Noble Bank S.A. Capital Group

Extended consolidated quarterly report

for the third quarter of 2008

Prepared in accordance with
the International Financial Reporting Standards

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1. FINANCIAL HIGHLIGHTS

	PLN '000		EUR '000	
Interim consolidated financial statements data	**Jan 1st 2008 - Sept 30th 2008**	**Jan 1st 2007 - Sept 30th 2007**	**Jan 1st 2008 - Sept 30th 2008**	**Jan 1st 2007 - Sept 30th 2007**
Interest income	165 234	38 989	48 248	10 176
Fee and commission income	151 102	132 938	44 121	34 697
General administrative costs	116 678	91 221	34 070	23 809
Pre-tax profit	157 060	115 517	45 861	30 150
Net profit	126 945	94 384	37 067	24 634
Net profit attributable to Parent Company's shareholders	124 042	91 222	36 220	23 809
Net profit attributable to minority interest	2 903	3 162	848	825
Net earnings per share (PLN/EUR) attributable to Parent Company's shareholders	0.58	0.44	0.17	0.11
Diluted net earnings per share (PLN/EUR) attributable to Parent Company's shareholders	0.58	0.44	0.17	0.11
Cash flows from operating activities	633 254	-472 123	184 908	-123 225
Net cash flows from investing activities	-585 592	3 355	-170 991	876
Net cash flows from financing activities	43 186	501 405	12 610	130 867
Total net cash flows	90 848	32 637	26 527	8 518
	Sept 30th 2008	**Dec 31st 2007**	**Sept 30th 2008**	**Dec 31st 2007**
Amounts due from banks	538 831	657 070	158 094	183 437
Loans and advances to customers	2 809 945	1 175 899	824 442	328 280
Total assets	4291 631	2 092 562	1 259 171	584 188
Financial liabilities at fair value through profit or loss— customer deposits	332 843	0	97 657	0
Amounts due to customers	2 369 242	938 021	695 139	261 871
Debt securities in issue	412 701	353 911	121 087	98 803
Total liabilities	3 629 153	1 556 221	1 064 799	434 456
Total shareholders' equity	662 478	536 341	194 372	149 732
Shareholders' equity attributable to Parent Company's shareholders	654 911	530 477	192 152	148 095
Minority interest	7 567	5 864	2 220	1 637
Share capital	215 178	215 178	63 134	60 072
Number of shares	215 178 156	215 178 156	215 178 156	215 178 156
Solvency ratio	18.5%	22.1%	18.5%	22.1%

	PLN '000		EUR '000	
Individual financial statements data	**Jan 1st 2008 - Sept 30th 2008**	**Jan 1st 2007 - Sept 30th 2007**	**Jan 1st 2008 - Sept 30th 2008**	**Jan 1st 2007 - Sept 30th 2007**
Interest income	163 639	39 039	47 782	10 189
Fee and commission income	34 668	20 914	10 123	5 459
General administrative costs	41 473	23 680	12 110	6 181
Pre-tax profit	157 161	77 131	45 890	20 131
Net profit	133 443	63 901	38 965	16 678
Cash flows from operating activities	598 532	-485 472	174 769	-126 709
Net cash flows from investing activities	-546 088	6 476	-159 456	1 690
Net cash flows from financing activities	44 386	501 405	12 961	130 867
Total net cash flows	96 830	22 409	28 274	5 849
	Sept 30th 2008	**Dec 31st 2007**	**Sept 30th 2008**	**Dec 31st 2007**
Amounts due from banks	505 194	618 056	148 225	172 545
Loans and advances to customers	2 841 725	1 185 650	833 766	331 002
Total assets	4 242 429	2 019 558	1 244 735	563 807
Financial liabilities at fair value through profit or loss— customer deposits	332 843	0	97 657	0
Amounts due to customers	2 395 980	956 686	702 984	267 082
Debt securities in issue	412 701	353 911	121 087	98 803
Total liabilities	3 626 013	1 536 979	1 063 877	429 084
Total shareholders' equity	616 416	482 579	180 857	134 723
Share capital	215 178	215 178	63 134	60 072
Number of shares	215 178 156	215 178 156	215 178 156	215 178 156
Solvency ratio	17.4%	21.4%	17.4%	21.4%

The financial highlights which incorporate the main items of the summary consolidated and individual financial statements are translated into Euro according to the following rules:

- individual items of assets and liabilities are translated at the average exchange rates announced by the National Bank of Poland, in force as at September 30th 2008, of EUR 1 = PLN 3.4083, and as at December 31st 2007, of EUR 1 = PLN 3.5820,
- individual items of the profit and loss account and the cash flow statement are translated at the arithmetic means of the average exchange rates set by the National Bank of Poland on the last day of each elapsed month, for nine months ended September 30th 2008 and September 30th 2007 (EUR 1 = PLN 3.4247 and EUR 1 = PLN 3.8314, respectively).

2. INTRODUCTION TO THE EXTENDED CONSOLIDATED QUARTERLY REPORT

2.1. General information

Parent Company details:

Noble Bank S.A.
ul. Domaniewska 39b
02-675 Warsaw

The Noble Bank S.A. Capital Group ("the Noble Bank Capital Group" or "the Noble Bank Group") is composed of the parent company, Noble Bank S.A. ("the Bank", "Noble Bank", "the Parent Company", "the Company") and its subsidiaries: Open Finance S.A., Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. and Introfactor S.A. in organisation.

Pursuant to a decision of the District Court of Lublin, XIth Commercial and Registration Division, the Parent Company was registered on October 31st 1990 in the Commercial Register, Section B, under entry H 1954, and on June 8th 2001 it was registered in the National Court Register in Lublin under KRS entry No. 0000018507. On June 8th 2006, the change of the Bank's name and registered office was registered in the District Court for the Capital City of Warsaw, XIIIth Commercial Division of the National Court Register.

The legal basis for the Parent Company's activities are its Articles of Association made out in the form of a notary deed of September 21st 1990 (as amended).

Noble Bank S.A. and the Group companies were established for an unlimited duration.

The holding company of the 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.

Noble Bank S.A. shares are quoted on the Warsaw Stock Exchange in the banking sector.

These summary consolidated financial statements were authorised for issue by the Parent Company's Management Board on October 16th 2008.

The extended consolidated quarterly report includes the summary consolidated financial statements of the Noble Bank S.A. Capital Group and the summary individual financial statements of Noble Bank S.A.

The presented financial data comprise the balance sheet as at September 30th 2008, the profit and loss account for the third quarter of the financial year, i.e. from July 1st 2008 to September 30th 2008 and cumulatively for the period from January 1st 2008 to September 30th 2008, the statement of changes in the shareholders' equity and the cash flow statement for the period from January 1st 2008 to September 30th 2008.

The comparative financial data comprise the balance sheet as at December 31st 2007, the profit and loss account for the third quarter of the previous financial year, i.e. from July 1st 2007 to September 30th 2007 and cumulatively for the period from January 1st 2007 to September 30th 2007, the statement of changes in the shareholders' equity and the cash flow statement for the period from January 1st 2007 to September 30th 2007.

(figures in PLN thousand)

2.2. Governing bodies

The composition of the Parent Company's Management Board as at September 30th 2008 was as follows:

1. Jarosław Augustyniak – President of the Management Board,
2. Maurycy Kuhn – Member of the Management Board,
3. Krzysztof Spyra – Member of the Management Board.

The composition of the Parent Company's Supervisory Board as at September 30th 2008 was as follows:

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

On July 31st 2008, the Extraordinary General Shareholders' Meeting decided to appoint Radosław Stefurak as a Supervisory Board Member.

On September 18th 2008, Marek Kaczałko resigned from the Supervisory Board of Noble Bank S.A.

2.3. Structure of the Capital Group

Company	Registered office	Core business	Bank's percentage share in equity		Control degree/ consolidation method
			Sept 30th 2008	Dec 31st 2007	
Noble Bank S.A.	ul. Domaniewska 39b, Warsaw	Banking services	—	—	Parent company
Open Finance S.A.	ul. Domaniewska 39, Warsaw	Financial intermediation	100.0%	100.0%	Subsidiary/ full method
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	ul. Domaniewska 39, Warsaw	Management of investment funds	70.0%	70.0%	Subsidiary/ full method
Introfactor S.A. in organisation	ul. Wołoska 18, Warsaw	Factoring services	100.0%	100.0%	Subsidiary/ full method

Pursuant to the Investment Contract of March 31st 2006 between Noble Bank S.A. and natural persons who as at June 30th 2008 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 Noble Bank S.A. all the shares owned by them. 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 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 years.

As at September 30th 2008 there were no reliable parameters which would allow the options to be valued. Therefore the options mentioned above as at September 30th 2008 were not included in the balance sheet valuation.

On July 28th 2008, an Investment Contract was made between Noble Bank S.A. and natural persons and Factor Management Team Sp. z o.o., which sets out conditions for the respective parties' planned investments in the shares of Introfactor S.A., rules which regulate that company's business and principles for its supervision and management. Under that contract, Noble Bank S.A acquired 100% of Introfactor S.A. shares, for a cash contribution of PLN 500 thousand. In addition, the contract gives Factor Management Team Sp. z o.o. a conditional right to acquire in the future a new issue of Introfactor S.A. shares which account for 30% of that company's share capital and confer 30% of votes at its General Shareholders' Meeting. The key requirement for the acquisition right to be exercised by Factor Management Team Sp. z o.o. consists in the delivery of a business plan assumed in the Investment Contract, which concerns both Introfactor S.A. and Introbank (a Specialist Unit of Noble Bank S.A.) and involves raising a specific volume of deposits for Noble Bank S.A., within a period of 24 months (starting from July 31st 2008). If the above right is exercised, Factor Management Team Sp. z o.o. will acquire the new issue at the nominal price, for cash. As at September 30th 2008 there were no reliable parameters which would allow the share acquisition option to be valued. Therefore this option as at September 30th 2008 was not included in the balance sheet valuation.

As at September 30th 2008 and December 31st 2007, the Parent Company did not have equity investments in joint subsidiaries and associates.

2.4. Accounting policies

Basis of preparation of the consolidated financial statements

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

The summary 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.

Accounting policies

a) Statement of compliance with the International Financial Reporting Standards

These summary consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and especially with the International Accounting Standard No. 34 and the IFRSs as approved by the European Union. As at the date when these statements were authorised for issue, 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 principles applied by the Group.

IFRSs 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 the IFRSs.

In 2008, the Noble Bank S.A. Capital Group did not make any changes to the accounting principles.

b) 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 summary consolidated financial statements shall be the Polish zloty.

c) Consolidation

The summary consolidated financial statements include the financial statements of Noble Bank S.A. and those of the Bank's subsidiaries. Financial statements of the subsidiaries have been prepared for the same reporting period as the financial statements of the Parent Company, using consistent accounting principles and based on uniform accounting principles applied to transactions and business events of similar nature. To eliminate any inconsistencies in the applied accounting principles, adjustments are made.

All significant inter-company balances and transactions between the Group companies, including unrealised gains arising from intra-group transactions, have been fully eliminated. Unrealised losses are eliminated unless there is evidence of impairment.
Subsidiaries are subject to consolidation from the date on which the Group obtains control over them and continue to be consolidated until the date when such control ceases. Control is exercised by the parent company when it has, directly or indirectly, through is subsidiaries, more than half of the votes in a company, unless such ownership can be proved not to be 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).

e) Significant accounting principles

The significant 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 in force 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 in force at the transaction date, and items valued at fair value are translated at an average exchange rate of the National Bank of Poland as at the valuation 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, such as available for sale financial assets, are included in the revaluation reserve.

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

(figures in PLN thousand)

Currency	Sept 30th 2008	Dec 31st 2007
EUR	3.4083	3.5820
USD	2.3708	2.4350
CHF	2.1587	2.1614
GBP	4.2885	4.8688
JPY	0.0226	0.0217

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 and loss account, held to maturity financial assets 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 a financial asset or liability in the balance sheet when it becomes a party to an agreement on such an instrument. Purchase and sale transactions involving financial assets are recognised on the transaction date.

All financial instruments at their 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, held to maturity financial assets, loans and receivables, available for sale financial assets, other financial liabilities.

Financial instruments at fair value through profit or loss

This category is divided into two subcategories:

- financial assets and liabilities held for trading—purchased or taken for resale in the short term—and derivative instruments,
- financial assets and liabilities designated upon their initial recognition as financial assets and liabilities at fair value through profit or loss.

Financial assets and liabilities may be classified upon their initial recognition as financial assets and liabilities at fair value through profit or loss only if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an “accounting mismatch”) that would otherwise arise from measuring such financial assets or liabilities or from recognising the gains and losses on them on different bases, or

- a group of financial assets, financial liabilities, or both, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (in accordance with the definition in IAS 24 "Related Party Disclosures"), for example to the entity's board of directors or a executive director.

As the first condition is fulfilled, customer deposits at a fixed interest rate, denominated in PLN, accepted from April 1st 2008 to June 30th 2008 for a period longer than one year, are designated by the Company at the initial recognition as financial liabilities at fair value through profit or loss. This approach considerably reduces the inconsistency in measuring such deposits and financial instruments of the IRS type, which are made in connection with the way the Company manages the risk of interest rate changes.

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 result on financial instruments valued at fair value through profit or loss or in 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 retranslated at the day close 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 (especially in the case of IRS and CIRS instruments, using the discounted cash flows method).

Held to maturity financial assets

Held to maturity financial assets 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.

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

Loans and receivables

The loans and receivables category stands for 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 provisions for impairment.

Accrued interest 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 fee and 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 held to maturity financial assets.

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, income and discount or premium are respectively recognised in interest income or interest expense 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.

Other financial liabilities

This category includes amounts due to banks and customers, loans taken by the Group and issued debt securities, net of transaction costs, except for financial liabilities classified at their initial recognition as liabilities at fair value through profit or loss.
Financial liabilities not classified at their initial recognition as liabilities at fair value through profit or loss are recognised in the balance sheet at amortised cost using the effective interest rate.

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 the rights, 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 loss event 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,
- the Group, for economic or legal reasons relating to an issuer's or borrower's financial difficulties, granting to them a concession which would have not been otherwise considered,
- a great likelihood of an issuer's or borrower's bankruptcy or restructuring,
- the disappearance of an active market for a financial asset 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 the profit and loss account.

Loans granted by Wschodni Bank Cukrownictwa (old portfolio)

In the Group's opinion, evidence exists that the entire old portfolio has been impaired. The portfolio 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.

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:

$$V = \frac{Rl}{(1+IRR)^{(1/12)}} + \frac{R2}{(1+IRR)^{(2/12)}} + \dots + \frac{Rn}{(1+IRR)^{(n/12)}}$$

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 receivables and the period in which the Group intends to recover this price.

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

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 the IFRSs. In building a valuation 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, the Bank 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 specialist 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 shortage of sufficient data, specialist indicators have been assumed.

The Group also makes a provision for possible 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 has a short history,
- shortage of sufficient historical data on the performance of this portfolio 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. The previous level of loan loss ratio for the new loans portfolio in Noble Bank S.A. and the values of obtained collateral were also included. As a result of the above analyses, the ratio which is the basis for creating an impairment charge for the "new portfolio" was determined as at September 30th 2008 at 0.7% for mortgage loans (1.0% as at December 31st 2007) and at 1.3% for financial loans (loans secured with the customers' financial assets) (1.5% as at December 31st 2007). This change brought about the lowering of impairment charge for loans in the amount of PLN 7,409 thousand.

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

Held to maturity investments

The Group analyses whether there is any objective evidence that individual held to maturity investments have been impaired. In 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 decreases as a result of an event which took place after the impairment was recognised, 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.

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 the profit and loss account despite that asset's not having been excluded from the balance sheet.

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 the profit and loss account.

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 the 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 residual 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 with a finite useful life 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 useful 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. Useful 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 the 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	2-10 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. If the indications exist—impairment test.

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 recognised 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.

Prepayments, accrued costs, deferred income

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 account 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 to recover the costs covered by a provision, for instance under an insurance agreement, then such 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 gross discount rate which reflects the time value of money on a current market basis and a risk, if any, related to an obligation.

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; they 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 operating 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 Shareholders' Meeting 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 effects of 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 charge.

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 determined 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’s 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 they 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 charged to 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,
- held to maturity financial assets,
- non-derivative financial liabilities not classified at their initial recognition as liabilities at fair value through profit or loss.

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 lending 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 interest income also includes the income on the accrued and paid interest relating to CIRS and IRS type derivative instruments.

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 an 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 60% of loan applications (depending on the distributor), at least 85% of deposit applications and at least 76% of savings scheme applications are closed.

Result on financial instruments at fair value

The result on financial instruments at fair value is calculated taking into account the valuation of financial liabilities classified at their initial recognition as liabilities at fair value through profit or loss and the fair value valuation of derivative instruments of the IRS type.

Foreign exchange result

The foreign exchange result is calculated taking into account positive and negative foreign exchange differences, both realised and unrealised, arising from the daily valuation of assets and liabilities denominated in foreign currencies, using the relevant average exchange rate set by the National Bank of Poland as at the balance sheet date and recognised under foreign exchange income or cost. This result also includes the fair value valuation of the CIRS and forward derivative instruments.

Other operating income and expenses

Other operating income and expenses include costs and gains directly unrelated to the 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 pre-tax 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 pre-tax 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 recognised 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 charged.

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 which will suffice for partial or full realisation of the deferred income tax asset.

Deferred income 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.

2.5. Important values based on professional judgements and estimates

Professional judgement

Classification of lease agreements

The Group classifies leases as operating or financial ones 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 discounted expected cash flows in next periods, assessed on the basis of expected recoveries from receivables portfolios and the current collection results.

Close rate of loans, deposits and savings schemes

The Group recognises income due from fees on the loan applications (not yet released loans), deposit and savings scheme applications (not yet established deposits and savings schemes) submitted 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 for the portfolio of mortgage and financial loans. To determine the ratio, data on lost portfolios of housing and financial loans for the entire banking sector in Poland have been adopted. Therefore, the ratio which is the basis for creating a write-off for the "new portfolio" was set as at September 30th 2008 at 0.7% for mortgage loans (1.0% as at December 31st 2007) and at 1.3% for financial loans (1.5% as at December 31st 2007). This change brought about the lowering of the write-off on loans in the amount of PLN 7,409 thousand.

Trademark and goodwill

Trademark and goodwill are annually tested for impairment. Identified impairment is recognised in the profit and loss account. As at September 30th 2008 and December 31st 2007 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 the IFRSs requires from 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 the IFRSs. In developing a valuation 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 specialist 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 shortage of sufficient data, specialist 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 discounted expected cash flows in next periods, assessed on the basis of historical recoveries from this portfolio and the current collection results.

Derivative instruments, financial assets and liabilities at fair value through profit or loss

Fair value of derivative instruments and financial assets and liabilities not quoted on active markets is measured using universally recognised 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.

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

The Bank establishes the carrying value of deposits as the sum of the current deposit balance and the accrued interest as at the valuation date. This value is then discounted to the valuation date using a discount factor relevant for the maturity date from the market yield curve, increased by an average weighted margin for deposits from a given band of placement date or initial period. Thus the fair value is derived.

The result of the fair value valuation is presented in the profit and loss account in "Result on financial assets and liabilities at fair value through profit or loss".

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 is reviewed on an ongoing basis in the balance sheet periods.

3. SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30TH 2008 PREPARED IN ACCORDANCE WITH THE IFRSs

3.1. Consolidated profit and loss account

	Jul 1st 2008 - Sept 30th 2008	Jan 1st 2008 - Sept 30th 2008	Jul 1st 2007 - Sept 30th 2007	Jan 1st 2007 - Sept 30th 2007
Interest income	69 875	165 234	19 365	38 989
Interest expense	-52 502	-117 569	-9 621	-16 185
Net interest income	**17 373**	**47 665**	**9 744**	**22 804**
Fee and commission income	48 905	151 102	55 543	132 938
Fee and commission expense	-6 719	-21 967	-6 768	-15 482
Net fee and commission income	**42 186**	**129 135**	**48 775**	**117 456**
Result on financial instruments at fair value	11 879	11 847	5 594	6 051
Result on other financial instruments	-7	-84	-1 181	1 502
Foreign exchange result	32 986	82 987	12 540	28 317
Other operating income	863	11 591	8 628	31 758
Other operating expenses	-998	-4 772	-231	-5 044
Other net operating income and expenses	**44 723**	**101 569**	**25 350**	**62 584**
Net impairment charges for loans, advances and lease receivables	-2 699	-4 631	-5 677	3 894
General administrative costs	-43 307	-116 678	-32 805	-91 221
Operating profit	**58 276**	**157 060**	**45 387**	**115 517**
Pre-tax profit	**58 276**	**157 060**	**45 387**	**115 517**
Income tax	-11 709	-30 115	-7 798	-21 133
Net profit	**46 567**	**126 945**	**37 589**	**94 384**
Net profit attributable to Parent Company's shareholders	**45 917**	**124 042**	**35 093**	**91 222**
Net profit attributable to minority shareholders	**650**	**2 903**	**2 496**	**3 162**

Net earnings per ordinary share

	Jul 1st 2008 - Sept 30th 2008	Jan 1st 2008 - Sept 30th 2008	Jul 1st 2007 - Sept 30th 2007	Jan 1st 2007 - Sept 30th 2007
Net profit attributable to Parent Company's shareholders (PLN '000)	45 917	124 042	35 093	91 222
Weighted average number of issued ordinary shares used to calculate basic earnings per share ('000)	215 178	215 178	215 178	205 398
Earnings per ordinary share (PLN)	0.21	0.58	0.16	0.44
Weighted average number of issued ordinary shares used to calculate diluted earnings per share ('000)	215 178	215 178	215 178	205 398
Diluted earnings per ordinary share (PLN)	0.21	0.58	0.16	0.44

3.2. Consolidated balance sheet

	Sept 30th 2008 PLN '000	Dec 31st 2007 PLN '000
ASSETS		
Cash and balances with Central Bank	121 800	25 972
Amounts due from banks	538 831	657 070
Derivative financial instruments	12 256	18 003
Loans and advances to customers	2 809 945	1 175 899
Available for sale financial instruments	630 451	52 910
Intangible assets	102 806	102 715
Tangible fixed assets	22 259	16 279
Non-current assets classified as held for sale	53	61
Income tax assets	19 280	15 826
Current income tax assets	0	2 291
Deferred income tax assets	19 280	13 535
Other assets	33 950	27 827
TOTAL ASSETS	**4 291 631**	**2 092 562**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Liabilities		
Amounts due to banks and financial institutions	339 757	195 391
Derivative financial instruments	110 619	1 197
Financial liabilities at fair value through profit or loss— customer deposits	332 843	0
Amounts due to customers	2 369 242	938 021
Debt securities in issue	412 701	353 911
Corporate income tax liabilities	1 976	1 750
Other liabilities	23 998	30 108
Deferred income tax provision	37 965	28 706
Provisions	52	7 137
TOTAL LIABILITIES	**3 629 153**	**1 556 221**
Shareholders' equity (attributable to Parent Company's shareholders)	**654 911**	**530 477**
Share capital	215 178	215 178
Retained profit (loss)	20 214	-3 298
Net profit	124 042	126 457
Other reserves	295 477	192 140
Minority interest	**7 567**	**5 864**
Total shareholders' equity	**662 478**	**536 341**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4 291 631**	**2 092 562**

3.3. Statement of changes in the consolidated shareholders' equity

	Attributable to Parent Company's shareholders							
			Other reserves					
	Share capital	Retained profit (loss)	Reserve funds	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 2008	**215 178**	**-3 298**	**192 140**	**0**	**126 457**	**530 477**	**5 864**	**536 341**
Valuation of available for sale financial assets net of deferred tax	0	0	0	392	0	392	**0**	392
Net loss recognised directly in equity	**0**	**0**	**0**	**392**	**0**	**392**	**0**	**392**
Net profit	0	0	0	0	124 042	124 042	**2 903**	126 945
Recognised total income and expenses	**0**	**0**	**0**	**392**	**124 042**	**124 434**	**2 903**	**127 337**
Previous period profit carried forward to retained profit (loss)	0	23 512	102 945	0	-126 457	0	0	0
Dividend payout for minority shareholders	0	0	0	0	0	0	-1 200	-1 200
As at September 30th 2008	**215 178**	**20 214**	**295 085**	**392**	**124 042**	**654 911**	**7 567**	**662 478**

	Attributable to Parent Company's shareholders							
		Other reserves						
	Share capital	Retained profit (loss)	Reserve funds	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	258	0	258	**0**	258
Net profit recognised directly in equity	**0**	**0**	**0**	**258**	**0**	**258**	**0**	**258**
Net profit for period	0	0	0	0	91 222	91 222	3 162	94 384
Recognised total income and expenses	**0**	**0**	**0**	**258**	**91 222**	**91 480**	**3 162**	**94 642**
Share issue	15 000		138 939			153 939		153 939
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	1 566	1 566
September 30th 2007	**215 178**	**-3 298**	**191 463**	**-20**	**91 222**	**494 545**	**4 728**	**499 273**

3.4. Consolidated cash flow statement

	Jan 1st 2008-Sept 30th 2008 PLN '000	Jan 1st 2007-Sept 30th 2007 PLN '000
Cash flows from operating activities		
Net profit	126 945	94 384
Total adjustments:	506 309	-566 507
Depreciation and amortisation	5 682	4 277
Profit from investing activities	-4 631	-2 403
Interest and dividends	13 114	2 557
Change in amounts due from banks	114 588	-409 240
Change in derivative financial instruments (asset)	5 747	-7 304
Change in loans and advances to customers	-1 634 046	-697 806
Change in available for sale financial instruments	0	35 920
Change in deferred income tax assets	-5 745	2 309
Change in other assets	-6 123	-16 828
Change in amounts due to banks and financial institutions	144 366	120 995
Change in derivative financial instruments (liability)	109 422	600
Change in amounts due to customers and financial liabilities at fair value through profit or loss (customer deposits)	1 764 064	402 284
Change in debt securities in issue	1 290	1 295
Change in provisions and deferred income tax provisions	2 174	-8 642
Change in other liabilities	-6 110	6 324
Other adjustments	0	-750
Income tax paid	-24 084	-12 219
Current tax expense (profit and loss account)	26 601	12 124
Net cash from operating activities	**633 254**	**-472 123**
Cash flows from investing activities		
Inflows from investing activities	**4 468 403**	**10 906**
Sale of investment securities	4 463 716	2 448
Sale of intangible assets and tangible fixed assets	0	6 006
Interest received	4 687	2 452
Outflows from investing activities	**-5 053 995**	**-7 551**
Purchase of investment securities	-5 041 649	0
Purchase of intangible assets and tangible fixed assets	-12 346	-7 532
Other investing outflows	0	-19
Net cash used in investing activities	**-585 592**	**3 355**
Cash flows from financing activities		
Proceeds from share issue	0	153 939
Proceeds from issue of deposit certificates	57 500	350 000
Other financing inflows	0	23
Dividends paid out to minority shareholders	-1 200	0
Interest paid	-13 114	-2 557
Net cash used in financing activities	**43 186**	**501 405**
Net increase in cash and cash equivalents	90 848	32 637
Cash and cash equivalents at beginning of period	40 061	12 689
Cash and cash equivalents at end of period	**130 909**	**45 326**
with limited availability	0	0

3.5. Deferred income tax assets, provisions and write-offs of assets in the first quarter of 2008

As at September 30th 2008 the summary consolidated financial statements of the Noble Bank S.A. Capital Group include the following deferred income tax assets, provisions and write-offs of assets:

	Sept 30th 2008 PLN '000	Dec 31st 2007 PLN '000
1. Deferred income tax assets	**19 280**	**13 535**
2. Deferred income tax provision	**37 965**	**28 706**
3. Provisions, including:	**52**	**7 137**
Restructuring provision	0	7 085
Provision for retirement benefits	52	52

Write-offs of assets	**Sept 30th 2008 PLN '000**	**Dec 31st 2007 PLN '000**
Loans and advances to customers	82 927	81 866
Available for sale financial instruments	175	42
Other assets	8 272	8 914
Total write-offs of assets	91 374	90 822

3.6. Interest income and expense

Interest income	**Jul 1st 2008 - Sept 30th 2008 PLN '000**	**Jan 1st 2008 - Sept 30th 2008 PLN '000**	**Jul 1st 2007 - Sept 30th 2007 PLN '000**	**Jan 1st 2007- Sept 30th 2007 PLN '000**
Income on deposits	7 777	28 743	5 118	8 749
Income on loans and advances to customers	40 268	94 775	8 134	20 809
Income on available for sale financial instruments	9 893	15 811	195	2 452
Income on derivative financial instruments	11 046	23 876	5 471	5 471
Other interest	891	2 029	447	1 508
Total	**69 875**	**165 234**	**19 365**	**38 989**

Interest expense	**Jul 1st 2008 - Sept 30th 2008 PLN '000**	**Jan 1st 2008 - Sept 30th 2008 PLN '000**	**Jul 1st 2007 - Sept 30th 2007 PLN '000**	**Jan 1st 2007- Sept 30th 2007 PLN '000**
Expense on deposits	3 409	5 818	1 120	3 790
Expense on amounts due to customers	40 443	88 273	4 781	7 972
Expense on debt securities in issue	7 015	19 362	2 556	2 556
Interest—financial lease	46	127	30	75
Interest on obtained loans	1 586	3 956	1 134	1 759
Other interest expense	3	33	0	33
Total	**52 502**	**117 569**	**9 621**	**16 185**

3.7. Fee and commission income and expense

Fee and commission income	Jul 1st 2008 - Sept 30th 2008 PLN '000	Jan 1st 2008 - Sept 30th 2008 PLN '000	Jul 1st 2007 - Sept 30th 2007 PLN '000	Jan 1st 2007- Sept 30th 2007 PLN '000
Intermediation	42 859	129 224	36 673	102 499
Sale of participation units in investment fund companies	4 969	18 322	11 261	18 069
Portfolio management and other fees for asset management	620	2 349	6 629	9 640
Other	457	1 207	980	2 730
Total	**48 905**	**151 102**	**55 543**	**132 938**

Fee and commission expense	Jul 1st 2008 - Sept 30th 2008 PLN '000	Jan 1st 2008 - Sept 30th 2008 PLN '000	Jul 1st 2007 - Sept 30th 2007 PLN '000	Jan 1st 2007- Sept 30th 2007 PLN '000
Intermediation	4 468	17 587	5 596	13 163
Financial intermediation (investment fund companies)	610	1 960	1 010	1 921
Structured deposits (TU Europa Życie SA)	1 183	1 808	0	0
Loans and advances	253	404	0	0
Other	205	208	162	398
Total	**6 719**	**21 967**	**6 768**	**15 482**

3.8. General administrative costs

General administrative costs	Jul 1st 2008 - Sept 30th 2008 PLN '000	Jan 1st 2008 - Sept 30th 2008 PLN '000	Jul 1st 2007 - Sept 30th 2007 PLN '000	Jan 1st 2007- Sept 30th 2007 PLN '000
Employee benefits	22 722	58 173	18 860	53 828
Materials and energy used	1 679	4 275	2 664	3 485
Contracted services, including	15 219	43 607	9 173	28 257
- marketing, representation and advertisement	6 701	19 245	4 375	12 036
- IT services	275	1 019	355	814
- lease and rent	5 626	14 721	2 808	8 233
- security and cash processing services	21	72	36	61
- costs of repairs	254	630	17	398
- telecommunications and postal services	1 303	3 751	1 178	2 696
- legal services	325	900	108	479
- consulting services	123	603	118	743
- insurance	100	299	76	179
- cleaning services	351	735	47	251
- other	140	1 632	55	2 367
Taxes and charges	627	1 655	256	697
Fees and contributions to the Bank Guarantee Fund and the Financial Supervision Commission	268	691	11	36
Depreciation and amortisation	2 303	5 682	1 506	4 277
Other	489	2 595	335	641
Total	**43 307**	**116 678**	**32 805**	**91 221**

3.9. Description of business highlights of Noble Bank S.A. Capital Group

In 2008 the Noble Bank S.A. Group continues to expand its distribution network. As at September 30th 2008, Noble Bank S.A. is offering financial products in eight branches, and Open Finance S.A. is providing financial services through a network of 35 branches and 20 Open Direct offices which offer full customer service by mobile advisers.

In 2008 the Group's business was focused on the execution of a strategy to sell its companies' financial products as well as those from third parties. The private banking business within Noble Bank S.A. specialises in the acquisition of wealthy clients and services for them, providing bespoke financial solutions in respect of borrowing and personal investment. In 2008, Noble Bank S.A. expanded its offering with credit cards. A portfolio of mortgage loans and financial loans with securities pledged as collateral is building strongly in Noble Bank S.A. under its Metrobank brand. In 2008 the value of granted loans exceeded PLN 2,800m and the monthly sales PLN 180m. The rapid portfolio growth has been accompanied by keeping a tight rein on credit risk—we are proud to announce that Metrobank's portfolio has a virtually zero loan loss ratio.

July 2008 saw the launch of Introbank, a new Specialist Unit of Noble Bank S.A., which focuses on services for the small and medium-sized enterprises, local government units and the Treasury budget units as regards credit and deposits.

Noble Bank has won in the "operational efficiency" category of the "50 largest banks in Poland 2008" ranking by *Miesięcznik Finansowy Bank*. The ranking looked at the following factors: revenue dynamics, revenue per employee dynamics, rate of return on equity and the ratio of operating costs to income from core business.

Noble Bank is also winning in the "Best Small and Medium-Sized Banks" category in the "Best Banks 2008" readers' vote organised by *Gazeta Bankowa*. Beside model rates of return on equity and assets, among others, the Bank's was the best ratio of costs to income.

3.10. Group's financial performance for the third quarter of 2008

In the third quarter of 2008, the Capital Group's net profit attributable to the parent company's shareholders was PLN 45,917 thousand and increased by 31% compared with the third quarter of 2007 and by 12% compared with the second quarter of 2008.

Individual results (excluding consolidation eliminations and in the case of Noble Funds TFI S.A. including a share attributable to the minority shareholders) generated by the consolidated companies are presented below:

Net profit	**Jul 1st 2008 - Sept 30th 2008** **PLN '000**	**Jan 1st 2008 - Sept 30th 2008** **PLN '000**
Noble Bank S.A.	40 471	133 443
Open Finance S.A.	8 078	25 092
Noble Funds TFI S.A.	2 168	9 677
Introfactor S.A. in organisation	-21	-21

In the third quarter of 2008 profit on banking activities in the Noble Bank S.A. Capital Group was PLN 104,417 thousand, which represents a 38% increase compared with the third quarter of 2007 and a 16% increase compared with the second quarter of 2008. Interest income and fee and commission income grew by 59% in the third quarter of 2008 compared with the third quarter of 2007— by PLN 43,872 thousand, reaching PLN 118,780 thousand. This growth was driven by the rapidly growing sales, mainly at Open Finance S.A. and Noble Bank S.A.

3.11. Description of factors and events, especially the untypical ones, which would significantly influence the Group's achieved financial results

In the reporting period there were no untypical events which would significantly influence the achieved financial results.

3.12. Seasonal or cyclical elements in the Group’s operations in the third quarter of 2008

There are no important elements in the Group’s operations which are cyclical in nature or subject to seasonal fluctuations; therefore, its reported results do not reveal material fluctuations throughout the year.

3.13. Information about the issue, redemption and repayment of debt and equity securities

On September 15th 2008 Noble Bank S.A. issued two-year certificates of deposit in the amount of PLN 57,500,000 thousand, as part of the Bank Securities Issue Programme. Interest on certificates is paid every six months on the basis of the six-month WIBOR rate plus a margin. Funds raised under the issue programme will be allocated for the purpose of intensifying mortgage lending and loans secured with financial assets.

3.14. Information about dividends

On March 27th 2008, the Ordinary General Shareholders’ Meeting of Open Finance S.A. decided to allocate the net profit for the financial year ended December 31st 2007, of PLN 28,699 thousand, and the reserve funds pooled from previous year profits, of PLN 1,301 thousand, for the dividend payment to its sole shareholder, Noble Bank S.A. The total value of dividend is PLN 30,000 thousand, which accounts for PLN 60 per ordinary share. Open Finance S.A. has no preference shares in issue.

On April 17th 2008, the Ordinary General Shareholders’ Meeting of Noble Funds TFI S.A. decided to allocate a portion of the net profit for the financial year ended December 31st 2007, of PLN 4,000 thousand, for the dividend payment to its shareholders. The dividend value per ordinary share was PLN 39.98. Noble Funds TFI S.A. has no preference shares in issue.

Noble Bank S.A. did not pay out dividends in 2008, and its Management Board does not plan any dividend payment in 2008.

3.15. Identification of events after September 30th 2008 which are not covered in these statements, and which might materially influence future financial results of Noble Bank S.A. Capital Group

After September 30th 2008 no events occurred which might materially influence the Capital Group’s future financial results.

3.16. Change in contingent liabilities and contingent assets

OFF-BALANCE SHEET ITEMS	Sept 30th 2008 PLN '000	Dec 31st 2007 PLN '000
I. Contingent liabilities granted and obtained	**282 096**	**143 232**
1. Liabilities granted:	282 096	143 232
a) related to financing	281 803	142 846
b) related to guarantees	293	386
II. Liabilities arising from purchase/sale transactions	**3 357 852**	**1 007 312**
TOTAL OFF-BALANCE SHEET ITEMS	**3 639 948**	**1 150 544**

(figures in PLN thousand)

3.17. Changes in the organisation of subsidiaries in the third quarter of 2008

In the third quarter of 2008 Noble Bank S.A. purchased shares in Introfactor S.A., a company in organisation, which is described in point 2.3 of these statements.

3.18. Management Board's position on the possibility of achieving previously published forecasts for a year, in the light of results presented in the quarterly report compared with the forecast figures

The Noble Bank S.A. Capital Group does not publish forecasts.

3.19. Shareholders with at least 5% of total votes, directly or indirectly, at the General Shareholders' Meeting of the Issuer, as at September 30th 2008

Share capital structure Sept 30th 2008	Number of shares held	Number of votes held	% of votes at GSM
Getin Holding S.A.	156 658 666	156 658 666	72.80 %
ASK Investments S.A.	14 819 840	14 819 840	6.89 %
A. Nagelkerken Holding B.V.	5 350 000	5 350 000	2.49 %
International consultancy strategy Implementation B.V.	5 450 000	5 450 000	2.53 %
H.P. Holding 3 B.V.	5 750 000	5 750 000	2.67 %
Minority shareholders	27 149 650	27 149 650	1.62 %
Total	**215 178 156**	**215 178 156**	**100.00 %**

(figures in PLN thousand)

3.20. Information about changes in share ownership among the supervisory and management staff (in the period since the previous interim report)

Name	Function	As at Jun 30th 2008	Shares acquired in reporting period	Shares sold in reporting period	As at Sept 30th 2008
Remigiusz Baliński	Member of the Supervisory Board	22 333	0	0	22 333
Jarosław Augustyniak*	President of the Management Board	10 697 947	0	0	10 697 947
Maurycy Kuhn**	Member of the Management Board	10 697 947	6 500	400 000	10 304 447
Krzysztof Spyra***	Member of the Management Board	10 689 947	0	300 000	10 389 947

*through:	ASK Investments SA	4 939 947
	A. Nagelkerken Holding B.V.	5 750 000
	as a private individual	8 000
		10 697 947

**through:	ASK Investments SA	4 939 947
	A. Nagelkerken Holding B.V.	5 350 000
	as a private individual	

		14 500
		10 304 447
***through:	ASK Investments SA International Consultancy Strategy Implementation B.V.	4 939 947 5 450 000
		10 389 947

3.21. Information about litigation proceedings

There is no single proceeding in respect of obligations and liabilities of the Issuer or its subsidiaries the value of which would represent at least 10% of the Issuer's equity.

There are no two or more proceedings which concern obligations and liabilities the total value of which accounts for at least 10% of the Issuer's equity.

In the group of liabilities the total litigation value is PLN 535 thousand.

In the group of receivables the total litigation value is PLN 2,685 thousand.

3.22. Information about transactions with a related entity made by the Company or its subsidiary, at a value exceeding EUR 500,000, if such transactions are not standard ones conducted on an arm's length basis

No such transactions were made in 2008.

3.23. Information about sureties on loans or borrowings given by the Issuer or its subsidiary or guarantees given in the amount of at least 10% of the Issuer's equity

No such sureties or guarantees were given in 2008.

3.24. Other information which in the Company's view is essential for the assessment of its situation as regards staff, assets, finances, financial result and their changes

No significant events occurred other than those described above.

3.25. Identification of events which in the Group's view will have an impact on its achieved results in the perspective of at least next quarter

In the Group's view, its future results will be affected by macroeconomic factors, especially market conditions and GDP growth, willingness of households to take out mortgage loans and to save. Also shifts in the zloty exchange rate against foreign currencies, changes in interest rates and the situation on the stock exchanges could all have an impact on the Capital Group's future performance.

4. 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 generally 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, 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, saving and investment intermediation services. Personal finance services include legal information, professional 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 advances.

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 segment.

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

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

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

(figures in PLN thousand)

Jan 1st 2008 - Sept 30th 2008	Banking	Financial intermediation	Management of assets and investment funds	Total
Interest income	164 863	257	114	165 234
Interest expense	-117 440	-87	-42	-117 569
Net interest income	47 423	170	72	47 665
Fee and commission income	1 207	129 224	20 671	151 102
Fee and commission expense	-626	-19 381	-1 960	-21 967
Net fee and commission income	581	109 843	18 711	129 135
Result on financial instruments at fair value	11 847	0	0	11 847
Result on other financial instruments	56	0	-140	-84
Foreign exchange result	82 991	-4	0	82 987
Other operating income	10 420	1 166	5	11 591
Other operating expenses	-2 212	-2 472	-88	-4 772
General administrative costs	-42 195	-69 211	-5 272	-116 678
Net impairment charges for loans, advances and lease receivables	-4 631	0	0	-4 631
Pre-tax profit	104 280	39 492	13 288	157 060
Income tax	-19 963	-7 617	-2 535	-30 115
Net profit	**84 317**	**31 875**	**10 753**	**126 945**
Net profit attributable to Parent Company's shareholders	84 317	31 875	7 850	124 042
Net profit attributable to minority shareholders	0	0	2 903	2 903

(figures in PLN thousand)

5. SUMMARY INDIVIDUAL FINANCIAL STATEMENTS OF NOBLE BANK S.A.

5.1. Profit and loss account

	Jul 1st 2008 - Sept 30th 2008	Jan 1st 2008 - Sept 30th 2008	Jul 1st 2007 - Sept 30th 2007	Jan 1st 2007- Sept 30th 2007
Interest income	69 280	163 639	19 281	39 039
Interest expense	-52 899	-118 755	-10 029	-16 597
Net interest income	**16 381**	**44 884**	**9 252**	**22 442**
Fee and commission income	10 895	34 668	7 396	20 914
Fee and commission expense	-3 224	-12 682	-3 604	-7 969
Net fee and commission income	**7 671**	**21 986**	**3 792**	**12 945**
Dividend income	0	32 800	0	0
Result on financial instruments at fair value	11 879	11 847	5 594	6 051
Result on other financial instruments	27	56	-1 270	1 413
Foreign exchange result	32 986	82 991	12 546	28 323
Other operating income	1 038	10 920	7 890	29 454
Other operating expenses	-781	-2 219	-919	-3 831
Other net operating income and expenses	**45 149**	**136 395**	**23 841**	**61 410**
Net impairment charges for loans, advances and lease receivables	-2 699	-4 631	-5 677	4 014
General administrative costs	-15 858	-41 473	-10 686	-23 680
Operating profit	**50 644**	**157 161**	**20 522**	**77 131**
Pre-tax profit	**50 644**	**157 161**	**20 522**	**77 131**
Income tax	-10 173	-23 718	-2 505	-13 230
Net profit	**40 471**	**133 443**	**18 017**	**63 901**

5.2. Balance sheet

	Sept 30th 2008 PLN '000	**Dec 31st 2007 PLN '000**
ASSETS		
Cash and balances with Central Bank	121 498	25 965
Amounts due from banks	505 194	618 056
Derivative financial instruments	12 256	18 003
Loans and advances to customers	2 841 725	1 185 650
Available for sale financial instruments	629 626	52 445
Investments in subordinated entities	90 506	89 537
Intangible assets	3 337	2 968
Tangible fixed assets	12 076	8 807
Non-current assets classified as held for sale	53	61
Income tax assets	15 923	10 144
Current income tax assets	0	2 291
Deferred income tax assets	15 923	7 853
Other assets	10 235	7 922
TOTAL ASSETS	**4 242 429**	**2 019 558**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Liabilities		
Amounts due to other banks and financial institutions	338 618	194 374
Derivative financial instruments	110 619	1 197
Financial liabilities at fair value through profit or loss—customer deposits	332 843	0
Amounts due to customers	2 395 980	956 686
Debt securities in issue	412 701	353 911
Corporate income tax liabilities	495	0
Other liabilities	4 755	8 196
Deferred income tax provision	29 950	15 478
Provisions	52	7 137
TOTAL LIABILITIES	**3 626 013**	**1 536 979**
Shareholders' equity	**616 416**	**482 579**
Share capital	215 178	215 178
Retained profit (loss)	955	955
Net profit	133 443	93 374
Other reserves	266 840	173 072
Total shareholders' equity	**616 416**	**482 579**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4 242 429**	**2 019 558**

5.3. Statement of changes in shareholders' equity

	Share capital	Other reserves			Net profit	Total shareholders' equity
		Retained profit (loss)	Reserve funds	Revaluation reserve		
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at January 1st 2008	**215 178**	**955**	**173 072**	**0**	**93 374**	**482 579**
Valuation of available for sale financial assets net of deferred tax	0	0	0	394	0	394
Net profit (loss) recognised directly in equity	**0**	**0**	**0**	**394**	**0**	**394**
Net profit	0	0	0	0	133 443	133 443
Recognised total income and expenses	**0**	**0**	**0**	**394**	**133 443**	**133 837**
Previous period profit carried forward to retained profit (loss)	0	0	93 374	0	-93 374	0
						0
As at September 30th 2008	**215 178**	**955**	**266 446**	**394**	**133 443**	**616 416**

	Share capital	Other reserves			Net profit	Total shareholders' equity
		Retained profit (loss)	Reserve funds	Revaluation reserve		
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at January 1st 2007	**200 178**	**-4 760**	**736**	**-278**	**38 435**	**234 311**
Valuation of available for sale financial assets net of deferred tax	0	0	0	258	0	258
Net profit recognised directly in equity	**0**	**0**	**0**	**258**	**0**	**258**
Net profit for period	0	0	0	0	63 901	63 901
Recognised total income and expenses	**0**	**0**	**0**	**258**	**63 901**	**64 159**
Share issue	15 000	0	138 939	0	0	153 939
Distribution of profit (loss) for previous reporting period	0	5 715	32 720	0	-38 435	0
As at September 30th 2007	**215 178**	**955**	**172 395**	**-20**	**63 901**	**452 409**

5.4. Cash flow statement

	Jan 1st 2008 - Sept 30th 2008 PLN '000	Jan 1st 2007 - Sept 30th 2007 PLN '000
Cash flows from operating activities		
Net profit	133 443	63 901
Total adjustments:	465 089	-549 373
Depreciation and amortisation	2 158	1 430
Profit from investing activities	-4 687	-5 439
Interest and dividends	-19 686	2 557
Change in amounts due from banks	114 160	-396 819
Change in derivative financial instruments (asset)	5 747	-7 304
Change in loans and advances to customers	-1 656 075	-694 137
Change in available for sale financial instruments	0	36 426
Change in deferred income tax assets	-8 070	5 227
Change in other assets	-2 313	-4 060
Change in amounts due to banks and financial institutions	144 244	119 988
Change in derivative financial instruments (liability)	109 422	600
Change in amounts due to customers and financial liabilities at fair value through profit or loss (customer deposits)	1 772 137	403 075
Change in debt securities in issue	1 290	1 295
Change in provisions and deferred income tax provisions	7 387	-12 868
Change in other liabilities	-3 411	-2 078
Other adjustments		3 267
Income tax paid	-14 282	-6 152
Current tax expense (profit and loss account)	17 068	5 619
Net cash from operating activities	**598 532**	**-485 472**
Cash flows from investing activities		
Inflows from investing activities	**4 501 203**	**10 829**
Sale of investment securities	4 463 716	2 448
Sale of intangible assets and tangible fixed assets	0	5 929
Dividends received	32 800	0
Interest received	4 687	2 452
Outflows from investing activities	**-5 047 291**	**-4 353**
Purchase of shares in subordinated entities	-969	0
Purchase of investment securities	-5 041 649	0
Purchase of intangible assets and tangible fixed assets	-4 673	-4 353
Other investing outflows		0
Net cash used in investing activities	**-546 088**	**6 476**
Cash flows from financing activities		
Proceeds from share issue	0	153 939
Proceeds from issue of deposit certificates	57 500	350 000
Other financing inflows	0	23
Interest paid	-13 114	-2 557
Net cash from financing activities	**44 386**	**501 405**
Net increase in cash and cash equivalents	96 830	22 409
Cash and cash equivalents at beginning of period	27 909	4 243
Cash and cash equivalents at end of period	**124 739**	**26 652**

with limited availability	0	0

Signatures of all Management Board members of Noble Bank S.A.:

Jarosław Augustyniak, President of Noble Bank S.A. Management Board

Maurycy Kuhn, Member of Noble Bank S.A. Management Board

Krzysztof Spyra, Member of Noble Bank S.A. Management Board

Warsaw, October 16th 2008