommendation M, which deals with the operational risk management in banks. The method of calculating capital requirement for operational risk is described in Note 9, paragraph 31.

XVII. OTHER IMPORTANT INFORMATION

In 2007 the Bank was inspected by the Financial Supervision Commission. Issues found in the course of the inspection have no material bearing on the Group's financial result for the year ended 31 December 2007 and its equity as at 31 December 2007.

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

On 7 January 2008, ASK Investments sold the Bank's shares according to the sale agreements referred to in the Issue Prospectus of NOBLE Bank S.A., Part III, p. 131, point 17.2.2. Pursuant to the agreement mentioned above, 180,160 shares with a par value of PLN 1 each were sold, for the total amount of PLN 180,160. After the transaction ASK Investments owns 14,819,840 shares of Noble Bank S.A., which accounts for 6.89% of the Bank's share capital.

On 6 March 2008, the Extraordinary General Shareholders' Meeting of Noble Bank S.A. accepted Mr Stępniak's resignation from the Supervisory Board of Noble Bank S.A., submitted on January 22nd 2008. On that date Krzysztof Rosiński was appointed to the post of Chairman of the Noble Bank S.A. Supervisory Board.

Except for the above, no events occurred after the balance sheet date which could affect the financial statements for the financial year ended 31 December 2007.

Signatures of all members of the Bank's Management Board

6 March 2008 Henryk Pietraszkiewicz President of the Management Board ....

6 March 2008 Jarosław Augustyniak Vice-President of the Management Board…………..

6 March 2008 Maurycy Kuhn Member of the Management Board ....

6 March 2008 Krzysztof Spyra Member of the Management Board ....