Noble Bank S.A. Capital Group

Summary consolidated financial statements

for the fourth quarter of 2008

Prepared in accordance with

the International Financial Reporting Standards

List of contents

1. FINANCIAL HIGHLIGHTS

	PLN '000		EUR '000	
Consolidated financial statements data	**01.01.2008 - 31.12.2008**	**01.01.2007 - 31.12.2007**	**01.01.2008 - 31.12.2008**	**01.01.2007 - 31.12.2007**
Interest income	253 013	77 956	71 632	20 641
Fee and commission income	184 209	177 116	52 153	46 896
Operating profit	183 781	158 265	52 032	41 905
Pre-tax profit	183 781	155 550	52 032	41 186
Net profit	155 896	129 456	44 137	34 277
Net profit attributable to Parent Company's shareholders	151 628	126 457	42 929	33 483
Net profit attributable to minority interests	4 268	2 999	1 208	794
Net earnings per share (PLN/EUR) attributable to Parent Company's shareholders	0.70	0.61	0.20	0.16
Diluted net earnings per share (PLN/EUR) attributable to Parent Company's shareholders	0.70	0.61	0.20	0.16
Cash flows from operating activities	452 634	(465 448)	128 149	(123 239)
Net cash flows from investing activities	(434 842)	(6 665)	(123 111)	(1 765)
Net cash flows from financing activities	35 909	499 486	10 166	132 251
Total net cash flows	53 701	27 373	15 204	7 248
Loans and advances to customers	3 825 081	1 175 899	916 758	328 280
Total assets	5 602 916	2 081 679	1 342 852	581 150
Total liabilities	4 910 366	1 545 338	1 176 868	431 418
Amounts due to other banks and financial institutions	500 632	195 391	119 987	54 548
Amounts due to customers	3 454 781	938 021	828 008	261 871
Total shareholders' equity	692 550	536 341	165 984	149 732
Shareholders' equity attributable to Parent Company's shareholders	683 618	530 477	163 843	148 095
Share capital	215 178	215 178	51 572	60 072
Own shares repurchased—par value	(147)	.	(35)	.
Number of shares	215178 156	215 178 156	215 178 156	215 178 156
Solvency ratio	13.8%	22.1%	13.8%	22.1%

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 December 31st 2008, of EUR 1 = PLN 4.1724, 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 the year ended December 31st 2008 and December 31st 2007 (EUR 1 = PLN 3.5321 and EUR 1 = PLN 3.7768, respectively).

2. INTRODUCTION TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER OF 2008

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., Introfactor S.A. and Noble Concierge Sp. z o.o.

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 February 27th 2009.

The summary consolidated financial statements for the forth quarter of 2008 include 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 December 31st 2008, the profit and loss account for the fourth quarter of the financial year, i.e. from October 1st 2008 to December 31st 2008 and cumulatively for the period from January 1st 2008 to December 31st 2008, the statement of changes in the shareholders' equity and the cash flow statement for the period from January 1st 2008 to December 31st 2008.

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

(figures in PLN thousand)

2.2. Governing bodies

The composition of the Company's Management Board as at December 31st 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.

On January 9th 2009, the Supervisory Board appointed Bogusław Krysiński as a new member of the Bank's Management Board.

The composition of the Company's Supervisory Board as at December 31st 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.

2.3. Structure of the Capital Group

Company	Registered office	Core business	Bank's percentage share in equity	
			31.12.2008	31.12.2007
Open Finance S.A.	ul. Domaniewska 39, Warsaw	Financial intermediation	100.0%	100.0%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	ul. Domaniewska 39, Warsaw	Management of investment funds	70.0%	70.0%
Introfactor S.A.	ul. Wołoska 18, Warsaw	Other financial activity	100.0%	0.0%
Noble Concierge Sp. z o.o.	ul. Domaniewska 39, Warsaw	Activity auxiliary to financial services	100.0%	0.0%

Pursuant to the Investment Contract of March 31st 2006 between Noble Bank S.A. and natural persons who as at December 31st 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 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 December 31st 2008 and December 31st 2007 there were no reliable parameters which would allow the options to be valued. Therefore the options mentioned above as at December 31st 2008 and December 31st 2007 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 December 31st 2008 there were no reliable parameters which would allow the share acquisition option to be valued. Therefore this option as at December 31st 2008 was not included in the balance sheet valuation.

Introfactor S.A.'s scope of business includes factoring services. The company's share capital as at December 31st 2008 amounted to PLN 500 thousand.

Noble Concierge Sp. z o.o., a subsidiary, was purchased by Noble Bank S.A. from Open Finance S.A. on May 26th 2008. Its share capital was then increased from PLN 50 thousand to PLN 450 thousand.

As at December 31st 2008 and December 31st 2007 the Bank did not have equity investments in joint subsidiaries and associates.

2.4. Accounting policies

Basis of preparation of the consolidated and individual financial statements

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

The summary consolidated and individual 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 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 policies 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.

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 consolidated financial statements shall be the Polish zloty.

c) Consolidation

The 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).

d) 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 expressed in foreign currencies are translated into PLN at an exchange rate in force at the transaction date.

(figures in PLN thousand)

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 assets are included in the revaluation reserve.

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

Currency	31.12.2008	31.12.2007
EUR	4.1724	3.5820
USD	2.9618	2.4350
CHF	2.8014	2.1614
GBP	4.2913	4.8688
JPY	0.0328	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 assets 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 executive director.

As the first condition is fulfilled, customer deposits at a fixed interest rate, denominated in PLN, accepted between April 1st 2008 and 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 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.

<u>Impairment of financial assets</u>

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:

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

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 been incurred in the old portfolio and have not been reported yet (IBNR).

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 IBNR ratio which is the basis for creating an impairment charge for the "new portfolio" was determined as at December 31st 2008 at 0.5% for mortgage loans (1.0% as at December 31st 2007) and at 1.2% for financial loans (loans secured with the customers' financial assets) (1.5% as at December 31st 2007).

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 available for sale asset has been impaired, the amount of difference between its purchase price (less all principal and interest payments) and present fair value less all impairment charges previously recognised in the profit and loss account is derecognised from equity and transferred to the profit and loss account. The reversed impairment charge on equity instruments classified as available for sale may not be recognised in the profit and loss account. If in the subsequent period the fair value of an available for sale debt instrument increases, and such an increase can be objectively linked to an event which took place after the impairment was recognised in the profit and loss account, the remount of the 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 amount of a cash-generating unit to which the goodwill relates. If the recoverable amount of the cash-generating unit is lower than its carrying amount plus goodwill, a goodwill impairment charge is made.

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 amount	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 amount of an asset. If the recoverable amount is lower than the carrying amount of an asset, its impairment is recognised and written down in the profit and loss account.

The recoverable amount of an asset is determined as the higher of: obtainable selling price less the costs to sell 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

Finance 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 finance 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).

Share capital

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, repurchased own shares, reserve funds, revaluation reserve, net profit and retained profit (loss).

Share capital

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

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.

Repurchased own shares

If the Group purchases its own equity instruments, the amount paid with the directly related costs are recognised as a change in equity. Purchased own shares at par value are recognised as treasury shares, and the excess of incurred costs over the par value is disclosed as a deduction from other equity until their cancellation or sale.

All items of equity 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

Transactions settled in equity instruments

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.

<u>Income</u>

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 78% 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.

<u>Other operating income and expenses</u>

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

Deferred 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.

Unrecognised deferred income tax asset is subject to re-measurement at each balance sheet date and is recognised up to a value which reflects the probability of achieving taxable income in the future which will allow the recovery of such an 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.

The Group offsets deferred income tax assets against deferred income tax provisions if, and only if, it has an enforceable legal title to set off receivables against liabilities on the current tax and the deferred tax concerns the same taxpayer and the same tax authority.

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.

Net earnings per share

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

In 2007 and 2008 the Group did 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 finance 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. Receivables under financial intermediation assessed on the basis of the close rate amounted to PLN 11,453 thousand as at December 31st 2008 (PLN 26,780 thousand as at December 31st 2007). Liabilities under fees for advisers assessed on the basis of the close rate amounted to PLN 4,482 thousand as at December 31st 2008 (PLN 9,758 thousand as at December 31st 2007).

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-down for the "new portfolio" was set as at December 31st 2008 at 0.5% for mortgage loans (1.0% as at December 31st 2007) and at 1.2% for financial loans (1.5% as at December 31st 2007). As at December 31st 2008, as a result of the mentioned change, the write-down is lower by PLN 16,825 thousand than the one which would have been calculated using the ratios of 1.0% and 1.5%.

Trademark and goodwill

Trademark and goodwill are annually tested for impairment. Identified impairment is recognised in the profit and loss account. As at December 31st 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).

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. Detailed information is provided under point XI.19 in these financial statements.

Also, as have been mentioned under the above section on professional judgements and under the section on loans granted as part of a strategy to build a private banking platform (new portfolio), started by the Parent Company in 2006, uncertainty affects the estimated impairment of the new portfolio (both for the portion of portfolio with the impairment risk and for the quality of portfolio with no impairment risk for which the write-down is made based on the adopted IBNR ratio). Detailed information is provided under point XI.16 in these financial statements.

Fair value of collateral on the given loans

The fair value of collateral on the given loans is measured on the basis of valuation techniques and analyses of the property market.

Fair value of deposits and loans

As at December 31st 2008 the Company measured the fair value of loans and deposits based on valuation techniques.

Deferred tax asset

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

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".

Fair value of other financial instruments

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

Impairment of other fixed assets

As at each balance sheet date, the Group assesses whether there are any indications that fixed assets have been impaired. Where it is found that such indications exist, the Group estimates the recoverable amount. 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.

(figures in PLN thousand)

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. COMPARATIVE DATA

As regards comparative data contained in these consolidated financial statements, presentation changes have taken place compared to data in the financial statements of the Group made for 2007, in order to obtain a better presentation of data in the financial statements.

Balance sheet

Presentation changes	**Published data 31.12.2007**	**Changes**	**Published data 31.12.2008**	**Explanations**
Deferred income tax assets	13 535	(10 883)	2 652	a)
Deferred income tax provision	(28 706)	10 883	(17 823)	a)
Total	**(15 171)**	**-**	**(15 171)**	

Profit and loss account

Presentation changes	**Published data 31.12.2007**	**Changes**	**Published data 31.12.2008**	**Explanations**
Interest income	69 078	8 878	77 956	b)
Result on financial instruments at fair value through profit or loss	5 543	(7 196)	(1 653)	b)
Result on other financial instruments	3 164	(1 682)	1 482	b)
Total	**77 785**	**-**	**77 785**	

Explanations of material reclassifications:

a) netting of “deferred income tax asset” against “deferred income tax provision”,

b) reclassification of interest on derivative financial instruments from “result on financial instruments at fair value through profit or loss” to “interest income” and reclassification of interest on available for sale financial instruments from “result on other financial instruments” to “interest income”.

4. SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31ST 2008 PREPARED IN ACCORDANCE WITH THE IFRSs

4.1. Consolidated profit and loss account

	4th quarter	4 quarters cumulatively	4th quarter	4 quarters cumulatively
	01.10.2008- 31.12.2008 PLN '000	01.01.2008- 31.12.2008 PLN '000	01.10.2007- 31.12.2007 PLN '000	01.01.2007- 31.12.2007 PLN '000
Interest income	87 779	253 013	37 090	77 956
Interest expense	(63 445)	(181 014)	(19 373)	(35 558)
Net interest income	**24 334**	**71 999**	**17 717**	**42 398**
Fee and commission income	33 107	184 209	40 654	177 116
Fee and commission expense	(7 190)	(29 157)	(5 158)	(20 640)
Net fee and commission income	**25 917**	**155 052**	**35 496**	**156 476**
Result on financial instruments at fair value through profit or loss	14 796	26 643	(8 431)	(1 653)
Result on other financial instruments	(9)	(93)	2 584	1 482
Foreign exchange result	17 985	100 972	17 515	45 832
Other operating income	858	12 449	1 399	27 047
Other operating expenses	(1 892)	(6 663)	(926)	(4 554)
Other net operating income and expenses	**31 738**	**133 308**	**12 141**	**68 154**
Net impairment charges for loans, advances and lease receivables	(440)	(5 071)	13 581	17 475
General administrative costs	(54 829)	(171 507)	(35 017)	(126 238)
Operating profit	**26 720**	**183 781**	**43 918**	**158 265**
Loss on divestment of investments	-	-	-	(2 715)
Pre-tax profit	**26 720**	**183 781**	**43 918**	**155 550**
Income tax	2 230	(27 885)	(4 961)	(26 094)
Net profit	**28 950**	**155 896**	**38 957**	**129 456**
Net profit attributable to Parent Company's shareholders	**27 585**	**151 628**	**37 821**	**126 457**
Net profit attributable to minority shareholders	**1 365**	**4 268**	**1 136**	**2 999**

Net earnings per ordinary share

	01.10.2008- 31.12.2008 PLN '000	01.01.2008- 31.12.2008 PLN '000	01.10.2007- 31.12.2007 PLN '000	01.01.2007- 31.12.2007 PLN '000
Net profit attributable to Company's shareholders	27 585	151 628	37 821	126 457
Weighted average number of issued ordinary shares used to calculate basic earnings per share ('000)	215 178	215 178	215 178	207 863
Earnings per ordinary share (PLN)	0.13	0.70	0.18	0.61
Weighted average number of issued ordinary shares used to calculate diluted earnings per share ('000)	215 178	215 178	215 178	207 863
Diluted earnings per ordinary share (PLN)	**0.13**	**0.70**	**0.18**	**0.61**

4.2. Consolidated balance sheet

	31.12.2008 PLN '000	31.12.2007 PLN '000
ASSETS		
Cash and balances with Central Bank	83 762	25 972
Amounts due from banks	965 217	657 070
Derivative financial instruments	60 843	18 003
Loans and advances to customers	3 825 081	1 175 899
Available for sale financial instruments	477 241	52 910
Intangible assets	103 738	102 715
Tangible fixed assets	24 692	16 279
Income tax assets	18 126	4 943
Current income tax liabilities	17 396	2 291
Deferred income tax assets	730	2 652
Other assets	44 164	27 827
Non-current assets classified as held for sale	52	61
TOTAL ASSETS	**5 602 916**	**2 081 679**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Liabilities		
Amounts due to banks and financial institutions	500 632	195 391
Derivative financial instruments	472 383	1 197
Amounts due to customers, including:	3 454 781	938 021
amounts due at fair value through profit or loss	221 054	-
Debt securities in issue	414 150	353 911
Corporate income tax liabilities	1 160	1 750
Other liabilities	33 255	30 108
Deferred income tax provision	33 953	17 823
Provisions	52	7 137
TOTAL LIABILITIES	**4 910 366**	**1 545 338**
Shareholders' equity (attributable to Parent Company's shareholders)	**683 618**	**530 477**
Share capital	215 178	215 178
Own shares repurchased—par value	(147)	-
Retained profit (loss)	20 214	(3 298)
Net profit	151 628	126 457
Other equity	296 745	192 140
Minority interests	**8 932**	**5 864**
Total shareholders' equity	**692 550**	**536 341**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5 602 916**	**2 081 679**

4.3. Statement of changes in the consolidated shareholders' equity

	Attributable to Parent Company's shareholders								
			Other equity						
	Share capital	Own shares repurchased—par value	Reserve funds	Revaluation reserve	Retained profit (loss)	Net profit	Total	Minority interests	Total shareholders' equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at January 1st 2008	**215 178**	**-**	**192 140**	**-**	**(3 298)**	**126 457**	**530 477**	**5 864**	**536 341**
Valuation of available for sale financial assets net of deferred tax	-	-	-	2 011	-	-	2 011	-	2 011
Net profit (loss) recognised directly in equity	**-**	**-**	**-**	**2 011**	**-**	**-**	**2 011**	**-**	**2 011**
Net profit	-	-	-	-	-	151 628	151 628	**4 268**	155 896
Recognised total income and expenses	**-**	**-**	**-**	**2 011**	**-**	**151 628**	**153 639**	**4 268**	**157 907**
Distribution of profit (loss) for previous reporting period	-	-	102 945	-	23 512	(126 457)	-	-	-
Dividend payout for minority shareholders	-	-	-	-	-	-	-	(1 200)	(1 200)
Repurchase of own shares	-	(147)	(351)	-	-	-	(498)	-	(498)
As at December 31st 2008	**215 178**	**(147)**	**294 734**	**2 011**	**20 214**	**151 628**	**683 618**	**8 932**	**692 550**

	Attributable to Parent Company's shareholders						Minority interests	Total shareholders' equity
		Other equity						
	Share capital	Reserve funds	Revaluation reserve	Retained profit (loss)	Net profit	Total		
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at January 1st 2007	**200 178**	**736**	**(278)**	**(4 760)**	**53 250**	**249 126**	**-**	**249 126**
Valuation of available for sale financial assets net of deferred tax	-	-	278	-	-	278	-	278
Net profit recognised directly in equity	**-**	**-**	**278**	**-**	**-**	**278**	**-**	**278**
Net profit for period	-	-	-	-	126 457	126 457	**2 999**	129 456
Recognised total income and expenses	**-**	**-**	**278**	**-**	**126 457**	**126 735**	**2 999**	**129 734**
Share issue	15 000	142 500	-	-	-	157 500	-	157 500
Costs of share issue			(2 884)			(2 884)		(2 884)
Distribution of profit (loss) for previous reporting period	-	51 788	-	1 462	(53 250)	-	-	-
Acquisition of minority interests	-	-	-	-	-	-	2 865	2 865
As at December 31st 2007	**215 178**	**192140**	**-**	**(3 298)**	**126 457**	**530 477**	**5 864**	**536 341**

4.4. Consolidated cash flow statement

	01.01.2008-31.12.2008 PLN '000	01.01.2007-31.12.2007 PLN '000
Cash flows from operating activities		
Net profit	155 896	129 456
Total adjustments:	296 738	(594 904)
Depreciation and amortisation	8 584	5 357
Profit from investing activities	-	(7 128)
Interest and dividends	15 206	2 579
Change in amounts due from banks	(312 236)	(463 303)
Change in derivative financial instruments (asset)	(42 840)	(18 003)
Change in loans and advances to customers	(2 649 182)	(1 043 311)
Change in deferred income tax assets	1 922	6 842
Change in other assets and liabilities	(13 520)	(12 254)
Change in amounts due to other banks and institutions	305 241	115 364
Change in derivative financial instruments (liability)	471 186	1 197
Change in amounts due to customers	2 516 760	828 668
Change in debt securities in issue	2 739	3 911
Change in provisions and deferred income tax provisions	8 573	(14 282)
Income tax paid	(26 000)	(18 341)
Current tax expense (profit and loss account)	10 305	17 800
Net cash from operating activities	**452 634**	**(465 448)**
Cash flows from investing activities		
Inflows from investing activities	**16 167 355**	**1 550 285**
Sale of shares in subordinated entities	-	150
Sale of investment securities	16 162 668	1 529 225
Sale of intangible assets and tangible fixed assets	-	6 590
Sale of non-current assets classified as held for sale	-	11 770
Interest received	4 687	2 550
Outflows from investing activities	**(16 602 197)**	**(1 556 950)**
Purchase of investment securities	(16 584 677)	(1 545 062)
Purchase of intangible assets and tangible fixed assets	(17 520)	(11 888)
Net cash used in investing activities	**(434 842)**	**(6 665)**
Cash flows from financing activities		
Proceeds from share issue	-	154 615
Proceeds from debt securities in issue	57 500	350 000
Repurchase of own shares	(498)	-
Dividends paid out to minority shareholders	(1 200)	-
Interest paid	(19 893)	(5 129)
Net cash from / (used in) financing activities	**35 909**	**499 486**
Net increase (decrease) in cash and cash equivalents	53 701	27 373
Net foreign exchange rate differences		
Cash and cash equivalents at beginning of period	40 061	12 688
Cash and cash equivalents at end of period	**93 762**	**40 061**
with limited availability	-	-

4.5. Deferred income tax assets, provisions and write-downs on assets in the first quarter of 2008

As at December 31st 2008 the summary consolidated financial statements of the Noble Bank S.A. Capital Group include the following deferred income tax assets, provisions and write-downs on assets:

	31.12.2008 PLN '000	31.12.2007 PLN '000
1. Deferred income tax assets	**730**	**2 652**
2. Deferred income tax provision	**33 953**	**17 823**
3. Provisions, including:	**52**	**7 137**
Restructuring provision	-	7 085
Provision for retirement benefits	52	52

Write-downs on assets	31.12.2008 PLN '000	31.12.2007 PLN '000
Loans and advances to customers	85 297	81 866
Available for sale financial instruments	205	42
Other assets	8 228	8 914
Total write-downs on assets	93 730	90 822

4.6. Interest income and expense

Interest income	01.01.2008- 31.12.2008 PLN '000	01.01.2007- 31.12.2007 PLN '000
Income on loans and advances to customers	149 238	50 594
Income on deposits in other banks	34 412	17 225
Income on derivative financial instruments (liability)	27 118	724
Income on held to maturity financial instruments	21 664	2 604
Income on derivative financial instruments (asset)	16 767	6 472
Interest on mandatory reserve	3 786	337
Other interest	28	-
Total	**253 013**	**77 956**

Interest expense	01.01.2008- 31.12.2008 PLN '000	01.01.2007- 31.12.2007 PLN '000
Expense on amounts due to customers	137 702	17 326
Expense on debt securities in issue	27 589	9 587
Expense on deposits of other banks and other institutions	9 688	6 327
Interest on obtained loans	5 822	2 201
Interest—finance lease	173	112
Other interest expense	40	5
Total	**181 014**	**35 558**

4.7. Fee and commission income and expense

Fee and commission income	**01.01.2008-31.12.2008 PLN '000**	**01.01.2007-31.12.2007 PLN '000**
Intermediation	152 297	138 289
Sale of participation units in investment fund companies	25 475	27 983
Portfolio management and other fees for asset management	3 266	9 852
Maintenance of bank accounts	973	234
Loans and advances	775	750
Credit cards	174	-
Other	1 249	8
Total	**184 209**	**177 116**

Fee and commission expense	**01.01.2008-31.12.2008 PLN '000**	**01.01.2007-31.12.2007 PLN '000**
Intermediation in selling loans and investment products	27 573	20 306
Loans and advances	404	13
Credit cards	30	-
Other	1 150	321
Total	**29 157**	**20 640**

4.8. General administrative costs

General administrative costs	**01.01.2008-31.12.2008 PLN '000**	**01.01.2007-31.12.2007 PLN '000**
Employee benefits	84 479	74 511
Materials and energy used	5 697	4 431
Contracted services, including	66 104	40 174
- marketing, representation and advertisement	28 763	17 087
- lease and rent	21 710	12 532
- telecommunications and postal services	5 026	4 068
- IT services	1 914	1 437
- legal services	1 428	1 036
- consulting services	1 221	608
- costs relating to credit cards	1 085	-
- service, maintenance and repair costs	1 004	287
- transport services	591	97
- cleaning services	490	126
- insurance	398	258
- security services	98	90
- other	2 376	2 548
Taxes and charges	2 328	1 045
Fees and contributions to Bank Guarantee Fund and the Financial Supervision Authority	956	48
Depreciation and amortisation	8 584	5 357
Other	3 359	672
Total	**171 507**	**126 238**

4.9. 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 December 31st 2008, Noble Bank S.A. was offering financial products in eight branches, and Open Finance S.A. was providing financial services through a network of 38 branches and 26 Open Direct offices which offer full customer service from 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 collateralised by securities is growing strongly in Noble Bank S.A. under its Metrobank brand. In 2008 the value of granted loans exceeded PLN 3,800m and the monthly sales stood at PLN 170m. The rapid portfolio growth has been accompanied by keeping a tight rein on credit risk—Metrobank boasts just a slight loan loss ratio on its portfolio.

In the fourth quarter of 2008 Noble Bank won a ranking by *Home&Market*, a monthly magazine, which compared private banking services. The main award criteria included, among others, the minimum amount of investment, eligibility for prestigious credit cards, financial products and additional services.

Noble Bank's Management Board came first ahead of other banks' in a 2008 ranking of management board competencies prepared by Pentor for *Puls Biznesu*. Boards were marked by capital markets experts: stock analysts, brokers and investment advisers, among others.

Noble Bank also reached the top third place in a ranking of prestigious credit cards. *Forbes* magazine awarded the black Visa Infinite credit card developed in co-operation with Pininfarina, a design firm.

4.10. Group's financial performance for the fourth quarter of 2008

In the fourth quarter of 2008, net profit attributable to the parent company's shareholders in the Noble Bank S.A. Capital Group was PLN 27,585 thousand and decreased by 27.0% and 40.0% compared to the fourth quarter of 2007 and the third quarter of 2008, respectively. A reversal of the till then upward trend was caused by the emerging macroeconomic situation, banks' unwillingness to lend and the tightening criteria for would-be borrowers, which led to weaker sales of loans and the corresponding income on fees and commissions in the fourth 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	**01.01.2008- 31.12.2008 PLN '000**
Noble Bank S.A.	164 614
Open Finance S.A.	25 004
Noble Funds TFI S.A.	14 226
Noble Concierge Sp. z o.o.	76
Introfactor S.A.	(589)

In the fourth quarter of 2008 profit on banking activities in the Noble Bank S.A. Capital Group was PLN 83,023 thousand, which represents a 28.0% increase compared to the fourth quarter of 2007 and a 20.5% decrease compared to the third quarter of 2008. Interest income and fee and commission income grew jointly by 55.5% in the fourth quarter of 2008 compared to the third quarter of 2007— by PLN 43,142 thousand, reaching PLN 120,886 thousand. This growth was driven by the rapidly growing sales, mainly at Open Finance S.A. and Noble Bank S.A.

4.11. Description of factors and events, especially the untypical ones, which have a considerable influence on the Group's achieved financial results

Relatively high spending on advertisement as well as financial advisers' ever increasing efficiency enabled the Group to sell loans (including those denominated in foreign currencies) at a higher than expected level, thus to realise profits which exceeded the originally assumed figures. In 2008, loan sales contributed to a considerable increase in the Group's interest income (a 225% rise compared to 2007) and in fee and commission income (a 4% rise compared to 2007). Owing to the sales of loans denominated in foreign currencies, the Group also improved the foreign exchange result (by 120% against 2007).

4.12. Seasonal or cyclical elements in the Group's operations in the fourth 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.

4.13. 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, 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 lending involving loans secured with financial assets.

4.14. 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 any dividends in 2008. The Parent Company's Management Board will propose that a portion of profit for the year ended December 31st 2008 should be allocated for the dividend payment.

4.15. Identification of events after December 31st 2008 which are not covered in these statements and which might materially influence future financial results of Noble Bank S.A. Capital Group

In 2009 the Group continued to repurchase its own shares. Between January 1st 2009 and the approval date of these consolidated financial statements the Group repurchased 851 thousand own shares with the aggregate par value of PLN 851 thousand. The total purchase price of the shares was PLN 2,028 thousand.

On January 29th 2009, the Management Boards of Noble Bank S.A. and Getin Bank S.A. agreed on, and the Supervisory Boards of the both banks approved, the Plan of Merger between Noble Bank S.A. and Getin Bank S.A. With regard to the announced merger plan, as at the approval date of these consolidated financial statements there were no indications of a necessity for a possible adjustment in the valuation of assets and liabilities of the Noble Bank S.A. Capital Group.

On January 9th 2009, the Supervisory Board appointed Bogusław Krysiński as a new member of the Bank's Management Board.

There were no important post balance sheet date events which would have an effect on the financial statements for the financial year ended December 31st 2008.

4.16. Change in contingent liabilities and contingent assets

Total contingent liabilities and off-balance sheet items	31.12.2008 PLN '000	31.12.2007 PLN '000
1. Contingent liabilities granted	**228 203**	**143 232**
a) related to financing	227 511	142 846
a) guarantees given	692	386
2. Other off-balance sheet items	**4 412 732**	**1 007 312**
Total contingent liabilities and off-balance sheet items Total	**4 640 935**	**1 150 544**

4.17. Changes in the organisation of subsidiaries in the fourth quarter of 2008

There were no changes in the organisation of subsidiaries in the fourth quarter of 2008.

(figures in PLN thousand)

4.18. 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 did not publish forecasts.

4.19. Shareholders with at least 5% of total votes, directly or indirectly, at the General Shareholders' Meeting of the Issuer, as at December 31st 2008

Share capital structure 31.12.2008	Number of shares held	Number of votes held	% of votes at GSM
Getin Holding S.A.	158 458 666	158 458 666	73.64%
ASK Investments S.A.	14 819 840	14 819 840	6.89%
A. Nagelkerken Holding B.V.	5 350 000	5 350 000	2.49%
International consultancy strategy Implementation B.V.	5 450 000	5 450 000	2.53%
H.P. Holding 3 B.V.	5 750 000	5 750 000	2.67%
Minority shareholders	25 349 650	25 349 650	11.78%
Total	**215 178 156**	**215 178 156**	**100.00%**

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

Name	Function	As at 30.09.2008	Shares acquired in reporting period	Shares sold in reporting period	As at 31.12.2008
Remigiusz Baliński	Member of the Supervisory Board	22 333	-	-	22 333
Maurycy Kuhn *	Member of the Management Board	10 304 447	-	-	10 304 447
Krzysztof Spyra **	Member of the Management Board	10 389 947	-	-	10 389 947
Jarosław Augustyniak ***	President of the Management Board	10 697 947	-	-	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	4 939 947
		5 450 000 10
		10 389 947
*** through:	ASK Investments SA	4 939 947
	H.P. Holding 3 B.V.	5 750 000
	as a private individual	8 000
		10 697 947

4.21. Information about litigation proceedings

There is no single proceeding in respect of liabilities and receivables 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 liabilities and receivables 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 507 thousand.

In the group of receivables the total litigation value is PLN 4,886 thousand.

4.22. 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.

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

No such sureties or guarantees were given in 2008.

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

Apart from events described in section 4.15 no other events occurred which are essential for the assessment of the Group's situation as regards its staff, assets or finances.

4.25. 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

Slower or no economic growth, a weakening zloty, rising interest rates and, consequently, lower than usual customers' willingness to take out mortgage and financial loans may cause lower sales of mortgage loans (especially those denominated in foreign currencies).

Securing funds to finance lending is the determining factor in further growth of the Group. The Group pursues this goal by an active campaign to collect deposits—also by selling structured deposits.

Retention of the qualified and experienced managerial staff is another critical factor in the Group's further growth.

On January 29th 2009, the Management Boards of Noble Bank S.A. and Getin Bank S.A. agreed on, and the Supervisory Boards of the both banks approved, the Plan of Merger between Noble Bank S.A. and Getin Bank S.A.

Except for the above, there were no other important events which have an impact on the Group's business and financial performance in the years to come.

5. BUSINESS SEGMENTS

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

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

Banking

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

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

Financial intermediation

The Group's business in this area involves providing financial intermediation services—loan, deposit, 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.

Geographical segmentation

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

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

(figures in PLN thousand)

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

01.01.2008 - 31.12.2008	Banking	Financial intermediation	Management of assets and investment funds	Total
Interest income	252 595	284	134	253 013
Interest expense	(180 834)	(123)	(57)	(181 014)
Net interest income	71 761	161	77	71 999
Fee and commission income	1 951	153 483	28 775	184 209
Fee and commission expense	(1 178)	(25 401)	(2 578)	(29 157)
Net fee and commission income	773	128 082	26 197	155 052
Result on financial instruments at fair value through profit or loss	26 643			26 643
Result on other financial instruments	70	-	(163)	(93)
Foreign exchange result	101 010	(37)	(1)	100 972
Other operating income	10 905	1 534	10	12 449
Other operating expenses	(3 250)	(3 310)	(103)	(6 663)
General administrative costs	(68 683)	(95 936)	(6 888)	(171 507)
Net impairment charges for loans, advances and lease receivables	(5 071)	-	-	(5 071)
Operating profit	134 158	30 494	19 129	183 781
Pre-tax profit	134 158	30 494	19 129	183 781
Income tax	(18 189)	(6 045)	(3 651)	(27 885)
Net profit	**115 969**	**24 449**	**15 478**	**155 896**

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

6.1. Profit and loss account

	4th quarter	4 quarters cumulatively	4th quarter	4 quarters cumulatively
	01.10.2008- 31.12.2008 PLN '000	01.01.2008- 31.12.2008 PLN '000	01.10.2007- 31.12.2007 PLN '000	01.01.2007- 31.12.2007 PLN '000
Interest income	87 623	251 262	45 865	77 903
Interest expense	(64 050)	(182 805)	(19 918)	(36 515)
Net interest income	**23 573**	**68 457**	**25 947**	**41 388**
Fee and commission income	5 275	39 943	5 390	27 595
Fee and commission expense	(1 859)	(14 541)	(2 050)	(10 019)
Net fee and commission income	**3 416**	**25 402**	**3 340**	**17 576**
Result on financial instruments at fair value through profit or loss	14 796	26 643	(15 716)	(1 742)
Result on other financial instruments	14	70	1 026	1 517
Foreign exchange result	18 019	101 010	17 509	45 832
Dividend income	-	32 800	-	-
Other operating income	2 007	12 927	1 409	26 986
Other operating expenses	(903)	(3 122)	(595)	(4 426)
Other net operating income and expenses	**33 933**	**170 328**	**3 633**	**68 167**
Net impairment charges for loans, advances and lease receivables	(440)	(5 071)	13 581	17 595
General administrative costs	(31 142)	(72 615)	(10 858)	(34 538)
Operating profit	**29 340**	**186 501**	**35 643**	**110 188**
Pre-tax profit	**29 340**	**186 501**	**35 643**	**110 188**
Income tax	1 831	(21 887)	(3 584)	(16 814)
Net profit	**31 171**	**164 614**	**32 059**	**93 374**

6.2. Balance sheet

	31.12.2008 PLN '000	31.12.2007 PLN '000
ASSETS		
Cash and balances with Central Bank	83 762	25 965
Amounts due from banks	945 661	618 056
Derivative financial instruments	60 843	18 003
Loans and advances to customers	3 874 509	1 185 650
Available for sale financial instruments	476 439	52 445
Investments in subordinated entities	90 506	89 537
Intangible assets	4 000	2 968
Tangible fixed assets	14 353	8 807
Current income tax liabilities	17 396	2 291
Other assets	9 582	7 922
Non-current assets classified as held for sale	52	61
TOTAL ASSETS	**5 577 103**	**2 011 705**

SHAREHOLDERS' EQUITY AND LIABILITIES		
Liabilities		
Amounts due to other banks and financial institutions	500 575	194 374
Derivative financial instruments	472 383	1 197
Amounts due to customers, including:	3 483 511	956 686
Financial liabilities at fair value through profit or loss	221 054	
Debt securities in issue	414 150	353 911
Other liabilities	27 741	8 196
Deferred income tax provision	29 984	7 625
Provisions	52	7 137
Total liabilities	**4 928 396**	**1 529 126**
Shareholders' equity	**648 707**	**482 579**
Share capital	215 178	215 178
Own shares repurchased—par value	(147)	-
Retained profit (loss)	955	955
Net profit	164 614	93 374
Other equity	268 107	173 072
Total shareholders' equity	**648 707**	**482 579**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5 577 103**	**2 011 705**

6.3. Statement of changes in shareholders' equity

	Share capital	Own shares repurchased —par value	Retained profit (loss)	Other equity		Net profit	Total shareholders' equity
				Reserve funds	Revaluation reserve		
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at January 1st 2008	**215 178**	**-**	**955**	**173 072**	**-**	**93 374**	**482 579**
Valuation of available for sale financial assets net of deferred tax					2 012		2 012
Net profit/(loss) recognised directly in equity	**-**	**-**	**-**	**-**	**2 012**	**-**	**2 012**
Net profit for period	-	-	-	-	-	164 614	164 614
Recognised total income and expenses	**-**	**-**	**-**	**-**	**2 012**	**164 614**	**166 626**
Share issue	-	-	-	-	-	-	-
Costs of share issue	-	-	-	-	-	-	-
Distribution of profit (loss) for previous reporting period	-	-	-	93 374	-	(93 374)	-
Repurchase of own shares	-	(147)	-	(351)	-	-	(498)
As at December 31st 2008	**215 178**	**(147)**	**955**	**266 095**	**2 012**	**164 614**	**648 707**

	Share capital PLN '000	Own shares repurchased —par value PLN '000	Retained profit (loss) PLN '000	Other equity: Reserve funds PLN '000	Other equity: Revaluation reserve PLN '000	Net profit (loss) PLN '000	Total shareholders' equity 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					278		278
Transfer of retained profit (loss) to reserve funds							
Net profit (loss) recognised directly in equity	**-**	**-**	**-**	**-**	**278**	**-**	**278**
Net profit for period	-	-	-	-	-	**93 374**	93 374
Recognised total income and expenses	**-**	**-**	**-**	**-**	**278**	**93 374**	**93 652**
Distribution of profit (loss) for previous reporting period	-	-	5 715	32 720	-	(38 435)	-
Share issue	15 000	-	-	142 500	-	-	157 500
Costs of share issue	**-**	**-**	-	(2 884)	-	-	(2 884)
As at December 31st 2007	**215 178**	**-**	**955**	**173 072**	**-**	**93 374**	**482 579**

6.4. Cash flow statement

	01.01.2008-31.12.2008 PLN '000	01.01.2007-31.12.2007 PLN '000
Cash flows from operating activities		
Net profit	164 614	93 374
Total adjustments:	256 217	(566 223)
Depreciation and amortisation	3 093	1 615
Profit (loss) from investing activities	(181)	(4 068)
Interest and dividends	(17 594)	-
Change in amounts due from banks	(321 935)	(451 644)
Change in derivative financial instruments (asset)	(42 840)	(18 003)
Change in loans and advances to customers	(2 688 859)	(1 043 709)
Change in other assets and liabilities	17 885	(3 945)
Change in amounts due to other banks and financial institutions	306 201	114 347
Change in derivative financial instruments (liability)	471 186	1 197
Change in amounts due to customers	2 526 825	842 124
Change in debt securities in issue	2 739	3 911
Change in provisions and deferred income tax provisions	14 802	(5 757)
Income tax paid	(15 105)	(9 217)
Current tax expense (profit and loss account)	-	6 926
Net cash from operating activities	**420 831**	**(472 849)**
Cash flows from investing activities		
Inflows from investing activities	**16 167 944**	**1 548 325**
Sale of shares in subordinated entities	-	150
Sale of investment securities	16 162 668	1 529 060
Sale of intangible assets and tangible fixed assets	589	4 795
Sale of non-current assets classified as held for sale	-	11 770
Interest received	4 687	2 550
Outflows from investing activities	**(16 595 715)**	**(1 551 296)**
Purchase of shares in subsidiaries	(969)	-
Purchase of investment securities	(16 584 177)	(1 544 432)
Purchase of intangible assets and tangible fixed assets	(10 071)	(6 864)
Repurchase of own shares	(498)	-
Net cash used in investing activities	**(427 771)**	**(2 971)**
Cash flows from financing activities		
Proceeds from share issue	-	154 616
Proceeds from debt securities in issue	57 500	350 000
Dividends received	17 594	-
Interest paid	(19 893)	(5 130)
Net cash from / (used in) financing activities	**55 201**	**499 486**
Net increase (decrease) in cash and cash equivalents	48 261	23 666
Net foreign exchange rate differences	-	-
Cash and cash equivalents at beginning of period	27 909	4 243
Cash and cash equivalents at end of period	**76 170**	**27 909**
with limited availability	-	-

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

Bogusław Krysiński, Member of Noble Bank S.A. Management Board

Warsaw, February 27th 2009