Noble Bank S.A. Capital Group

Consolidated financial statements

prepared in accordance with the International Financial Reporting Standards

for the financial year ended December 31st 2007

FINANCIAL HIGHLIGHTS

	PLN '000		EUR '000	
	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
Interest income	69 078	24 287	18 290	6 229
Fee and commission income	177 116	73 173	46896	18 767
Operating profit	158 265	65 355	41 905	16 762
Pre-tax profit	155 550	65 355	41 186	16 762
Net profit	129 456	53 250	34 277	13 657
Net profit attributable to Parent Company's shareholders	126 457	53 250	33 483	13 657
Net profit attributable to minority interest	2 999	9	794	0
Net earnings per ordinary share (in PLN/EUR) attributable to Parent Company's shareholders	0.61	0.27	0.16	0.07
Diluted net earnings per ordinary share (in PLN/EUR) attributable to Parent Company's shareholders	0.61	0.27	0.16	0.07
Cash flows from operating activities	-465 448	46 551	-123 239	11 939
Net cash flows from investing activities	-6 665	-63 168	-1 765	-16 201
Net cash flows from financing activities	499 486	5 724	132 251	1 468
Total net cash flows	27 373	-10 893	7 248	-2 794

	Dec 31st 2007	Comparative data Dec 31st 2006	Dec 31st 2007	Comparative data Dec 31st 2006
Loans and advances to customers	1 175 899	132 588	328 280	34 607
Total assets	2 092 562	495 129	584 188	129 236
Total liabilities	1 556 221	246 003	434 456	64 210
Amounts due to other banks and financial institutions	195 391	80 027	54 548	20 888
Amounts due to customers	938 021	109 353	261 871	28 543
Total shareholders' equity	536 341	249 126	149 732	65 026
Shareholders' equity attributable to Parent Company's shareholders	530 477	249 126	148 095	65 026
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	22.1%	54.0%	22.1%	54.0%

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I. CONSOLIDATED PROFIT AND LOSS ACCOUNT for the financial year ended December 31st 2007

	Note	From Jan 1st 2007 to to Dec 31st 2007	Comparative data From Jan 1st 2006 to to Dec 31st 2006
Continuing operations		PLN '000	PLN '000
I. Interest income	1	69 078	24 287
II. Interest expense	1	-35 558	-219
III. Net interest income		**33 520**	**24 068**
IV. Fee and commission income	2	177 116	73 173
V. Fee and commission expense	2	-20 640	-2 415
VI. Net fee and commission income		**156 476**	**70 758**
VII. Result on financial instruments at fair value through profit (loss)	3	5 543	-90
VIII. Result on other financial instruments	4	3 164	0
IX. Foreign exchange result	5	45 832	2 567
X. Other operating income	6	27 047	15 765
XI. Other operating expenses	6	-4 554	-1 502
XII. Other net operating income and expenses		**77 032**	**16 740**
XIII. Net impairment charges for loans, advances, lease receivables	9	17 475	19 443
XIV. General administrative costs	7	-126 238	-65 654
XV. Operating profit		**158 265**	**65 355**
XVI. Loss on disposal of shares in subsidiaries		-2 715	0
XVI. Pre-tax profit		**155 550**	**65 355**
XVII. Income tax	11	-26 094	-6 293
XVIII. Net profit from continuing operations		**129 456**	**59 062**
Discontinued operations			
XIX. Result on discontinued operations	8	0	-5 812
XX. Net profit		**129 456**	**53 250**
Net profit attributable to Parent Company's shareholders		**126 457**	**53 250**
Net profit attributable to minority shareholders		**2 999**	**0**
Earnings per share			
- basic from profit for financial year (PLN)	12	0.61	0.27
- diluted from profit for financial year (PLN)	12	0.61	0.27
- basic on discontinued operations (PLN)	12	0.00	-0.03
- diluted on discontinued operations (PLN)	12	0.00	-0.03

II. CONSOLIDATED BALANCE SHEET as at December 31st 2007

	Note	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
ASSETS			
Cash and balances with Central Bank	14	25 972	1 766
Amounts due from banks	15	657 070	190 601
Derivative financial instruments	16	18 003	0
Loans and advances to customers	17	1 175 899	132 588
Available for sale financial instruments	18	52 910	37 073
Intangible assets	22	102 715	102 751
Tangible fixed assets	21	16 279	7 773
Income tax assets, including:		15 826	9 494
Current income tax assets		2 291	0
Deferred income tax assets	11	13 535	9 494
Other assets	25	27 827	5 415
Non-current assets classified as held for sale	24	61	7 668
TOTAL ASSETS		**2 092 562**	**495 129**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Liabilities			
Amounts due to other banks and financial institutions	26	195 391	80 027
Derivative financial instruments	16	1 197	0
Amounts due to customers	27	938 021	109 353
Debt securities in issue	28	353 911	0
Corporate income tax liabilities		1 750	0
Other liabilities	30	30 108	17 381
Deferred income tax provision	11	28 706	16 371
Provisions	29	7 137	22 871
TOTAL LIABILITIES		**1 556 221**	**246 003**
Shareholders' equity (attributable to Parent Company's shareholders)		530 477	249 126
Share capital	31	215 178	200 178
Retained profit (loss)		-3 298	-4 760
Net profit		126 457	53 250
Other reserves	31	192 140	458
Minority interest		5 864	0
Total shareholders' equity		**536 341**	**249 126**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2 092 562**	**495 129**

(in PLN thousand)

III. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the financial year ended December 31st 2007

Attributable to Parent Company's shareholders

	Share capital	Retained profit (loss)	Other reserves: Reserve funds	Other reserves: Revaluation reserve	Net profit	Total	Minority interest	Total shareholders' equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at January 1st 2007	**200 178**	**-4 760**	**736**	**-278**	**53 250**	**249 126**	**0**	**249 126**
Valuation of available for sale financial assets net of deferred tax	0	0	0	278	0	278	0	278
Net profit (loss) recognised directly in equity	**0**	**0**	**0**	**278**	**0**	**278**	**0**	**278**
Net profit for period	0	0	0	0	126 457	126 457	2 999	129 458
Recognised total income and expenses	**0**	**0**	**0**	**278**	**126 457**	**126 735**	**2 999**	**129 734**
Share issue	15 000	0	142 500	0	0	157 500	0	157 500
Costs of share issue	0	0	-2 884	0	0	-2 884	0	-2 884
Distribution of profit (loss) for previous reporting period	0	1 462	51 788	0	-53 250	0	0	0
Acquisition of minority interest	0	0	0	0	0	0	2 865	2 865
As at December 31st 2007	**215 178**	**-3 298**	**192 140**	**0**	**126 457**	**530 477**	**5864**	**536 341**

(in PLN thousand)

	Attributable to Parent Company's shareholders							
			Other reserves			Total	Minority interest	Total shareholders' equity
	Share capital	Retained profit (loss)	Reserve funds	Revaluation reserve	Net profit			
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at January 1st 2006	**200 178**	**8 334**	**44**	**-205**	**-12 404**	**195 947**	**0**	**195 947**
Valuation of available for sale financial assets net of deferred tax	0	0	0	-73	0	-73	0	-73
Transfer of retained profit (loss) to reserve funds	0	-691	691	0	0	0	0	0
Net profit (loss) recognised directly in equity	**0**	**-691**	**691**	**-73**	**0**	**-73**	**0**	**-73**
Net profit for period	0	0	0	0	53 250	53 250	0	53 250
Recognised total income and expenses	**0**	**-691**	**691**	**-73**	**53 250**	**53 177**	**0**	**53 177**
Previous period loss carried forward to retained profit (loss)	0	-12 404	0	0	12 404	0	0	0
Other	0	1	1	0	0	2	0	2
As at December 31st 2006	**200 178**	**-4 760**	**736**	**-278**	**53 250**	**249 126**	**0**	**249 126**

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

	Note	From Jan 1st 2007 to Dec 31st 2007 PLN '000	Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000
Cash flows from operating activities			
Net profit		129 456	53 250
Total adjustments:	XIII	-594 904	-6 699
Depreciation and amortisation		5 357	2 798
Profit (loss) from investing activities		-4 549	15 107
Change in amounts due from banks		-463 303	352 462
Change in derivative financial instruments (asset)		-18 003	0
Change in loans and advances to customers		-1 043 311	-113 355
Change in available for sale financial instruments		0	0
Change in deferred income tax assets		-4 041	0
Change in other assets and liabilities		-12 254	-15 153
Change in amounts due to banks and other financial institutions		115 364	72 027
Change in derivative financial instruments (liability)		1 197	0
Change in amounts due to customers		828 668	-280 162
Change in debt securities in issue		3 911	0
Change in provisions and deferred income tax provisions		-3 399	-19 600
Other adjustments		0	-20 884
Income tax paid		-18 341	-2 216
Current tax expense (profit and loss account)		17 800	2 277
Net cash from operating activities		**-465 448**	**46 551**
Cash flows from investing activities			
Inflows from investing activities		**1 550 285**	**38 209**
Sale of shares in subordinated entities	V	150	0
Sale of investment securities		1 529 225	30 918
Sale of intangible assets and tangible fixed assets		6 590	6 781
Sale of non-current assets classified as held for sale		11 770	0
Interest received		2 550	510
Outflows from investing activities		**-1 556 950**	**-101 377**
Purchase of subsidiaries, net of cash acquired	33	0	-91 299
Purchase of shares in associates		0	0
Purchase of investment securities		-1 545 062	0
Purchase of intangible assets and tangible fixed assets		-11 888	-10 078
Net cash used in investing activities		**-6 665**	**-63 168**
Cash flows from financing activities			
Proceeds from share issue		154 615	5 874
Proceeds from debt securities in issue		350 000	0
Interest paid		-5 129	-150
Net cash from / (used in) financing activities		**499 486**	**5 724**
Net increase (decrease) in cash and cash equivalents		27 373	-10 893
Cash and cash equivalents at beginning of period		12 688	23 581
Cash and cash equivalents at end of period	33	**40 061**	**12 688**
with limited availability		24 226	536

V. GENERAL INFORMATION

The Noble Bank S.A. Capital Group ("the Group") is composed of Noble Bank S.A. ("the Bank", "Noble Bank", "the Parent Company") and its subsidiaries. The consolidated financial statements cover the financial year ended December 31st 2007 and include comparative data for the financial year ended December 31st 2006.

The Group's Parent Company is Noble Bank S.A., registered office in Warsaw, Poland, at ul. Domaniewska 39B (formerly Wschodni Bank Cukrownictwa S.A. in Lublin, ul. Okopowa 1), registered on October 31st 1990 pursuant to a decision of the District Court of Lublin, XI Commercial and Registration Division, in the Commercial Register, Section B, under entry H 1954. On June 8th 2001 it was entered in the National Court Register under entry No 0000018507.

The legal basis for the Parent Company' activities are the Articles of Association made out in the form of a notary deed of September 21st 1990 (as amended). The change of the Bank's name and its registered office was registered on June 8th 2006.

The Parent Company has been assigned the industry identification number (REGON): 004184103.

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

composition of the Parent Company's Management Board as at December 31st 2007 was as follows:

1. Henryk Pietraszkiewicz - President of the Bank's Management Board,
2. Jarosław Augustyniak - Vice-President of the Bank's Management Board,
3. Maurycy Kuhn - Member of the Management Board ,
4. Krzysztof Spyra - Member of the Management Board,

On February 7th 2007 Dariusz Kozłowski resigned from the post of a Management Board Member with effect from February 28th 2007.

The composition of the Parent Company's Supervisory Board as at December 31st 2007 was as follows:

1. Piotr Stępniak - Chairman of the Supervisory Board,
2. Marek Ryszard Kaczałko - Deputy Chairman of the Supervisory Board,
3. Michał Kowalczewski - Member of the Supervisory Board,
4. Dariusz Niedośpiał - Member of the Supervisory Board,
5. Remigiusz Baliński - Member of the Supervisory Board.

Mr Remigiusz Baliński has been a Member of the Supervisory Board since March 7th 2007.

On March 6th 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. These facts are also described in Note XIX to these financial statements.

These consolidated financial statements were approved for publication by the Parent Company's Management Board on March 6th 2008.

The superior holding company of the entire Noble Bank S.A. Group is Getin Holding S.A. The controlling shareholder of the entire Getin Holding S.A. Capital Group is Leszek Czarnecki.

(in PLN thousand)

Group's business

Banking activities

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

In accordance with the Parent Company's Articles of Association, the Bank' business includes the performance of banking operations and business activity as set out in the Bank's Articles of Association.

In 2005 the Bank finished the implementation of its Rehabilitation Programme. In 2007 the Bank continues the restructuring process in the collection area, which began during the Rehabilitation Program in 2003. The Bank has been also implementing a strategy to build a private banking platform, which started in 2006. Noble Bank's business model assumes distributing its own products as well as those of other financial institutions. The scope of Noble Bank's offering includes financial, investment, property and tax advisory services. Some of those are outsourced to external companies. The offering is addressed at demanding clients of above-average wealth. In 2007 the Bank opened six new branches in Poznań, Wrocław, Katowice, Kraków, Gdańsk and Warsaw.

Financial intermediation

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

Management of assets and investment funds

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

The Noble Bank S.A. Capital Group includes the following subsidiaries, all of which are consolidated under the full method:

Company	Registered office	Core business	Bank's percentage share in capital	
			Dec 31st 2007	Comparative data Dec 31st 2006
Open Finance S.A.	ul. Wołoska 18, Warsaw	Financial intermediation	100.0%	100.0%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	ul. Wołoska 18, Warsaw	Management of investment funds	70.0%	100.0%

As at December 31st 2007 and December 31st 2006 the Parent Company's share in the total number of votes in the subsidiaries is equal to its share in the equity of such subsidiaries.

On March 31st 2006 an investment contract was concluded between Wschodni Bank Cukrownictwa S.A. (now Noble Bank S.A.) and Mariusz Staniszewski and Mariusz Błachut ("Managing Partners"), under which they have been appointed to establish and jointly manage Towarzystwo Funduszy Inwestycyjnych Noble Funds TFI S.A., an investment fund company ("Investment Fund Company").

Under the contract the Managing Partners have agreed to share and use all their gathered experience, expertise and skills necessary for establishing and managing the Investment Fund Company. In return, the Bank has granted the Managing Partners, subject to fulfilment of required conditions, a right to the Investment Fund Company's shares representing 30% of its share capital.

On June 28th 2007 Noble Bank S.A. made an agreement with Mr Staniszewski on the sale of 9.9% of shares in Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. (TFI), for PLN 49.5 thousand. Additionally, pursuant to the mentioned agreement, 3.1% of TFI shares were sold for PLN 15.5 thousand, on condition that the Buyer should receive a notice from the Financial Supervision Commission to the effect that it does not object to his acquiring of TFI shares in a number which results in gaining or exceeding 10% of votes at its general shareholders' meeting, within two months from the date of notifying the Financial Supervision Commission of his intention to purchase the shares. In accordance with the signed agreement, on June 30th 2007 Noble Bank S.A. recognised the sale of 9.9% of TFI shares and, taking into regard the fact that the Financial Supervision Commission did not object to the additional purchase of 3.1% of TFI shares mentioned above, the total sale of 13% of TFI shares has been recognised in the financial statements for the period ended December 31st 2007.

On June 28th 2007 Noble Bank S.A. made an agreement with Mr Błachut on the sale of 9.9% of TFI shares for PLN 49.5 thousand. Additionally, pursuant to the mentioned agreement, 3.1% of TFI shares were sold for PLN 15.5 thousand, on condition that the Buyer should receive a notice from the Financial Supervision Commission to the effect that it does not object to his acquiring of TFI shares in a number which results in gaining or exceeding 10% of votes at its general shareholders' meeting, within two months from the date of notifying the Financial Supervision Commission of his intention to purchase the shares. In accordance with the signed agreement, on June 30th 2007 Noble Bank S.A. recognised the sale of 9.9% of TFI shares and, taking into regard the fact that the Financial Supervision Commission did not object to the additional purchase of 3.1% of TFI shares mentioned above, the total sale of 13% of TFI shares has been recognised in the financial statements for the period ended December 31st 2007.

On June 28th 2007 Noble Bank S.A. made an agreement with Sylwia Magott on the sale of 2% of TFI shares, for PLN 10.0 thousand.

On June 28th 2007 Noble Bank S.A. concluded an agreement with Paweł Homiński on the sale of 2% of TFI shares, for PLN 10.0 thousand.

As result of these transactions the Group recognised a loss on the sale of shares in subordinated entities in the amount of PLN 2,715 thousand.

Pursuant to the Investment Contract of March 31st 2006 between Noble Bank S.A. and natural persons who as at December 31st 2007 were the shareholders of Noble Funds TFI S.A, Noble Bank S.A. has the right (between June 28th 2007 and December 31st 2012) to call all natural persons mentioned above to sell all shares owned by them to Noble Bank S.A. The possible repurchase valuation depends, among others, on the performance of Noble Funds TFI S.A., the net value of assets and results as at the option exercise date and financial results for the 12-month period preceding the option exercise date.

At the same time, the natural persons mentioned above are entitled to call the Noble Bank S.A. to purchase the shares owned by them. This right is exercisable between January 1st 2012 and December 31st 2012. The sale price depends, among others, on the performance of Noble Funds TFI S.A., the net value of assets and financial results for the option period years.

As at December 31st 2007 there were no reliable parameters which would allow the options to be valued. Therefore the options mentioned above as at December 31st 2007 were not included in the balance sheet valuation.

As at December 31st 2007 and December 31st 2006 the Parent Company did not have equity investments in joint subsidiaries and associates.

VI. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments recognised at fair value. The consolidated financial statements are presented in the Polish zloty ("PLN") and all amounts are expressed in PLN thousand, unless indicated otherwise.

The consolidated financial statements have been prepared on a going concern basis on which the Group companies will continue their business in the foreseeable future, i.e. for at least 12 months from the balance sheet date. As at the financial statements approval date, no circumstances have been found which indicate that the continuation of the Group companies' activities is threatened in any way.

VII. ACCOUNTING POLICIES

1. Statement of compliance with the International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as approved by the European Union. As at the date when these statements were approved for publication, as regards a process of implementing the IFRS standards going on in the European Union and the Group's activities, there are no differences between the IFRS standards which came into force and the IFRS standards approved by the European Union with respect to the accounting policies applied by the Group.

IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Group's subsidiaries keep their accounting books in accordance with the accounting policies (principles) set out in the Accounting Act of September 29th 1994 ("the Act") as amended and its secondary legislation ("the Polish accounting standards"). The consolidated financial statements incorporate adjustments not included in the accounting books of the Group's companies, which have been introduced to make their financial statements complaint with IFRS.

2. Currency of measurement and currency of the financial statements

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

3. Changes in the applied accounting principles

New or amended IFRS regulations and new IFRIC interpretations which the Group has used in the current year are presented below. Their use did not influence the financial statements, except for a few additional disclosures.

IAS 1 - "Presentation of Financial Statements - Capital Disclosures"

The Group has applied the amended IAS 1 regulations. New disclosures are presented in Note XVI: "Capital management".

IFRS 7 - "Financial Instruments: Disclosure"

The Group has applied IFRS 7. Most important changes were introduced in Note 17: "Loans and advances to customers by type" and in Note 19: "Classification of financial instruments".

IFRIC 7 Use of conversion method under IAS 29 - "Financial Reporting in Hyperinflationary Economies"

The Group has applied the IFRIC 7 interpretation. The use of this interpretation does not influence the Group's financial statements.

IFRIC 8 - "The Scope of IFRS 2"

The Group has applied the IFRIC 8 interpretation. The Group has reviewed transactions under which shares were issued (or the Group incurred a liability based on the value of equity instruments) as payment for received goods or services and found that no transactions occurred which would require changed recognition on account of using the IFRIC 8 interpretation.

IFRIC 9 - "Reassessment of Embedded Derivatives"

The Group has applied the IFRIC 9 interpretation. It states that an assessment whether a particular agreement includes an embedded derivative instrument is made as at entering into the agreement. A reassessment is possible only when changes have occurred to the agreement, which materially affect cash flows resulting from it. Using this interpretation did not bring about material changes in the recognition of embedded instruments owned by the Group.

IFRIC 10 - "Interim Financial Reporting and Impairment"

The Group has applied the IFRIC 10 interpretation. It states that impairment losses on goodwill or investments in equity instruments classified as available for sale, recognised in an interim financial statement, must not be reversed. Using this interpretation did not bring about material changes which might influence these financial statements.

In the reporting period covered by the financial statements the Parent Company's Management Board did not introduce any changes to the Group's accounting policies (principles).

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

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

- IFRS 8 - "Operating Segments" - applicable to years starting after January 1st 2009,
- IAS 1 - "Presentation of Financial Statements" (amended in September 2007) - applicable to years starting after January 1st 2009 - until the approval date of these financial statements it had not been approved by the European Union,
- IAS 23 - "Borrowing Costs" (amended in March 2007) - applicable to years starting after January 1st 2009 - until the approval date of

(in PLN thousand)

these financial statements it had not been approved by the European Union,

- IFRIC 11 interpretation - "Group and Treasury Share Transactions" - applicable to years starting after March 1st 2007,
- IFRIC 12 interpretation - "Service Concession Arrangements" - applicable to years starting after January 1st 2008 - until the approval date of these financial statements it had not been approved by the European Union,
- IFRIC 13 interpretation - "Customer Loyalty Programmes" - applicable to years starting after July 1st 2008 - until the approval date of these financial statements it had not been approved by the European Union,
- IFRIC 14 interpretation - "Service Concession Arrangements" - applicable to years starting after January 1st 2008 - until the approval date of these financial statements it had not been approved by the European Union.

The Management Board does not expect the implementation of the above standards and interpretations to have a significant impact on the accounting principles (policies) applied by the Group. The Group does not expect the above standards to be applied earlier than at their planned effective date.

5. Consolidation

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

6. (Comparative data)

As regards comparative data contained in these consolidated financial statements, presentation changes have taken place compared to data presented in the financial statements of the Noble Bank S.A. Group made for 2006. The aim of those changes was to adjust the comparative data to the format applied as at December 31st 2007.

Presentation changes	**Published data** **Dec 31st 2006**	**Changes**	**Comparative data** **Dec 31st 2006**	**Explanations**
Assets				
Amounts due from banks	170159	20 442	190 601	a)
Other assets	25 857	-20 442	5 415	a)
Total assets	**495 129**		**495 129**	

(in PLN thousand)

Explanations of material reclassifications:

a) reclassification of amounts due from distributors (banks), from other assets to amounts due from banks

7. Major accounting principles

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

Translation of items in foreign currencies

Transactions in foreign currencies are translated into PLN at an exchange rate as at the transaction date. Monetary assets and liabilities denominated in foreign currencies, recognised at historical cost, are translated into PLN at an average exchange rate of the National Bank of Poland as at the balance sheet date. Gains or losses arising from translation are recognised in the profit and loss account.

Non-monetary assets and liabilities denominated in foreign currencies, recognised at historical cost, are translated into PLN at an exchange rate as at the transaction date, and items valued at fair value at an average exchange rate of the National Bank of Poland as at the balance sheet date. The foreign exchange differences on non-monetary items at fair value through profit or loss are recognised in the profit and loss account under change in fair value. The foreign exchange differences on non-monetary items assets are included in the revaluation reserve.

For the purposes of the balance sheet valuation, the following rates have been adopted:

Currency	December 31st 2007	December 31st 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

The Group recognises financial assets or liabilities in the balance sheet when it becomes a party to transactions. Purchase and sale transactions involving financial assets valued at fair value through profit or loss, financial assets held to maturity and available for sale financial assets, including standardised purchase and sale transactions involving financial assets, are recognised in the balance sheet always on the transaction date. Loans and receivables are recognised at the moment of the transfer of funds to the borrower.

Recognition of financial instruments

The Group recognises financial assets or liabilities in the balance sheet when it becomes a party to an agreement on such instruments. Purchase and sale transactions involving financial assets are recognised on the transaction date.

All financial instruments as at the initial recognition are valued at fair value adjusted, in the case of financial instruments other than those classified as valued at fair value through profit or loss, for transaction costs which could be attributed directly to the purchase or issue of a financial asset or liability.

The Group classifies financial instruments according to the following categories: financial instruments at fair value through profit or loss, financial assets held to maturity, loans and receivables, available for sale financial assets, other financial liabilities.

Other financial assets and liabilities held for trading

Other financial assets and liabilities held for trading are valued at fair value with the valuation result reflected in the profit and loss account. This category includes debt and equity securities, loans and receivables which were purchased or included in this category for sale in the short term.

Financial instruments at fair value through profit or loss

This category is divided into two subcategories:

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

- financial assets and liabilities designated upon their initial recognition as financial assets at fair value through profit or loss.

Financial assets held for trading and financial assets designated upon their initial recognition as financial assets at fair value through profit or loss are recognised in the balance sheet at fair value.

Derivative financial instruments

Derivative financial instruments which are not hedge accounted are recognised on the transaction day and valued at fair value on the balance sheet date. The Group recognises changes in fair value in the result on financial instruments valued at fair value through profit or loss or, respectively, to foreign exchange result (FX swap, FX forward and CIRS transactions) with corresponding receivables/liabilities, respectively, on derivative financial instruments. The effect of final settlement of derivatives transactions is recognised in result on financial instruments at fair value through profit or loss or, in the case of currency derivative financial instruments (FX swap, FX forward and CIRS transactions), in foreign exchange result.
Underlying amounts of derivatives transactions are recognised in the off-balance sheet items on the dates of transactions and throughout their terms. The off-balance sheet items in foreign currencies are revalued at the day end at the average exchange rate of the National Bank of Poland (fixing as at the valuation day).

The fair value of financial instruments on the market is the market price. In other cases it is the fair value determined on the basis of a valuation model for which data was obtained from an active market.

Financial assets held to maturity
Financial assets held to maturity include non-derivative financial assets with fixed or determinable payments or fixed maturity which the Group intends and is able to hold to maturity, other than:

- those designated at the initial recognition as valued at fair value through profit or loss,
- those designated as available for sale, and

- those satisfying the definition of loans and receivables.

Financial assets held to maturity are valued at amortised cost using the effective interest rate and including adjustments for impairment. Accrued interest as well amortised discounts or premiums are recorded in the interest income.

Loans and receivables

The loans and receivables category means financial assets with defined or definable cash flows, which are not quoted on an active market and which are not classified as derivatives. Loans and receivables originate when the Group lends funds to customers for purposes other than achieving short-term economic gains. This category incorporates amounts due from banks and customers, including purchased receivables and investments in debt financial instruments, unless they are quoted on an active market.

Loans and receivables are valued in the balance sheet at amortised cost using the effective interest rate method and including adjustments for impairment.

Accrued income with commissions settled in time according to the effective interest rate is recognised in interest income. Commissions which do not constitute interest income and which are settled on a linear basis are included in commission income. Impairment charges are recognised in the profit and loss account as net impairment charges for loans, advances and lease receivables.

Available for sale financial assets

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

Available for sale financial assets are valued in the balance sheet at fair value. Results of changes in fair value are recognised in revaluation reserve until the exclusion of assets from the balance sheet, when cumulative profits or losses recognised in equity are recognised in the profit and loss account. In the case of debt instruments, interest income and discount or premium are recognised in interest income using the effective interest rate method.

If the fair value can not be determined, assets are recognised at the acquisition cost adjusted for impairment. The impairment charge is recognised in the profit and loss account.

Financial liabilities

This category includes amounts due to banks and customers, loans taken by the Group and issued debt securities, net of transaction costs.

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

Exclusion from the balance sheet

A financial asset is excluded from the balance sheet of the Group upon the expiry of the contractual rights to the cash flows from the asset or when the Group transfers the contractual rights to receive the cash flows.

When transferring a financial asset, the Group evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. Accordingly:

- if the Group transfers substantially all risks and rewards of ownership of the financial asset then it will exclude the financial asset from the balance sheet; if the Group retains substantially all risks and rewards of ownership of the financial asset then it will continue to recognise the financial asset in the balance sheet,

- if the Group neither transfers nor retains substantially all risks and rewards of ownership of the financial asset, the Group determines whether it has retained control over this financial asset. If such control has been retained, the Group continues to recognise the financial asset in its balance sheet.

The Group excludes a financial asset or a part of it from the accounting books when the Group no longer controls it, i.e. when the Group has exercised its rights to benefits specified in an agreement, such rights expire or the Group has waived such rights.

The Group eliminates a financial liability (or a part of it) from its balance sheet, when the obligation specified in the agreement has been fulfilled, cancelled or has expired.

Impairment of financial assets

As at each balance sheet date, the Group assesses if there is any objective evidence that a financial asset is impaired. If this is the case, the Group determines amounts of impairment charges. Impairment loss is incurred when there is objective evidence of impairment stemming from one or more events after the initial recognition of the asset, and the event causing the impairment has an impact on the expected future cash flows from the asset or a group of assets, which can be reliably estimated.

Evidence for impairment can be especially identified in the following circumstances:

- considerable financial difficulties of an issuer or a borrower,
- an issuer's or borrower's breach of contract, e.g. default or delinquency in interest or principal payments,
- an issuer's or borrower's being granted an economic or legal relief clause by the Group owing to their financial difficulties, which would otherwise have not been granted,
- a great likelihood of an issuer's or borrower's bankruptcy or restructuring,
- a financial asset's no longer being traded on an active market owing to an issuer's or borrower's financial difficulties.

Loans, purchased receivables, other receivables

Receivables from loans are the most significant group of assets recognised at amortised cost in the balance sheet of the Group and at the same time exposed to the impairment risk. As at each balance sheet date, the Group analyses whether there is any objective evidence that individual assets and/or a portfolio of assets have been impaired. A financial asset or a group of financial assets were impaired and the impairment loss has been incurred if, and only if, there is objective evidence of impairment stemming from one or more events after the initial recognition of the asset, and such events have an impact on the future cash flows generated by the asset or the group of financial assets, assuming that they can be reliably estimated. Expected future losses are not included in the estimated current impairment.

If the Group identifies evidence indicating impairment, it then calculates an amount of impairment charge which is equal to the difference between the carrying amount of loan receivables and their economic value measured as the present value of expected future cash flows discounted using the effective interest rate for contracts as at the date when such evidence appeared for a financial asset.

The impairment charge is shown in the profit and loss account.

Measurement of impairment losses on the individual level is made for all loan receivables for which individual impairment triggers have been identified.

When there is no objective evidence that an individually analysed loan was impaired, irrespective of whether it constitutes a significant reporting item, such an exposure is included in a portfolio of loans with similar characteristics and an impairment analysis is performed on the portfolio level. The measurement of the portfolio impairment is based on historical characteristics of losses generated by similar asset portfolios.

When evidence of impairment no longer exists, an impairment charge is released through profit or loss.

Loans granted by Wschodni Bank Cukrownictwa (old portfolio)

In the Group's opinion, evidence exists that the entire old portfolio has been impaired. The value of impairment charges was calculated using the method of discounting the expected cash flows in next periods, assessed on the basis of historical recoveries from this portfolio and the current collection results.

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

Purchased receivables - valuation

The Group values the purchased receivables using the discounted expected future cash flows from such receivables. The value of purchased receivables is updated at the end of each quarter including the obtained recoveries of such receivables and possible changes in the estimated future cash flows.
Monthly receipts due to the purchased receivables, estimated to be recovered within a planned period, are discounted in the following manner:

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

R- receipt due to the purchased receivables at the end of a consecutive month of the estimate

IRR - internal rate of return for cash flows

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

Loans granted as part of a strategy to build a private banking platform (new portfolio), started by the Group in 2006

As a result of analysing credit risks in the new portfolio, no individual indications of impairment have been found at the current stage. Therefore the Group only makes a provision for losses which might have taken place in the old portfolio and have not been reported yet.
Noble Bank S.A., owing to the short mortgage lending history, does not have a required number of observations with respect to the quality of its mortgage loans portfolio to calculate real time series. On account of the above, the Group adopts a ratio assessed according to the best knowledge,

which approximately includes possible losses which have not been reported yet.

In order to determine the above ratio, the following criteria, among others, have been included:

- developed loan portfolio is young,
- loss of historical data on for a portfolio of this type,
- long lending periods - owing to dynamic changes on Poland's property market it is difficult to predict the future values of established collateral.

For determining the ratio, data on lost portfolios of housing loans and financial loans for the entire banking sector in Poland have been adopted. Accordingly, the ratio which is the basis for creating an impairment charge for the "new portfolio" was determined as at December 31st 2007 at 1% for mortgage loans and at 1.5% for financial loans (loans secured with the customers' financial assets).

The provision ratio will be analysed according to the above criteria and updated quarterly.

Investments held to maturity

The Group analyses whether there is any objective evidence that individual investments held to maturity have been impaired. If the event of objective evidence indicating impairment, the amount of impairment charge is equal to the difference between the carrying amount of an asset and the present value of expected future cash flows (excluding future loan losses which were not incurred), discounted using the effective interest rate as at the date when such evidence appeared for the financial asset.

If in the subsequent period the impairment loss is reduced as a result of an event which took place after the impairment was identified, then the previously made impairment charge is reversed by adjusting appropriately the impairment charges balance. The reversed amount is shown in the profit and loss account.

c/ Available for sale financial assets

As at each balance sheet date, the Group analyses whether there is any objective evidence that individual assets and/or a portfolio of assets have been impaired.

If the Group identifies objective evidence that an asset classified as available for sale has been impaired, the cumulative negative value of such asset, so far recognised in the revaluation reserve, is removed and recognised directly in profit or loss despite that asset's not having been excluded from the balance sheet.

In the case of an equity instrument classified as available for sale, the impairment charge is not reversed through profit or loss to an amount previously recognised in equity, and the excess amount is recognised in profit or loss.

In the case of an available for sale debt instrument, the impairment analysis is based on the same criteria as for financial assets valued at amortised cost. When the evidence of impairment is no longer identified, the amount of reversed charge is recognised in profit or loss.

Netting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if the

Group has a valid legal right to set off the recognised amounts and intends to settle on a net basis or to realise an asset and settle the liability simultaneously.

Tangible fixed assets and intangible assets

Tangible fixed assets

Tangible fixed assets are recognised at the purchase price/development cost less depreciation and all impairment charges. Initial value of fixed assets includes their purchase price plus all costs directly related to the purchase and adaptation of an asset to usable condition. The cost also includes the cost of replacing components of plant and equipment as at the date of incurring, if the recognition criteria have been met. Costs incurred after the date of putting a fixed asset into use, such as maintenance and repair costs, are charged to the profit and loss account as at the date they were incurred.

Fixed assets at the purchase are divided into components being significant items to which a separate period of economic usability can be assigned. Components also comprise general overhaul costs.

Depreciation is calculated using the straight line method over the estimated useful life of an asset, which is:

Type	Life
Investments in third party properties	Duration of a lease - up to 10 years
Plant and technical equipment	8 - 17 years
Computer units	3 years
Means of transport	5 years
Office equipment, furniture	5 years

A fixed asset may be derecognised after its disposal or when no economic benefits are expected, which result from continued use of such an asset. All profits or losses arising from the derecognition of an asset (calculated as the difference between possible net proceeds from sale and its carrying amount) are recognised in the profit and loss account for the period in which such derecognition was made.

Investments in progress involve fixed assets under construction or assembly and are recognised at the purchase prices or development cost. Fixed assets under construction are not depreciated until the construction completion and the commissioning of a fixed asset.

The terminal value, useful life and depreciation method of assets are revised, and, if necessary - adjusted - at the end of each financial year.

Each time when a repair is done, its cost is recognised in the carrying amount of tangible fixed assets if the recognition criteria have been met.

Intangible assets

Intangible assets purchased under a separate transaction are initially valued at the purchase price or development cost. The acquisition price of intangible assets acquired in a business combination is equal to their fair value at the combination date. After the initial recognition, intangible assets are recognised at the purchase price or the development cost less amortisation and impairment charges. With the exception of development work, capital expenditures on intangible assets developed internally, except for activated expenditures on development work, are not activated and are recognised in the costs for a period in which they were incurred.

The Group establishes whether a useful life of intangible assets is finite or indefinite. Intangible assets with a finite useful life are amortised over their useful time and tested for impairment each time when indications of impairment exist. Time and method of amortisation of intangible assets with a finite useful time are reviewed at least at the end of each financial year. Changes in the expected useful life or pattern of consumption of economic benefits embodied in an asset are recognised through changing the amortisation time or method, respectively, and treated as changes of estimates. Amortisation charge for intangible assets with a finite useful life is recognised in the profit and loss account against a category which corresponds to a function of an intangible asset.

Intangible assets with an indefinite usable life and those not used are subject to an annual test for impairment with respect to individual assets or on the level of a cash-generating unit. Other intangible assets are each year assessed for indications of their impairment. Usable lives are also subject to annual reviews and, if necessary, adjusted with effect from the beginning of a financial year.

Goodwill

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

Trademark

An intangible fixed asset acquired in a business combination, separable, reliably measured, recognised separately from the goodwill.

As a trademark is expected to contribute to generating net cash inflows for an indefinite time, it is considered to have an indefinite useful life. A trademark is not amortised until its useful life is reclassified to finite. In accordance with IAS 36, a trademark is subjected to tests for impairment annually and whenever indications exits that it may have been impaired.

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

	Trademark	Goodwill	Computer software
Useful life	Indefinite	Indefinite	2 - 5 years
Method applied	Indefinite life assets are not amortised or revalued	Indefinite life assets are not amortised or revalued	Using the straight line method
Developed internally or purchased	Purchased	Purchased	Purchased
Impairment review / assessment of recoverable value	Annual impairment test	Annual impairment test	Annually assessed for indications of impairment

Profits or losses arising from the derecognition of intangible assets are calculated as the difference between net proceeds from sale and the carrying amount of an asset and are recognised in the profit and loss account when such derecognition is made.

Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity. It leads to the holding entity's obtaining control of the acquirees. All business combinations are accounted for using the acquisition method. The acquisition method treats a business combination from the perspective of the entity identified as the acquirer. The acquirer recognises the assets acquired, liabilities and contingent liabilities incurred, including those previously not recognised by the acquiree.

Application of the acquisition method consists in the performance of the following actions:

- identification of an acquirer,

- measurement of the cost of a business combination,

- allocating, at the acquisition date, the cost of a business combination to assets acquired, liabilities and contingent liabilities incurred or assumed.

The acquirer measures the cost of the business combination as the aggregate of:

- the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus

- any costs directly attributable to the combination.

Non-current assets held for sale and discontinued operations

Non-current assets and assets in the group held for sale are valued at the lower of: their current carrying amount or fair value less costs to sell. Discontinued operations are a part of the Group's business which constitutes its separate, dedicated business area or its geographical segment or are a subsidiary purchased solely for resale. The Group discloses its operations as discontinued as at the sale or classification under the "held for sale" category.

Impairment of fixed assets

Carrying amounts of individual assets are subject to periodic impairment review. If the Group identifies indications of impairment, it then assess whether the current carrying amount of an asset exceeds a value which can be obtained in its further use or disposal, in other words, estimates the recoverable value of an asset. If the recoverable value is lower than the carrying amount of an asset, its impairment is stated and written down in the profit and loss account.

The recoverable value of an asset is determined as the higher of obtainable selling price less the selling costs and the value in use of the asset. Value in use is calculated as the future cash flows generated by an asset discounted using the market-based rate plus a margin for risk specific to the given category of assets.

An impairment charge may be reversed only to the carrying amount of the asset which would have been determined including the accumulated depreciation had the impairment charge not been made.

Cash and cash equivalents

Cash and cash equivalents: cash and funds in current accounts with the Central Bank and current accounts and overnight deposits in other banks.
Bills of exchange eligible for rediscounting at the Central Bank are bills in the zloty with maturities of up to three months.

Accruals and deferrals

Prepayments refer to those expenses which will be recognised in the profit and loss proportionally to time elapsed in the future reporting periods. Prepayments are presented as "Other assets".
Accrued costs include provisions for costs which result from the services provided for the Group, which will be settled in the next periods. Such balances are disclosed as "Other liabilities". Deferred income includes, among others, received amounts of future benefits and some types of income charged in advance, which will be recognised in the profit and loss in the future reporting periods. They are also shown under "Other liabilities".

Provisions

Provisions are established when the Group is under an obligation (legal or constructive) which stems from past events and when the fulfilment of such an obligation is likely to cause a necessity of transfer of economic benefits and when it is possible to estimate the amount of that obligation reliably. If the Group expects the costs covered by a provision to be recovered, for instance under an insurance agreement, then such a recovery is recognised as a separate asset, but only when if it is actually certain to happen. Costs of a provision less any recoveries are recognised in the profit and loss account. If the influence of the time value of money is significant, the amount of provision is determined by discounting the expected future cash flows to the present value, using the discount rate which reflects the time value of money on a current market basis and a risk, if any, related to an obligation. If the discounting method has been used, an increase in provision owing to the passage of time is recognised as other operating expenses.

Employee benefits

In accordance with provisions of the Labour Code and the Rules for Employee Compensation, the Group's employees are eligible for pension payments. Such payments are paid on a one-off basis on the old age or disability retirement and their amounts depend on the number of an employee's years of employment and his or her individual compensation. The Group carries a provision for future liabilities on that account in order to allocate costs to corresponding periods. According to IAS 19, pension payments are schemes involving certain post-employment benefits. The present value of such liabilities as at each balance sheet date is calculated by an independent actuary. The calculated liabilities are equal to discounted payments to be made in the future, including staff turnover, and pertain to a period until the balance sheet date. Demographic information and information on staff turnover is based on historical data. Profits and losses from actuarial valuations are recognised in the profit and loss account.

The current regulations on the compensation rules for the Group's employees do not provide for jubilee award payments.

Leases

Financial lease agreements which transfer substantially all risks and rewards on the Group, which arise from ownership of the subject under lease, are recognised at the lower of the two amounts: the fair value of a fixed asset under lease or the present value of minimum lease payments. Lease payments are divided into other operating expenses and reduction of the lease liability balance, in such a manner as to enable obtaining a fixed interest rate on the outstanding liability. Other operating expenses are recognised directly in the profit and loss account.

Fixed assets used under financial lease agreements are depreciated over the shorter of the two periods: estimated useful life of a fixed asset or the period of lease.

Lease agreements under which the lessor retains substantially all risk and rewards of ownership of the leased subject are included in the category of financial lease agreements. Operating lease payments are recognised as costs in the profit and loss account using the straight-line method throughout the lease period.

Shareholders' equity

Equity comprises the capital and funds created in accordance with the binding regulations, applicable laws and the Articles of Association.

Equity is composed of: share capital, reserve funds, revaluation reserve, net profit and retained profit (loss). All capital and funds are presented at nominal value.

Share capital

Share capital is recognised at nominal value according to the Articles of Association and the entry in the commercial register.

If the Company purchases its own equity instruments, the amount paid with the directly related costs are recognised as a change in equity. The Company's own purchased shares are recognised as treasury shares and disclosed as a deduction from equity until their cancellation.

Dividends for a financial year which have been approved by the General Meeting of Shareholders but not paid out as at the balance sheet date are recognised as "Other liabilities" in the balance sheet.

All items of capital described below, in the case of acquisition of entities, pertain to events from the date on which control over an entity was gained to the date on which such control was lost.

Share premium reserve

Share premium reserve (surplus of the issue price over the nominal value) is created from the issue of shares at a premium less the direct costs incurred. The share premium reserve increases the reserve funds.

Revaluation reserve

Revaluation reserve includes the differences from revaluation of available for sale financial assets, plus the deferred income tax. Revaluation reserve is not distributable.

Retained profit (loss)

Retained profit (loss) is created from appropriations of profit and is allocated for purposes set out in the Articles of Association or other laws (the remaining part of reserve funds, capital reserve, including the general banking risk provision) or comprises the profits/losses from previous years or the net financial result of the current period.

Net financial result of the current period comprises the profit or loss for the current year less the corporate income tax expense.

Share-based payments

<u>Transactions settled in equity instruments</u>

The cost of transactions settled with employees in equity instruments is measured by reference to the fair value of the granted equity instruments as at the rights granting date. The fair value is established on the basis of a chosen model. No efficiency/results conditions except for those related to the price of shares of the Parent Company ("market conditions") are taken into account in the assessment of transactions settled in equity instruments.

The cost of transactions settled in equity instruments is recognised together with the accompanying increase in the value of equity in the period in which effectiveness/performance conditions were fulfilled, ending on the date when certain employees acquire full rights to the benefits ("vesting date"). The accumulated cost recognised for transactions settled in equity instruments for each balance sheet date until the vesting date reflects the extent of elapse of the vesting period and the number of awards the rights to which - in the opinion of the Parent Company' Management Board for that date, based on the best available estimates of the number of equity instruments - will be eventually vested.

No costs of awards the rights to which will not be eventually vested are recognised, except for awards in the case of which the acquisition or rights depends on the market conditions, which are treated as acquired irrespective of whether the market conditions have been fulfilled, provided that all other efficiency conditions have been met.

In the event of modifications of conditions for granting awards settled in equity instruments, costs are recognised, as part of fulfilment of the minimum requirement, as if such conditions would not have changed. Also, costs are recognised resulting from each increase in the value of the transactions as a result of the modifications, measured at the date of change.

If the award settled in equity instruments is cancelled, it is treated in such a way as if the rights to it were acquired on the cancellation date, and any unrecognised costs resulting from the award are immediately recognised. If, however, the cancelled award is replaced with a new one - defined as a replacement award on the date it is granted - the cancelled award and the new award are treated as if there were a modification of the original award, i.e. in a way described above.

The diluting effect of the issued options is taken into account when measuring the amount of earnings per share, as additional dilution of shares.

Transactions settled in cash

Transactions settled in cash are initially valued at fair value measured as at the granting date using a relevant model and taking into account the rules of conditions for granting options. The fair value thus measured is written off into costs throughout the entire period until the vesting date, on the other side - with the recognition of an appropriate liability. The amount of this liability is revalued as at each balance sheet date up until and on the settlement date, and changes in the fair value are recognised in the profit and loss account.

Income

Income is recognised at an amount at which the Group is likely to obtain economic benefits related to a transaction and when the amount of income can be measured in a reliable way. The criteria presented below also apply in the recognition of income.

Net interest income

Interest income and expense generated by financial assets and liabilities is recognised in the profit and loss account at amortised cost using the effective interest rate.

The Group measures the following financial assets and liabilities at amortised cost:

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

The effective interest rate is the rate which discounts the expected future cash payments to the net present carrying value until maturity or the next market valuation of a specific financial asset and liability, and its calculation includes all payments and flows due and received on a cash basis, paid or received by the Group under a contract on a given instrument, excluding future possible loan losses.

The way of settling interest coupons, fees/commissions and some external costs related to financial instruments (using the effective interest rate or on a straight line basis) depends on the nature of an instrument. Financial instruments with defined cash flows schedules are valued using the effective interest rate method. For instruments with undefined flows schedules calculation of the effective interest rate is not possible, and fees/commissions are settled on an accrual basis using the straight line method.

The way of recognising settled over time particular types of fees/commissions in the profit and loss account as interest or commission income, and the general necessity to settle them over time instead of a possibility of their one-time recognition in the profit and loss account, depend on the economic nature of a fee/commission.

Fees/commissions settled over time include, for instance, loan application review and approval fees, lending fees, loan release fees, fees for establishing additional security, etc. Making such payments constitutes an integral part of return generated by a particular financial instrument. This category also includes fees and charges connected with amending contractual terms, which leads to a modification of the originally calculated effective interest rate. Each significant change of terms of a financial instrument in the economic sense entails expiry of the financial instrument with the original characteristics and the creation of a new instrument with new characteristics. Fees in this category include, among others, fees for annexes changing the schedule of future flows, fees for restructuring loan agreements, for granting grace, etc. The mentioned types of fees are deferred and accounted for in the profit or loss account using the effective interest rate or the straight line method depending on a product nature.

Also, if particular borrowing agreements are likely to be made, fees for the Group's commitment to conclude them are treated as consideration for continued commitment to purchase a financial instrument, and are deferred and recognised as an adjustment of effective return when an agreement is made (using the effective interest rate or the straight line method depending on a product nature).

In the case of assets with identified impairment, interest income is calculated in the profit and loss account on a net exposure basis defined as the difference between gross exposure value and the impairment charge and using the effective interest rate to measure the impairment charge.

Net fee and commission income

As has been indicated above, fees and commissions settled in the profit and loss account using the effective interest rate method are recognised by the Group as net interest income.

As regards fees and commissions which are not settled using the effective interest rate method but recognised on an accrual basis using the straight line method or on a one-time basis, they are shown under the item of "Net fee and commission income". Fee and commission income comprises fee and commission income arising from transaction services.

Such income includes all fees recognised on a one-time basis, for operations where the Group acts as the agent or performs such services as distribution of investment funds units, transfers, payments, etc.

Income from the intermediation services in selling financial products

The Group discloses income and expense from selling financial products on the basis of calculations according to the following principle.

The profit and loss account recognises income from the sale of financial products for a month in which a customer's application was delivered to a purchasing bank and/or other financial institutions, and commission costs payable to a financial adviser for the sale of financial products.

The amount of income is measured at the fair value of the received or due payment.

In accordance with IAS 18, income from the sale of a product is recognised in the profit and loss account if the following conditions have been fulfilled:

- a company has transferred substantial risks and rewards of the product ownership to the buyer (provision of a customer's loan application in a form required by a purchasing bank),
- a company does not continue to manage the products as regards the ownership title and does not exercise effective control over them,
- the amount of income can be reliably calculated. The Group assumes that at least 50-70% of loan applications (depending on the distributor), at least 85% of deposit applications and at least 78% of savings scheme applications are closed.

Foreign exchange result

The foreign exchange result is calculated taking into account foreign exchange gains and losses, both realised and unrealised, arising from the daily valuation of assets and liabilities denominated in foreign currencies, using the average exchange rate set by the National Bank of Poland and recorded under foreign exchange income and cost.

Other operating income and expenses

Other operating income and expenses includes costs and gains directly unrelated to Group's banking activities. It especially includes gains or losses on the sale and liquidation of fixed assets, revenues on the sale of other services, received and paid damages, penalties and fines.

Dividend income

Dividend income is recognised in the profit and loss account on the date of acquiring rights to dividends, if such dividends are paid out from profits generated after the acquisition date.

Income tax

For the purposes of financial reporting, the deferred income tax is established using the balance sheet liability method on all temporary differences as at the balance sheet date between the taxable amount of assets and liabilities and their carrying amount as disclosed in the financial statements.

The deferred tax provision is recognised with reference to all positive temporary differences:

- except for situations where the deferred income tax provision arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination, which, when it is made, has no influence on the gross financial result or the taxable income or tax loss, and
- in the case of positive temporary differences stemming from investments in subsidiaries or associates and participation in joint ventures - except for situations where the dates of reversal of temporary differences are subject to an investor's control or when it is probable that in the foreseeable future they will not be reversed.

The deferred income tax assets are recognised with reference to all negative temporary differences as well as unused tax credits and tax losses carried forward, in an amount equal to that of the taxable income which will be probably available, against which above mentioned differences, assets and losses can be utilized:

- except for situations where the deferred income tax assets regarding the negative temporary differences arise from the initial recognition of an asset or liability in a transaction other than a business combination and when it is made they have no influence on the gross financial result or the taxable income or tax loss, and

- in the case of negative temporary differences from investments in subsidiaries or associates and participation in joint ventures, a deferred tax asset is recognized in the balance sheet only in such an amount in which it is probable that the above temporary differences will be reversed in the foreseeable future and taxable income will be available against which the negative temporary differences can be utilised.

The carrying amount of a deferred tax asset is verified for each balance sheet date and is reduced accordingly to the extent that it is no longer probable that the taxable income will be achieved sufficient for partial or full realisation of the deferred income tax asset.

Deferred tax assets and deferred tax provisions are measured using tax rates which are predicted to be in force when an asset is realised or a provision released, assuming as the basis the tax rates (and tax regulations) which are effective as at the balance sheet date or the ones which are certain to be effective in the future as at the balance sheet date.

Income tax concerning items directly recognised in equity is recognised in equity, not in the profit and loss account.

Contingent liabilities granted

As part of its operating activities, the Group enters into transactions which upon their signing are not recognised in the balance sheet as assets or liabilities, but cause contingent liabilities. A contingent liability is:

- a potential obligation which arises as a result of past events the existence of which will be confirmed only upon occurrence or non-occurrence of one or more uncertain future events which are not fully under the Group's control;
- a current obligation which arises as a result of past events but is not recognised in the balance sheet because it is not probable that spending cash or other assets to fulfil the obligation will be necessary, or the obligation amount cannot be reliably measured.

In accordance with IAS 37, provisions are established for the granted off-balance sheet liabilities with the risk of a customer's defaulting on an agreement.

Financial guarantees are disclosed and recognised in line with IAS 39 provisions.

The Group does not apply hedge accounting principles.

VIII. IMPORTANT VALUES BASED ON PROFESIONAL JUDGEMENTS AND ESTIMATES

Professional judgement

Classification of lease agreements

The Group classifies lease as operating or financial one based on the judgement of an extent to which risks and rewards from the ownership of the leased subject fall to the lessor and the lessee. The judgement relies on the economic content of each transaction.

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

In the Parent Company's opinion, evidence exists that the entire old portfolio has been impaired. The value of impairment charges was calculated using the method of discounting the expected cash flows in next periods, assessed on the basis of historical recoveries from this portfolio, as described below.

Valuation of newly purchased receivables portfolios

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

Valuation of restructuring provisions

- Provision for costs of retail sales

The provision was set up in 2002 for the risk of the hire purchase sale intermediaries' putting forward claims. The risk of effective enforcement of claims by the intermediaries is diminished; however, there exists the risk of claims being lodged by intermediaries, related to the settlement of guarantee deposits which secure the repayments under agreements made by specific intermediaries. This justifies keeping the provision until the extinction of the claims. The provision amount is adjusted at each balance sheet date and is presented in point 29, Note X to these financial statements.

- Provision for costs of documents storage

The provision was set up in 2005 in connection with the purchase of WBC shares by Getin Holding and a decision to sell deposits kept in WBC S.A. Documentation concerning the management of bank accounts, created until the date of their disposal, should be kept for a period defined in applicable regulations. Costs of documents storage were measured on the basis of the amount, storage time, and rates provided for in the contract with an archiving company. Storage costs are charged to the provision, which is presented in point 29, Note X to these financial statements.

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

Owing to other identified risks in the Parent Company's business, a provision for various other identified risks was charged in 2005. The provision amount is adjusted at each balance sheet date in accordance with IFRS 37 and is presented in point 29, Note X to these financial statements.

Close rate of loans, deposits and savings schemes

The Group recognises revenue due from fees on the submitted loan applications (not yet released loans), deposit and savings scheme applications (not yet established deposits and savings schemes) to other financial institutions on the basis of the close rate. The rate is based on historical data concerning the probability of loan disbursement and establishment of deposits and savings schemes in relation to the submitted applications. This rate is also used in calculating a provision for fees connected with such loans, deposits, and savings schemes, which are paid to the Group's advisers.

IBNR rate

Owing to its short mortgage and financial lending history, the Parent Company does not have a required number of observations with respect to the quality of its portfolio of mortgage and financial loans over time, which would make it possible to assess loan loss ratios based on historical data. On account of the above, the Parent Company considered it proper to adopt a ratio assessed according to the best knowledge, which would approximately include the future loss ratio of the portfolio of mortgage and financial loans. For determining the ratio, data on lost portfolios of housing and financial loans for the entire banking sector in Poland have been adopted. Accordingly, the ratio which is the basis for creating an impairment charge for the "new portfolio" was determined at 1% (for mortgage loans) and at 1.5% (for financial loans).

Trademark and goodwill

Trademark and goodwill are annually tested for impairment. Identified impairment is recognised in the profit and loss account. As at December 31st 2007 and December 31st 2006 the tests which had been carried out did not reveal the impairment of trademark and goodwill.

Uncertainty of estimates

Preparing financial statements in accordance with IFRS requires the Group to make certain estimates and assumptions which have an impact on the amounts presented in the financial statements. Estimates and assumptions, which are subject to a continuous review by the Group's management, are based on historical data and other factors, including expectations as to future events, which seem justified at a given moment. Although such estimates rely on the best knowledge of the current conditions and activities carried out by the Group, the actual results may differ from such estimates.

Estimates made as at each balance sheet date reflect conditions which existed at such a date (e.g. foreign exchange rate, interest rates, market prices).

As at the balance sheet date, the valuation of impairment of financial assets was performed according to IAS 39, using a valuation model adopted as at the date of conversion to IFRS. In building a model of financial assets impairment, the Bank has adopted the following assumptions:

- the loans portfolio has been divided into a group of homogenous loans and a group of individually significant loans,
- within the group of homogenous loans, it has singled out loans free from the risk of impairment and those with the risk of impairment,
- the portfolio of loans free from the impairment risk has been valued - depending on the product type, and, owing to the lack of historical data base - using expert indicators,
- the portfolio of loans with the risk of impairment has been valued using the estimated recovery rates,
- in the case of product groups for which the historical rates could not be measured owing to the lack of relevant data, expert indicators have been assumed.

The Group has made estimates mainly in the following areas:

Impairment of loans and advances

As at each balance sheet date, the Group assesses whether there is any objective evidence that a financial asset or a group of financial asset is impaired. The Group assesses whether there is any evidence/indications of a reliably measurable decrease in the estimated future cash flows concerning the loan portfolio, before such a decrease can be assigned to a particular loan for impairment assessment. The assessments may include observable data which indicate an adverse change in the payment situation of borrowers from a specific group or in the economic situation in a given country or a part thereof, which relates to problems existing in this group of assets. Historical loss parameters are adjusted on the basis of data from current observations, to include the impact of current market factors which did not exist at a time covered by historical observations and to exclude the effects of circumstances which existed in the past period and which are no longer present. The methodology and assumptions underlying the measurement of estimated cash flows with their time frames will be regularly reviewed in order to reduce the differences between the estimated and actual losses.

In the Group's opinion, evidence exists that the entire old portfolio has been impaired. The value of impairment charges was calculated using the method of discounting the expected cash flows in next periods, assessed on the basis of historical recoveries from this portfolio and the current collection results, taking a prudential approach. In 2007, on the basis of the gathered historical data on income from the collection of the "old portfolio", the expected time for the receivables to be recovered was extended, the discount rate used to discount future collection cash flows was increased and the expected value of future cash flows changed. Therefore, the carrying amount of the "old portfolio" increased from PLN 20,194 thousand as at December 31st 2006 to PLN 36,171 thousand as at December 31st 2007.

Fair value of financial instruments

Fair value of financial instruments not quoted on active markets is measured using valuation techniques. All models are approved before their use, and calibrated to ensure that obtained results reflect the actual data and comparable market prices. To the extent possible, the models use only observable data from an active market.

Impairment of other fixed assets

As at each balance sheet date, the Group assesses whether there are any indications that fixed assets have been impaired. Where it is found that such indications exist, the Group estimates the recoverable value. Estimating the useable value of a fixed asset entails, among other things, adopting assumptions as to estimated amounts and dates of future cash flows which the Group may achieve from a given fixed asset, or other factors. In estimating the fair value less the costs to sell, the Group relies on the available relevant market data or valuations prepared by independent appraisers, which in principle also rely on estimates.

Other estimated values

Provision for retirement severance payments is actuarially calculated by an independent actuary as the present value of the Group's future obligations to its employees according to the level of employment and salaries and wages as at revaluation. The provision for retirement severance payments is revalued on an annual basis. The calculation of the provision is based on a number of assumptions about macroeconomic conditions as well as those about staff turnover, the risk of death and other.
The managements of the Group companies estimate the amounts of some short-term employee benefits

(bonuses for senior executives) as at the balance sheet date. The ultimate amount of these employee benefits is decided by the Supervisory Board.

The correspondence between the actual results and the estimates made is reviewed on an ongoing basis in the balance sheet periods.

IX. BUSINESS SEGMENTS

Segmentation by industry has been mainly modelled after internal organisational structure of the Noble Bank S.A. Capital Group. It means that segmentation has been done by assigning activities carried out by respective companies to the segments, with the exception of the Bank's financial intermediation business, which has been reclassified from the banking segment to the financial intermediation one.

Activities of the Group are conducted in the following industrial segments:

Banking

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

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

Financial intermediation

The Group's business in this area involves providing financial intermediation services - loan, deposit and investment intermediation services. Personal finance services include legal information, experts' advice, and comparisons of banks' offerings. Broadly understood investment intermediary services include offerings in the area of savings schemes, deposits, currency schemes and investment funds, together with their analyses.

Management of investment funds

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

Transactions between business segments are conducted on an arm's length basis.

A segment's assets and liabilities include operating assets and liabilities which represent the larger part of the balance sheet; they do not include such items as taxes or borrowings.

(in PLN thousand)

The activities of individual companies of the Capital Group have been (including consolidation adjustments) fully assigned to a specific segment, with the exception of the Bank's financial intermediation business, which has been reclassified from the banking segment to the financial intermediation one.

The main and only segmentation is that by industry. The Group does not apply geographical segmentation owing to its irrelevance.

Geographical segmentation

The Group operates solely in Poland; no significant variations in risks according to geographical location of branches have been identified. Therefore, the Group does not use segment reporting according to the geographical location criterion.

Accounting principles applied in the presentation of the segmentation data are compliant with IAS 14.

The Group settles transactions among the segments in such a manner as if they would involve unrelated entities - using the current market prices.

Continuing operations for period from Jan 1st 2007 to Dec 31st 2007	Banking	Financial intermediation	Management of assets and investment funds	Total
Interest income	68 838	183	57	69 078
Interest expense	-35 176	-344	-38	-35 558
Net interest income	33 662	-161	19	33 520
Fee and commission income	1 205	137 367	38 544	177 116
Fee and commission expense	-646	-17 008	-2 986	-20 640
Net fee and commission income	559	120 359	35 558	156 476
Result on financial instruments at fair value through profit or loss	5 543	0	0	5 543
Result on other financial instruments	3 199	0	-35	3 164
Foreign exchange result	45 832	0	0	45 832
Other operating income	26 259	781	7	27 047
Other operating expenses	-2 813	-1 696	-45	-4 554
General administrative costs	-34 544	-87 114	-4 580	-126 238
Net impairment charges for loans, advances and lease receivables	17 475	0	0	17 475
Operating profit	95 172	32 169	30 924	158 265
Loss on disposal of shares in subsidiaries	-2 715	0	0	-2 715
Pre-tax profit	92 457	32 169	30 924	155 550
Income tax	-13 529	-6 312	-6 253	-26 094
Net profit	**78 928**	**25 857**	**24 671**	**129 456**
Impairment charges for loans, advances and lease receivables, recognised in profit and loss account	21 896	0	0	21 896
Impairment releases for loans, advances and lease receivables, recognised in profit and loss account	-39 371	0	0	-39 371
Segment assets	2 015 706	61 083	15 773	2 092 562
Segment liabilities	1 528 741	24 123	3 357	1 556 221
Shareholders' equity	463 868	57 039	15 434	536 341
Segment liabilities	1 992 609	81 162	18 791	2 092 562
Expenditures on tangible fixed assets	4 816	4 509	490	9 815
Expenditures on intangible assets	2 048	23	2	2 073
Cash flows from operating activities	-509 774	36 870	7 456	-465 448
Cash flows from investing activities	-2 369	-3 304	-992	-6 665
Cash flows from financing activities	508 028	-8 542	0	499 486

(in PLN thousand)

Continuing operations for period from Jan 1st 2006 to Dec 31st 2006	Banking	Financial intermediation	Management of assets and investment funds	Total
Interest income	24 168	119	0	24 287
Interest expense	33	185	1	219
Net interest income	24 135	-66	-1	24 068
Fee and commission income	589	71 934	650	73 173
Fee and commission expense	135	2 280	0	2 415
Net fee and commission income	454	69 654	650	70 758
Result on other financial instruments	-1	0	-89	-90
Foreign exchange result	2 567	0	0	2 567
Other operating income	15 642	123	0	15 765
Other operating expenses	1 336	166	0	1 502
General administrative costs	15 919	46 896	644	63 459
Net impairment charges for loans, advances and lease receivables	19 443	0	0	19 443
Depreciation and amortisation	754	1 416	25	2 195
Operating profit	44 231	21 233	-109	65 355
Pre-tax profit	44 231	21 233	-109	65 355
Income tax	-2 815	-3 630	152	-6 293
Net profit	**41 416**	**17 603**	**43**	**59 062**

Impairment charges for loans, advances and lease receivables, recognised in profit and loss account	-3 130	0	0	-3 130
Impairment releases for loans, advances and lease receivables, recognised in profit and loss account	22 573	0	0	22 573
Segment assets	455 862	33 585	5 682	495 129
Segment liabilities	224 432	20 429	1 142	246 003
Shareholders' equity	231 430	13 156	4 540	249 126
Segment liabilities	455 862	33 585	5 682	495 129
Tangible fixed assets	2 922	3 544	232	6 698
Intangible assets	1 137	2 881	178	4 196
Cash flows from operating activities	35 150	11 668	-267	46 551
Cash flows from investing activities	-58 419	-4 339	-410	-63 168
Cash flows from financing activities	-276	114	5 886	5 724

X. NOTES TO FINANCIAL STATEMENTS

Amounts presented in the notes to the financial statements are expressed in PLN thousand.

1. Interest income and expense and similar income and expense

Interest income	**From Jan 1st 2007 to Dec 31st 2007 PLN '000**	**Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000**
Income on deposits in other banks	15 861	6 306
Income on loans and advances to customers	50 594	14 921
Income on financial instruments, including:	922	2 941
- held to maturity	922	2 941
Interest on mandatory reserve	337	0
Other interest	1 364	119
Total	**69 078**	**24 287**

Interest expense	**From Jan 1st 2007 to Dec 31st 2007 PLN '000**	**Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000**
Expense on other bank's deposits	3 150	0
Expense on other financial institutions' deposits	3 177	0
Expense on amounts due to customers	17 326	33
Expense on debt securities in issue	9 587	0
Interest - financial lease	112	0
Interest on obtained loans	2 201	0
Other interest expense	5	186
Total	**35 558**	**219**

Additional information	**From Jan 1st 2007 to Dec 31st 2007 PLN '000**	**Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000**
Income interest for the period of ... months ended ... includes income associated with financial assets with identified impairment, in the amount of:	13 148	15 148
The total amount of interest income calculated using the effective interest rate method for financial assets which are not valued at fair value through profit or loss:	68 156	21 346
The total amount of interest expense calculated using the effective interest rate method for financial liabilities which are not valued at fair value through profit or loss:	35 558	219

Interest income for 2007 and 2006 includes interest determined on an accrual basis which as at the balance sheet date was not received and interest on irregular receivables with the risk of impairment, accrued on a cash basis. Interest was calculated using the effective interest rate on liabilities for which no impairment indications were found. The main item of the Group's interest income in 2007 and 2006 is income on loans and advances to customers.

2. Fee and commission income and expense

Fee and commission income	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Loans and advances	750	40
Maintenance of bank accounts	234	694
Intermediation	138 289	71 789
Sale of participation units in TFI	27 983	0
Portfolio management and other fees for asset management	9 852	0
Other	8	650
Total	**177 116**	**73 173**

Fee and commission expense	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Payment cards	0	28
Loans and advances	13	58
Intermediation	20 306	1 915
Settlement operations	36	34
Insurance	281	0
Other	4	380
Total	**20 640**	**2 415**

The Group has continued a new business model which involves broadly understood financial intermediary services. For 2007, the Group achieved fee and commission income of PLN 138,289 thousand from financial services for other companies (PLN 71,789 thousand for 2006).

Fee and commission income and expense arise from the Group's provision of financial services. Fees and commissions directly connected with the origination of financial assets or liabilities are recognised in the profit and loss account as adjustment to the effective interest rate calculation. Other fees and commissions are recognised in the profit and loss account as a service is performed.

As a result of selling the financial intermediation services for other companies, the Group recognised in the profit and loss account fee and commission expense related to such services, of PLN 20,306 thousand for 2007 (PLN 1,915 thousand for 2006).

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

Result on financial assets and liabilities	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Derivative instruments	5 543	-90
Total	**5 543**	**-90**

Result on financial assets and liabilities at fair value through profit or loss in period from Jan 1st 2007 to Dec 31st 2007	Profits	Losses	Net result
	PLN '000	PLN '000	
Financial assets at fair value through profit or loss	6 265	0	6 265
Financial liabilities at fair value through profit or loss	0	-722	-722
Total	**6 265**	**-722**	**5 543**

Result on financial assets and liabilities at fair value through profit or loss in period from Jan 1st 2006 to Dec 31st 2006	Profits PLN '000	Losses	Net result
		PLN '000	
Financial assets at fair value through profit or loss	0	-1	-1
Financial liabilities at fair value through profit or loss	0	-89	-89
Total	**0**	**-90**	**-90**

4. Result on other financial instruments

	From Jan 1st to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Realised profits		
Available for sale financial instruments	3 199	0
Total	**3 199**	**0**
Realised losses		
Available for sale financial instruments	-35	0
Total	**-35**	**0**
Net realised profit (loss)	**3 164**	**0**

5. Foreign exchange result

Foreign exchange result	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Foreign exchange differences on financial instruments at fair value through profit or loss	41 051	0
Foreign exchange differences on loans and deposits	4 781	2 567
Total	**45 832**	**2 567**

6. Other operating income and expenses

Other operating income	From Jan 1st 2007 to Dec 31st 2007 PLN '000	Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000
Revenue from rent	467	0
Compensation, fines and penalties	10	0
Revenue from sale of products and services	535	0
Other incidental revenue	29	0
Recovery of debt collection costs	542	2 955
Release of impairment charges for other assets	112	0
Disposal or liquidation of non-financial fixed assets	4 270	0
Release of provisions	17 342	11 007
Revenue from recovery of bad debts	1 475	0
Revenue from sale of products and materials	80	0
Operating lease	71	0
Recovery of court fees	856	0
Other income	1 258	1 803
Total	**27 047**	**15 765**

Revenue from collection activities was obtained in 2007 and 2006 from the recovery of prescribed and written-off debts, reimbursement of court and court enforcement fees, reimbursement of costs of letters of reminder and other costs connected with debt collection.

Income balance from the release of restructuring provisions resulted especially from: revaluation of a reserve for liquidation of retail sales in the amount of PLN 11,929 thousand (PLN 3,336 in 2006), revaluation of a provision for debt litigation in the amount of 1,434 thousand (PLN 5,973 thousand in 2006), release of a provision for identified risks in the amount of PLN 2,595 thousand (PLN 5,087 thousand in 2006) and other provisions established in the Bank's restructuring process, including one for documents storage.

Other operating expenses	From Jan 1st 2007 to Dec 31st 2007 PLN '000	Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000
Rental costs	467	0
Compensation, fines and penalties	188	11
Costs of products and materials sold	722	0
Court and administrative proceedings	31	33
Collection and monitoring of loan receivables	1 290	567
Post-accident repairs	19	0
Incidental costs	340	0
Receivables written off	759	162
Loss on sale of non-financial fixed assets	22	342
Loss on divestment of investments	120	0
Donations	2	56
Court fees and stamps	10	0
Operating lease	161	0
Impairment charges for other assets	215	0
Other expenses	208	331
Total	**4 554**	**1 502**

7. General administrative costs

General administrative costs	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Employee benefits	74 511	34 552
Materials and energy used	4 431	3 138
Contracted services, including	40 174	22 178
- marketing, representation and advertisement	17 087	10 555
- IT services	1 437	358
- lease and rent	12 532	6 727
- security services	90	283
- service and maintenance costs	287	0
- telecommunications and postal cost	4 068	2 849
- legal services	1 036	917
- consulting services	608	336
- insurance	258	153
- other	2 771	0
Other non-personnel costs	672	3 175
Taxes and charges	1 045	386
Fees and contributions to Bank Guarantee Fund	48	30
Depreciation and amortisation	5 357	2 195
Total	**126 238**	**65 654**

Employee benefits	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Payroll	66 373	29 692
Insurance and other charges related to employees	8 138	4 860
Total	**74 511**	**34 552**

Depreciation and amortisation	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Continuing operations	5 357	2 195
Tangible fixed assets	3 401	1 725
Intangible assets	1 956	470
Discontinued operations	0	603
Fixed tangible assets - discontinued operations	0	603
Total	**5 357**	**2 798**

8. Result on discontinued operations

Discontinued operations	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Income on discontinued operations	0	1 170
Expense on discontinued operations	0	-6 982
Pre-tax loss on discontinued operations	0	-5 812
Net loss on discontinued operations	0	-5 812

Cash flows from discontinued operations	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006

	PLN '000	PLN '000
Net cash from operating activities	0	-383 711
NET CHANGE IN CASH AND CASH EQUIVALENTS	0	-383 711

(in PLN thousand)

In 2007 there were no discontinued operations.

In 2006, the main items which contribute to the result on discontinued operations include: interest expense on deposits in customers' accounts which were designated for sale (the sale covered the Bank's entire deposit portfolio, with the exception of accounts of those persons who did not agree to be transferred to the new bank, therefore, 99% of deposit expense concerns the discontinued operations); interest income on debit balances in the current and savings accounts as at the transaction date; the Group's overhead costs, which include payroll and other benefits for employees at the Bank's branches, maintenance and rent costs of buildings (offices) in which the Bank's branches were located, the costs of property security services and depreciation costs of property and equipment of the Bank's branches.

9. Net impairment charges for financial assets

2007	Loans and advances to customers			
	Corporate	Housing	Consumer	Total
Impairment charges/provisions at beginning of period - Jan 1st 2007	46 902	649	57 066	104 617
Created	8 798	7 795	5 303	21 896
Released	-4 850	-47	-34 474	-39 371
Net change in provisions recognised in profit and loss account	3 948	7 748	-29 171	-17 475
Used - written off	-1 902	710	-4 084	-5 276
Impairment charges/provisions at end of period - Dec 31st 2007	48 948	9 107	23 811	81 866

2006	Loans and advances to customers			
Comparative data	Corporate	Housing	Consumer	Total
Impairment charges/provisions at beginning of period - Jan 1st 2006	49 086	0	86 237	135 323
Created	2 032	649	449	3 130
Released	-2 788	0	-19 785	-22 573
Net change in provisions recognised in profit and loss account	-756	649	-19 336	-19 443
Provisions written off from balance sheet	-1 428	0	-560	-1 988
Other decreases	0	0	-20 184	-20 184
Other net increases/decreases	0	0	-9 275	-9 275
Impairment charges/provisions at end of period - Dec 31st 2006	46 902	649	57 066	104 617

Impairment charges and releases result from the normal course of the Group's business. Impairment charges for loans, advances and liabilities valued at amortised cost and the reversal of such charges are included under "Net impairment charges for financial assets". Rules for making impairment charges for investments are presented in the summary of the key accounting principles (Section 7 of these consolidated financial statements).

As at December 31st 2007 and December 31st 2006 the "old portfolio" was assessed for indications of impairment. The recoverable value was calculated using the method of discounting the expected cash flows in next periods, assessed on the basis of historical recoveries from this portfolio and the current collection results. On the basis of the above analysis, the impairment charge for the "old portfolio" in the amount of PLN 15,977 thousand (PLN 16,357 thousand in 2006) was reversed. At the same time, in connection with the 2007 recovery of receivables classified as belonging to the "old portfolio", an impairment charge in the amount of PLN 13,919 (PLN 14,353 thousand in 2006) was released.

10. Net profits and losses from financial assets and liabilities

Net profits and losses disclosed in the profit and loss account

Income	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Loans and advances		
Interest income on loans and advances	50 594	14 921
Interest income on deposits	15 861	6 306
Fee and commission income on loans and advances	750	40
Foreign exchange income - loans and advances	4 781	2 567
Release of impairment charges for loans and Advances	39 371	22 573
Creation of impairment charges for loans and advances	-21 896	-3 130
Total net income on loans and advances	**89 461**	**43 277**
Available for sale financial assets		
Interest income on available for sale financial assets	922	2 941
Result on available for sale financial instruments	3 164	0
Total net income on available for sale financial instruments	**4 086**	**2 941**
Financial assets valued at fair value through profit and loss account		
Income on financial instruments at fair value	5 543	0
Foreign exchange income - financial instruments at fair value through profit or loss	41 051	0
Total net income on financial assets valued at fair value through profit and loss account	**46 594**	**0**
Financial liabilities valued at amortised cost		
Interest expense on financial liabilities valued at amortised cost	-35 558	-219
Fee and commission expense on financial liabilities valued at amortised cost	-13	-58
Net loss on financial liabilities valued at amortised cost	**-35 571**	**-277**
Net profit/loss on financial assets	**140 141**	**46 218**
Net profit/loss on financial liabilities	**-35 571**	**-277**

Net profits and losses recognised in equity

	From Jan 1st 2007 to Dec 31st 2007 PLN '000	Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000
Net result on valuation of available for sale assets	278	(73)
Total, including result recognised in:	**278**	**(73)**
Revaluation reserve	278	(73)

11. Income tax

Basic components of tax charge	**From Jan 1st 2007 to Dec 31st 2007 PLN '000**	**Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000**
Consolidated profit and loss account		
Current income tax	17 800	2 277
Current tax charge	17 800	3 064
Adjustments of current tax from previous years	0	-787
Deferred income tax	8 294	4 016
Due to occurrence and reversal of temporary differences	5 477	3 229
Tax loss from previous years	2 817	787
Tax charge disclosed in the consolidated profit and loss account	**26 094**	**6 293**
Current income tax		
Due to costs of share issue	-676	0
Tax charge disclosed in the consolidated equity	**-676**	**0**
Total basic components of tax charge	**25 418**	**6 293**

	Balance sheet		Profit and loss account	
		Comparative data		Comparative data
	Dec 31st 2007 PLN '000	Dec 31st 2006 PLN '000	From Jan 1st 2007 to Dec 31st 2007 PLN '000	From Jan 1st 2006 to Dec 31st 2006 PLN '000
Deferred income tax liability				
A) Measured in financial result	**19 092**	**6 757**	**12 335**	**1 005**
Income receivable from loans and deposits	2 992	515	2 477	-258
Surplus of tax depreciation	589	234	355	234
Other	15 511	6 008	9 503	1 029
C) Measured in goodwill	**9 614**	**9 614**	**0**	**9 614**
Opening balance adjustment - settlement of acquisition of Open Finance	9 614	9 614	0	9 614
Gross deferred income tax liability	**28 706**	**16 371**	**12 335**	**10 619**
Deferred income tax asset				
A) Measured in financial result	**13 535**	**9 494**	**4 041**	**-3 011**
Interest on deposits and eurobonds	2 515	137	2 378	-226
Provisions for expected costs and liabilities	4 640	4 085	555	-2 649
Provisions for impairment	31	0	31	0
Specific provisions for loan receivables	3 504	2 157	1 347	406
Tax loss from previous years	12	2 829	-2 817	-802
Other	2 833	286	2 547	260
Gross deferred income tax assets	**13 535**	**9 494**	**4 041**	**-3 011**
Deferred income tax charge	**X**	**X**	**8 294**	**4 016**
Net deferred income tax liability	**15 171**	**6 877**	**X**	**X**

		Comparative data
	From Jan 1st 2007 to Dec 31st 2007	From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
The amount of negative temporary differences, unsettled tax losses, unused tax credits, in relation to which no deferred tax asset was recognised in the balance sheet	2 048	33 390

2011 is the expiry date for the above temporary differences.

As at December 31st 2006 the Group did not include the 2006 tax loss in the amount of PLN 12,900 thousand in the calculation of the deferred income tax asset. This decision was motivated by the fact that as at the balance sheet date the Parent Company's Management Board did not see sufficient evidence to suggest that the 2006 tax loss would be used in the next years. Also, as at December 31st 2006 the Group did not include impairment charges for loans classified as the "old portfolio", in the amount of 20,490 thousand, in the calculation of the deferred income tax asset, because in the view of the Parent Company's Management Board there was some risk that in the next years they would not be made probable as regards tax. As at December 31st 2007, taking into account information gathered as a result of further collection activities for the "old portfolio", the Parent Company's Management Board estimates that such costs of PLN 18,442 will prove probable for tax purposes in the next reporting periods. Therefore, as at December 31st 2007 the value of impairment charges in relation to which the deferred income tax asset was not recognised in the balance sheet fell to PLN 2,048 thousand.

Effective tax rate	From Jan 1st 2007 to Dec 31st 2007 PLN '000	Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000
Pre-tax profit	155 550	65 355
Financial result on discontinued operations	0	-5 812
Pre-tax financial result	155 550	59 543
Income tax in the profit and loss account	26 094	6 293
Effective tax rate	17%	10%
Income tax at binding 19% rate	**29 555**	**11 313**
Effect of permanent differences on tax charge, including:	**-3 461**	**-5 020**
- change in impairment charges in period	0	-2 802
- payments to PFRON (National Fund for the Rehabilitation of the Disabled)	74	-180
- impairment charges	0	-4 353
- 2006 tax loss not included in deferred tax	0	2 451
- valuation of purchased receivables	239	
- temporary differences not included in calculation of deferred tax in 2006	-3 708	0
- representation and advertisement	76	0
- foreign exchange differences	-260	0
- other	118	-136
Total income tax in the profit and loss account	**26 094**	**6 293**

Tax laws are often changed, which repeatedly leads to a lack of reference to established regulations or legal precedents. Laws in force are also unclear, which causes differences in legal interpretations of tax laws. Tax settlements can be subject to inspection by tax authorities. Any additional payable amounts determined in the course of inspections have to be paid with interest. Tax settlements may be reviewed in the period of up to five years, which may result in subsequent changes of amounts disclosed in the statements, following a final settlement with the tax authorities.

12. Earnings per share (PLN per share)

Earnings per share	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
Net profit attributable to ordinary shareholders (PLN '000)	126 457	53 250
Weighted average number of ordinary shares in period	207 863	200 178
Earnings per share (PLN per share)	0.61	0.27

Earnings/loss per share from discontinued operations	**From Jan 1st 2007 to Dec 31st 2007**	**Comparative From Jan 1st 2006 to Dec 31st 2006**
Profit/loss attributable to ordinary shareholders (PLN '000)	0	-5 812
Weighted average number of ordinary shares in period (m)	207 863	200 178
Earnings/loss per share (PLN per share)	0.00	-0.03

Diluted earnings per share	From Jan 1st 2007 to Dec 31st 2007	From Jan 1st 2006 to Dec 31st 2006
Net profit attributable to ordinary shareholders (PLN '000)	126 457	53 250
Net profit for calculating diluted earnings	**126 457**	**53 250**
Weighted average number of ordinary shares in period ('000)	207 863	200 178
Weighted average number of ordinary shares for calculating diluted earnings	207 863	200 178
Diluted earnings per share (PLN per share)	0.61	0.27

Diluted earnings/loss per share from discontinued operations	From Jan 1st 2007 to Dec 31st 2007	From Jan 1st 2006 to Dec 31st 2006
Profit/loss attributable to ordinary shareholders (PLN '000)	0	-5 812
Net profit/loss for calculating diluted earnings	**0**	**-5 812**
Weighted average number of ordinary shares in period (m)	207 863	200 178
Weighted average number of ordinary shares for calculating diluted earnings	207 863	200 178
Diluted earnings/loss per share (PLN per share)	0.00	-0.03

13. Social assets and liabilities due to the Company Social Benefit Fund

According to the Social Benefits Fund Act of March 4th 1994, as amended, all employers with more than 20 full-time employees are obliged to establish a Company Social Benefits Fund (ZFŚS). The Group companies have created such a Fund and are making periodical charges to it in the basic amount. The purpose of the Fund is to subsidise social activities of the Group companies, loans given to their employees and other social costs.

The Group offset the Fund assets against liabilities towards it, because such assets do not make up the Group's assets. On account of the above, the settlement balance with the Fund is nil.

Social Fund	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Advances to employees	35	7
Cash	117	69
Liabilities to the Fund	152	76
Charge to the Fund in financial period	454	99

14. Cash and balances with Central Bank

Cash and balances with Central Bank	From Jan 1st 2007 to Dec 31st 2007	Comparative data From Jan 1st 2006 to Dec 31st 2006
	PLN '000	PLN '000
Cash	7	0
Current account in Central Bank	25 965	1 766
Total	**25 972**	**1 766**

Operations with the Central Bank as at December 31st 2007 and December 31st 2006 comprised cash in an account with the National Bank of Poland, which represents the mandatory reserve against customers' deposits.

The mandatory reserve is measured using a percentage ratio of total cash in customers' accounts and is kept as a minimum balance of the current account in the National Bank of Poland, on the basis of the arithmetic mean of daily balances calculated for a given month.

Between January 1st 2007 and December 31st 2007, the Parent Company maintained an average balance of PLN 7,659.5 thousand in its current account with the National Bank of Poland. Cash in the mandatory reserve account as at December 31st 2007 bore interest at 5.25%.

Between November 30th 2006 and December 31st 2006, the Parent Company maintained an average balance of PLN 536 thousand in its current account with the National Bank of Poland. Cash in the mandatory reserve account as at December 31st 2006 bore interest at 2.5%.

15. Placements in other banks and loans and advances to other banks

Amounts due from banks	**Dec 31st 2007**	**Comparative data Dec 31st 2006**
	PLN '000	**PLN '000**
Current accounts	3 240	10 922
Placements in other banks	626 464	158 561
Cash in transit	462	0
Other placements on money market	0	676
Trade debtors	26 904	20 442
Total	**657 070**	**190 601**

	Dec 31st 2007	**Comparative data Dec 31st 2006**
	PLN '000	**PLN '000**
Amounts due from banks at variable rate:	0	5 622
Amounts due from banks at fixed rate:	624 782	164 000
Non-interest bearing receivables - interest, cash in transit and trade debtors	32 288	20 979

Structure of amounts due from banks by maturity based on remaining period at balance sheet date to repayment date	**Dec 31st 2007 PLN '000**	**Comparative data Dec 31st 2006 PLN '000**
Current accounts and O/N deposits	14 054	1 948
Receivables with maturity of:	628 094	188 116
up to 1 month	228 094	188 116
between 1 to 3 months	400 000	0
Cash in transit	462	0
Other placements on money market	10 865	0
Interest	3 595	537
Total	**657 070**	**190 601**

(in PLN thousand)

As at December 31st 2007 and, respectively, as at December 31st 2006, the average effective interest rate on deposits, broken down by currencies, was as follows:

	Dec 31st 2007	Dec 31st 2006
Receivables in EUR	4.32%	2.33%
Receivables in PLN	5.68%	4.04%
Receivables in USD	4.70%	4.43%
Receivables in GBP	5.99%	x

As at the above dates, the nominal interest rate, broken down by currencies, was as follows, respectively:

	Dec 31st 2007	Dec 31st 2006
Receivables in EUR	4.68%	3.0%
Receivables in PLN	5.68%	4.7%
Receivables in USD	4.70%	5.5%
Receivables in GBP	5.99%	x

Between January 1st 2007 and December 31st 2007 and in the 2006 comparative period there was no change in impairment charges for amounts due from banks, and the amount of impairment charges as at these balance sheet date was nil.

(in PLN thousand)

16. Derivative financial instruments

	Up to 1 month	Between 1 to 3 months	Between 3 months to 1 year	1 - 5 years	Total	Fair value (negative)	Fair value (negative)
Currency transactions							
- Over-the-counter market							
FX swap	**4 298**	**28 429**	**0**	**2 508**	**35 235**	**7**	**172**
Purchase of currencies	4 298	28 429	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/ forward	**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
Interest rate transactions							
Interest rate swap (IRS)	**0**	**0**	**0**	**167 000**	**167 000**	**471**	**80**
Purchase	0	0	0	167000	167 000	471	
Total derivative instruments	**4 298**	**131 051**	**0**	**886 373**	**1 007 312**	**1 197**	**18 003**

* Cross currency interest rate swaps (CIRS) are settled on a quarterly basis; the above breakdown presents the nominal value of open positions according to the term resulting from the last transaction settlement date.

As part of its business, the Group makes derivative transactions—CIRS, IRS, FX swap and forward. Such transactions are valued at fair value through the profit and loss account. The main types of risk related to derivate financial instruments are credit risk and market risk.

Credit risk involved in derivative contracts is a potential cost of making a new contract on the original terms if the other party to the original contract defaults on its obligations. The Group assesses contract parties using the same methods as in credit decisions. The Group makes transactions in derivative instruments with domestic banks. Transactions are concluded within credit limits assigned to individual institutions; the Group measures, on the basis of assessment of banks' financial situation, maximum exposure limits for banks and, within those limits, determines exposure in particular types of transactions.

The above tables present the fair value of derivative instruments. The nominal amounts of financial instruments are recognised in the off-balance sheet items. Nominal amounts of certain derivative instruments form a basis for comparison with the instruments recognised in the balance sheet but they need not necessarily show the future cash flows amounts or the current fair value of these instruments, therefore they do not specify the Group's level of exposure to credit or price risk.

As at December 31st 2007 the Group has a derivative instrument: an investment deposit made of a fixed rate deposit and an option on a basket of exchange indices. As at the balance sheet date, the option was valued at the fair value, the deposit at amortised cost including the effective interest rate; in the financial statements the both products have been disclosed separately.

As at December 31st 2006 the Group did not have any derivative financial instruments.

17. Loans and advances to customers by type

Loans and advances to customers	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Loans and advances	1 247 109	232 191
Purchased receivables	10 177	4 510
Payment cards receivables	3	0
Realised guarantees and sureties	476	504
Total	**1 257 765**	**237 205**
Impairment charges (-)	-81 866	-104 617
Total net	**1 175 899**	**132 588**

As at December 31st 2007	Gross value of unimpaired loans and advances	Gross value of impaired loans and advances	IBNR charges for unimpaired loans and advances	Charges for impaired loans and advances	Total net value
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
- Corporate loans	91 590	41 943	-84	-48 864	84 585
- Housing loans	904 223	389	-9 028	-79	895 505
- Consumer loans	149 983	69 637	-1 177	-22 634	195 809
Total	**1 145 796**	**111 969**	**-10 289**	**-71 577**	**1 175 899**

As at December 31st 2006 Comparative data	Gross value of unimpaired loans and advances	Gross value of impaired loans and advances	IBNR charges for unimpaired loans and advances	Charges for impaired loans and advances	Total net value
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
- Corporate loans	6 228	54 743	0	-46 902	14 069
- Housing loans	101 198	0	-649	0	100 549
- Consumer loans	8 838	66 198	0	-57 066	1 7 970
Total	**116 264**	**120 941**	**-649**	**-103 968**	**132 588**

The Group made write-downs on impaired loans and advances against the profit and loss account, with their result presented under "Net impairment charges for loans, advances and lease receivables".

	Dec 31st 2007		Comparative data Dec 31st 2006	
Loans and advances to customers by maturity	**Carrying amount**	**Average effective rate**	**Carrying amount**	**Average effective rate**
	PLN '000	**PLN '000**	**PLN '000**	**PLN '000**
Loans and advances given to:				
- non-banking financial entities	25 939	11.13%	7 571	12.51%
up to 1 month	6	0%	0	0%
including related entities	*6*	0%	0	0%
between 1 to 3 months	2 313	12.50%	0	0%
between 3 months to 1 year	23 620	11%	7 571	12.51%
- non-financial entities	76 081	6.55%	6 375	5.69%
up to 1 month	16 216	6.56%	0	0%
between 1 to 3 months	40	6.56%	0	0%
between 3 months to 1 year	382	6.56%	123	5.30%
between 1 to 5 years	2 428	7.51%	81	5.30%
over 5 years	57 015	6.50%	6 171	5.70%
- general public	1 073 879	6.89%	118 642	6.22%
up to 1 month	94 663	**6.56%**	0	0%
between 1 to 3 months	1 047	**6.56%**	0	0%
between 3 months to 1 year	1 908	**8.32%**	11 535	**5.30%**
between 1 to 5 years	134 272	**6.70%**	9 010	**7.21%**
over 5 years	841 989	**6.95%**	98 097	**6.22%**
Total	**1 175 899**		**132 588**	

Loans and advances at fixed interest rate		**Comparative data**
	Dec 31st 2007	**Dec 31st 2006**
	26	6
% of entire loans and advances portfolio	2	4

In 2007 retail banking recorded dynamic sales growth. The volume of loans given to customers increased almost tenfold, chiefly as a result of mortgage loan sales. Dynamic sales were a factor driving the increase in interest income.

As at December 31st 2007, the average effective interest rate on loan receivables, broken down by currencies, was as follows:

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 nominal interest rate on loan receivables, broken down by currencies, was as follows:

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 December 31st 2006, the average effective interest rate on loan receivables, broken down by currencies, was as follows:

Receivables in EUR 6.98%

Receivables in PLN 7.35%

Receivables in USD 12.37%

Receivables in CHF 5.22%

The nominal interest rate on loan receivables, broken down by currencies, was as follows:

Receivables in EUR 7 59%

Receivables in PLN 7.11%

Receivables in USD 12.83%

Receivables in CHF 5.80%

18. Investment financial assets

Financial instruments	Dec 31st 2007	Comparative data Dec 31st 2006
	PLN '000	PLN '000
Available for sale securities	**52 952**	**39 814**
- issued by central banks	49 979	0
- issued by other banks	18	3 463
- issued by other financial entities	1 000	4 037
- issued by non-financial entities	57	60
- issued by the State Treasury	1 898	32 254
Total financial instruments	**52 952**	**39 814**
Impairment of financial assets (-)	-42	-2 741
Available for sale securities	-42	-2 741
- issued by other banks	0	-2 734
- issued by other financial entities	-35	0
- issued by non-financial entities	-7	-7
Total net financial instruments	**52 910**	**37 073**

Change in financial instruments	01.01.2007-31.12.2007	Comparative data 01.01.2006-31.12.2006
	PLN '000	PLN '000
Available for sale securities		
Net balance at beginning of period	37 073	67 991
Increase	1 544 932	8 639
Decrease (sale and redemption)	-1 528 956	-39 483
Impairment charges (-)	-35	-93
Changes in fair value	-104	19
Net balance at end of period	**52 910**	**37 073**

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

Impairment charges are recognised in the profit and loss account as "Result on available for sale financial assets".

19. Classification of financial instruments

The table below presents the maximum exposure to credit risk as at December 31st 2007 and December 31st 2006, excluding collateral and other elements improving lending terms (PLN '000):

Maximum exposure to credit risk	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Financial assets:		
Cash and balances with Central Bank (excluding cash)	25 972	1 766
Amounts due from banks	657 070	190 601
Derivative financial instruments	18 003	0
Loans and advances to customers	1 175 899	132 588
Available for sale financial instruments	52 910	37 073
Other assets	27 827	5 415
Total exposure to credit risk	**1 929 854**	**362 028**
Guarantee liabilities	386	3
Contingent liabilities	142 846	21 901
Total off-balance sheet liabilities	**143 232**	**21 904**
Total exposure to credit risk	**2 073 086**	**383 932**

The following table presents information on credit quality of financial assets as at December 31st 2007, which are neither overdue nor impaired:

	Not overdue	Overdue, unimpaired		Overdue or impaired	Interest	Charges (including IBNR)	Total
		High grade PLN '000	Sub-standard grade PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Amounts due from banks	653 013	0	0	0	4 057	0	657 070
Loans and advances to customers	1 118005	10 629	0	111 969	17 162	-81 866	1 175 899
Corporate loans	90 383	474	0	41 943	733	-48 948	84 585
Housing loans	878 064	10 155	0	389	16 004	-9 107	895 505
Consumer loans	149 558	0	0	69 637	425	-23 811	195 809
Financial instruments	52 860	0	57	0	0	-7	52 910
Available for sale	52 860	0	57	0	0	-7	52 910
- issued by central banks	49 979	0	0	0	0	0	49 979
- issued by other banks	18	0	0	0	0	0	18
- issued by other financial entities	965	0	0	0	0	0	965
- issued by non-financial entities	0	0	57	0	0	-7	50
- issued by the State Treasury	1 898	0	0	0	0	0	1 898
Total	**1 823 878**	**10 629**	**57**	**111 969**	**21 219**	**-81 873**	**1 885 879**

The following table presents information on credit quality of financial assets as at December 31st 2006, which are neither overdue nor impaired:

Comparative data	Not overdue	Overdue, unimpaired		Overdue or impaired	Interest	Charges (including IBNR)	Total
		High grade PLN '000	Sub-standard grade PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Amounts due from banks	190 064	0	0	0	537		190 601
Loans and advances to customers	114 282	18 655	0	103 914	354	-104 617	132 588
Corporate loans	5 906	18 655	0	36 506	0	-46 998	14 069
Housing loans	100 195	0	0	0	354	0	100 549
Consumer loans	8 181	0	0	67 408	0	-57 619	17 970
Financial instruments	42 441	0	60	18	0	-5 446	37 073
Available for sale	42 441	0	60	18	0	-5 446	37 073
- issued by other financial entities	7 444	0	0	18	0	-2 697	4 765
- issued by non-financial entities	0	0	60	0	0	-7	53
- issued by the State Treasury	34 997	0	0	0	0	-2 742	32 255
Total	**346 787**	**18 655**	**60**	**103 932**	**891**	**-110 063**	**360 262**

The Bank classified receivables in the new portfolio which were being repaid on a regular basis during the balance sheet period in the group of loans which are not overdue. As a result of analysing credit risks in this portfolio, no evidence of impairment has been found at the current stage. Overdue and unimpaired high grade loans are loans for which no impairment provisions were made as at the balance sheet date. As at December 31st 2007 and December 31st 2006 overdue and unimpaired high grade assets include loans which are past due up to 30 days.

Low grade assets as at December 31st 2007 and December 31st 2006 refer to shares in other financial entities. As they are not quoted on regular markets, they were classified as sub-standard grade assets. Their corresponding charges in the amount of PLN 7 thousand are also classified as sub-standard grade assets.
For those two portfolios, the Bank takes into account the risk of incurred but not yet reported losses and makes IBNR charges according to the estimated rates.
Receivables from the "old portfolio" and all portfolios of purchased receivables were classified under the portfolio of overdue and impaired loans.

In 2007

- In the group of loans which are not overdue, a total of PLN 1,118,005 thousand-worth of loans with the corresponding interest of PLN 17,089 thousand and charges of PLN 10,977 thousand were recognised,
- in the group of high-grade loans, a total of PLN 10,629 thousand-worth of loans with the corresponding interest of PLN 60 thousand and charges of PLN 153 thousand were recognised,
- in the group of overdue loans, a total of PLN 111,969 thousand-worth of loans with the corresponding interest of PLN 13 thousand and charges of PLN 70,736 thousand were recognised.

In 2006

- In the group of loans which are not overdue, a total of PLN 114,282 thousand-worth of loans with the corresponding interest of PLN 354 thousand and provisions of PLN 649 thousand were recognised,
- in the group of high-grade loans, a total of PLN 18,655 thousand-worth of loans with the corresponding provisions of PLN 334 thousand were recognised,
- in the group of overdue loans, a total of PLN 103,914 thousand-worth of loans with the corresponding provisions of PLN 103,634 thousand were recognised.

Acquired collateral and other elements improving the lending terms:

- first ranking mortgage entered in the Land and Mortgage Register kept for a property, also, a secondary ranking mortgage in the Land and Mortgage Register (if previous entries concern one loan);
- if the loan is granted in PLN - an ordinary mortgage at 100% of the loan amount, as security on the principal, and a ceiling mortgage in PLN, up to an amount of 70% of the loan principal, as security on interest, charges, fees and other receivables which may arise in the performance of a loan agreement;
- for loans denominated in foreign currencies - a ceiling mortgage in PLN in an amount of up to 170% of the granted loan, as security on the principal, interest, charges, fees and other receivables which may arise in the performance of a loan agreement;
- assignment of rights from a property insurance policy against fire and all risks;

- a borrower's (and/or guarantor's) declaration on submission to enforcement, for up to 200% of the gross amount of the granted loan, with a date by which the Bank, on the basis of the declaration on submission to enforcement, will be able to move for indorsing an enforcement formula to the enforcement title; such a date can not be earlier than three years from the last calendar day of the lending month;
- a property owner's declaration on submission to enforcement, for up to the amount of the mortgage/mortgages established on his or her property/properties, with a date by which the Bank, on the basis of the declaration on submission to enforcement, will be able to move for indorsing an enforcement formula to the enforcement title; such a date can not be earlier than three years from the last calendar day of the lending month;
- a blank own promissory note with the promissory note declaration for the Bank;
- in the case of construction of a house/flat - assignment of receivables under a house/flat construction agreement with a developer/housing cooperative;
- transfer of cash owned by the borrower to the Bank's account, pursuant to Art. 102 of the Banking Law (bank deposits) ;
- registered pledge, with a pledge on rights in securities issued by the Treasury and the National Bank of Poland (treasury bills and bonds);
- assignment of participation units in an investment fund company approved by the Bank;
- assignment of an insurance policy with an life insurance company approved by the Bank;
- financial pledge, registered pledge, assignment, security deposit or a pledge on other investment products approved on an individual basis when making a loan decision.

As December 31st 2007 the Group did not have any assets pledged as collateral for loans.

As December 31st 2006 the Group had the following assets pledged as collateral for loans:

1. movable assets with a value of PLN 1 thousand,
2. properties with a value of PLN 30 thousand.

The property was sold in 2007. The assets had been acquired by the Group before January 1st 2006.

Renegotiated financial assets divided by categories	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Financial assets:		
Loans and advances to customers	539	513
Corporate loans	486	451
Car loans	0	0
Housing loans	0	0
Consumer loans	53	62
Total renegotiated financial assets	**539**	**513**

Rules and procedures for the Bank's actions in respect of restructuring its receivables from loan agreements are regulated by internal instructions; before making an arrangement agreement, loan files collected during a loan agreement term are subject to a careful analysis, to determine the most effective form of debt recovery.

The analysis contains, among others:

1) the debtor's profile, on a historical and current basis,
2) profile of receivables, including amendments to agreement terms,
3) date when the Bank's receivables became overdue as regards the principal debtor and joint debtors,
4) type and scope of taken collateral:
   - for mortgage and pledge - ranking of entries,
   - for personal security - joint debtor's financial standing and liabilities towards other creditors,
   - for security on assets - estimated value of collateral, realistic assessment of its disposability, encumbrance status as regards other creditors, assessment of actual possibility of satisfying the Bank's claims from the taken collateral,
5) information on debtors' assets from which the Bank's claims can be satisfied,
6) description of a debtor's economic and financial situation,
7) debtor's liabilities to other creditors, including privileged liabilities and those secured with the debtor's assets,
8) progress and effectiveness of the Bank's collection activities so far,
9) perfection, if any, of the existing security of the Bank's receivables. Restructuring of receivables may be effected as:

- civil law arrangement agreement,
- arrangement,
- taking over debt,
- acquisition of the debtor's shares for releasing from debt (conversion),
- swapping debt into components of the debtor's assets,
- selling debts,
- providing additional financing of the debtor's recovery programme.

After an analysis of the debtors' legal and financial situation, possibilities of settling amounts due to the Bank from the collateral taken, expected costs of enforcement and its effectiveness and the possibility of an improvement in the debtor's financial situation, a decision is taken about the form of receivables restructuring, so that it is most effective for the Bank and feasible for the debtor. When an analysis of collateral shows its significant impairment or when difficulties with a possible sale of fixed assets are foreseen, restructuring is carried out on the condition of establishing additional collateral for a loan.

All impairment losses for each category of financial assets between January 1st 2007 and December 31st 2007 are presented in the table below:

2007	Loans and advances to customers			Available for sale financial instruments sale	Total
	Corporate	Housing	Consumer		
Impairment charges/provisions at beginning of period - Jan 1st 2007	46 902	649	57 066	2 741	107 358
Created	8 798	7 795	5 303	35	21 931
Released	-4 850	-47	-34 474	-2 734	-42 105
Net change in provisions recognised in profit and loss account	3 948	7 748	-29 171	-2 699	-20 174
Used - written off	-1 902	710	-4 084	0	-5 276
Impairment charges/provisions at end of period - Dec 31st 2007	48 948	9 107	23 811	42	81 908

2006	Loans and advances to customers			Available	
Comparative data	Corporate	Housing	Consumer	for sale financial sale	Total
Impairment charges/provisions at beginning of period - Jan 1st 2006	49 086	0	86 237	2 761	138 084
Created	2 032	649	449	0	3 130
Released	-2 788	0	-19 785	0	-22 573
Net change in provisions recognised in profit and loss account	-756	649	-19 336	0	-19 443
Provisions written off from balance sheet	-1 428	0	-560	0	-1 988
Other decreases	0	0	-20 184	-20	-20 204
Other net increases/decreases	0	0	-9 275	-20	-9 295
Impairment charges/provisions at end of period - Dec 31st 2006	46 902	649	57 066	2 741	107 358

Default of payments and breach of agreements

In the reporting period and the comparable period, the Group fulfilled all of its obligations in respect of repayments of principal, payments of interest or other obligations resulting from advances taken by the Group. Terms of agreements on obligations arising from advances were not renegotiated until the financial statements approval date.

20. Valuation of the loan receivables from the "old" portfolio

As at each balance sheet date, the Group values the receivables relating to the "old" portfolio of WBC in line with the adopted accounting policies set out in Note VII and VIII.

Data concerning these receivables in respective periods are presented in the tables below:

Valuation of the "old" portfolio	**Dec 31st 2007 PLN '000**	**Dec 31st 2006 PLN '000**
Nominal value of gross receivables	**122 679**	**132 198**
Interest	75	8
Total gross amount	**122 754**	**132 206**
Impairment charge	(112 574)	(121 949)
Valuation	25 991	9 937
Net amount of the "old" portfolio	**36 171**	**20 194**
Share of the "old" portfolio in total gross receivables (%)	9.68%	55.73%
Coverage of receivables with impairment charges (%)	91.76%	92.25%

Changes in impairment charges for the "old" portfolio	Dec 31st 2007 PLN '000	Dec 31st 2006 PLN '000
Impairment charges at beginning of period	**121 949**	**135 323**
a) increase	6 958	3 207
b) decrease	(16 333)	(16 581)
- repayment of receivables in reporting period	(13 919)	(14 353)
- receivables written off in reporting period	(2 126)	(2 228)
- other changes	(288)	-
Impairment charges for financial assets at end of period	**112 574**	**121 949**

Write-downs on impaired loan receivables from the "old" portfolio were recognised in the profit and loss account under "Net impairment charges for loans, advances and lease receivables".

21. Tangible fixed assets

Tangible fixed assets	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Land and buildings	5 773	3 004
Plant and equipment	1 931	1 928
Means of transport	4 532	1 632
Other fixed assets, including equipment	2 867	767
Fixed assets under construction	1 176	442
Total tangible fixed assets	**16 279**	**7 773**

(in PLN thousand)

Changes in fixed assets for the year ended December 31st 2007	Land and buildings	Plant and equipment	Means of transport	Other fixed assets, including equipment	Total
Initial value					
Opening balance as at January 1st 2007	**7 293**	**6 282**	**1 895**	**1 461**	**16 931**
Increases, including:	**4 126**	**1 163**	**4 036**	**2 528**	**11 853**
Acquisition – purchase	4 126	1 163	4 036	2 528	11 853
Decreases, including:	**-373**	**-556**	**-578**	**-234**	**-1 741**
Liquidation and sale, donation	-373	-556	-578	-234	1 741
Closing balance as at December 31st 2007	**11 046**	**6 889**	**5 353**	**3 755**	**27 043**
Depreciation					
Opening balance as at January 1st 2007	**4 289**	**4 354**	**263**	**694**	**9 600**
Increases, including:	**1 228**	**1 079**	**713**	**407**	**3 427**
Depreciation of period	1 128	1 079	687	407	3 401
Other increases	0	0	26	0	26
Decreases, including:	**-244**	**-475**	**-155**	**-213**	**-1 087**
Liquidation and sale	-244	-475	-155	-213	-1 087
Closing balance as at December 31st 2007	**5 273**	**4 958**	**821**	**888**	**11 940**
Net value					
Opening balance as at January 1st 2007	**3 004**	**1 928**	**1 632**	**767**	**7 331**
Closing balance as at December 31st 2007	**5 773**	**1 931**	**4 532**	**2 867**	**15 103**

(in PLN thousand)

Changes in fixed assets for the year ended December 31st 2006 Comparative data	Land and buildings	Plant and equipment	Means of transport	Other fixed assets, including equipment	Total
Initial value					
Opening balance as at January 1st 2006	**12 659**	**5 489**	**551**	**565**	**19 264**
Increases, including:	**3 534**	**2 360**	**2 533**	**963**	**9 390**
Acquisition – purchase	964	1 739	1 660	540	4 903
Other increases	2 570	621	873	423	4 487
Decreases, including:	**-8 900**	**-1 567**	**-1 189**	**-67**	**-11 723**
Liquidation and sale, donation	-950	-1 567	-330	-67	-2 914
Other	-7 950	0	-859	0	-8 809
Closing balance as at December 31st 2006	**7 293**	**6 282**	**1 895**	**1 461**	**16 931**
Depreciation					
Opening balance as at January 1st 2006	**4 229**	**5311**	**428**	**532**	**10 500**
Increases, including:	**1 720**	**696**	**279**	**236**	**2 931**
Depreciation of period	1 720	696	279	236	2 931
Decreases, including:	**-1 660**	**-1 653**	**-444**	**-74**	**-3 831**
Liquidation and sale	-1 660	-1 653	-444	-74	-3 675
Other - inventory deficiency	0	0	-156	0	-156
Closing balance as at December 31st 2006	**4 289**	**4 354**	**263**	**694**	**9 600**
Net value					
Opening balance as at January 1st 2006	**8 430**	**178**	**123**	**33**	**8 764**
Closing balance as at December 31st 2006	**3 004**	**1 928**	**1 632**	**767**	**7 331**

In 2006 and 2007 the Group did not make impairment charges for tangible fixed assets.

As at December 31st 2006 and December 31st 2007 there were no contractual obligations incurred to purchase tangible fixed assets and no damages for impaired or lost tangible fixed assets were received.

22. Intangible assets

Intangible assets	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Patents and licences	3 873	3 920
Goodwill	47 329	47 329
Trademark	50 600	50 600
Other	0	48
Prepayments for intangible assets	913	854
Total intangible assets	**102 715**	**102 751**

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

At the date of exchange, the acquirer measures the cost of a business combination at the sum of the fair values of assets given and liabilities incurred, plus any costs directly attributable to the combination of the business entities. At the acquisition date, the acquirer recognises separately identifiable assets and liabilities only if they satisfy the following criteria at that date:

- an asset other than an intangible asset is recognised if it is probable that any associated future economic benefits will flow to the acquirer, and its fair value can be measured reliably,

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

- an intangible asset or a contingent liability is recognised if its fair value can be measured reliably.

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

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

The above decision has been taken considering the following factors:

- there are no legal restraints which would influence the useful life of the trademark,

- there are no regulatory and economic restraints nor other foreseeable actions of the competition and prospective competition, which would influence the useful time of the trademark,

  - the useful time of the trademark is not susceptible to a technological, technical or commercial loss of usability,

(in PLN thousand)

- the useful life of the trademark does not depend on useful lives of other assets.

The Bank's Management Board will decide at each balance date whether the above factors still apply and whether it upholds the decision taken.

Goodwill at acquisition date was measured at PLN 47,329 thousand (Note 23 - "Business combinations" - contains detailed calculation of the goodwill).

As at December 31st 2007 and December 31st 2006 the Bank made the annual impairment test for the trademark and the goodwill. The test showed that as at December 31st 2007 and December 31st 2006 the trademark and the goodwill were not impaired.

Assessment of goodwill impairment from the acquisition of a subordinated entity (Open Finance)

Goodwill from the acquisition of a subordinated entity was assigned to the entire subsidiary as a cash-generating unit.
The recoverable value of the entity was measured on the basis of value in use. For the test, a forecast of the entity's cash flows for five years had been made. The measurement also included the entity's residual value resulting from cash flows after the five-year forecast period. To calculate free operating flows before taxation, the subsidiary's operating result in respective years covered by the forecast was adjusted with significant non-monetary items and planned capital expenditures.

Name of tested entity	Date of test	Forecast cash flows per financial plan for	Extrapolated cash flows for	Growth rate in extrapolation	Discount rate	Test result
Open Finance S.A.	Dec 31st 2007	2008 - 2010	2011-2012	10%	9.75%	No impairment

The Open Finance trademark was valued at a fair value of PLN 50,600 thousand; the valuation of the trademark was based on a report prepared by an independent firm.
According to IAS 38, the Parent Company assesses as at the balance sheet date whether a useful life of an intangible asset is finite or infinite. The Parent Company's Management Board has concluded that, based on an analysis of all important factors, there is no foreseeable limit of time in which an asset may be expected to cease generating net cash inflows. The Parent Company's Management Board thinks that the non-determinable useful life of the trademark, taking into account all implications involved (performing, at least annually, a test for its impairment), leads to better understanding of the consolidated financial statements among their users and more accurately reflects the Group's financial situation. The above decision has been taken considering the following factors:

- there are no legal restraints which would influence the useful life of the trademark,
- there are no regulatory and economic restraints or other foreseeable actions of the competition and prospective competition, which would influence the useful time of the trademark,
- the useful time of the trademark is not susceptible to a technological, technical or commercial loss of usability,

- the useful life of the trademark does not depend on useful lives of other assets,
- the Parent Company's Management Board will decide at each balance date whether the above factors still apply and whether it upholds the decision taken.

Back Office, specialist software, is an important asset for the Group.

Comparative data

	Dec 31st 2007	**Dec 31st 2006**
	PLN '000	**PLN '000**
Carrying amount of the system	1 393	2 139

The remaining amortisation period of this software is one year.

Changes in intangible assets for the year ended December 31st 2007	Patents and licences	Trademark	Goodwill	Other	Prepayments for intangible assets	Total
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Initial value						
Opening balance as at January 1st 2007	**5 068**	**50 600**	**47 329**	**223**	**854**	**104 074**
Increases, including:	**1 862**	**0**	**0**	**0**	**517**	**2 379**
Acquisition	1 294	0	0	0	517	1 811
Transfer from investments	458	0	0	0	0	458
Other	110	0	0	0	0	110
Decreases, including:	**-77**	**0**	**0**	**0**	**-458**	**-535**
Liquidation and sale, donation	-77	0	0	0	0	-77
Other	0	0	0	0	-458	-458
Closing balance as at December 31st 2007	**6 853**	**50 600**	**47 329**	**223**	**913**	**105 918**
Amortisation						
Opening balance as at January 1st 2007	**1 148**	**0**	**0**	**175**	**0**	**1 323**
Increases, including:	**1 908**	**0**	**0**	**48**	**0**	**1 956**
Amortisation of period	1 908	0	0	48	0	1 956
Decreases, including:	**-76**	**0**	**0**	**0**	**0**	**-76**
Liquidation and sale	-76	0	0	0	0	-76
Closing balance as at December 31st 2007	**2 980**	**0**	**0**	**223**	**0**	**3 203**
Net value						
Opening balance as at January 1st 2007	**3 920**	**50 600**	**47 329**	**48**	**854**	**102 751**
Closing balance as at December 31st 2007	**3 873**	**50 600**	**47 329**	**0**	**913**	**102 715**

Changes in intangible assets for the year ended December 31st 2006	Patents and licences	Trademark	Goodwill	Other	Prepayments for intangible assets	Total
Comparative data	**PLN '000**	**PLN '000**	**PLN '000**	**PLN '000**	**PLN '000**	**PLN '000**
Initial value						
Opening balance as at January 1st 2006	**2 077**	**0**	**0**	**144**	**0**	**2 221**
Increases, including:	**4 284**	**50 600**	**47 329**	**79**	**854**	**103 146**
Acquisition of subsidiaries	0	50 600	47 329	0	0	97 929
Acquisition	4 284	0	0	79	854	5 217
Decreases, including:	**-1 293**	**0**	**0**	**0**	**0**	**-1 293**
Classification as asset held for sale						0
Liquidation and sale, donation	-1 293	0	0	0	0	-1 293
Closing balance as at December 31st 2006	**5 068**	**50 600**	**47 329**	**223**	**854**	**104 074**
Amortisation						
Opening balance as at January 1st 2006	**1 893**	**0**	**0**	**144**	**0**	**2 037**
Increases, including:	**439**	**0**	**0**	**31**	**0**	**470**
Amortisation of period	439	0	0	31	0	470
Decreases, including:	**-1 184**	**0**	**0**	**0**	**0**	**-1 184**
Liquidation and sale	-1 184	0	0	0	0	-1 184
Closing balance as at December 31st 2006	**1 148**	**0**	**0**	**175**	**0**	**1 323**
Net value						
Opening balance as at January 1st 2006	**184**	**0**	**0**	**0**	**0**	**184**
Closing balance as at December 31st 2006	**3 920**	**50 600**	**47 329**	**48**	**854**	**102 751**

In 2006 and 2007 the Group did not make impairment charges for intangible assets.

(in PLN thousand)

23. Business combinations

In 2006 (January 26th 2006) the Parent Company purchased 100% of shares in Open Finance S.A. from Getin Holding S.A., for PLN 85,425 thousand, paid up fully in cash.

Goodwill at the combination date	
Total assets	64 594
Liabilities	16 884
Net fair value of assets	47 710
Deferred tax on trademark	9 614
Acquisition price	85 000
Acquisition costs	425
Goodwill at the date of obtaining control	**47 329**

The Bank set up Noble Funds TFI SA on May 9th 2006 (date of registration in the National Court Register). The capital contributed to Noble Funds TFI SA, paid up fully in cash, amounts to PLN 5,374 thousand.

In 2007 the Parent Company sold a 30% stake to managing partners, which is described in point 4, Note V to these financial statements.

The above investments are not directly exposed to interest rate risk.

24. Change in non-current assets held for sale

As at December 31st 2006 a property located at ul. Okopowa 1, Lublin was recognised under non-current assets classified as held for sale. In 2007 the Group sold this property. The Group generated an income of PLN 4,082 thousand on the sale of non-current assets classified as held for sale.

As at December 31st 2007, flats purchased by the Bank in 2007 for resale were classified as non-current assets held for sale. The properties were recognised in the books at the purchase price including acquisition costs.

(in PLN thousand)

Changes in non-current assets held for sale for the year ended December 31st 2007	**Land and buildings**	**Plant and equipment**	**Means of transport**	**Other fixed assets, including equipment**	**Total**
Initial value					
Opening balance as at January 1st 2007	**11 128**				**11 128**
Increases, including:	**61**				**61**
Acquisition – purchase	61				61
Decreases, including:	**11 128**				**11 128**
Liquidation and sale, donation	11 128				11 128
Closing balance as at December 31st 2007	**11 128**				**11 128**
Depreciation					
Opening balance as at January 1st 2007	**3 460**				**3 460**
Decreases, including:	**3 460**				**3 460**
Liquidation and sale	3 460				3 460
Closing balance as at December 31st 2007					
Net value					
Opening balance as at January 1st 2007	**7 668**				**7 668**
Closing balance as at June 30th 2007	**61**				**61**

(in PLN thousand)

Changes in non-current assets held for sale for the year ended December 31st 2006	Land and buildings	Plant and equipment	Means of transport	Other fixed assets, including equipment	Total
Initial value					
Opening balance as at January 1st 2006	**42 380**	**6 784**	**116**	**4 467**	**53 747**
Decreases, including:	**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 December 31st 2006	11 128				11 128
Depreciation	29 405	628	0	74	30 107
Opening balance as at January 1st 2006	**12 975**	**6 156**	**116**	**4 393**	**23 640**
Decreases, including:	**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 December 31st 2006	**3 460**				**3 460**
Net value					
Opening balance as at January 1st 2006	**29 405**	**628**		**74**	**30 107**
Closing balance as at December 31st 2006	**7 668**				**7 668**

25. Other assets

Other assets	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Prepaid expenses	2 578	1 570
Other assets held for resale	0	30
Other debtors	0	1 581
Trade debtors	25 945	4 119
Receivables from taxes, subsidies and social insurance	466	2
Lease receivables	2 856	2 792
Accrued income	885	1 903
Stocks	43	74
Other receivables	838	1 010
Recourse and security deposits	2 296	0
Other	834	1 357
Total gross assets	**36 741**	**14 438**
Impairment of other assets (-)	-8 914	-9 023
Total net assets	**27 827**	**5 415**

Impairment of other assets	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Impairment charges for other assets at beginning of period	8 998	9 010
Increases in the profit and loss account	255	187
Decreases in the profit and loss account	-91	-106
Other decreases	-248	-68
Impairment charges at end of period	**8 914**	**9 023**

Impairment charges for other assets are recognised in the profit and loss account under "Other operating expenses".

26. Amounts due to banks

Amounts due to other banks and financial institutions	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Other banks' deposits	93 812	44 157
Loans and advances received	100 562	35 870
Total amounts due to other banks	1 017	0
Total amounts due to other banks	**195 391**	**80 027**

	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Amounts due to other banks at variable interest rate	176 418	79 789
Amounts due to other banks at fixed interest rate	16 767	0
Non-interest bearing liabilities - interest, cheques	2 206	238

Structure of amounts due to other banks and institutions by maturity based on remaining period at balance sheet date to repayment date	**Dec 31st 2007 PLN '000**	**Comparative data Dec 31st 2006 PLN '000**
Term liabilities with maturities of:	195 391	79 789
up to 1 month	1 017	1 916
between 1 to 3 months	0	42 110
between 3 months to 1 year	50 396	35 763
between 1 to 5 years	143 978	0
Other placements from money market	0	238
Total	**195 391**	**80 027**

The presented liabilities are recognised at amortised cost using the effective interest rate method.

27. Amounts due to customers

Amounts due to customers		**Comparative data**
Amounts due to business entities	**403 543**	**53 490**
Current accounts and O/N deposits	61 663	1 285
Term deposits	341 880	52 205
Amounts due to individuals	**534 478**	**55 863**
Current accounts and O/N deposits	293 703	26 522
Term deposits	239 410	29 341
Other	1 365	0
Total amounts due to customers	**938 021**	**109 353**

Structure of amounts due to customers by maturity based on remaining period at balance sheet date to repayment date	**Dec 31st 2007 PLN '000**	**Comparative data Dec 31st 2006 PLN '000**
Current accounts and O/N deposits	355 366	27 807
Term liabilities with maturities of:	581 290	81 546
up to 1 month	57 791	10 582
between 1 to 3 months	15 1 19 6	12 903
between 3 months to 1 year	230 477	6 755
between 1 to 5 years	141 826	51 306
Other	1 365	
Total	**938 021**	**109 353**

	Dec 31st 2007 PLN '000	**Comparative data Dec 31st 2006 PLN '000**
Amounts due to customers at variable interest rate	410 280	76 792
Amounts due to customers at fixed interest rate	520 023	32 493
Non-interest bearing liabilities - interest	7 718	86

As at December 31st 2007 and December 31st 2006 the average effective interest rate on the customers' deposits, broken down by the main currencies, was as follows:

	December 31st 2007	December 31st 2006
Deposits in PLN	5.94%	4.91%
Deposits in EUR	5.26%	3.65%
Deposits in USD	5.77%	4.51%
Deposits in CHF	2.79%	2.17%
Deposits in GBP	6.61%	x

As at the above dates, the nominal interest rate on the customers' deposits, broken down by currencies, was as follows, respectively:

	December 31st 2007	December 31st 2006
Deposits in PLN	5.74%	4.67%
Deposits in EUR	4.70%	2.95%
Deposits in USD	5.54%	4.21%
Deposits in CHF	2.80%	2.27%
Deposits in GBP	6.61%	x

28. Debt securities in issue

Debt securities in issue	**Dec 31st 2007 PLN'000**	**Comparative data Dec 31st 2006 PLN '000**
Liabilities due to issue of deposit certificates	349 453	0
Interest	4 458	0
Total debt securities in issue	**353 911**	**0**

	Dec 31st 2007		**Comparative data Dec 31st 2006**	
	Carrying amount PLN '000	**Average effective rate PLN '000**	**Carrying amount PLN '000**	**Average effective rate PLN '000**
Debt securities in issue with maturities of:	349 453	6.12%	0	0.00%
between 1 to 5 years	349 453	6.12%	0	0.00%
Interest	4 458	x	0	x
Total	**353 911**		**0**	

The presented liabilities due to the issue of debt securities are valued at amortised cost using the effective interest rate method.

On June 21st 2007 Noble Bank S.A. concluded an Issue Agreement for the Bank Securities Issue Programme ("BPW") with Bank Handlowy w Warszawie SA.

On July 16th 2007, as part of the BPW Issue Programme, Noble Bank S.A. issued three-year certificates of deposit for PLN 270,000,000 and five-year certificates of deposit for PLN 80,000,000. Interest on certificates is paid every three months on the basis of the three-month WIBOR rate plus a margin.

Funds obtained under the Issue Programme will be used mainly for the purpose of increasing the sales of mortgage loans and loans secured with financial assets.

As security for the debt resulting from the issue of such certificates of deposit, Noble Bank S.A. is obliged to pay an amount equal to four times the amount of interest payable on the next date of interest payment, into a Reserve Account held by Bank Handlowy w Warszawie S.A. and keep it in that account.

29. Change in provisions

Year ended December 31st 2007	**Restructuring provision**	**Provision for retirement and similar benefits**	**Other provisions**	**Total**
	PLN '000	**PLN '000**	**PLN '000**	**PLN '000**
As at January 1st 2007	22 757	25	89	22 871
				0
Recognition/remeasurement of provisions	0	27	0	27
Utilisation of provisions	-1 932	0	-89	-2 021
Release of provisions	-13 740	0	0	-13 740
Provisions as at December 31st 2007	**7 085**	**52**	**0**	**7 137**

Year ended December 31st 2006 Comparative data	**Restructuring provision**	**Provision for retirement and similar benefits**	**Other provisions**	**Total**
	PLN '000	**PLN '000**	**PLN '000**	**PLN '000**
As at January 1st 2006	60 566	31	0	60 597
Recognition/remeasurement of provisions	0	25	89	114
Utilisation of provisions	-22 396	-31	0	-22 427
Release of provisions	-15 413	0	0	-15 413
Provisions as at December 31st 2006	**22 757**	**25**	**89**	**22 871**

Provision for retirement and similar benefits	**Dec 31st 2007**	**Comparative data Dec 31st 2006**
Provision for retirement payments	52	25
Total	**52**	**25**

The restructuring provisions were composed of the following items:

Provision for costs of retail sales

The provision was set up in 2002 for the risk of the hire purchase sale intermediaries' putting forward claims. The risk of effective enforcement of claims by the intermediaries is diminished; however, there exists the risk of claims being lodged by intermediaries, related to the settlement of guarantee deposits which secure the repayments under agreements made by specific intermediaries. This justifies keeping the provision until the extinction of the claims. The provision amount is adjusted at each balance sheet date. As at December 31st 2007 the amount of this provision was PLN 4,076 thousand (PLN 16,284 thousand as at December 31st 2006).

- Provision for costs of documents storage

The provision was set up in 2005 in connection with the purchase of WBC shares by Getin Holding and a decision to sell deposits kept in WBC S.A. Documentation concerning the management of bank accounts, created until the date of their disposal, should be kept for a period defined in applicable regulations. Costs of documents storage were measured on the basis of the amount, storage time, and rates provided for in the contract with an archiving company. Storage costs are charged to the provision. As at December 31st 2007 the amount of this provision was PLN 1,925 thousand (PLN 2,794 thousand as at December 31st 2006).

- Provision for retirement payments

The provision amount is determined by discounting the projected future cash flows to the present value, using the discount rate which reflects the time value of money on a current market basis. In accordance with IAS 19, the value of such liabilities has been measured by a qualified actuary.

- Provision for other risks identified in the Group, arising from past events

Owing to other identified risks in the Group's business, in 2005 provisions in the following amounts were charged: PLN 9,000 thousand on December 31st 2005, PLN 3,680 thousand on December 31st 2006 and PLN 1,084 thousand on December 31st 2007. The provision amount is adjusted at each balance date in accordance with IFRS 37. As at December 31st 2007, the amount of this provision stood at PLN 1,084 thousand (PLN 3,679 thousand as at December 31st 2006).

30. Other liabilities

Other liabilities		**Comparative data**
	Dec 31st 2007	**Dec 31st 2006**
	PLN '000	**PLN '000**
Deferred income	43	1 174
Provision for holiday pay	844	856
Provision for other liabilities to employees	2 380	600
Provision for administrative costs	6 393	5 005
Other creditors	47	0
Trade creditors	4 855	2 668
Taxes, duties, social insurance (excluding CIT)	3 109	1 953
Lease liabilities	3 995	1 426
Payroll	7 369	3 407
Provision for contractual obligations	0	15
Special funds	60	0
Liabilities to budget	550	0
Other	463	277
Total other liabilities	**30 108**	**17 381**

31. Shareholders' equity

Share capital structure Dec 31st 2007	Number of shares held	Number of votes	% of votes at GSM
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 B.V.	5 750 000	5 750 000	2.67%
H.P. Holding 3 B.V.	5 750 000	5 750 000	2.67%
Minority shareholders	27 750 000	27 750 000	12.90%
Total	**215 178 156**	**215 178 156**	**100.00%**

Share capital structure Dec 31st 2006	Number of shares held		Number of votes	% of votes at GSM
	Total	Including preference shares		
Getin Holding S.A.	185 178 156	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%**

The par value of all issued shares is PLN 1. All shares issued by the Parent Company have been paid up fully in cash. Pursuant to the Resolution of the Extraordinary General Shareholders' Meeting of February 22nd 2007, preference shares were cancelled by way of amending the Bank's Articles of Association.

Pursuant to the Resolution No. II/20/02/2007 of the Extraordinary General Shareholders' Meeting of Noble Bank S.A., a public share issue was made in May 2007. The Commission for Banking Supervision in its Decision No 73/2007 of March 12th 2007 authorised necessary amendments to the Bank's Articles of Association.

The Bank's share capital was increased by PLN 15,000,000 through the issue of H series shares with a value of PLN 1.00 each. The H series shares are ordinary shares. The surplus of the issue price over the nominal value, net of the issue costs, of PLN 2,884 thousand, was used for the increase of the Bank's reserve funds.

On January 17th 2008 ASK Investments S.A. sold shares in the Parent Company to private individuals, which is described in Note XIX to these financial statements.

On Janua17th 2008 ASK Investments S.A. sold shares in the Parent

Other reserves	Dec 31st 2007 PLN'000	Comparative data Dec 31st 2006 PLN'000
Reserve funds	192 140	458
Share premium reserve	139 616	0
Other	52 524	458
Total other reserves at end of period	**192 140**	**458**

On December 31st 2007, as a result of a transaction involving the sale of Noble Funds TFI shares, a minority interest was created, which at that date amounted to PLN 5,864 thousand. As at December 31st 2006 the Group did not have any minority interest.

32. Solvency ratio

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

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

The Group'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 (Official Journal of 2002, No 72, item 665, as amended),
- Resolution No 1/2007 of the Commission for Banking Supervision of March 13th 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 March 13th 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 March 13th 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 March 13th 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 January 1st 2008.

As at December 31st 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 August 29th 1997 (Official Journal of 2002, No 72, item 665, as amended),
- Resolution No 4/2004 of the Commission for Banking Supervision of September 8th 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 September 8th 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 September 8th 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).

	Dec 31st 2007 PLN '000	**Comparative data Dec 31st 2006 PLN '000**
Shareholders' equity		
Share capital	215 178	200 178
Reserve funds	192 140	458
Revaluation reserve	0	0
Adjustment of equity by shares in financial institutions	0	0
Adjustment of equity by intangible assets	-102 715	-102 751
Retained profit (loss) from previous years	-3 298	-4 760
Total shareholders' equity	**301 305**	**93 125**
Risk weighted assets		
Risk exposure of 20%	657 070	190 601
Risk exposure of 50%	28 576	18 671
Risk exposure of 100%	1 147 323	113 917
Total risk weighted assets	**1 293 025**	**161 373**
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	**1 364 448**	**172 325**
Market risks	0	0
Solvency ratio	**22.1%**	**54.0%**

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

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

33. Cash and cash equivalents

Balance sheet items	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Cash and balances with Central Bank	25 972	1 766
Current amounts due from banks	10 974	10 922
Overnight deposits	3 115	0
Cash and cash equivalents presented in the cash flow statement	**40 061**	**12 688**

	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Value of 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 concluded lease agreements, the lease subject remains in the Group's use throughout the agreement term. In exchange for the acquired rights to use the lease subject, the Group is obliged to make lease payments in amounts and on dates set out in the lease agreements. After the lease agreement term the Group has the right to purchase the lease subject, provided that it has fulfilled all its obligations to the lessor. If the Group decides not to utilise the option to purchase the lease subject, it is obliged to return it to the lessor. Lease agreements do not provide a possibility for the lease term to be extended. No other restrictions or conditional lease payments apply.

The subject of the lease contracts as at the balance sheet date are passenger cars.

	Dec 31st 2007 PLN '000	Comparative data Dec 31st 2006 PLN '000
Carrying amount of plant and equipment used under financial lease agreements	3 985	1 623

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

	Dec 31st 2007		Comparative data Dec 31st 2006	
	Minimum payments PLN '000	Present value of payments PLN '000	Minimum payments PLN '000	Present value of payments PLN '000
Up to 1 year	1 299	857	453	299
Between 1 to 5 years	3 820	3 138	1 351	1 127
Over 5 years	-			
Total minimum lease payments	**5 119**	**3 995**	**1 804**	**1 426**
Less financial costs	-1 124		-378	
Present value of minimum lease payments	3 995		1 426	
short-term		857		299
long-term		3 138		1 127

35. Operating lease

The Group'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 Group companies' use throughout the agreement term. In exchange for the acquired rights to use the lease subject, the Group is obliged to make lease payments in amounts and on dates set out in the lease agreements.

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

	As at Dec 31st 2007 PLN '000	Comparative data As at Dec 31st 2006 PLN '000
For period:		
up to 1 one year	13 255	6 969
between 1 to 5 years	35 667	9 304
over 5 years	7 233	732
Total	56 155	17 005

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

Value of lease and sub-lease payments under operating lease recognised as cost	**From Jan 1st 2007 to Dec 31st 2007 PLN '000**	**Comparative data From Jan 1st 2006 to Dec 31st 2006 PLN '000**
Minimum lease payments	12 532	6 727
Total	**12 532**	**6 727**

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 Group companies' loan portfolio offering includes, among others, mortgage loans paid out in tranches according to customers' instructions. The table below presents liabilities arising from the loan agreements made.

Contingent liabilities and off-balance sheet items	**Dec 31st 2007 PLN '000**	**Comparative data Dec 31st 2006 PLN '000**
1. Contingent liabilities granted	**143 232**	**21 904**
a) related to financing	142 846	21 901
a) guarantees given	386	3
2. Liabilities related to purchase/sale transactions	1 007 312	**0**
Total contingent liabilities and off-balance sheet items	**1 150 544**	**21 904**

	As at Dec 31st 2007 PLN '000	**Comparative data As at Dec 31st 2006 PLN '000**
Total financial liabilities granted:	142 846	21 901
- to non-financial entities	142 846	21 901

	As at Dec 31st 2007 PLN '000	**Comparative data As at Dec 31st 2006 PLN '000**
1) Liabilities granted to non-financial entities:	386	0
- guarantees	386	0
3) Liabilities granted to the budget:	0	3
- sureties	0	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 XVII.

XI. DIVIDENDS

The 2006 profit was partly allocated for covering the balance sheet losses; the remaining part was used for the reserve funds increase.

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

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

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

The Group 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.

Summary of main methods and principles used in estimating the fair values of instruments in the table below.

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 portfolio"), owing to the nature of the Group's portfolio and the methodology of calculating impairment of credit exposures, described in Note VII, point 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 December 31st 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	25 972	25 972	0
Amounts due from banks	657 070	657 070	0
Loans and advances to customers	1 175 899	1 175 899	0
Liabilities:			
Amounts due to banks and financial institutions	195 391	195 391	0
Amounts due to customers	938 021	938 021	0
Debt securities in issue	353 911	353 911	0

As at December 31st 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	1 766	1 766	0
Amounts due from banks	190 601	190 601	0
Loans and advances to customers	132 588	132 588	0
Liabilities:			
Amounts due to banks and financial institutions	80 027	80 027	0
Amounts due to customers	109 353	109 353	0

As at December 31st 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	52 910	0	52 910
Total financial assets	**52 910**	**18 003**	**70 913**
Financial liabilities:			
Derivative financial instruments	0	1 197	1 197
Total financial liabilities	**0**	**1 197**	**1 197**

As at December 31st 2006

	Market price	Valuation techniques - Market observation data	Total
	PLN '000	PLN '000	PLN '000
Financial assets:			
Available for sale financial instruments	37 073	0	37 073
Total financial assets	**37 073**	**0**	**37 073**

(in PLN thousand)

XIII. ADDITIONAL NOTES TO THE CASH FLOW STATEMENT

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

1. Operating activities - include the basic scope of activity related to the provision of services by companies of the Group; it involves activities other than investing or financing activities, which aim to generate profit. The Group 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 December 31st 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	-466 469	-463 303	-3 166 1)
Change in derivative financial instruments (asset)	-18 003	-18 003	0
Change in loans and advances to customers	-1 043 311	-1 043 311	0
Change in available for sale financial instruments	-15 837	0	-15 837 2)
Change in deferred income tax assets	-4 041	-4 041	0
Change in other assets and liabilities	-9 685	-12 254	2 569 3)
Change in amounts due to banks	115 364	115 364	0
Change in derivative financial instruments (liability)	1 197	1 197	0
Change in amounts due to customers	828 668	828 668	0
Change in debt securities in issue	353 911	3 911	350 000 4)
Change in provisions and deferred income tax provisions	-3 399	-3 399	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

(in PLN thousand)

XIV. INFORMATION ON THE GROUP'S ASSETS PLEDGED AS COLLATERAL

The table below presents the carrying amount of assets pledged as collateral as at December 31st 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 presents the carrying amount of assets pledged as collateral as at December 31st 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 BFG accounts	3 706	7
Total		**74 543**	**543**

In accordance with Art. 25 and Art. 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.

XV. TRANSACTIONS WITH RELATED ENTITIES

(1) Description of transactions with related entities

Noble Bank is the Parent Company of the Noble Bank S.A. Capital Group, and Getin Holding S.A. is the superior holding company and Noble Bank S.A.'s direct holding company. The Group understands the related entities to include also ASK Investments S.A., a minority shareholder of the Bank. The group of related entities also includes: 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 of Getin Holding S.A., as well as the Parent Company's Management Board members, the Parent Company's Supervisory Board members and parties related to them.

All transactions between the related 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 have occurred, which would require disclosure in these statements.

Settlements and transactions with related entities are not secured.

The most important amounts of transactions with related 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 related entities										
Carcade OOO	25 939	0	0	0	1 387	0	0	0	0	0
Getin Bank S.A.	0	140	0	44	1	0	2 491	0	369	524
TU Europa S.A., registered office in Wrocław	0	656	50 088	18	0	3 280	865	0	0	359
TU Europa na Życie S.A., registered office in Wrocław	0	3 049	141 127	0	0	2 022	9 269	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 comparative data	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 related entities										
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, borrowings and guarantees

As at December 31st 2007

Carcade Sp z o.o.

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

As at December 31st 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 Parent Company (PLN '000):

Short-term remuneration and benefits

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

From Jan 1st 2006 to Dec 31st 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 Jan 1st 2007 to Dec 31st 2007 PLN 0 thousand

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

(4) Bank's shares owned by its Supervisory Board and Management Board members (in office as at December 31st 2007)

The table below presents the ownership of the Bank's shares among its Management Board members as at December 31st 2007:

Name	Function	As at Dec 31st 2007	As at Dec 31st 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

XVI. CAPITAL MANAGEMENT

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

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

The Group monitors its capital levels using the leverage ratio, calculated as the ratio of net debt to total equity plus gross 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, equity attributable to the Parent Company's shareholders less capital reserves from unrealised net profits.

Capital management	**Dec 31st 2007 PLN '000**	**Comparative data Dec 31st 2006 PLN '000**
Interest bearing liabilities	1 487 323	189 380
Other liabilities	68 848	56 623
Less cash and cash equivalents	40 061	12 688
Net debt	1 516 110	233 315
Shareholders' equity	536 341	249 126
Total shareholders' equity	536 341	249 126
Shareholders' equity and net debt	2 052 451	482 441
Leverage ratio	**74%**	**48%**

The calculation of the solvency ratio is presented in Note 32 to these financial statements. Shareholders' equity is described in Note 31 to these financial statements.

XVII. RISK MANAGEMENT IN NOBLE BANK S.A. CAPITAL GROUP

Adopted methods and objectives of financial risk management

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

The objective of asset and liability management policy is to optimise the structure of 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. 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 PLN thousand)

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. instruction for the monitoring of the Bank's retail receivables,
2. instruction for the monitoring of customers running business activity.

a) By individual entities

Exposure to 10 largest clients	Dec 31st 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

(in PLN thousand)

Exposure to 10 largest clients	Dec 31st 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)	**Dec 31st 2007** %	**Comparative data** **Dec 31st 2006** %
A - Agriculture and hunting	0.5	3.6
B – Mining	0.0	0.1
C – Manufacturing	**0.9**	**4.9**
- Manufacturing otherwise unclassified	0.9	4.9
D – Construction	**2.2**	**0.8**
E - Wholesale and retail trade	**1.2**	**5.2**
F- Transport, storage and communication	**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**

(in PLN thousand)

d) Structure of loans portfolio

Structure of loans portfolio	Dec 31st 2007 %	Comparative data Dec 31st 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, Art. 71.1	Dec 31st 2007	Comparative data Dec 31st 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	Dec 31st 2007 % of equity	Dec 31st 2007 % of loans portfolio	Dec 31st 2006 % of equity	Dec 31st 2006 % of loans 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

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

Limit 3	Dec 31st 2007 % of equity	Dec 31st 2007 % of loans portfolio	Dec 31st 2006 % of equity	Dec 31st 2006 % of loans portfolio
Individual exposures	0%	0%	0%	0%

In the Group's subsidiaries—Noble TFI and Open Finance—credit risk does not exist or is at a very low level. It stems from the fact that in the financial intermediation segment the Group co-operates with financial institutions which have no liquidity problems and which regularly settle their obligations. The process of managing and monitoring the concentration risk at Noble Bank S.A. is run in accordance with provisions of the Resolution 1/2007 of the Commission for Banking Supervision. The Bank monitors the concentration risk and, if it occurs, establishes a capital requirement in an amount as per Appendix No 12 to the above-mentioned resolution. As at December 31st 2007 there were no indications of concentration risk, therefore Noble Bank S.A. did not establish the capital requirement on that account.

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 Group will have values differing from those originally assumed, causing unexpected gains or losses from the positions held.

Interest rate risk

The aim of measuring and managing the risk arising from the Group'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 presents the Group's assets, liabilities and off-balance sheet liabilities classified as at December 31st 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:	**283 226**	**1 498 812**	**1 898**	**23 620**	**0**	**285 006**	**2 092 562**
Cash and amounts due from Central Bank	1 746	0	0	0	0	24 226	25 972
Amounts due from banks	230 136	400 030	0	0	0	26 904	657 070
Loans and advances to customers	1 365	1 098 782	0	23 620	0	52 132	1 175 899
Securities	49 979	0	1 898	0	0	1 033	52 910
Other							
Liabilities:	**513 399**	**670 322**	**180 477**	**118 440**	**0**	**73 583**	**1 556 221**
Amounts due to other banks and financial Institutions	86	176 211	0	18 077	0	1 017	195 391
Amounts due to customers	513 313	142 631	180 477	100 363	0	1 237	938 021
Other	0	1 480	0	0	0	67 418	86 898
Equity						536 341	**536 341**
Total equity and liabilities	**513 399**	**670 322**	**180 477**	**118 440**	**0**	**609 924**	**2 092 562**
Gap	**-230 173**	**828 490**	**-178 579**	**-94 820**	**0**	**-324 918**	**0**
Off-balance sheet items							
Interest rate transactions:							
Assets	0	0	0	167 00	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	**-230 173**	**661 490**	**-178 579**	**72 180**	**0**	**-324 918**	**0**

The table below presents the Group's assets, liabilities and off-balance sheet liabilities classified as at December 31st 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:	**199 652**	**115 813**	**4 576**	**5 821**	**0**	**169 267**	**495 129**
Cash and amounts due from Central Bank						1 766	1 766
Amounts due from banks	187 373					3 228	190 601
Loans and advances to customers	12 279	85 813	4 376	5 821	0	24 299	132 588
Securities		30 000	200			6 873	37 073
Other						133 101	133 101
Liabilities:	**8 739**	**49 704**	**6 721**	**59 369**	**0**	**121 470**	**246 003**
Amounts due to other banks and financial institutions	2 154	42 110	56	0		35 707	80 027
Amounts due to customers	6 585	7 594	6 665	59 369		29 140	109 353
Other						56 623	56 623
Equity						249 126	**249 126**
Total equity and liabilities	**8 739**	**49 704**	**6 721**	**59 369**	**0**	**370 596**	**495 129**
Gap	**190 913**	**66 109**	**-2 145**	**-53 548**	**0**	**-201 329**	**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	**190 913**	**66 109**	**-2 145**	**-53 548**	**0**	**-201 329**	**0**

(in PLN thousand)

The table below presents 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 December 31st 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 December 31st 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 Group 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,
- withdrawal of the major banks, which, after the acquisition of Open Finance S.A. by Noble Bank S.A., may treat Open Finance S.A. as their competitor’s internal distribution network,
- 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,
- rising interest rates or a significant correction of share prices on the Warsaw Stock Exchange could lead to a weaker interest in investment funds and asset management,
- lower income from performance fees as a result of worsening conditions on equity markets,
- starting a “price war” on management fees among investment fund companies, which could affect the Group’s profitability,
- growing distribution prices of investment fund participation units.

Sensitivity analysis

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

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

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

- the Bank’s equity in the reporting period.

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

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

Change in margins	**Dec 31st 2007**	**Comparative data Dec 31st 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 December 31st 2007 and December 31st 2006 the Bank's currency position was as follows:

	Dec 31st 2007	Dec 31st 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 December 31st 2007

	Currency (PLN '000)						Total
	PLN	EUR	CHF	USD	GBP	Other	
ASSETS							
Cash and amounts due from Central Bank	25 972	0	0	0	0	0	25 972
Amounts due from banks	639 564	8 310	0	2 672	6 418	106	657 070
Loans and advances to customers	228 541	7 302	908 727	26 380	0	4 949	1 175 899
Securities	52 910	0	0	0	0	0	52 910
Investments in associates							0
Other	180 711	0	0	0	0	0	180 711
TOTAL ASSETS	**1 127 698**	**15 612**	**908 727**	**29 052**	**6 418**	**5 055**	**2 092 562**
LIABILITIES							
Amounts due to other banks and financial institutions	116 214	0	78 946	231	0	0	195 391
Amounts due to customers	884 588	22 541	2 416	21 813	6 663	0	938 021
Debt securities in issue	353 911	0	0	0	0	0	353 911
Provisions	7 137	0	0	0	0	0	7 137
Other	61 761	0	0	0	0	0	61 761
TOTAL LIABILITIES	**1 423 611**	**22 541**	**81 362**	**22 044**	**6 663**	**0**	**1 556 221**
EQUITY	**536 341**						**536 341**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1 959 952**	**22 541**	**81 362**	**22 044**	**6 663**	**0**	**2 092 562**
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 December 31st 2006

	Currency (PLN '000)						Total
	PLN	EUR	CHF	USD	GBP	Other	
ASSETS							
Cash and amounts due from Central Bank	1 766						1 766
Amounts due from banks	188 605	628	188	1 132	48		190 601
Loans and advances to customers	38 895	2 130	81 141	10 422			132 588
Securities	37 073						37 073
Other	133 101						133 101
TOTAL ASSETS	**399 440**	**2 758**	**81 329**	**11 554**	**48**	**0**	**495 129**
LIABILITIES							
Amounts due to other banks and financial institutions		1 930	69 330	8 767			80 027
Amounts due to customers	107 311	377	238	1 427			109 353
Provisions	22 871						22 871
Other	33 405	143		204			33 752
TOTAL LIABILITIES	**163 587**	**2 450**	**69 568**	**10 398**	**0**	**0**	**246 003**
EQUITY	**249 126**						**249 126**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**412 713**	**2 450**	**69 568**	**10 398**	**0**	**0**	**495 129**
NET EXPOSURE	**-13 273**	**308**	**11 761**	**1 156**	**48**	**0**	**0**
OFF-BALANCE SHEET ITEMS							
Assets							**0**
Liabilities							**0**
GAP	**-13 273**	**308**	**11 761**	**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 December 31st 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	**Dec 31st 2007 PLN '000**		**Dec 31st 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 exposure to financial risks on a level accepted 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 Group's assets and liabilities as at December 31st 2007 by 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	25 972	0	0	25 972	0	0	0	0	25 972
Amounts due from banks	253 013	400 000	0	653 013	0	0	0	4 057	657 070
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	899 004	1 035 704	0	1 175 899
Financial instruments	**49 979**	**0**	**1 898**	51 877	**0**	**0**	0	**1 033**	52 910
Available for sale	49 979	0	1 898	51 877	0	0	0	**1 033**	52 910
Intangible assets	0	0	0	0	0	0	0	102 715	102 715
Tangible fixed assets	0	0	0	0	0	0	0	16 279	16 279
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	**15 826**	15 826
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	**13 535**	13 535
Other assets	0	0	0	0	0	0	0	**27 827**	27 827
Total assets:	**439 848**	**421 404**	**27 808**	**889 060**	**136 700**	**899 004**	**1 035 704**	**167 798**	**2 092 562**
Liabilities:									
Amounts due to other banks and financial institutions	1 017	0	50 396	51 413	143 978	0	143 978	0	195 391
Derivative financial instruments	0	1 197	0	1 197	0	0	0	0	1 197
Amounts due to customers	414 650	150 692	222 444	787 786	150 235	0	150 235	0	938 021
Debt securities in issue	5 388	5 248	10 314	20 950	332 961	0	332 961	0	353 911
Corporate income tax liabilities	0	1 750	0	1 750	0	0	0	0	1 750
Other liabilities	16 833	8 404	903	26 140	3 915	0	3 915	53	30 108
Deferred income tax provision	0	0	0	0	0	0	0	28 706	28 706
Provisions	0	0	340	340	534	168	702	6 095	7 137
Total liabilities:	**437 888**	**167 291**	**284 397**	**889 576**	**631 623**	**168**	**631 791**	**34 854**	**1 556 221**
Equity				0			0	536 341	536 341
Total shareholders' equity and liabilities	**437 888**	**167 291**	**284 397**	**889 576**	**631 623**	**168**	**631 791**	**571 195**	**2 092 562**
Liquidity gap	**1 960**	**254 113**	**-256 589**	**-516**	**-494 923**	**898 836**	**403 913**	**-403 397**	**0**

(in PLN thousand)

The table below presents the Group's assets and liabilities as at December 31st 2006 by 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	1 766	0	0	1 766	0	0	0	0	1 766
Amounts due from banks	190 601	0	0	190 601	0	0	0	0	190 601
Loans and advances to customers	839	717	8 901	10 457	20 332	87 917	108 249	13 882	132 588
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		37 073
Intangible assets	0	0	0	0	3 920	854	4 774	97 977	102 751
Tangible fixed assets	0	0	0	0	0	0	0	7 773	7 773
									7 668
Non-current assets classified as held for sale	0	0	0	0	0	0	0	7 668	
Income tax assets	9 494	0	0	9 494	0	0	0	0	9 494
Deferred income tax assets	9 494	0	0	9 494	0	0	0	0	9 494
Other assets	**0**	**1 882**	**2 028**	3 910	**0**	**0**	0	**1 505**	5 415
Total assets	**207 518**	**2 599**	**43 184**	**253 301**	**24 252**	**88 771**	**113 023**	**128 805**	**495 129**
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	38 858	12 903	6 755	58 516	50 837	0	50 837	0	109 353
Other liabilities	10 615	0	6 064	16 679	702	0	702	0	17 381
Deferred income tax provision	16 371	0	0	16 371	0	0	0	0	16 371
Provisions	22 871	0	0	22 871	0	0	0	0	22 871
	0	0	0	0	0	0	0	0	
Total liabilities:	**90 869**	**55 013**	**48 582**	**194 464**	**51 539**	**0**	**51 539**	**0**	**246 003**
Equity	0	0	0	0	0	0	0	249 126	249 126
Total shareholders' equity and liabilities	90 869	55 013	48 582	194 464	51 539	0	51 539	249 126	495 129
Liquidity gap	**116 649**	**-52 414**	**-5 398**	**58 837**	**-27 287**	**88 771**	**61 484**	**-120 321**	**0**

The table below presents an analysis of financial liabilities by contractual residual maturity as at December 31st 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	131 027	0	987 133
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**	**653 356**		**1 607 881**

The table below presents an analysis of financial liabilities by contractual residual maturity as at December 31st 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**

4. Credit and market risk as at December 31st 2007

Type of instrument	Carrying amount PLN '000	Risk weighted amount PLN '000
Balances with Central Bank	25 972	0
Receivables	1 832 969	1 281 028
Derivative financial instruments	18 300	0
Debt securities	52 910	568
Fixed assets	16 279	8 815
Other	146 132	2 614
Total banking portfolio	**2 092 562**	**1 293 025**
Total balance sheet instruments	**2 092 562**	**1 293 025**

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 amount	Capital requirement
Total banking portfolio (credit risk)	**2 252 600**	**1 364 448**	**109156**

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

Type of instrument	Off-balance sheet amount 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 amount	Capital requirement
Total banking portfolio (credit risk)	**2 252 600**	**1 364 448**	**109 156**

5. Credit and market risk as at December 31st 2006

Type of instrument	Carrying amount PLN '000	Risk weighted amount PLN '000
Balances with Central Bank	1 766	0
Receivables	323 189	151 259
Debt securities	37 073	0
Fixed assets	7 773	7 773
Other	125 328	2 341
Total banking portfolio	**495 129**	**161 373**
Total balance sheet instruments	**459 129**	**161 373**

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 amount	Capital requirement
Total banking portfolio (credit risk)	**533 840**	**172 326**	**13 786**

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		**13 786**

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 X, point 32.

XVIII. OTHER MATERIAL 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 December 31st 2007 and its equity as at December 31st 2007.

XIX. IMPORTANT EVENTS WHICH OCCURRED BETWEEN THE DATE OF MAKING THE FINANCIAL STATEMENTS AND THE DATE OF THEIR APPROVAL FOR PUBLICATION

On January 7th 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 March 6th 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 December 31st 2007.

Signatures of all members of the Bank's Management Board

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

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

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

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