This is a translation of a document originally issued in the Polish language.
The Polish original should be referred to in matters of interpretation.

THE GETIN HOLDING CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS FOR THE YEAR ENDED 31 DECEMBER 2005

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The Polish original should be referred to in matters of interpretation.

CONTENT

(in thousand PLN)

CONSOLIDATED BALANCE SHEETS

as at 31 December 2005 and 31 December 2004

			31 December 2005	31 December 2004
		Notes		
	ASSETS			
I.	Cash and balances with the Central Bank	26	182 523	129 457
II.	Bills of exchange eligible for rediscounting with the Central Bank		2 063	2 760
III.	Amounts due from banks	27	1 888 578	1 098 627
IV.	Financial assets held for trading	28	80	846
V.	Derivative financial instruments	29	17 585	3 560
VI.	Other financial instruments at fair value through profit or loss	30		
VII.	Loans and advances to customers	31	3 290 435	1 748 207
VIII.	Finance lease receivables	32	83 078	48 306
IX.	Investment securities	33	1 551 514	1 103 827
	1. Available for sale	33	1 516 597	1 066 891
	2. Held to maturity	33	34 917	36 936
X.	Investments in associates	34	2 736	383
XI.	Intangible assets	36	400 866	157 958
XII.	Property, plant and equipment	37	96 325	85 330
XIII.	Investment properties	38	17 602	14 822
XIV.	Non current assets classified as held for sale	40	2 943	0
XV.	Tax assets	23	93 109	44 799
	1. Current tax assets		3 630	0
	2. Deferred tax assets		89 479	44 799
XVI.	Other assets	39	51 529	167 555
	TOTAL ASSETS		**7 680 966**	**4 606 437**
	LIABILITIES AND EQUITY			
	Liabilities			
I.	Amounts due to Central Bank	42		
II.	Amounts due to other banks and finance institutions	43	1 414 928	429 316
III.	Derivative financial instruments	29	1 421	34
IV.	Other finance liabilities at fair value through profit or loss	44		
V.	Deposits from customers	45	4 692 426	3 488 556
VI.	Issued debt	46	256 072	20 284
VII.	Income tax payable		26	3 992
VIII.	Other liabilities	47	115 159	84 730
IX.	Deferred tax liabilities	23	48 206	35 365
X.	Provisions	48	53 106	12 910
XI.	Liabilities directly associated with non-current assets classified as available for sale	40	1 228	
	TOTAL LIABILITIES		**6 582 572**	**4 075 187**
	Equity attributable to equity holders of the parent company		**1 087 983**	**409 312**
XII.	Share capital	51	534 335	315 000
XIII.	Retained earnings	52	- 11 952	- 25 708
XIV.	Net (loss)/ profit		59 242	22 074
XV.	Other reserves	52	506 358	97 946
	Minority interest		**10 411**	**121 938**

	Total equity		**1 098 394**	**531 250**
	TOTAL LIABILITIES AND EQUITY		**7 680 966**	**4 606 437**

(in thousand PLN)

CONSOLIDATED INCOME STATEMENTS

for the years ended 31 December 2005 and 31 December 2004

			Year ended 31 December 2005	Year ended 31 December 2004
		Notes		
I.	Interest income	10	482 088	200 317
II.	Interest expense	10	211 039	71 622
III.	**Net interest income**		**271 049**	**128 695**
IV.	Fee and commission income	11	72 116	20 958
V.	Fee and commission expense	11	10 759	4 888
VI.	**Net fee and commission income**		**61 357**	**16 070**
VII.	Dividend received	12	128	0
VIII.	Result on financial instruments re-measured to fair value	13	4 360	1 094
IX.	Result on investment securities	14	561	0
X.	Foreign exchange result	16	53 994	6 772
XI.	Other operating income	17	46 159	19 387
XII.	Other operating expenses	17	20 706	10 164
XIII.	**Net operating income**		**84 496**	**17 089**
XIV.	Provisions for impairment losses	20	- 74 859	- 9 824
XV.	Administrative expenses	18	254 318	115 425
XVI.	**Operating profit**		**87 725**	**36 605**
XVII.	Share in net profit/ (loss) of associates	22	- 841	- 934
XVIII.	**Profit before income tax**		**86 884**	**35 671**
XIX.	Corporate income tax	23	14 275	4 406
XX.	**Net profit for the period**		**72 609**	**31 265**
	1. Attributable to equity holders of the Company		59 242	22 074
	2. Attributable to minority interest		13 367	9 191
	Earnings per share			
	- basic for the period	24	0.14	0.10
	- diluted for the period	24	0.14	0.10

There were no discontinued activities.

(in thousand PLN)

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

for the year ended 31 December 2004

	Attributable to equity holders of the parent company										**Minority interest**	**Total equity**
			Other capital									
	Share capital	Retained earnings	Reserve capital	Revaluation reserve	General risk fund	Other reserves	Cumulative translation adjustment [from translation of subordinated entities]	Convertible bonds	Net (loss)/ profit	Total		
At 1 January 2004	**70 000**	**-24 534**	**12 120**	**0**	**0**	**0**	**0**	**0**	**0**	**57 586**	**0**	**57 586**
Issue of shares	245 000	0	83 558	0	0	0	0	0	0	328 558	0	328 558
Net change of investment securities available for sale less deferred tax	0	0	0	2 380	0	0	0	0	0	2 380	946	3 326
Cumulative translation adjustment [from translation of subordinated entities]	0	0	0	0	0	0	-112	0	0	- 112	- 75	- 187
Net profit/ (loss) for the year	0	0	0	0	0	0	0	0	22 074	22 074	9 191	31 265
Consolidation purchase	0	0	0	0	0	0	0	0	0	0	110 913	110 913
Other	0	- 1 174	0	0	0	0	0	0	0	- 1 174	963	- 211
At 31 December 2004	**315 000**	**- 25 708**	**95 678**	**2 380**	**0**	**0**	**- 112**	**0**	**22 074**	**409 312**	**121 938**	**531 250**

(in thousand PLN)

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
for the year ended 31 December 2005

	Attributable to equity holders of the parent company										**Minority interest**	**Total equity**
			Other capital									
	Share capital	Retained earnings	Reserve capital	Revaluation reserve	General Risk Fund	Other reserves	Cumulative translation adjustment [from translation of subordinated entities]	Convertible bonds	Net (loss)/ profit	Total		
At 31 December 2004	**315 000**	**- 25 708**	**95 678**	**2 380**	**0**	**0**	**- 112**	**0**	**22 074**	**409 312**	**121 938**	**531 250**
Adjustment caused by introduction of IAS 39 in relation to making impairment write-downs against loans and credits	0	10 882	0	0	0	0	0	0	0	10 882	4 402	15 284
At 1 January 2005 (as per IFRS)	**315 000**	**- 14 826**	**95 678**	**2 380**	**0**	**0**	**- 112**	**0**	**22 074**	**420 194**	**126 340**	**546 534**
Issue of shares	219 335	0	377 282	0	0	0	0	0	0	596 617	0	596 617
Transfer of profit for previous year to retained earnings	0	22 074	0	0	0	0	0	0	- 22 074	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	0	0	0
Net change of available-for-sale investments	0	0	0	9 748	0	0	0	0	0	9 748	8 040	17 788
Valuation of managerial options	0	0	0	0	0	0	0	1 955	0	1 955		1 955
Cumulative translation adjustment [from translation of subordinated entities]	0	0	0	0	0	0	326	0	0	326	70	396
Net profit/ (loss) for the year	0	0	0	0	0	0	0	0	59 242	59 242	13 255	72 497
Appropriation of profit of Getin Bank S.A.	0	- 22 709	0	0	0	22 709	0	0	0	0	0	0
Coverage of loss of Getin Holding S.A.	0	3 608	- 3 608	0	0		0	0	0	0	0	0
Consolidation purchase / GB issue of shares of series S	0	0	0	0	0	0	0	0	0	0	2 089	2 089
Consolidation purchase / GB contributing issue of shares of series I	0	0	0	0	0	0	0	0	0	0	- 138 062	- 138 062
Acquisition of Fiolet	0	0	0	0	0	0	0	0	0	0	836	836

(in thousand PLN)

Acquisition of Open Finance	0	0	0	0	0	0	0	0	0	0	2 823	2 823
Acquisition of WBC S.A.	0	0	0	0	0	0	0	0	0	0	184	184
Consolidation acquisition / GB issue of shares of series T	0	0	0	0	0	0	0	0	0	0	195	195
Acquisition of shares of Getin Bank	0	0	0	0	0	0	0	0	0	0	- 5 359	- 5 359
Other	0	- 99	0	0	0	0	0	0	0	- 99		- 99
At 31 December 2005 (as per IFRS)	**534 335**	**- 11 952**	**469 352**	**12 128**	**0**	**22 709**	**214**	**1 955**	**59 242**	**1 087 983**	**10 411**	**1 098 394**

(in thousand PLN)

CONSOLIDATED CASH FLOW STATEMENTS

for the years ended 31 December 2005 and 31 December 2004

	Notes	Year ended 31 December 2005	Year ended 31 December 2004
A. Cash flows from operating activities			
I. Net profit (loss)		72 609	31 265
Adjustments:		36 530	26 928
Depreciation		20 915	9 089
Share in net profit of associates		841	934
Foreign exchange differences		- 12	- 783
(Profit) loss on investing activities		- 1 760	997
Interest and dividend		- 107	- 853
Change in receivables from banks		39 692	- 99 800
Change in financial assets held for trading and other financial instruments at fair value through profit or loss		766	- 641
Change in derivative financial instruments (assets)		- 14 025	2 069
Change in loans and advances to customers		- 1 496 709	- 325 448
Change in finance lease receivables		- 32 627	- 30 871
Change in investment securities available for sale		- 363 926	- 460 410
Change in deferred tax assets		- 37 100	- 16 053
Change in other assets		121 971	- 147 266
Change in amounts due to banks		972 483	255 257
Change in derivative financial instruments and other financial liabilities at fair value through profit or loss		1 387	- 41
Change in amounts due to customers		815 187	910 138
Change in liabilities from the issue of debt securities		3 068	
Change in provisions		1 449	10 194
Change in other liabilities		12 330	- 27 880
Other adjustments		303	- 53 686
Income tax paid		- 58 003	- 13 421
Current tax expense		50 407	15 403
Net cash from operating activities		**109 139**	**58 193**
B. Cash flows from investing activities			
Inflows		14 131	36 915
Sale of shares in subsidiaries, net of cash disposed		0	0
Sale of shares in associates		400	0
Sale of investment securities		2 074	33 447
Proceeds from sale of intangible assets and tangible fixed assets		11 529	3 468
Other investing inflows		128	0
Outflows		- 234 781	- 101 926
Purchase of subsidiaries, net of cash acquired	54	- 193 870	- 38 112
Purchase of associates		- 2 175	- 300
Purchase of investment securities		0	- 3 115
Purchase of intangible assets and tangible fixed assets		- 38 736	- 60 399
Other investing outflows		0	

(in thousand PLN)

Net cash used in investing activities		**- 220 650**	**- 65 011**
C. Cash flows from financing activities			
Issue of shares		247 895	328 558
Issue of debt securities		257 924	20 210
Redemption of debt securities issued		- 25 204	0
Dividends paid to equity holders of the parent company		0	0
Dividends paid to minority interest		0	0
Other financing inflows		850	43 555
Net cash from financing activities		**481 465**	**392 323**
D. Net change in cash and cash equivalents		**369 954**	**385 505**
Net foreign exchange differences		20	- 1 163
E. Cash and cash equivalents at the beginning of the period		**395 384**	**11 042**
F. Cash and cash equivalents at the end of the period (F+/- D)	**54**	**765 358**	**395 384**
of which is restricted use		1	75

ADDITIONAL NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Getin Holding capital group (hereinafter referred to as the "Capital Group" or the "Group") consists of the parent company Getin Holding S.A. (hereinafter referred to as "Getin Holding", the "Company" or the "Issuer") and its subsidiaries (see note 2 of the additional information and explanations).
The consolidated financial statements of the Group cover the 12 months period ended 31 December 2005 and contain comparative data for the 12 months period ended 31 December 2004.
Getin Holding S.A.'s registered office is located in Wrocław, at pl. Powstańców Śląskich 16-18.
The Company was originally registered under the name "Centaur S.A." on 23 February 1996 with the District Court Wrocław Fabryczna under no. RHB 6173. On 28 February 2000, pursuant to the Resolution of the General Shareholders Meeting, the Company's name was changed to Getin Service Provider S.A. The Company was registered under this name with the District Court in Wrocław on 16 March 2000. On 23 March 2001, Getin Service Provider S.A. was registered with the National Court Register maintained by the District Court for Wrocław Fabryczna, 6th Economic Department of the National Court Register under no. KRS 0000004335. On 24 July 2003, pursuant to the Resolution of the General Shareholders Meeting, the Company's name was changed to Getin Holding S.A.
The parent company was granted statistical number REGON 932117232. From 6 November 2003, according to the application for changes in the REGON registry system, the Company's core business is "capital investments on Polish and foreign markets" (PKD 6523Z).

The Issuer and the remaining Group entities have an unlimited period of operation.

The Company operates as the parent company of the Capital Group and, apart from this, it does not carry out any other material operating activity. The operations of the remaining companies of the Capital Group are conducted in three basic operating segments:

- banking services;
- lease services;
- financial agency.

The type of the activities of individual companies of the Capital Group is described in note 2 of the additional notes and explanations.

Since the Issuer's business enterprise does not include internal self-reporting organisational units, and the remaining companies of the Group, whose financial data are included in the consolidated financial statements do not have internal self-reporting organisational units, the presented consolidated financial statements and other financial data do not contain aggregate data.

Mr. Leszek Czarnecki, a physical person, is the controlling person for the entire Getin Holding Group.

(in thousand PLN)

2 Composition of the Group

The Group consists of Getin Holding S.A. and the following companies:

Subsidiaries:

Company name	Registered office	Registry court appropriate for the Company's registered office	Type of activity	% in share capital	% of total number of votes	Consolidation method
Getin Bank SA[4)]	ul.Pszczyńska 10, Katowice	District Court in Katowice, Economic Department of the National Court Register	Banking	99.25%	99.25%	Full
Carcade OOO	ul. Prospekt Mira 81 Kaliningrad, the Russian Federation	District Inspection of the Ministry of Taxes and Fees of the Russian Federation no. 8 for Kaliningrad	Lease	60.00%	60.00%	Full
GBG SerwisSp.z o.o.	ul. 1 Maja 87, Katowice	District Court in Katowice, Economic Department of the National Court Register	Security of persons and property; services	100%[1)]	100%[1)]	Full
Getin Raty S.A. [5)]	ul. Sączewskiego 17 Będzin	District Court in Katowice, Economic Department of the National Court Register	Lease and financial agency	100%[2)]	100%[2)]	Full
Górnoślązak Sp. z o.o.	ul. 1 Maja 87, Katowice	District Court in Katowice, Economic Department of the National Court Register	Debt collection	98.00%[3)]	98.00%[3)]	Full
Fiolet S.A.	ul. Tylna 12 Łódź	District Court in Łódź 20th Department of the National Court Register, Register of Businesses	Financial agency	60.00%	60.00%	Full
Open Finance S.A.	ul. Wołoska 18 Warszawa	District Court for the City of Warsaw 20th Economic Department of the National Court Register	Financial agency	70.00%	70.00%	Full
Wschodni Bank Cukrownictwa S.A.	ul. Okopowa 1 Lublin	District Court in Lublin 11th Economic and Registry Department	Banking	99,91%	99.95%	Full

1) – shares held by Getin Bank S.A.
2) – 99.99% of shares held by Getin Bank S.A., 0.01% by GBG Serwis sp. z o.o.
3) - 49% of shares held by GBG Serwis Sp. z o.o. and 49% of shares held by Getin Raty S.A.
4) – former Górnośląski Bank Gospodarczy S.A.
5) – former GBG Finanse S.A.

Associates:

Company name	Registered office	Registry court appropriate for the Company's registered office	Type of activity	% in share capital	% of total number of votes	Consolidation method
iCentrum S.A. [1)]	ul. Ziemowita 11, Wrocław	District Court for Wrocław-Fabryczna, 6th Economic Department of the National Court Register	Debt collection	35.00%	35.00%	equity method
Powszechny	ul.Sukiennice 6	District Court for Wrocław-	Agency	21.00%	21.00%	equity method

(in thousand PLN)

Dom Kredytowy SA	50-107 Wrocław	Fabryczna, 6th Economic Department of the National Court Register	financial services			
Getin Leasing SA	ul.Racławicka 2/4 53-146Wrocław	District Court for Wrocław-Fabryczna, 6th Economic Department of the National Court Register	Leases	20.70%	20.70%	equity method

[1)] –iCentrum S.A. was an associate until 30 June 2005, when the iCentrum SA shares were sold.

The Capital Group consists of the following subordinated entities which are not consolidated using the equity method:

- BTG sp. z o.o.
- BP Real Nieruchomości S.A.
- BP Telervis S.A.
- KONWIN-Kruszwica sp. z o.o.

The basis for exclusion of the above entities from consolidation or valuation using the equity method is IAS 27 point 21 (the above units are in liquidation or bankruptcy and the Group does not exercise control over them). These entities became part of the Group at the time Getin Bank merged with Bank Przemysłowy in Łódź.

In the period from 1 January 2005 to 31 December 2005, the following changes occurred in the Capital Group:

- on 20 January 2005, acquisition of 260 ordinary registered shares in Carcade S.A. (currently Getin Leasing), with its registered office in Wrocław, representing 20.8% of the shares in the share capital of this company;
- on 20 January 2005, acquisition of 2,100 ordinary registered shares in Powszechny Dom Kredytowy S.A. with its registered office in Wrocław, representing 21% of the share capital of this company.
- on 30 June 2005, sale of 35 ordinary bearer shares in iCentrum S.A. representing 35% of the share capital of Centrum.
- increase in the share of Getin Holding in GETIN Bank up to 99.25% in connection with the receipt by the Issuer of an in-kind contribution of 35,422,122 ordinary registered shares in Getin Bank S.A. to cover 114,335,000 series I bearer shares of the Issuer and purchase of shares in GETIN Bank. The increase in the Getin Bank's share capital was registered as a result of the issue of series T shares up to PLN 193,256,024.85;
- on 18 August 2005, acquisition of 600 shares in Fiolet S.A. with its registered office in Łódź representing 60% of the share capital of this company,
- on 4 October 2005, acquisition of 350,000 shares in Open Finance S.A. with its registered office in Warsaw representing 70% of the share capital of this company,
- on 12 December 2005, acquisition of 200,000,000 shares in Wschodni Bank Cukrownictwa S.A. with its registered office in Lublin representing 99.91% of the share capital of this company.

3 Management Board of the parent company

As at the date of the preparation of these consolidated financial statements, the Management Board of Getin Holding S.A. was composed of:

- Piotr Stępniak – President

Tadeusz Pietka, Vice President resigned from this function as of 1 February 2006.

In the period covered by these consolidated financial statements, the following changes took place in the composition of the Company's Management Board:

- as of 1 February 2005, the Company's Supervisory Board appointed Piotr Stępniak as the Management Board President.
- as of 1 April 2005, Paweł Ciesielski resigned as Management Board Member.

4 Approval of the consolidated financial statements

These consolidated financial statements were approved for publishing by the Management Board on 29 March 2006.

5 Significant accounting policies

5.1 Basis for preparing the consolidated financial statements

The consolidated financial statements were prepared under the historical cost convention, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The consolidated financial statements are presented in thousand PLN ("thousand PLN"), and all figures are given in thousand PLN, unless indicated otherwise.

The consolidated financial statements have been prepared on the assumption that the group companies will continue as going concerns in the foreseeable future i.e. for a period of at least 12 months from 31 December 2005. As at the date of authorizing of the consolidated financial statements, there were no circumstances that would indicate a threat to the continued activity of the Group

5.2 Statements on compliance

Starting from 1 January 2005, the Accounting Act dated 29 September 1994 (the "Accounting Act") imposed an obligation on the Group to prepare the consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") and the related interpretations announced in the form of the European Commission regulations. Given the current process of implementation of IFRS in the European Union and the scope of the Group's activity, with respect to the accounting principles used by the Company, there is no difference between the IFRSs and the IFRSs adopted by the European Union.

These consolidated financial statements were prepared in accordance with the IFRS, in particular in accordance with IAS no. 1 and all IFRS adopted by the EU. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC").

These consolidated financial statements prepared as at 31 December 2005 represent the first full set of annual financial statements prepared in accordance with the IFRS. For the purposes of these consolidated financial statements, the date of transition to the IAS standards was 1 January 2004. The last consolidated financial statements of the Group prepared in accordance with the Polish Accounting Standards were the financial statements for the year ended 31 December 2004.

The Group applied IFRS valid as at 31 December 2005.

<u>Introduction of new IAS/IFRS</u>

As at 31 December 2005, the European Commission adopted, effective as of that date, new standards and changes to a number of binding standards and their interpretations. The new standards or changes to the standards which may affect the consolidated financial statements of the Group are as follows:

- adoption of IFRS 7 *Financial instruments: disclosure* – effective as of 1 January 2007, earlier application is possible. IFRS 7 supersedes IAS 30 *Disclosures in the financial statements of banks and similar financial* *institutions* in effect as at the date of preparing these consolidated financial statements and disclosure requirements contained in IAS 32 *Financial instruments: disclosure and presentation.* IFRS 7 extends the scope, qualitative and quantitative disclosures regarding risk management arising from financial instruments: among others, loan, liquidity or market risk. The Group has assessed that disclosures regarding mainly sensitivity analysis in the process of market risk management will require certain additional disclosures,

- amendments to IAS 1 *Presentation of financial statements* - effective as of 1 January 2007; earlier application is possible. The amended IAS 1 introduces disclosures regarding equity management. The Group has assessed that certain additional disclosures will be required for equity management,
- amendments to IAS 39 *Financial instruments: recognition and measurement – "fair value option"* together with the underlying changes to IFRS 1 – effective as of 1 January 2006; earlier application was possible. However, if the Group complied with those changes earlier, i.e. as at 31 December 2005, it would not be able to take advantage of the fair value option of assets and liabilities other than those, which as at that date was valued at fair value.

The Group maintains its books in accordance with the accounting policy (principles) specified in the Accounting Act and secondary regulations thereto (the "Polish Accounting Standards", "PAS"). The consolidated financial statements contain adjustments which are not included in the books of account of the Group entities, which were introduced to reconcile the financial statements of those entities to be in conformity with the IFRS.

5.3 Estimates

The preparation of the consolidated financial statements in accordance with the IFRS requires that certain estimates and assumptions are made by the Management Board, which affects the figures presented in the financial statements and in the additional notes and explanations.

The estimates which were made as at the date of transition to the IFRS, i.e. as at 1 January 2004, and at any balance sheet date reflect the conditions which existed on those dates (e.g. market prices, interest rates, currency exchange rates). Although the estimates are based on the best knowledge concerning the current conditions and actions of the Group, the actual results may differ from those estimates.

The main assumption / subjective assessments adopted by the Group in making the estimates include primarily:

- Impairment of financial assets

The assumptions made with respect to estimate of impairment of loans and credits have been described in note 5.20

- Impairment of investments in associates

An assessment is made at each balance sheet date to determine whether there is any objective evidence that an investment in associate may be impaired. If so, the Group estimates the value in use of the investment. This requires that certain assumptions are made concerning, e.g. future cash flow which the Group may obtain from dividend or cash flow from sale of investments. If different assumptions were made with respect to valuation, this could affect the carrying amount of certain investments.

- Impairment of other fixed assets

An assessment is made at each balance sheet date to determine whether there is any objective evidence that an asset (or any cash-generating unit) may be impaired. If so, the Group formally estimates the recoverable amount. The estimation of the value in use of fixed assets (or a cash-generating unit) requires that certain assumptions are made concerning, e.g. future cash flow which the Group may obtain from a given fixed asset (or a cash-generating unit), any changes in the amounts or dates of the cash flow, other factors, e.g. lack of liquidity. If different valuation assumptions were made, the carrying amount of certain fixed assets could be affected.

- Valuation of derivatives and non-listed debt securities available for sale

The fair value of available-for-sale debt securities not-quoted on the active market is set by applying valuation models based on discounted cash flows. The variables used for valuation include as far as possible data obtained from the possible market observations. However, the Group also makes assumptions concerning business partner loan risk, consistency and correlations which affect instrument valuation. Any change in those assumptions could affect valuation of the financial instruments.

- Calculation of provision for retirement benefits

The level of provision for retirement benefits is determined on the basis of valuation carried out by an independent actuary and is updated at the end of each financial year.

- Impairment of goodwill

Following initial recognition, goodwill is stated at acquisition cost, less any accumulated impairment write-downs. Goodwill impairment test is carried out once a year.

5.4 Measurement and reporting currency

The parent company's measurement currency and the reporting currency of these consolidated financial statements is Polish zloty (PLN).

5.5 Changes in accounting policies

Starting from 1 January 2005, the Act imposed on the Group the obligation to prepare consolidated financial statements in accordance with the International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of the European Commission regulations. The Group's financial statements for the year ended 31 December 2004 were prepared in accordance with Polish Accounting Standards.

The International Accounting Standards Board issued the International Financial Reporting Standard no. 1 ("IFRS 1") "Application of International Financial Reporting Standards for the First Time", which applies to preparing financial statements for the periods starting on 1 January 2004 or later. IFRS 1 concerns entities which for the first time prepare financial statements according to the IFRS and entities which already applied IFRSs but their financial statements contained a statement on non-compliance with certain standards. According to IFRS 1, the first financial statements according to IFRS must be the first annual financial statements in which the entity applies all IFRSs, together with the confirmation of full compliance with all IFRS standards.

These financial statements are the first full annual consolidated financial statements prepared in accordance with the IFRS standards. For the purposes of these financial statements, the date of transition to the IFRS standards is 1 January 2004. The Group's last consolidated financial statements prepared in accordance with the Accounting Act were the financial statements prepared for the year ended 31 December 2004.

The reconciliations of equity and the net result for the year ended 31 December 2004 (and equity and net result and material adjustments to cash flow statement as at 1 January 2005) and equity as at 1 January 2004 prepared in accordance with PAS and IFRS are presented in note no. 6.

The Group applied IFRS valid as at 31 December 2005. In preparing the opening balance sheet according to the IFRS as at 1 January 2004 and throughout all the reporting periods presented in these statements, the Group applied uniform accounting policies. All changes in the accounting policies were introduced retrospectively, except for the exclusions permitted by the IASs, which the Group decided to apply:

- Business combinations (IFRS 1.15, Appendix B).

The Group took advantage of an exemption concerning business combination. Therefore, with respect to goodwill, the Group applied PAS as at 31 December 2003 to determine the opening balance as at 1 January 2004.

Additionally, the Group took advantage of an exemption from the obligation to restate the comparative data concerning IAS 32 and IAS 39. Transactions and assets and liabilities included in those standards for the periods starting 1 January 2004 and ending 31 December 2004, or earlier were accounted for using Polish Accounting Standards. The adjustment arising from the application of IAS 39 as at 1 January 2005 was taken to the opening balance of equity as at 1 January 2005.

5.6 Correction of error

Not applicable

5.7 Consolidation principles

These consolidated financial statements comprise the financial statements of Getin Holding SA and the financial statements of its subsidiaries prepared for the 12 months period ended 31 December 2005. The financial statements of subsidiaries have been prepared for the same reporting period as the financial statements of the parent company, using the consistent accounting policies applied for the transaction and economic events of a similar nature. Adjustments have been made in order to eliminate any discrepancies in the accounting policies applied.

All material inter-company balances and transactions, including unrealized profits arising from intra-group transactions have been eliminated in full. Unrealized losses are eliminated unless they are an impairment indicator.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date such control ends. The control of the parent company over the entity takes place when it holds directly or indirectly, through its subsidiaries, more than half of the votes in a given company unless it may be proved that such ownership does not affect the control. Control is also exercised when the Company has the possibility to affect the financial and operating policies of the given entity (detailed conditions are laid down in IAS 27).

In the case of an increase/decrease in the share in net assets of the controlled subsidiary, the surplus of costs of the business combination over the share of the acquiring entity in the net assets of the controlled subsidiary is recognised as goodwill.

5.8 Investments in associates

Investments in associates are valued using the equity method. Associates are entities on which the parent company directly or through its subsidiaries exercises significant influence and which are not its subsidiaries or joint ventures. The financial statements of associates are the basis for valuation of shares held by the parent company using the equity method. The financial year of associates and the parent company is the same. Associates apply accounting policies set forth in the Accounting Act. Before calculating the share in the net assets of associates, relevant adjustments are made so that the financial data of those entities comply with the IFRS applied by the Group.

Investments in associates are carried at acquisition cost adjusted by subsequent amendments in the share of the parent company in the net assets of those entities. The profit and loss account reflects the share in the operating results of the associates. In the case of a change posted directly to equity of associates, the parent company recognizes its share in each change and discloses it, if appropriate, in the statement of changes in equity.

5.9 Foreign currency transactions

Transactions denominated in currencies other than PLN are translated into PLN at the exchange rate applicable on the transaction date or using the rate set forth in the underlying forward contract.

As at the balance sheet date, monetary assets and liabilities denominated in currencies other than PLN are translated into PLN at the average exchange rate set for a given currency by the National Bank of Poland prevailing at the end of the reporting period. Exchange differences resulting from translation are recorded under finance income or finance costs or, in cases defined in the accounting policies, are capitalized in the cost of the assets. Non-monetary assets and liabilities recognised at historical cost denominated in a foreign currency are disclosed at historical cost prevailing on the transaction date. Non-monetary assets and liabilities recognised at fair value expressed in a foreign currency are translated using the exchange rate prevailing at the date of re-measurement to fair value.

The following exchange rates have been adopted for the balance sheet valuation purposes:

(in thousand PLN)

	31 December 2005	31 December 2004
USD	3.2613	2.9904
EURO	3.8598	4.0790

The financial statements of foreign entities are translated into PLN as follows:

- balance sheet items - at the average rate of exchange set by the National Bank of Poland as at the balance sheet date;

- profit and loss account items - at the rate representing the arithmetic mean of the average exchange rates set by the National Bank of Poland as at the last day of each reporting month. Foreign exchange differences arising from such translation are recognised directly in equity as a separate item.

The functional currency of Carcade OOO is the Russian rouble (RUB).

5.10 Tangible fixed assets

Tangible fixed assets comprise fixed assets, construction in progress and prepayments for construction in progress. Fixed assets include fixed assets used for the Group's needs and owned by the Group companies, as well as those used under lease agreements.

Fixed assets are valued at cost or cost of production reduced by accumulated depreciation and impairment write-downs. The initial value of fixed assets includes their acquisition price plus all costs directly related to purchasing and bringing the asset to a usable condition. In the case of a subsidiary included in consolidation, the acquisition cost of its fixed assets is their fair value estimated as at the acquisition date.

Prepayments for construction in progress are stated at nominal value.

Construction in progress is valued and stated at its cost and / or production cost less impairment losses. Construction in progress is not depreciated until completed and brought into use.

At the time of acquisition, fixed assets are divided into components which are asset's parts with a significant value to which separate useful lives may be assigned. Overhaul costs are asset separate component.

Fixed assets, except for land, are depreciated using the straight-line method on the basis of the following base rates arising from assets' estimated useful lives:

Buildings	2.5 - 5.0 %
Leasehold improvements (buildings)	10.0% - 30%
Plant and machinery (except for computer hardware)	20.0%
Own computer hardware	20.0% - 30.0%
Own motor vehicles	14.0% - 20.0%
Other	10.0% - 20.0%

If, at the time of the preparation of the financial statements, circumstances occurred which indicate that the carrying amount of tangible fixed assets might not be recoverable, the assets are reviewed for any possible impairment. If impairment indicators have been identified and the carrying amount exceeds the estimated recoverable value, then the value of those assets or cash-generating units to which those assets belong is reduced to the recoverable amount. The recoverable amount corresponds to the higher of the following two values: net selling price or the value in use. When determining the value in use, the estimated future cash flow is discounted to the current value using the gross discount rate reflecting current market assessment of the time value of money and the risk related to the given asset. In the case of assets which do not generate cash inflow in a sufficiently independent manner, the recoverable amount is determined for the cash-generating unit to which the given asset belongs. Impairment write-downs are disclosed in the profit and loss account in the cost of sales of the given item.

An item of tangible fixed assets may be removed from the balance sheet (derecognised) after it is sold or, if no future economic benefits are expected from its further use. Any gains or losses arising on asset de-recognition (calculated as the difference between potential net income from sales and the carrying amount of the given item) are stated in the profit and loss account in the period in which the removal was made.

Construction in progress refers to fixed assets under construction or assembly and are stated at cost or production cost. Construction in progress is not depreciated until the construction is completed and the fixed asset is brought into use.

The residual values, useful lives or depreciation methods of assets are verified, and if needed, adjusted at the end of each financial year.

5.11 Investment property

Investment property is recognised at cost which includes transaction costs. Investment property is de-recognised if the given investment property is permanently removed from use, and no future benefits are expected from its sale. Any gains or losses arising from de-recognition of investment property are disclosed in the profit and loss account in the period in which it was derecognised. Investment property is depreciated using the straight-line depreciation method using the base rate of 2.5% arising from the estimates of their useful life. The principles of assessment as to whether there has been an impairment loss on Investment property are described in note 5.25.

5.12 Intangible assets

Intangible assets include assets which meet the following criteria:

- they may be separated from the business entity and sold, transferred, licensed or given over to third parties for a paid use, individually or in combination with other agreements, assets or liabilities or

- arise from contractual relations or other legal titles, irrespective of whether they may be transferred or separated from the business entity.

Intangible assets are valued at cost or production cost reduced by accumulated amortisation and impairment write-downs.

If a subsidiary is included in consolidation, the acquisition price of intangible assets is assumed to be their fair value estimated as at the acquisition date.

The Group applies the following amortisation rates for intangible assets, taking into account their useful lives:

* costs of development work completed	33%
* own software (for a value of more than PLN 3,500)	20%
* own software (for a value of up to PLN 3,500)	50%
* patents, licenses, trademarks	- useful lives are set individually

The useful lives of intangible assets depending on their type were assessed as having finite or indefinite useful lives. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment each time an impairment indicator has been identified. The amortisation period and amortisation method for intangible assets with finite useful life are verified at least at the end of each financial year. Changes in the expected useful life or the pattern in which the assets' future economic benefits are expected to be consumed in the future are recognised through the change in the amortisation period or amortisation method, as appropriate amortisation charges of intangible assets with finite useful life are taken to the profit and loss account to the category which corresponds to the function of the given intangible asset.

Intangible assets with indefinite useful lives and those which are not used every year are tested for impairment, with respect to an individual asset or a cash-generating unit. In the case of other intangible assets, an assessment is made at each balance sheet date to determine whether circumstances or events occurred that might indicate asset impairment. Useful lives are also verified annually, and if necessary, adjusted effective from the beginning of the financial year.

5.13 Research and development costs

Research costs are taken to the profit and loss account when incurred. Investments incurred for development work made as part of the given project are transferred to the following period, if it may be deemed that they will be recovered in the future. After the initial recognition of expenditure underdevelopment work, the historical cost model is applied, which requires that assets are recognised at acquisition prices reduced by accumulated depreciation and accumulated impairment write-downs. Any costs transferred to the following period are amortised over the projected period of obtaining revenues from the sale of the given project.

Costs of development work are tested for impairment each year – if the asset has not been given over for use yet, or more often – if, during the reporting period impairment indicators have been identified such that their carrying amount might not be recoverable.

5.14 Goodwill

Goodwill arising from business combination is initially stated at its cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Tests for goodwill impairment are carried out once a year. Goodwill acquired in business combination is not amortised.

As at the acquisition date, goodwill is allocated to each cash-generating unit which may benefit from merger synergy. An impairment loss is determined by the estimate of the recoverable amount of the cash-generating unit to which the goodwill is allocated. If the recoverable amount of the cash-generating unit is lower than the carrying amount, an impairment loss is recognised. If the goodwill is part of the cash-generating unit and part of the business of that unit is sold, when determining profits or losses from sale of such business, goodwill related to the sale of the business is included in its carrying amount. In such circumstances, the value of the goodwill sold is determined on the basis of the relative value of business sold and the value of the retained part of the cash-generating unit.

5.15 Borrowing costs

Borrowing costs are capitalized as part of the costs of qualifying fixed assets. Borrowing costs include interest and foreign exchange gains or losses.

5.16 Inventories

Inventories are stated at the lower of the cost and net realisable value.

Net realisable value is the selling price estimated at the balance sheet date, net of VAT and excise taxes, less any rebates, discounts and other similar items, less the estimated costs to complete and costs to sell, plus the amount of any related special-purpose subsidy.

5.17 Trade receivables

Trade receivables with a maturity period of up to 30 days are recognised and carried at original invoice amounts, less allowances for doubtful debts. The doubtful debt allowance is estimated only if the collection of the entire receivable is no longer likely. Doubtful debts are written off to profit and loss account at the time they are declared unrecoverable.

If the impact of the time value of money is significant, the value of the receivable is determined by discounting the projected of future cash flows to the current value, using the gross discount rate reflecting the current market assessment of the time value of money. If the discounted method was used, the increase in receivables reflecting the passage of time is recognised as finance income.

The value of receivables is adjusted by an appropriate write-downs reflecting their recoverability. Write-downs against receivables are recorded under other operating expenses or financial expenses, depending on the type of receivable.

The amounts of forgiven, statute-barred or bad debts reduce the amount of the write-downs that were previously recognised against the account.

The amounts of forgiven, statute-barred or bad debts for which no write-downs or only partial write-downs were made are recorded under other operating expenses or finance costs, as appropriate.

5.18 Lease receivables

Group companies are parties to lease agreements under which they use third party tangible fixed assets or intangible assets over an agreed period of time, in return for payments.

In the case of a finance lease agreement, which transfers substantially all of the risks and rewards of ownership of an asset, the leased asset is derecognised, and a corresponding lease liability is recognised, at the present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between finance income and reduction of the outstanding lease receivable so as to produce a constant rate of return on the outstanding lease receivable.

Lease payments made under lease agreements which do not meet the criteria of finance leases are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Fixed assets or intangible assets under operating lease are recognised in the balance sheet in fixed assets and are depreciated/ amortised in accordance with the policies referred to in point 5.10 of the additional notes.

5.19 Cash and cash equivalents

Cash and short-term deposits recognised in the balance sheet include cash at bank and cash on hand and short-term deposits with maturity period of 3 months or less.

Cash and cash equivalents presented in the consolidated cash flow statement comprise cash on hand and bank deposits which have maturity period of 3 months or less, reduced by unpaid balances of overdraft facilities.

5.20 Financial instruments

Financial instruments are divided into the following categories:
– Financial assets (investments) held to maturity;
– Financial instruments (asset or liability) at fair value through profit or loss;
– Loans and receivables; and
– Financial assets available for sale.

Financial assets held to maturity are non-derivative financial assets (investments) with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity Financial assets held to maturity are stated at amortised cost using the effective interest rate method.

Financial instruments at fair value through profit or loss are instruments acquired for the purpose of generating profits, due to short-term price fluctuations. Financial instruments at fair value through profit or loss are valued at fair value without deducting transaction costs, taking into account their market value as at the balance sheet date. Any changes in the financial instruments at fair value through profit or loss are recognised under finance income or finance costs.

Loans and receivables, including purchased receivables are initially recognised at the fair value of the payments made. After initial recognition, loans and receivables, including purchased receivables are recognised at amortised cost using the effective interest rate.

Impairment losses related to credit risk are determined as the difference between the carrying amount of the receivable and the present value of the anticipated future cash flows.

The methodology and assumptions used in assessing future cash flow are regularly verified by the Group in order to minimise differences between the estimated and the actual losses.

All other financial assets are financial assets available for sale. Financial assets available for sale are recognised at fair value, without deducting transaction costs. The fair value of financial instruments traded on an active market is determined with reference to prices quoted on this market as at the balance sheet date. Where no quoted market price is available, the fair value is estimated using the alternative methods. Available for sale financial assets are recognised at cost less impairment losses.
Positive or negative difference between the fair value and acquisition cost, after deferred tax, of the available for sale financial assets (if there is a market price determined on an active regulated market or whose fair value can otherwise be reliably determined) is recorded under revaluation reserve. A decrease in the value of the available for sale financial assets caused by an impairment loss is taken to the profit and loss account as finance cost.

Financial assets held to maturity are classified as long-term assets, if their maturity exceeds 12 months from the balance sheet date.

Financial assets at fair value through profit or loss are classified as current assets, if the Management Board intends to realize them within 12 months from the balance sheet date.

The acquisition and sale of financial assets are recognised as at the transaction date. At the time of initial recognition, financial assets are valued at the acquisition cost, i.e. at the fair value, including transaction costs.

Financial liabilities which are not financial instruments at fair value through profit or loss are valued at amortised cost using the effective interest rate method.

A financial asset is derecognised if the instrument is sold or if all contractual rights to receive the cash flows of the financial asset are transferred to a third party.

5.21 Derivatives

The Group carries out transactions with the use of derivative instruments i.e. currency swap (FX Swap). These transactions consist in the purchase of currency with delivery on the fixed currency date and the simultaneous sale of the same amount of currency with delivery on a different business day. Currencies purchased and sold as part of such transactions are translated using the sell and buy rate, as appropriate, quoted by the National Bank of Poland as at the balance sheet date and are recognised in off-balance sheet items.
Since the instruments used do not meet the criteria of hedge accounting, any gains or losses arising from changes in the fair value of the hedged item and the hedging instrument are posted directly to the profit and loss account for a given financial period.
FX Swap transactions are valued at fair value calculated using the appropriate valuation model.
Embedded derivatives are bifurcated from the host contracts and treated as derivative financial instruments, if all of the following conditions are met:

- the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract,
- a separate instrument with the same terms as embedded derivative would meet the definition of a derivative,
- the hybrid (combined) instrument is not recorded at fair value with gains and losses taken to the net profit or loss.

Embedded derivatives are recognised in a manner similar to that of other derivative instruments, which have not been designated as hedging instruments.

The scope, in which – in accordance with IAS 39 – the economic characteristics and risks of foreign currency embedded derivatives are closely related to those of the host contracts also covers circumstances, in which, for the given transaction, the currency of a foreign currency derivative is the common currency of purchase or sale of non-financial “products” on the given item market.

5.22 Hedging instruments

The Group does not apply hedging accounting.

Derivative instruments used by the Group to hedge against risk of changes in interest and FX rates, include primarily currency swaps and interest rate swaps. They are stated at fair value.

The fair value of currency forward contracts ('currency forwards") is determined with reference to forward rates for contracts with similar maturity periods. The fair value of interest rate swaps is set with reference to the market value of similar instruments.

5.23 Contingent liabilities and commitments

The Group executes transactions which are not recognised in the balance sheet as assets or liabilities at the transaction time but result in contingent liabilities or commitments. The typical features of contingent liabilities are:

- a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group (e.g. litigation);
- a present obligation that arises from past events but is not recognised because its is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient liability; this includes mainly unused credit facilities, guarantees, letters of credit and suretyships given.

5.24 Prepayments and deferred costs

Group entities recognise deferred costs and prepayments if the cost relate to future reporting periods.

5.25 Recoverable amount of long-term assets

An assessment is made at each balance sheet date to determine whether there is any objective evidence that an asset or a cash generating unit may be impaired. If such evidence exists, the estimated recoverable amount of that asset or a cash generating unit is determined and an impairment loss recognised for the difference between the recoverable amount and the carrying amount. The recoverable amount is the higher of the fair value less cost to sale or the value in use of a given asset or cash-generating unit.

5.26 Shareholders' equity of the Capital Group

Shareholders' equity includes equity and funds created in accordance with binding legal regulations i.e. relevant acts, and the Company's articles of association.

The issued share capital of the Group is recorded at the amount stated in the Company's Articles of Association and registered in the court register. Any differences between the fair value of the consideration obtained and the nominal value of shares are recorded under share premium. Other reserve funds include revaluation reserve capital from obligatory charges on profit.

Revaluation reserve includes the effects of valuation of financial assets available for sale and deferred tax for items representing timing differences posted to revaluation reserve.

Element of equity section – Cumulative translation adjustment [from translation of subordinated foreign entities, including foreign exchange differences arising from translation of the result of foreign entities consolidated using the full method.

Accumulated profits /(losses) from prior years and net result for the current year includes retained earnings and uncovered losses from previous years of entities consolidated using the full method and profit / loss arising from the profit and loss account for the period for which the financial statements are being prepared. The net profit is the profit after income tax.

5.27 Minority shareholders' equity

The minority shareholders' equity is the share in the equity of a subsidiary consolidated using the full method and belonging to the entity other than entities of the Capital Group.

5.28 Provisions

Provisions are recognised when the Group company has a present obligation (legal or constructive) as a result of a past event, such that an outflow of resources embodying economic benefits is certain or highly probable to be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the balance of the provision is determined by discounting projected future cash flows to their present value using the gross discount rate, which reflects actual market assessment of the time value of money and of the probable risk related to the liability. If the discounting method was used, the increase in the provision resulting from passage of time is recognised under finance costs.

5.29 Loans and borrowings

All loans and borrowings are initially recognised at cost, being the value of the funds received and including acquisition costs associated with the borrowing/loan.

After initial recognition, all interest-bearing loans and borrowings are measured at amortised cost, using the effective interest rate method. .

The amortised cost is determined taking into account the costs related to obtaining the loan and the discount or premiums allowed upon settlement of the liability.

Any gain/loss is included in the net profit/loss for the period i.e. when the liability is de-recognised or as a result of impairment write-down calculation.

5.30 Accrued expenses

Accruals are recognised at the amount of probable liabilities relating to the current reporting period.

5.31 Retirement benefits

According to the Company's payroll regulations, employees of Getin Bank S.A. are entitled to retirement benefits. These are one-off payments made at the time of retirement. The amount of the retirement benefit depends on the period of service and average remuneration of the employee. The Company creates a provision for future liabilities related to retirement benefits in order to allocate the costs to the periods to which they relate. According to IAS 19, retirement benefits are post-employment defined benefits programs. The current value of those liabilities is calculated and updated by an independent actuary at the end of each financial year.

Employees of other Group companies are entitled to retirement benefits under binding labor laws of the country, in which the given company operates.

5.32 Revenue recognition, costs and financial profit/loss

Revenue is recognised to the extent that it is probable that the Group company will obtain economic benefits that can be reliably measured.

Interest revenue is recognised as the interest accrues, unless collectability is in doubt.

Costs are recognised in accordance with the accruals concept i.e. in the periods, to which they relate, irrespective of the payment date.

Interest revenues and costs concerning financial instruments valued at amortised cost (using the effective interest rate method) as well as financial assets available for sale, are recognised in the profit and loss account.
The effective interest rate is the rate that exactly discounts the expected stream of future cash payments through maturity, and in justified cases, to the next-market-based repricing date, to the current net carrying amount of the financial asset or financial liability. The computation of the effective rate includes all commissions and interest paid and received by the parties to the contract, transaction costs and any other bonuses and discounts.
Interest revenue comprises interest received or receivable in connection with credits, interbank deposits and securities held to maturity or available for sale, included in the calculation of the effective interest rate.
At the time of recognition of the impairment of a financial instrument valued at the amortised cost (except for credit and loan receivables and lease receivables) and financial assets available for sale, interest revenue is continue to be recognised in the profit and loss account, but are calculated on the value of the financial instrument carried at amortised cost (i.e. on the new lower value of the instrument, i.e. the value decreased by impairment write-down). The calculation of interest revenue on the value carried at amortised cost is performed using the interest rate applied to discount future cash flow for the purpose of impairment loss valuation.
The costs of the reporting period concerning interest payable on client accounts and liabilities from the issuance of treasury securities are taken to the profit and loss account, also using the effective interest rate method.
Restricted interest is not recognised in the profit and loss account.

Cost and revenue commission from transactions on bank accounts, transactions of servicing payment cards, and brokerage, factoring and sales agency activities are included in the financial result at the time the service is performed.
Other commissions and charges are subject to accrual.
The Group distinguishes two basic types of commission related to lending activity:
- preparation fees and commissions;
- commitment fees.

Preparation fees and commissions are the effective interest rate adjusting items and constitute part of interest revenue.
Commitment fees are recognised on a straight-line basis in the period of funds availability and are included in commission revenues.
For borrowings with unspecified installment payment dates and undetermined changes in interest rates i.e. overdrafts and credit card loans, commissions are accrued over the period of overdraft or card validity using the straight line method and recognised as commission revenues.

Sale of goods for resale and finished goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and when the amount of revenues may be reliably measured.

5.33 Dividend

Dividends are recognised at the time of establishment of the shareholders' rights to the dividend.
Dividends are paid on the basis of the net profit (or other equity items determined according to the Polish Accounting Principles).

5.34 Current tax expense and deferred tax

Current tax expense is calculated in accordance with Polish tax regulations.

For the purpose of financial reporting, deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from amortisation of goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects does not have any impact on the neither accounting profit nor taxable profit (tax or loss) at the time of the transaction.
- for all taxable temporary differences arising from investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilized:

- (unless the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax or loss).
- For deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax laws that have been enacted at the balance sheet date.

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

5.35 Net earnings per share

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

5.36 Social assets Social Fund liabilities

The Act on Social Fund, dated 4 March 1994 (with subsequent amendments), requires enterprises that have at least than 20 employees (counted on a full time basis) to establish and run a Social Fund. The Group Companies operate such a Fund and make periodic contributions to it based on the minimum required amount. Additionally, the Fund's income includes the income proceeds received from using the use of the social assets. The Funds' purpose is to subsidize the maintenance of the Company's social assets and to finance social activity. The Social Fund liability is made up of accumulated income of the Social Fund less non-refundable expenditure by the Fund.

The social assets are not controlled by the Group. The Group is restricted in its use of the cash and other assets of the Social Fund and can not use them to generate revenues.

In the balance sheet, the balance of the Social Fund liability is presented net after compensation with the Fund's assets.

5.37 Insurance agreements

The Group sells to its clients products which meet the definition of an insurance agreement in accordance with IFRS 4 Insurance agreements. These include primarily financial guarantees and letters of credit in case of which the Bank assumes a material insurance risk from the client by agreeing to compensate the client for the negative impact of an uncertain future event.
IFRS 4 is currently in the first stage of its development, during which business entities applying the IFRS when preparing their financial statements may continue to apply their existing accounting principles. IFRS 4 requires, however, that, among other, the assumed insurance liability is tested for sufficiency (in the case of the Bank – provisions created for guarantees and letters of credit) and disclosures concerning insurance agreements in accordance with IFRS 4. In applying the exemption referred to in IFRS 1, the Bank did not apply IFRS 4 with respect to comparative data, i.e. the date of transition to IFRS in case of IFRS 4 is 1 January 2005.
Information concerning agreements classified as insurance agreements in accordance with IFRS 4 is shown in Note 53.

5.38 Share-based payment transactions

Employees (including management board members) of the Group receive bonuses in the form of convertible bonds with a pre-emptive right to take up treasury shares; therefore they provide services in exchange for shares or rights to shares ("equity-settled share-based payment transactions").

<u>Equity-settled share-based payment transactions</u>

The cost of transactions settled with employees in equity instruments is valued by reference to the fair value as at the date the rights are granted. The fair value is set on the basis of the Black-Scholes model which is further presented in note 49 of the additional notes and explanations. The valuation of transactions settled in equity instruments does not take into account any conditions concerning the effectiveness / results apart form those which are related to the price of the share in the controlling company (the "market conditions").

The cost of transactions settled in equity instruments is disclosed together with the underlying increase in the value of the equity in the period, in which the conditions set forth in the incentive program have been fulfilled, ending on the day on which the given employees acquire full rights to the benefits (the "grant date"). The accumulated cost of transactions settled in capital instruments as at each balance sheet date until the date the rights are acquired reflects the passage of the rights acquisition period and the number of bonuses to which those rights which, in the opinion of the Group's management board as at that date, based on the best possible estimates of the number of equity instruments, will be acquired.

No costs are recorded with respect to bonuses to which rights are not finally acquired, except for bonuses in case of which the acquisition of rights depends on the market conditions; those are treated as acquired regardless of the fulfillment of the market conditions provided that all other effectiveness conditions are met.

If the terms and conditions for granting equity-settled awards were modified, as part of the fulfillment of the minimum requirement, costs are recognised as if those conditions had not changed. Furthermore, costs are recognised for each increase in the value of the transaction as a result of a modification, valued as at the modification date.

The diluting effect of the options issued is taken into account when determining the earnings per share as an additional dilution of shares (note 24 of the additional information).

(in thousand PLN)

5.39 Jointly-controlled entities

Jointly controlled entities are those which are under ultimate control of the same party or parties before and after a given transaction, and the control is not temporary. In 2005, the Issuer acquired entities from its majority shareholder; these transactions were classified as a merger of entities remaining under common control. Merger of jointly controlled entities is currently outside the scope of IFRS 3 or of other IFRS provisions. On the basis of generally accepted financial reporting standards, in order to account for entities under the Issuer's common control, the Issuer applied purchase method described in IFRS 3.

6 Effects of new standards application

The types of adjustments which the Group had to make in order to fully apply the IFRS and their impact on the financial result and equity of the comparable period are presented below.

	Equity as at 31 December 2004	**Equity as at 1 January 2004**	**Net profit for the year ended 31 December 2004**
Data disclosed in the consolidated financial statements prepared in accordance with the Polish Accounting Standards	**395 527**	**58 130**	**8 013**
Change in accounting policies	**1 700**		**1 700**
Adjustment to insurance contract settlement	*2 099*		*2 099*
Deferred tax re. insurance	*-399*		*-399*
Financial data according to accounting principles after amendments	**397 227**	**58 130**	**9 713**
Application of IFRS 1:	**12 085**		**12 361**
Amortisation of goodwill	*12 403*	–	*12 135*
Impairment of financial assets– IAS 39	–	–	–
Interest on irregular receivables – IAS 39	–	–	–
Costs of share capital increase	*-318*	*-544*	*226*
Deferred tax	–	–	–
Reclassification of minority interest to equity of the Group	*121 938*	–	–
Data disclosed in these consolidated financial statements prepared in accordance with IFRS	**531 250**	**57 586**	**22 074**

	Assets as at 31 December 2004	**Assets as at 1 January 2004**
Data disclosed in the consolidated financial statements prepared in accordance with the Polish Accounting Standards	**4 713 921**	**58 874**
Amortisation of goodwill	12 403	–
Impairment of financial assets – IAS 39	–	–
Interest on irregular receivables – IAS 39	-117 326	–
Costs of share capital increase	-318	-544
Deferred tax	-559	–
Adjustment of settlement of goodwill from acquisition of Bank Przemysłowy	-1 043	
Adjustment to the presentation of derivatives	28	
Compensation of assets and liabilities of the Social Fund	-669	–
Data disclosed in these consolidated financial statements prepared in accordance with IFRS	**4 606 437**	**58 330**

(in thousand PLN)

	Cash flow from operating activities as at 31.12.2004, of which:	***Net profit***	***Adjustments***	**Cash flow from investing activities as at 31.12.2004**	**Cash flow from financing activities as at 31.12.2004**	**Total cash flow as at 31.12.2004**
Data disclosed in the consolidated cash flow statement prepared in accordance with the Polish Accounting Standards	**-54 280**	***8 013***	***-62 293***	**-332 433**	**771 725**	**385 012**
Adjustment related to change in the cash flow statement format	**113 143**	***0***	***113 143***	**267 422**	**-379 402**	**1 163**
Cash flow from loans taken out recognised in operating cash flow	160 337		*160 337*		-160 337	0
Change in the presentation of expenses for acquisition of subsidiaries	-48 357		***-48 357***	267 422	-219 065	0
Elimination of net FX differences concerning translation of cash in foreign currencies	1 163		*1 163*			1 163
Change in accounting policies	**0**	***1 700***	***-1 700***			**0**
Adjustment of insurance contracts	0	*1 700*	*-1 700*			0
Adjustments related to application of IFRS	**-670**	***21 552***	***-22 222***	**0**	**0**	**-670**
Amortisation of goodwill	0	*12 135*	*-12 135*			0
Adjustment to the cost of share capital increase	0	*226*	*-226*			0
Minority interest profit/ (loss)	0	*9 191*	*-9 191*			0
Compensation of assets and liabilities of the Social Fund	-670		*-670*			-670
Data disclosed in the consolidated cash flow statement prepared in accordance with the IFRS	**58 193**	***31 265***	***26 928***	**-65 011**	**392 323**	**385 505**

6.1 Effect of applying IFRS 1

The Group applied IFRS 1 in the financial statements for the year ended 31 December 2005. According to IFRS 1, the Group must post all assets and liabilities which meet recognition criteria of IFRS and value those assets in accordance with each applicable IFRS. The date of transition to the IFRS is 1 January 2004. The Company prepared these consolidated financial statements by using those provisions of each applicable IFRS, to the extent it was at its discretion, as at 31 December 2005.

6.2 Amortisation of goodwill

According to IFRS 3, goodwill arising on the business combinations which took place after 1 January2004 is initially stated at its cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Tests for goodwill impairment are carried out once a year. Goodwill acquired in business combination is not amortised.

For goodwill arising from business combination before 1 January2004, the Group benefited from an exemption concerning business combination and applied an approach that since the date of transition to consolidated reporting according to the IFRS is 1 January 2004, then according to IFRS 3, goodwill arising upon the acquisition before that date is not subject to amortisation as of 1 January2004. The Group applied PAS as at 31 December 2003 to determine the opening balance of such goodwill as at 1 January 2004.

Detailed information on goodwill is shown in note 56.

6.3 Financial instruments

Valuation of assets and liabilities at amortised cost

IAS 39 introduces an obligation to valuate certain financial assets and liabilities at amortised cost using the effective interest rate. As of 1 January 2002, PAS implemented the requirement to value certain financial assets and liabilities in accordance with the provisions of IAS 39. The Decree of the Minister of Finance dated 2 December 2003 /Journal of Laws no. 211, item 2061/ amending the Decree on detailed accounting principles of banks extended until 1 January 2005 the deadline for the implementation of the policy to value the financial assets and liabilities at amortised cost using the effective interest rate method. Subsidiaries of Getin Bank S.A., Carcade OOO and WBC S.A. implemented in full as of 1 January 2005 the policy to value credits, loans, lease receivables and purchased receivables at amortised cost taking into account the effective interest rate.

According to the information provided in the consolidated financial statements as at 31 December 2004, in the period from 1 January 2004 to 31 December 2004, Getin Bank S.A. accrued commission income using the simplified method (proportionally to the amount of loan principal repaid in the given period). This simplification was adopted due to system limitations, however, taking into account the materiality of the potential differences. The rationalization tests in respect of part of the loan portfolio made using the effective interest rate showed that the amount of the estimated adjustment to prior year result does not materially differ from the amount calculated using the effective interest rate.

Impairment of financial assets

According to IAS 39, impairment of a financial asset takes place when its carrying amount is higher than its estimated economic value. At each balance sheet date, any business entity is required to assess whether there is any objective evidence that an individual loan receivable or homogeneous loan receivables portfolio. Such evidence includes, among other things, information concerning significant financial difficulties of the issuer or the actual breach of contract conditions, e.g. failure to repay interest or principal or default in repayment. In case of impairment, the impairment write-down equals the difference between the carrying amount of the assets and the present value of the anticipated discounted future cash flow at the effective interest rate.

According to the Polish Accounting Standards, that banks, not less often than once a quarter review and classify credit risk exposure to the so-called risk group (performing, watch, sub-standard, doubtful, lost). The classification is made on the basis of repayment timeliness criterion and debtor financial standing. A similar classification into risk groups is made by the Group lease companies. Specific provisions for risk related to loan exposure and lease receivables are created at the amount of at least the required level of provisions for individual risk groups (from 1.5% to 100% of the basis for specific provisions).

Furthermore, according to the Banking Law, the required level of specific provisions for loan exposures is as follows:

- exposure arising from retail loans classified as “performing” is decreased by 25% of the provision for general banking risk;
- exposure arising from “watch” loans is decreased by 25% of the provision for general banking risk created in accordance with article 130 of the Banking Law.

The Group performed an assessment of impairment of financial fixed assets in accordance with IAS 39 and accounted for the impairment losses identified in the financial statements for the reporting period starting on 1 January 2005. Getin Bank S.A. applied the following assumptions to its model of financial assets impairment:

- the loan portfolio was divided into groups of homogeneous loans and a group of loans, significant as individual items;
- the group of homogeneous loans was divided into non-exposure loans and loans with exposure to impairment loss;
- the portfolio of loans with no impairment loss exposure was valued using the historical loss ratio or, depending on the product type (with no historical data database), the adopted expert ratios, based on the historical ratios calculated for the related loan portfolios (by product and company);
- the portfolio of loans with exposure to impairment loss was valued using the estimated recovery rates;
- for product groups, for which there was no possibility to estimate the historical recovery indices due to the lack of the relevant data, the expert ratios were adopted.

The Group benefited from an exemption provided in IFRS 1 and did not present comparative data with respect to impairment losses of financial assets according to IAS 39. The adjustment to the impairment loss of the financial assets in accordance with IAS 39 was introduced as at 1 January 2005, as presented in the consolidated statement of changes in equity for the year ended 31 December 2005.

<u>Restricted interest</u>
In accordance with the provisions of IAS 39, accrued interest receivable from irregular/ non-performing loans is recognised in the interest result in full, following that an estimate of the recoverable amount of receivable is made, while the remaining amount is impaired. .

According to the accounting policies applied by the Group companies, as at the date of the preparation of these financial statements, interest accrued on non-performing loans (except for finance lease receivables) is recorded in the interest income on a cash basis. Restricted interest recognise in the financial statements of Getin Bank S.A. was adjusted in individual balance sheet items (restricted income and receivables).

6.4 Adjustment of costs of share capital increase

Expenses related to the issuance of treasury shares were - in accordance with the PAS binding in 2003 - capitalized and amortised for a period of 5 years. According to IFRS, these costs should reduce the share premium constituting part of the reserve capital.

In the consolidated financial statements, the share capital increase costs were adjusted in accordance with IFRS.

6.5 Netting off of social assets and Social Fund liabilities

In the IFRS consolidated statements, social assets and Social Fund liabilities have been presented in the net amount.

6.6 Effects in deferred tax

As a result of the above adjustments to the consolidated statutory financial statements, the deferred tax has changed.

(in thousand PLN)

7 Effects of changes in accounting policies

The types of adjustments introduced by the Group in connection with changes in its accounting policies and their impact on the shareholder's equity of the parent company and minority interest is presented in the table below.

	Shareholders' equity of the parent company	Minority interest	Total equity
Effect of changes in accounting policies on the 2005 opening balance sheet 2			
Total adjustments:	**1 700**	**687**	**2 387**
Revenues from insurance	2 099	847	2 946
Deferred tax	-399	-160	-559

7.1 Adjustment to insurance contract settlement

The change relates to the method of accounting for life insurance sold by Getin Bank. In the 2004 financial statements, insurance income was accrued throughout the term of the insurance contract. Due to the fact that Getin Bank acts as an insurance agent and is remunerated for that by the insurance company, and due to the fact that writing insurance policies does not relate to a product or affect product profitability, changes were made to accounting for revenues from the sale of insurance policies. According to the accounting policies applied by the Group companies as at the date of the preparation of these consolidated financial statements, revenues from the ale of insurance policies concerning transactions described above are recorded in full in sales revenues.
The effects of those changes are posted retrospectively i.e. through the opening balance of prior year profits and the 2004 comparative data. The adjustment concerned only the second half of 2004.

7.2 Effects in deferred tax

As a result of the above adjustments to the IFRS financial statements, the deferred tax has changed.

Additionally, certain items of the statutory (prepared in accordance with PAS) and IFRS consolidated financial statements may significantly differ. The scope of the additional information to the statutory consolidated financial statements differs from the scope of the IFRS requirements.

8 Financial risk management objectives and policies

Objectives and policies of financial risk management at Getin Bank
In its operations, the Bank is exposed to the following risks:
- credit;
- liquidity;
- market (including interest rate risk, currency risk, securities price risk); and
- operating risk.

As at 31 December 2005, the credit risk of balance sheet and off-balance sheet financial instruments measured by the risk-weighted amount of off-balance sheet assets and liabilities is PLN 3 603 417 thousand, while that measured by the equity requirement - PLN 288 273 thousand.
The equity requirement in respect of the exposure for the commercial portfolio (currency risk, debt instrument specific risk, general interest rate risk, transaction settlement risk and business partner risk) as at 31 December 2005 was PLN 6 thousand.

Methods and objectives of financial risk management
The objective of the asset and liability management policy (the "ALM policy") is to optimise the balance sheet structure and off-balance sheet items in order to maintain the adopted income to risk ratio. From the strategic point of view, it is the Bank's Management Board that is responsible for risk management; to this end, the Management Board appointed three committees: Loan Committee, Asset and Liability Management Committee ("ALCO") and Operating Risk Committee. These committees are responsible for managing certain assigned risk areas at the operational level, as well as for monitoring the risk level and establishing the day-to-day policy as part of the strategy adopted by the Bank's Management Board and of the internal limits and supervisory regulations. All current Bank regulations on market risk management take into account the requirements of the Recommendations of the General Inspector for Banking Supervision.

In its operations, the Bank is exposed to credit risk, liquidity market and operating risk. According to the resolution of the Commission for Banking Supervision, the Bank is obliged to calculate capital adequacy ratio for individual risk types, and hence to ensure that own funds match the exposure level.

The Resolution of the Committee for Banking Supervision defines the calculation method of solvency ratio, whereby, apart from credit risk, certain capital requirements in respect of other risk types (e.g. currency risk, interest rate risk) are included in the capital adequacy ratio. The solvency ratio defined by the Banking Law at the minimum 8%, was 12.4% as at 31 December 2005.

Market risk
Market risk is defined as uncertainty that the interest rates, currency exchange rates or prices of securities and other financial instruments held by the Bank will have the value different from that originally assumed, thus resulting in unexpected profits or losses in connection with the positions maintained.

a) currency risk

The basic objective of currency risk management is to shape the structure of currency assets and liabilities and off-balance sheet items as part of applicable prudence norms set forth by the banking law and the adopted internal limits.

The responsibility for the management of currency risk lies with the Treasury Department, while the oversight role over prudence limits and norms is exercised by ALCO.
The calculation of the Bank's exposure to currency risk and calculation of the capital adequacy ratio for this risk is made on a daily basis and reported to the Bank's Management Board and Bank's Management as part of management information system.

The Bank adopted the so-called basic method of calculating capital adequacy ratio for the currency risk exposure. In 2005, the capital adequacy ratio for currency risk was calculated as the product of 8% and the absolute value of the total currency position.

b) interest rate risk

The objective of the interest rate risk management policy at GETIN Bank SA in Katowice is to limit the risk of decrease in projected interest income as a result of a change in the market interest rates. The ALCO is responsible for the management of this risk.
The interest rate risk management consists in minimising the risk of negative impact of changes in market interest rates on the Bank's financial situation by:
- setting and observing limits on the admissible level of interest rate risk;
- preparing periodical analyses of the interest rate risk level and sensibility of the profit and loss account on interest rate changes;
- monitoring and projecting impact of interest rate changes on the bank's profitability; with the proviso that in its interest rate management activities, the Bank is guided by the maximisation of interest margin as part of the accepted interest rate risk level.

Monitoring of the interest rate risk is performed by:
- analysing the specification of assets and liabilities sensitive to interest rate changes, divided into currencies according to interest revaluation dates;
- analysing the exposure value of the portfolio of the Bank's assets and liabilities related to market valuation;
- analysing the base risk;
- stress testing, presenting the Bank's susceptibility to losses as a result of unfavorable changes in market conditions and failure of the Bank's key assumptions;
- analysing the level of Bank margin and interest rate spread and their impact on the Bank's result;
- analysing the sensitivity of the profit and loss account to changes in interest rates.

<u>Liquidity risk</u>
The main objective of liquidity management is to minimise the risk of loss of the Bank's current, medium- and long-term liquidity by ensuring the Bank's ability to discharge its current and future liabilities in the most optimal manner.
The liquidity management, as an element of the ALM policy, is the responsibility of the ALCO, while the management of the current liquidity is the responsibility of the Treasury Department.
The Asset and Liability Management Committee monitors, on a monthly basis, the liquidity risk level. The assessment of the liquidity risk is made using the following analyses:
- gap analysis, i.e. mismatch of maturity of assets and liabilities, which takes into account all balance sheet items by maturity;
- liquidity ratios in specified periods according to maturity;
- selected balance sheet ratios.

In order to ensure the required liquidity level, the Bank shapes the structure of assets and liabilities in line with the adopted internal limits and in line with the NBP recommendations. In order to ensure the optimum liquidity level, the Bank:
- maintains liquidity provisions in the secure marketable assets of the financial market;
- has the possibility to use additional sources of financing in the form of a pawn loan or a technical loan at NBP;
- the crediting activity is financed by a stable deposit base.
In the event of a material increase in liquidity risk, the Bank has a procedure in place the so-called "Emergency plan for maintaining liquidity in GETIN Bank SA in crisis".

<u>Operating risk</u>
The operating risk is a risk of loss occurrence as a result of inadequacy or failure of internal processes, people and systems, or as a result of external circumstances.
As part of operating risk management:
- the definition of operating risk was adopted, categories were defined (external risk, internal risk, employment and work health and safety risk, client relations and product risk, financial damage risk, risk of distortions in business and system malfunction, process, supplier and task management risk) as well as the impact on banking activity;

- a risk map was created in the form of an operating risk management matrix consisting of the two main business operations of the bank and the above risk categories;
- all current regulations concerning management of various categories of operating risk were filed;
- a table was prepared of strategy for operating risk management, consisting in defining the limits (what, where, when, who) of each strategy process (identifying, estimating, securing, inspecting, reporting).

The operating risk calculation method was selected.
On the basis of guidelines contained in the draft New Basel Accord of the Basel Committee on the Banking Supervision and Recommendation "M" of the General Inspector for Banking Supervision, an operating risk management model was created and implemented. It was described in the "Principles of operating risk management at GETIN Bank S.A." (the "Principles"). It includes identifying, estimating, securing and monitoring operating risk. The principles also lay down the organisation of operating risk management which is divided into powers and roles of individual organisational units of the Bank.
A document was prepared and implemented under the title "Guidelines for identifying and monitoring operating risk in GETIN Bank S.A.", which is the follow-up procedure for all Bank employees if an operating risk is identified. As part of this instruction, in combination with the business lines, a detailed list was prepared of operating events which may result in an operating loss.

Objectives and policies of financial risk management in Wschodni Bank Cukrownictwa

Methods and objectives of financial risk management
The objective of the asset and liability management policy is to optimise the structure of the balance sheet and off-balance sheet items in order to maintain the adopted income to risk ratio.
From the strategic point of view, it is the Bank's Management Board that is responsible for risk management; to this end, the Management Board appointed two committees: the Loan Committee and the Assets and Liabilities Committee. These Committees are responsible for managing certain assigned risk areas at the operational level, as well as for monitoring the risk level and designating the current policy as part of the strategy adopted by the Bank's Management Board and of the internal limits and supervisory regulations. All current Bank regulations on market risk management take into account the requirements of the Recommendations of the General Inspector for Banking Supervision.

In its operations, the Bank is exposed to credit risk, liquidity market and operating risk. According to the resolution of the Commission for Banking Supervision, the Bank is obliged to calculate capital adequacy ratio for individual risk types, and hence to ensure that own funds match the exposure level. The Resolution of the Committee for Banking Supervision defines the calculation method of solvency ratio, whereby, apart from credit risk, certain capital requirements in respect of other risk types (e.g. currency risk, interest rate risk) are included in the capital adequacy ratio. The solvency ratio defined by the Banking Law at the minimum 8%, was 129.92% as at 31 December 2005.

Credit risk
The credit risk is one of the basic risks related to the Bank's operations. Due to the share of loans in the Bank's balance sheet, the maintenance of this risk at a safe level is of particular importance for the Bank's operating results.

The Bank controlled credit risk by introducing and observing internal procedures of monitoring loans extended and by regularly analysing the financial situation of the borrowers and repayments of the loans granted. Despite these activities, the deteriorating overall conditions of conducting business activity affected the borrowers' financial situation which was reflected in the classification of receivables.

In 2005, the Bank continued to review the value of loan collaterals and the timeliness of repayment of loans, and re-assessed the basis for creating specific provisions in accordance with the Decree of the Minister of Finance dated 10 December 2003 regarding the principles for providing for risks connected with banking activities.
As at 31 December 2005, provisions created for total credit receivables amounted to PLN 135,324 thousand, representing 92.71% of the credit portfolio. Provisions created for total non-performing loans amounted to PLN 135,282 thousand and represented 99.97% of total provisions for receivables. The provision was reduced by the values of the accepted collaterals.

In 2005, specific provisions decreased by PLN 21,671 thousand, i.e. by 14.00%. An additional provision created for risk of claims from sales agents with whom the Bank has terminated cooperation agreements under article 35d. section 1 of the Accounting Act was increased to PLN 13,320 thousand.
A growing unemployment and dropping income of natural persons contributed towards a significant deterioration in the quality of consumer loans and credits, among which the greatest part constitute installment plan receivables. The installment plan sales bear a great risk, especially loans, where the share of non-performing loans in the total loan receivables as at 31 December 2005 was 100%. In the case of installment loans, the share of non-performing loans in the total loan receivables as at 31 December 2005 was 98.86%.
In 2005, the Bank still did not carry out a lending program. The activity was concentrated on intensifying the debt collection processes; therefore, issues related to the management of irregular loans, their restructuring and collection were treated as a priority.

<u>Market risk</u>
Market risk is defined as uncertainty that the interest rates, currency exchange rates or prices of securities and other financial instruments held by the Bank will have a value different to that originally assumed, resulting in unexpected profits or losses in connection with the positions maintained.

a) currency risk
The basic objective of currency risk management is to shape the structure of currency assets and liabilities and off-balance sheet items as part of applicable prudence norms set forth by the banking law and the adopted internal limits.
The responsibility for the management of currency risk lies with the Treasury Department, while the oversight role over prudence limits and norms is exercised by ALCO.
WBC S.A. performs currency transactions to a limited extent on the basis of the decision of the NBP President no. DZ4-5531/62/MV/99 dated 15 June 1999. Due to the fact that the authorisation held does not entitle the Bank to act as an agent in making and accepting payments and making domestic and foreign transfers of funds in FX transactions, the Bank performs client instructions through domestic banks: PKO S.A. and Raiffeisen Bank Polska S.A.
In 2005, the Bank's offer for clients included term deposits and a'vista savings accounts in convertible currencies (EURO and USD) for private persons and payment orders in foreign trade. Due to the suspended lending campaign, the surplus of liquid assets was deposited on the interbank market.
As at 31 December 2005, the currency exchange item of the Bank amounted to PLN 470 thousand and it was a long open position, i.e. a surplus of currency assets over currency liabilities.

b) interest rate risk
The interest rate risk management system in place at WBC S.A. allows to determine if and to what extent the Bank is exposed to the risk of a change in interest rates. Two effects are primarily examined. The first relates to the effect of interest rate changes on the value of capital engaged in operating activities, thus the economic value of the capital engaged in operating activity. The second concerns the effect of changes in interest rates on margins generated by variable interest rate items.

In examining WBC S.A.'s interest rate risk, the following are applied:
- the method of examining the mismatch of maturity (gap in maturity);
- the duration method (gap duration) with the use of the convexity ratio;
- gap mismatch method (fund gap, re-pricing model);
- the analysis of sensibility on the basis of formulas for item value;
- the analysis of margin sensitivity for variable interest items.

The main sources of information are:
- a specification of accounting values and economic values of assets and liabilities of fixed and variable interest;
- a specification of economic values of fixed interest items and sensitivity analysis of fixed interest items to changes in interest rates by –200, -100, +100, +200 base points;
- a specification of projected interest for assets and liabilities of fixed and variable interest by –200, -100, +100, +200 base points;
- a time layout of changes in the value of fixed interest items affected by a change in interest rate on the basis of the sensibility analysis;

- a time layout of changes in the Bank's margin for items of variable interest affected by changes in interest rates on the basis of the sensibility analysis.

The results are given on the basis of formulas for typical cash flow.

Liquidity risk

The main objective of the liquidity risk management is to minimise the risk of loss of the Bank's current, medium- and long-term liquidity by ensuring the Bank's ability to discharge its current and future liabilities in the most optimal manner.

The liquidity risk management system established and in effect at WBC S.A. in practice plays the role of "an early warning system" which permits to foresee a crisis. The Bank regularly examines the level of liquid assets and ensures the liquidity level required to meet its obligations.

The main sources of information on the liquidity risk level are: monthly specifications of mismatch of assets and liabilities including off-balance sheet items according to the actual and probable maturity and the liquidity ratios calculated on their basis.

In order to best manage its liquidity, WBC S.A. has liquid assets in its portfolio, including:

a) cash on the account at DSP NBP;
b) interbank placements (overnight, tomnext);
c) liquid securities.

Throughout the period from 1 January to 31 December 2005, the Bank had a positive cash position and each day made placements with banks having transaction limits on the interbank monetary market. Limits observation is controlled and any departures require the consent of the Bank's Management Board.

Operating risk

The operating risk is a risk of loss as a result of inadequacy or failure of internal processes, people and systems, or as a result of external circumstances.

The restriction of operating risk in WBC S.A. consists in:

- systematic internal control;
- IT systems security;
- limitation or risk related to data processing.

The Bank operates an internal control system, which covers two independent areas: institutional control exercised by the Internal Control Department (ICD) and functional control exercised in each organisational unit of the Bank by the management staff.

Institutional control is exercised primarily in the form of direct inspections in the Bank's operating units once or twice in a calendar year. During these inspections, ICD employees evaluate the operating risk basically by examining:

- whether the employees of the controlled unit have performed the activities arising from the Bank's procedures with respect to customer service and other activities related to the functioning of the unit, observance of generally applicable regulations by the employees;
- the security of cash, documents, stamps, seals and other assets of the Bank.

On a monthly basis, ICD files with the Bank's Management Board a report on the inspections performed and specifies all the material irregularities disclosed and the post-inspection decisions.

Functional control is performed in the branches by employees in managerial positions and designated employees of leading branches. The tasks covered by functional control include observance of procedures applicable in the Bank, compliance of documents with the entries in the IT systems, security of assets used by the unit. Unit managers are obliged to submit monthly reports to the ICD director on the outcome of the inspection.

The Bank uses for operating purposes an IT system Comnet-BANK operating in the LINUX system and Pervasive base. In June 2005, WBC S.A. completed the centralization process and as of 24 June it has operated as one data processing center. The banking system has its own embedded security procedures, such as:

- user certification – assigning unique user ID and registration password in the system, which is changed every 2 months;
- individual user authorisation to perform a program option, authorized by the Chief Accountant and direct superior;
- entries in system logs of any activities performed by users, including information on the date and time of their performance – these are files that are subject to being archived.

Additional IT system security includes:

- awarding individual access rights to the bank network and the Internet;
- combination locks in the server room doors;

- daily archiving of data bases, daily copies are stored for 6 months and end-of-the-week copies for 5-6 weeks;
- monthly archiving of bases on magnetic tapes and CD-R's or DVD's stored for 1 year;
- annual archives made in tow copies on CD-R's or DVD's stored for a period of 5 years, in separate buildings;
- signed service agreement with an external company ensuring the repair of equipment within 7 hours from reporting an outage and maintenance inspections every 6 months.

The Bank has a secure corporate network based on the Frame-Relay links in the TP S.A. Polpak-T network.
In order to limit the risk related to data processing, the Bank pays special attention to:

- supervision over the functioning of and respecting IT system security, including physical and logical security of computer workstations;
- inspection of activities performed by network administrators and IT systems;
- observance of procedures of access to the personal data file;
- supervision over the operations of physical guards and technical security.

WBC S.A. established a "personal data file security policy" which constitutes an integral part of the "IT System Security Policy", and "IT system management instructions used in personal data processing".

Objectives and policies of financial risk management at Carcade OOO

The Company's Management Board believes that risk management is a key issue for the proper development and growth of a lease company. The following aims and methods for each risk category are introduced in the company.

Market risk
Currency risk is minimised by the process of an ongoing matching of the assets' currency structure to the loan schedules. Asset/liability currency matching is monitored three times a month and reported to the Management Board during weekly meetings.

The interest rate risk is subject to analogical matching processes. The risk is eliminated by taking out bank loans with the same interest rate features. Since lease assets are based on a fixed interest rate, they are financed with liabilities also with a fixed interest rate. Interest rates of lease products are decreased proportionally to the decrease in interest rates of liabilities. Currently, 90% of the loan portfolio is short-term, therefore current loans may be easily replaced with new loans with lower interest rates.

Credit risk
Credit risk is minimised in the following way:

- Equity financing is set at the average level of 35%,
- Client creditworthiness is examined before the agreement is signed;
- Payment discipline is monitored by a separate Security Department.

Maximum credit exposure
On the basis of historical results, Carcade OOO evaluates the maximum credit exposure at the level of 1% of the net lease investments resulting from active lease contracts.
Credit risk is very dispersed and divided into approximately 4 800 agreements with an average value of USD 17 300.

Liquidity risk
This is the key risk factor for the Company. The risk is estimated at the credit committee meetings held three times a month, during which the long- and short-term risk is considered. This is a preliminary procedure with a view to taking steps in case the projected scenarios indicate a possible lack of short-term liquidity. Additionally, the structure of cash flow from lease contracts is matched to the structure of cash flow from loans. There is also a buffer in the form of debit limits. Currently, 85% of the lease portfolio and 90% of the loans are short-term.

Operating risk
Operating risk is eliminated mainly by introduction of the "four eyes rule" policy for all processes that require funds' transfer. The key business processes are described in relevant documents – Policies and Procedures

(in thousand PLN)

issued by the Company's General Director. Additionally, one person is designated to continuously monitor the correctness of business operations. This person reports directly to the Management Board.

Concentration of credit risk

<u>Getin Bank</u>
According to the Banking Law, the sum of the Bank's receivables and off-balance sheet liabilities incurred by the Bank with a risk of one entity or entities having capital or organisational relations cannot exceed 20% of the current value of the Bank's equity, if any of the entities is a parent company of the Bank or a subsidiary of the parent company, and 25% of the bank's equity, if those entities are entities with no capital and organisational relations. The Bank has not exceeded the engagement concentration ratio set by the Banking Law.

Structure of the Bank's exposure to individual entities, industry sectors, capital groups, together with risk exposure valuation

receivable concentration limits
25% of equity (Banking Law article 71 section 1 point 2) - PLN 112 037 thousand
20% of equity (Banking Law article 71 section 1 point 1) - PLN 89 630 thousand
10% of equity (Banking Law article 71 section 2) - PLN 44 815 thousand

Major balance sheet and off-balance sheet exposure to individual entities and capital groups as at 31 December 2005

	as at 31 December 2005
Exposure to 10 largest Bank customers	**% share in the loan portfolio**
Customer 1	1.27
Customer 2	0.41
Customer 3	0.38
Customer 4	0.38
Customer 5	0.38
Customer 6	0.38
Customer 7	0.35
Customer 8	0.26
Customer 9	0.26
Customer 10	0.26
Total	4.33

(in thousand PLN)

Industry product exposure concentration of Getin Bank

Industry as per PKD	**31.12.2005** %	**31.12.2004** %
A - Agriculture and hunting	**0.6**	**1.2**
C - Mining	**0.1**	**0.1**
D - Production activity	**4.3**	**7.4**
DA - Food production	1.6	2.7
DB - Fabrics and textiles	0.3	0.6
DC - Leather and leather products	0.1	0.1
DD - Wood and wooden products	0.2	0.3
DE - Celluloid mass, paper and paper products	0.3	0.5
DF - Products of coking of coal and crude oil refining		
DG - Chemicals and chemical products	0.1	0.1
DH - Rubber products and plastic products	0.3	0.3
DI - Other non-metal products	0.2	0.4
DJ - Metals and processed metal products	0.4	1.2
DK - Machines and equipment not classified elsewhere	0.3	0.6
DL - Optical and electric equipment	0.1	0.1
DM - Transport equipment p	0.1	0.1
DN - Production not classified elsewhere	0.3	0.4
E - Delivery of electric energy and gas	**0.1**	**0.1**
F - Construction industry	**1.9**	**2.9**
G - Wholesale and retail trade	**8.1**	**12.5**
I - Transport, warehouse management and communication	**3.1**	**3.3**
J - Finance agency	**3.1**	**3.2**
K - Real estate service	**1.8**	**3,0**
L - Public administration	**2.1**	**5.4**
Other sections	**2.2**	**4.4**
Private persons	**72.6**	**56.5**
Total	**100.0**	**100.0**

(in thousand PLN)

Structure of loan portfolio of Getin Bank, by private persons and business entities

Structure of credit portfolio	**31.12.2005** %	**31.12.2004** %
Borrowings to private persons, including:	**73.0**	**56.5**
- car loans	33.0	32.7
- installment loans	3.0	7.3
- other loans	37.0	16.5
Corporate loans	**27.0**	**43.5**
Total	**100.0**	**100.0**

Structure of loan portfolio of Getin Bank, by geographical market segments

Administrative regions of Poland	**31.12.2005** %	**31.12.2004** %
Dolnośląskie	4..3	0.0
Kujawsko-Pomorskie	1.4	0.0
Lubelskie	1.1	0.0
Łódzkie	11.6	19.5
Małopolskie	10.8	11.9
Mazowieckie	9.7	0.0
Pomorskie	2.4	0.0
Ślaskie	58.7	68.6
Total	**100.0**	**100.0**

<u>**Wschodni Bank Cukrownictwa S.A.**</u>

WBC has not extended new loans or credits since 2002 and the value of its receivables in connection with credits and loans extended as at the balance sheet date was PLN 11 260 thousand, therefore, WBC does not disclose a significant credit risk.

Receivable concentration limits
25% of equity (Banking Law article 71 section 1 point 2) - PLN 51 399 thousand
20% of equity (Banking Law article 71 section 1 point 1) - PLN 41 119 thousand
10% of equity (Banking Law article 71 section 2) - PLN 20 560 thousand

The largest balance sheet and off-balance sheet exposure to individual entities and capital groups as at 31.12.2005

Exposure to 10 largest Bank customers	**% share in the loan portfolio**
Customer 1	6.6
Customer 2	1.9
Customer 3	1.7
Customer 4	0.9
Customer 5	0.9
Customer 6	0.7
Customer 7	0.7
Customer 8	0.6
Customer 9	0.4

(in thousand PLN)

Customer 10	0.4
Total	14.8

Industry product exposure concentration of WBC

Industry as per PKD	**31.12.2005** %
A - Agriculture and hunting	**7.3**
C - Mining	**0.1**
D - Production activity	**9.8**
E - Delivery of electric energy and gas	
F - Construction industry	**1.4**
G - Wholesale and retail trade	**9.8**
I - Transport, warehouse management and communication	**0.3**
J - Finance agency	**9.5**
K - Real estate service	**0.2**
L - Public administration	**0.0**
Other sections	**1.6**
Private persons	**60.0**
Total	**100.0**

Structure of WBC's loan portfolio, by private persons and business entities

Structure of loan portfolio	**31.12.2005** %
Loans to private persons	**60.0**
including:	
- car loans	7.5
- installment loans	49.2
- other	3.3
Corporate loans	**40.0**
Total	**100.0**

Structure of the WBC's loan portfolio divided into geographical market segments

WBC operates in the Lublin voivodship.

Carcade OOO

Carcade, as a separate legal entity, does not report a significant credit concentration. On the basis of the historical data, the current maximum credit risk exposure was estimated for Carcade OOO at 1% of the net lease investment value on active agreements.

Structure of lease portfolio	**31.12.2005** %	**31.12.2004** %
Private persons	20	20
Business entities	80	80
Total	**100**	**100**

Getin Holding

Getin Holding as a separate legal entity does not disclose a significant credit exposure to non-Group entities.

<u>Open Finance, Fiolet</u>
These companies, which are financial intermediaries cooperating with financial institutions of defined and verified credit ratings do not incur significant risks in their businesses. As the loans extended are to the account of those financial institutions only, any repayment issues are therefore the responsibility of those institutions only.

Interest rate risk

Below, we present the division of financial assets and financial liabilities for their exposure to interest rate risk. The carrying amounts of the fixed interest rate financial instruments are presented as split into groups of instruments held to maturity. The carrying amounts of variable interest rate financial instruments are presented by instrument groups according to contractual revaluation dates.

The table below shows assets and liabilities and off-balance sheet liabilities of the Group classified as at 31 December 2005 by the interest rate exposure (in thousand PLN)

Balance sheet items	Up to 1 month, inclusive	Over 1 month up to 3 months, inclusive	Over 3 months up to 1 year, inclusive	Over 1 year up to 5 years, inclusive	Over 5 years	Non-interest bearing assets/liabilities	Total
Assets:	**4 685 805**	**614 477**	**998 665**	**591 918**	**34 126**	**755 975**	**7 680 966**
Cash and balances with the Central Bank	163 774	0	0	0	0	18 749	182 523
Bills of exchange eligible for rediscounting with the Central Bank	2 063	0	0	0	0	0	2 063
Amounts due from banks	1 619 554	261 422	4	0	0	7 598	1 888 578
Amounts due from customers	2 881 623	194 719	108 469	61 766	840	43 019	3 290 435
Finance lease receivables	13 585	14 734	39 818	11 781	0	3 160	83 078
Investment securities	5 206	143 603	850 374	518 371	33 286	754	1 551 594
Other	0	0	0	0	0	682 695	682 695
Liabilities:	**3 426 391**	**1 857 364**	**948 576**	**92 781**	**0**	**1 355 855**	**7 680 966**
Amounts due to the Central Bank	0	0	0	0	0	0	0
Amounts due to other banks and finance institutions	840 163	487 542	57 829	27 435	0	1 959	1 414 928
Amounts due to customers	2 586 228	1 369 822	636 648	64 803	0	34 926	4 692 426
Debt securities	0	0	253 900	0	0	2 172	256 072
Other	0	0	199	543	0	1 316 798	1 317 540
Gap	**1 259 414**	**-1 242 886**	**50 089**	**499 137**	**34 126**	**-599 880**	**0**
Off - balance sheet items							
Interest rate transactions:							
Assets							
Liabilities							
Gap	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Total gap	**1 259 414**	**-1 242 886**	**50 089**	**499 137**	**34 126**	**-599 880**	**0**

Information concerning fixed interest rate financial liabilities incurred by the Group has been presented in note 50.

The table below shows assets and liabilities and off-balance sheet liabilities of the Group classified as at 31 December 2004 by the interest rate exposure (in thousand PLN)

Balance sheet items	Up to 1 month, inclusive	Over 1 month up to 3 months, inclusive	Over 3 months up to 1 year, inclusive	Over 1 year up to 5 years, inclusive	Over 5 years	non-interest bearing assets/liabilities	Total
Assets:	**1 599 992**	**325 850**	**1 297 722**	**673 148**	**231 371**	**478 354**	**4 606 437**
Cash and balances with the Central Bank	129 453	0	0	0	0	4	129 457
Bills of exchange eligible for rediscounting with the Central Bank	2 760	0	0	0	0	0	2 760
Amounts due from banks	769 193	197 057	126 371	0	0	6 006	1 098 627
Amounts due from customers	540 509	64 096	239 725	665 507	231 371	6 999	1 748 207
Finance lease receivables	7 670	10 364	20 049	7 641	0	2 582	48 306
Investment securities	138 763	54 333	911 577	0	0	0	1 104 673
Other	11 644	0	0	0	0	462 763	474 407
Liabilities:	**2 371 707**	**893 553**	**599 556**	**56 035**	**0**	**685 586**	**4 606 437**
Amounts due to the Central Bank	0	0	0	0	0	0	0
Amounts due to other banks and finance institutions	232 590	147 546	15 761	33 419	0	0	429 316
Amounts due to customers	2 139 117	746 007	563 511	22 616	0	17 305	3 488 556
Debt securities	0	0	20 284	0	0	0	20 284
Other	0	0	0	0	0	668 281	668 281
Gap	**-771 715**	**-567 703**	**698 166**	**617 113**	**231 371**	**-207 232**	**0**
Off - balance sheet items							
Interest rate transactions:							
Assets							
Liabilities							
Gap	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total gap	**-771 715**	**-567 703**	**698 166**	**617 113**	**231 371**	**-207 232**	**0**

(in thousand PLN)

The table below presents the effective interest rates with for each class of foreign currency financial assets and off-balance sheet liabilities, if applicable, by main foreign currencies

as at 31 December 2005

	PLN	***EUR***	***CHF***	***RUB***	***USD***
	%	*%*	*%*	*%*	*%*
ASSETS:					
Cash and balances with the Central Bank	4.28	0	0	0	0
Bills of exchange eligible for rediscounting with the central bank	4.75	0	0	0	0
Amounts due from banks	3.9 - 4.5	2.4	0.5	0	0
Amounts due from customers	13.7	12.3	7.6	0	12.2
Finance lease receivables	0	0	0	50	37
Investment securities	4.7	0	0	0	0
LIABILITIES:					
Amounts due to banks	4.5	0	1.4	14.5	13
Amounts due to customers	4.1	1.7	0.15	0	0
Debt securities	5.8 - 6.8	0	0	0	0

as at 31 December 2004

	PLN	***EUR***	***CHF***	***RUB***	***USD***
	%	*%*	*%*	*%*	*%*
ASSETS:					
Cash and balances with the Central Bank	6.3	0	0	0	0
Bills of exchange eligible for rediscounting with the Central Bank	7,0	0	0	0	0
Amounts due from banks	5.3 - 6.9	2.1	0.6	0	1.6
Amounts due from customers	13.8	12.9	9.9	0	9.3
Finance lease receivables	0	0	0	56.3	42
Investment securities	6.43	0	0	0	0
LIABILITIES:					
Amounts due to banks	6.7	0	0.8	0	2.3 – 16
Amounts due to customers	4.5	1.6	0.15	0	0
Debt securities in issue	8	0	0	0	0

Currency risk

The tables below present currency engagement by individual types of assets, liabilities and off-balance sheet liabilities

as at 31 December 2005

	Currency (in thousand PLN)							
	PLN	***EUR***	***CHF***	***RUB***	***USD***	***GBP***	***Other***	***Total***
ASSETS:								
Cash and balances with the Central bank	172 217	4 823	92	7	5 323	51	10	182 523
Bills of exchange eligible for rediscounting with the Central Bank	2 063	0	0	0	0	0	0	2 063
Amounts due from banks	1 759 305	88 414	27 411	2 893	9 922	19	614	1 888 578
Amounts due from customers	1 560 181	74 491	1 438 249	0	217 514	0	0	3 290 435
Finance lease receivables	509	0	0	19 045	63 524	0	0	83 078
Investment securities	1 551 594	0	0	0	0	0	0	1 551 594
Investment in subsidiaries	2 736	0	0	0	0	0	0	2 736
Other	640 044	1 260	40	36 878	1 737	0	0	679 959
TOTAL ASSETS	**5 688 649**	**168 988**	**1 465 792**	**58 823**	**298 020**	**70**	**624**	**7 680 966**
LIABILITIES								
Amounts due to other banks and finance institutions	722 633	0	621 580	33 434	37 281	0	0	1 414 928
Amounts due to customers	4 219 442	223 698	0	0	249 268	18	0	4 692 426
Debt securities	256 072	0	0	0	0	0	0	256 072
Provisions	52 726	0	0	0	0	0	0	52 726
Other	1 253 058	144	0	11 583	29	0	0	1 264 814
TOTAL LIABILITIES	**6 503 931**	**223 842**	**621 580**	**45 017**	**286 578**	**18**	**0**	**7 680 966**
NET ENGAGEMENT	**-815 282**	**-54 854**	**844 212**	**13 806**	**11 442**	**52**	**624**	**0**
OFF-BALANCE SHEET LIABILITIES								

as at 31 December 2004

	Currency (in thousand PLN)							
	PLN	*EUR*	*CHF*	*RUB*	*USD*	*GBP*	*Other*	*Total*
ASSETS:								
Cash and balances with the Central bank	123 137	3 904	0	4	2 404	0	8	129 457
Bills of exchange eligible for rediscounting with the central bank	2 760	0	0	0	0	0	0	2 760
Amounts due from banks	1 006 035	42 061	36 632	717	10 839	0	2 343	1 098 627
Amounts due from customers	1 191 809	137 257	187 871	0	230 555	0	715	1 748 207
Finance lease receivables	1 871	0	0	3 376	43 059	0	0	48 306
Investment securities	1 104 673	0	0	0	0	0	0	1 104 673
Investment in subsidiaries	383	0	0	0	0	0	0	383
Other	452 698	2 723	27	18 192	215	0	169	474 024
TOTAL ASSETS	**3 883 366**	**185 945**	**224 530**	**22 289**	**287 072**	**0**	**3 235**	**4 606 437**
LIABILITIES								
Amounts due to other banks and finance institutions	282 306	0	50 742	0	96 268	0	0	429 316
Amounts due to customers	2 946 654	222 928	161 867	0	157 106	0	1	3 488 556
Debt securities	20 284	0	0	0	0	0	0	20 284
Provisions	12 910	0	0	0	0	0	0	12 910
Other	646 406	12	0	8 891	62	0	0	655 371
TOTAL LIABILITIES	**3 908 560**	**222 940**	**212 609**	**8 891**	**253 436**	**0**	**1**	**4 606 437**
NET ENGAGEMENT	**-25 194**	**-36 995**	**11 921**	**13 398**	**33 636**	**0**	**3 234**	**0**
OFF-BALANCE SHEET LIABILITIES								

Liquidity risk

The table below presents assets and liabilities of the Group as at 31 December 2005, by maturity dates (in thousand PLN):

Balance sheet items	Up to 1 month, inclusive	Over 1 month up to 3 months, inclusive	Over 3 months up to 1 year, inclusive	Over 1 year up to 5 years, inclusive	Over 5 years	With undefined maturity	Non-financial assets/ liabilities	Total
Assets:								
Cash and balances with the Central Bank	182 523	0	0	0	0	0	0	182 523
Bills of exchange eligible for rediscounting with the Central Bank	1 585	378	100	0	0	0	0	2 063
Amounts due from banks	1 626 573	262 000	4	0	0	1	0	1 888 578
Amounts due from customers	483 560	138 896	414 397	1 128 017	1 125 565	0	0	3 290 435
Finance lease receivables	16 288	14 843	40 040	11 907	0	0	0	83 078
Investment securities	0	121 718	826 389	541 236	61 497	754	0	1 551 594
Other	50 368	0	68	19 813	0	6 191	606 255	682 695
Total assets	**2 360 897**	**537 835**	**1 280 998**	**1 700 973**	**1 187 062**	**6 946**	**606 255**	**7 680 966**
Liabilities								
Amounts due to the Central Bank	0	0	0	0	0	0	0	0
Amounts due to other banks and finance institutions	396 284	9 674	43 578	635 107	330 285		0	1 414 928
Amounts due to customers	2 247 260	1 496 153	859 077	71 059	18 084	793	0	4 692 426
Debt securities	0	0	42 395	213 677	0	0	0	256 072
Other	284 026	43 626	12 320	742	506 271	470 555	0	1 317 540
Total liabilities	**2 927 570**	**1 549 453**	**957 370**	**920 585**	**854 640**	**471 348**	**0**	**7 680 966**
Liquidity gap	**-566 673**	**-1 011 618**	**323 628**	**780 388**	**332 422**	**-464 402**	**606 255**	**0**

The table below presents assets and liabilities of the Group as at 31 December 2004, by maturity date (in thousand PLN):

Balance sheet items	**Up to 1 month, inclusive**	**Over 1 month up to 3 months, inclusive**	**Over 3 months up to 1 year, inclusive**	**Over 1 year up to 5 years, inclusive**	**Over 5 years**	**With undefined maturity**	**Non-financial assets/ liabilities**	**Total**
Assets:								
Cash and balances with the Central Bank	129 457	0	0	0	0	0	0	129 457
Bills of exchange eligible for rediscounting with the Central Bank	0	0	2 760	0	0	0	0	2 760
Amounts due from banks	773 627	198 000	127 000	0	0	0	0	1 098 627
Amounts due from customers	540 509	64 096	239 725	665 507	231 371	6 999	0	1 748 207
Finance lease receivables	8 380	10 364	21 301	8 261	0	0	0	48 306
Investment securities	125 963	20 955	888 558	39 357	29 840	0	0	1 104 673
Other	1 315	0	16 677	3 686	354	24 482	427 893	474 407
Total assets	**1 579 251**	**293 415**	**1 296 021**	**716 811**	**261 565**	**31 481**	**427 893**	**4 606 437**
Liabilities								
Amounts due to the Central Bank	0	0	0	0	0	0	0	0
Amounts due to other banks and finance institutions	172 605	15 470	15 761	225 332	148	0	0	429 316
Amounts due to customers	1 833 230	848 356	736 180	51 937	18 853	0	0	3 488 556
Debt securities	0	0	20 284	0	0	0	0	20 284
Other	73 551	37 214	66 209	15 990	391 774	83 543	0	668 281
Total liabilities	**2 079 386**	**901 040**	**838 434**	**293 259**	**410 775**	**83 543**	**0**	**4 606 437**

(in thousand PLN)

Liquidity gap	**-500 135**	**-607 625**	**457 587**	**423 552**	**-149 210**	**-52 062**	**427 893**	**0**

(in thousand PLN)

Credit and market risk exposure

Credit and market risk as at 31 December 2005

<u>Getin Bank S.A.</u>

Balance sheet instruments

Type of instrument	**carrying amount**	**risk-weighted value**
	thousand PLN	**thousand PLN**
Cash	42 283	
Amounts held in the Central Bank	117 090	
Receivables	5 050 476	3 452 479
Debt securities	1 480 350	5 909
Other securities, shares	3 174	3 174
Non-current assets	168 407	103 614
Other	110 028	27 929
Total banking portfolio	**6 971 808**	**3 593 105**
Debt securities		
Receivables from purchased securities with a re-purchase (repo) clause	20	20
Trade portfolio in total	**20**	**20**
Total Balance sheet instruments	**6 971 828**	**3 593 125**

Off - Balance Sheet instruments

Type of instrument	**Replacement cost**	**Balance sheet equivalent**	**risk-weighted value**
	thousand PLN	**thousand PLN**	**thousand PLN**

Currency instruments:	0	70 582	14 116
Swap		1 158	232
CIRS		69 424	13 884
Other instruments:	51	0	51
Other	51	0	51
Total derivatives	**51**	**70 582**	**14 167**
of which: banking portfolio		70 852	14 116
trade portfolio	51	0	51

(in thousand PLN)

Other off - balance sheet instruments- banking portfolio

Type of instrument	off - balance sheet value	credit equivalent	risk-weighted value
	thousand PLN	thousand PLN	thousand PLN
Credit facilities	220 613	3 467	3 067
Guarantees issued	15 311	7 656	6 946
Letters of credit	563	282	282
Other	17	17	17
Total banking portfolio	**236 504**	**11 422**	**10 312**

	carrying amount and off - balance sheet value	risk-weighted value	Capital requirements
Total banking portfolio (credit risk)	**7 208 312**	**3 603 417**	**288 273**

Capital requirements for trade portfolio (market risk)	Total of net items long position	Capital requirements
Market risk,	**1 284**	**6**
of which:		
Currency risk	1 264	0
Debt instruments specific risk	20	2
Risk of settlement - delivery and customer	0	4

Total capital requirements		**288 279**

(in thousand PLN)

Wschodni Bank Cukrownictwa S.A.

Credit and market risk as at 31 December 2005

Balance sheet instruments

Type of instrument	**carrying amount** **thousand PLN**	**risk-weighted value** **thousand PLN**
Cash	23 139	0
Receivables	632 417	112 013
Debt securities	67 228	0
Other securities, shares	763	763
Non-current assets	8 679	8 678
Other	7 723	131
Total banking portfolio	**739 949**	**121 585**
Total Balance Sheet instruments	**739 949**	**121 585**

Other off - balance sheet instruments - banking portfolio

Type of instrument	**off - balance sheet value** **thousand PLN**	**credit equivalent** **thousand PLN**	**risk-weighted value** **thousand PLN**
Credit facilities	3 704	3 704	0
Guarantees issued	3	3	2
Letters of credit			
Other			

Total banking portfolio	**3 707**	**3 707**	**2**

	carrying amount and off - balance sheet value	risk-weighted value	Capital requirements
Total banking portfolio (credit risk)	**743 656**	**121 587**	**9 727**

Total capital requirements	**9 727**

(in thousand PLN)

Fair value of financial assets and financial liabilities

31 December 2005

	Carrying amount **thousand PLN**	**Fair value** **thousand PLN**	**Surplus/deficit of fair value over carrying amount** **thousand PLN**
Assets:			
Cash and balances with the Central Bank	182 523	182 523	0
Bills of exchange eligible for rediscounting with the Central Bank	2 063	2 063	0
Amounts due from banks	1 888 578	*	
Amounts due from customers	3 290 435	*	
Finance lease receivables	83 078	*	
Investment securities and financial assets held for trading	1 551 594	1 551 594	0
Other	682 695	682 695	0
Liabilities:			
Amounts due to the Central Bank	0	0	0
Amounts due to other banks and finance institutions	1 414 928	*	
Amounts due to customers	4 692 426	*	
Debt securities in issue	256 072	*	0
Other	1 317 540	1 317 540	0

(in thousand PLN)

31 December 2004

	Carrying amount thousand PLN	Fair value thousand PLN	Surplus/deficit of fair value over carrying amount thousand PLN
Assets:			
Cash and balances with the Central Bank	129 457	129 457	0
Bills of exchange eligible for rediscounting with the Central Bank	2 760	2 760	
Amounts due from banks	1 098 627	*	
Amounts due from customers	1 748 207	*	
Finance lease receivables	48 306	*	
Investment securities and financial assets held for trading	1 104 673	1 104 673	0
Other	474 407	474 407	0
Liabilities:			
Amounts due to the Central Bank	0	0	0
Amounts due to other banks and finance institutions	429 316	*	
Amounts due to customers	3 488 556	*	
Debt securities in issue	20 284	*	
Other	668 281	668 281	

* The Group has not disclosed the fair value of each category of financial assets and financial liabilities in a manner permitting to compare it with the corresponding carrying amount presented in the balance sheet. Due to the implementation of an integrated computer system at Getin Bank and data migration, for technical reasons, the calculation of the fair value of financial assets and liabilities was difficult. The consolidated financial statements of the Getin Holding Group as at 30 June 2004 and 31

December 2004 prepared in accordance with PAS contains information on the valuation of financial assets and financial liabilities of Getin Bank as at the date of acquisition. The acquisition of WBC was provisionally settled as at 31 December 2005 and consequently the acquired financial assets and liabilities of WBC were disclosed at their fair values as at that day. The difference between the carrying amount and the fair value do not materially affect the disclosure requirements.

Trust activity
The Group does not conduct any trust activity.

9 Information on operating segments

The basic model of division of the Group's reporting is division into industry segments.

Industry segments
The Capital Group's operating activity has been divided into three main segments: Banking Services, Lease, and Financial Agency.

The Banking Services Segment covers services in the field of loans and credits, guarantees and suretyship, and acceptance of deposits.
The Lease Services Segment comprises services in the field of temporary transfer of leased assets by one entity to another entity, in exchange for periodical payments.
Financial Agency Segment deals with sale of products and services of banks, insurance companies and investment funds.

Prices in transactions between Group segments are approximating market prices

Geographical segments
The Group carries out its activity primarily in southern Poland (banking services, financial agency) and the Russian Federation (lease services), and the geographical segments overlap the industry segments.
The activities of the Group companies in Poland do not differ from region to region with respect to risk and level of return of investment outlays.

(in thousand PLN)

Revenues and results of individual operating segments for the period of 12 months ended 31 December 2005

Year ended 31 December 2005	**Bank services**	**Lease services**	**Financial agency services**	**Total segments**	**Exclusions**	**Total Capital Group**
	thousand PLN	thousand PLN	thousand PLN	thousand PLN	thousand PLN	thousand PLN
Revenues						
Sale to external customers	511 459	33 664	9 081	554 204		554 204
Inter-segments sale	9 542		10 531	20 073	-20 073	
Total segment revenue	521 001	33 664	19 612	574 277	-20 073	554 204
Segment result						
Segment result	89 638	4 330	478	94 446	-6 243	88 203
Unallocated costs/revenues						1 319
Profit from continued activity before tax						86 884
Share in the profits of associates						-841
Profit before tax and minority interests						87 725
Corporate income tax (tax expense)						-14 275
Net profit for the year						72 609
Assets and liabilities and equity						
Segment assets	7 183 892	98 769	31 515	7 314 176	-61 947	7 252 229
Investment in associates						2 736
Assets not assigned						426 000
Total assets						**7 680 965**
Segment liabilities	6 396 529	118 988	19 902	6 535 419	-53 381	6 482 038

(in thousand PLN)

Equity						1 098 394
Liabilities not assigned						100 534
Total liabilities and equity						**7 680 965**
Other information related to the segment						
Investment expenditure:						
Tangible and intangible fixed assets	36 666	318	1 143	38 127		38 127
Non-segment assigned tangible and intangible fixed assets						609
Total investment expenditure						**38 736**
Depreciation of tangible and intangible fixed assets	19 273	503	395	20 171		20 171
Depreciation of non- segment assigned tangible and intangible fixed assets						744
Total depreciation						**20 915**
Impairment write-losses	**535 575**	**4 861**		**540 436**		**540 436**
Other impairment write-downs						1 113
Creation of write-downs during the period in the income statement	192 562	-978		-193 540		-193 540
Other write-downs during the period in the income statement						-46
Reversal of write-downs during the period disclosed in the income statement	115 866	1 603		117 469		117 469
Reversal of write-downs during the period disclosed in capital						
Write-downs against investment properties						
Other reversal of write-downs during the period disclosed in the income statement						49

(in thousand PLN)

Revenues and results of individual operating segments for the period of 12 months ended 31 December 2004

Year ended 31 December 2004	Bank services	Lease services	Total segments	Exclusions	Total capital Group
	thousand PLN	thousand PLN	thousand PLN	thousand PLN	thousand PLN
Revenues					
Sale to external customers	203 022	18 253	221 275		221 275
Inter-segments sale	2 873		2 873	-2 873	
Total segment revenue	205 895	18 253	224 148	-2 873	221 275
Segment result					
Segment result	44 706	-7 316	37 390	-2 052	35 338
Unallocated costs					1 267
Profit from continued activity before tax					36 605
Share in the profits of associates					-934
Profit before tax and minority interests					35 671
Corporate income tax (tax expense)					-4 406
Net profit for the year					31 265
Assets and liabilities and equity					
Segment assets	4 410 623	58 858	4 469 481	-15 917	4 453 565
Investment in associates					383
Assets not assigned					152 490
Total assets					**4 606 437**
Segment liabilities	4 001 148	64 915	4 066 063	-51 548	4 014 515

(in thousand PLN)

Equity					531 250
Liabilities not assigned					60 672
Total liabilities and equity					**4 606 437**
Other information related to the segment					
Investment expenditure:					
Tangible and intangible fixed assets	58 032	1 097	59 129		59 129
Non- segment assigned tangible and intangible fixed assets					1 270
Total investment expenditure					**60 399**
Depreciation of tangible and intangible fixed assets	7 560	468	8 028		8 028
Depreciation of non- segment assigned tangible and intangible fixed assets					1 061
Total depreciation					**9 089**
Impairment losses	**386 585**	**5 198**	**391 783**		**391 783**
Other write-downs					**1 162**
Creation of write-downs during the period in the income statement	-44 084	-1 237	-45 321		-45 321
Other write-o during the period in the income statement					-14
Reversal of write-downs during the period disclosed in the income statement	35 650		35 650		35 650
Other reversal of write-downs during the period disclosed in the income statement					39

10 Interest income and interest expense

Interest income	2005	2004

	thousand PLN	**thousand PLN**
Income from placements with other banks	51 944	33 159
Income from other deposits on money market	0	0
Income from customer loans and credits	301 756	116 639
Income from investment (deposit) securities	94 987	26 250
Interest - finance tease	29 089	23 587
Interest from obligatory reserve	2 736	401
Other interest	1 576	281
Total	**482 088**	**200 317**

Interest income for the year ended 31 December 2005 includes revenues related to financial assets for which an impairment loss has been recognised in the amount of PLN 16 437 thousand.

Interest expense	**2005 thousand PLN**	**2004 thousand PLN**
Cost of placements with other banks	14 021	6 324
Cost of other deposits on money market	0	0
Costs arising from liabilities towards customers	183 967	56 671
Costs related to the issuance of own debt securities	3 490	74
Interest - finance lease	2 114	2 164
Interest – loans/ credits taken out	6 972	4 328
Other interest expense	475	2 061
Total	**211 039**	**71 622**

(in thousand PLN)

11 Fee and commission income and fee and commission expense

Fee and commission income	2005 thousand PLN	2004 thousand PLN
Related to loans and credits granted	7 660	4 954
Related to guarantees, letters of credit and similar operations	417	79
Transactions with securities	30	0
Related to servicing bank accounts	11 154	2 444
Related to payment cards	5 676	2 194
Related to settlement operations	11 879	5 889
Related to insurance	22 072	3 428
Related to agency services	9 377	167
Related to finance leases	2 362	1 319
Other	1 489	484
Total	**72 116**	**20 958**

Fee and commission expense	2005 thousand PLN	2004 thousand PLN
Related to payment cards	4 130	972
Related to loans and credits	4 430	3 533
Related to finance lease	498	234
Related to settlement operations	1 205	0
Other	496	149

Total	**10 759**	**4 888**

12 Dividend received

	2005 thousand PLN	2004 thousand PLN
Revenues related to dividends from issuers:		
Securities classified as held for trading	0	0
Securities at fair value through profit or loss	0	0
Securities available for sale	128	0
Total	**128**	**0**

(in thousand PLN)

13 Result on financial instruments re-measured to fair value

Result from financial assets and liabilities held for trading	**2005 thousand PLN**	**2004 thousand PLN**
Derivatives	4 360	1 094
Equity instruments	0	0
Debt instruments	0	0
Loans and receivables	0	0
Total	**4 360**	**1 094**

14 Result on investment securities

The table below presents the result realized on financial assets and financial liabilities other than those stated at fair value through profit or loss. .

	2005 thousand PLN	**2004 thousand PLN**
Realised gains		
Financial assets available for sale	561	0
Loans and receivables (including finance lease receivables)	0	0
Investments held to maturity	0	0
Financial liabilities (except for held for trading)	0	0
Other		
Total	**561**	**0**

(in thousand PLN)

15 Changes the fair value under hedge accounting

In 2004 and 2005, the Group did not apply hedge accounting.

16 Foreign exchange result

Foreign exchange result	**2005 thousand PLN**	**2004 thousand PLN**
Foreign exchange differences resulting from financial instruments at fair value through profit or loss	4 065	-83
Valuation of deposits and placements	9 569	35 966
Valuation of loans and credits	40 340	-28 715
Other foreign exchange differences	20	-396
Total	**53 994**	**6 772**

(in thousand PLN)

17 Other operating income and other operating expenses

Other operating income	**2005 thousand PLN**	**2004 thousand PLN**
Rental income	1 798	64
Penalties, compensations and fines received	4 495	2 713
Sales of products and services	22 665	9 848
Other auxiliary income	750	1 138
Recovered costs of debt collection	925	558
Reversal of write-downs against other assets	442	1 377
Related to sale or disposal of non-financial long-term assets	6 705	1 249
Settlement of difference from re-measurement to fair value of deposits and credits taken over	0	1 185
Release of provisions	5 112	412
Other revenues	3 161	841
Revenue related to recovered bad debts	82	0
Sales of goods and materials	24	2
Total	**46 159**	**19 387**

Other operating expenses	**2005 thousand PLN**	**2004 thousand PLN**
Rental costs	137	0
Direct operating expenses (including repairs and maintenance) relating to real estate rental income in the given period	0	16
Paid penalties, compensations and fines	542	73

(in thousand PLN)

Cost of products, goods for resale and raw materials sold	424	250
Legal and administrative proceedings	826	1 004
Loan collection expenses	3 045	175
Debt collection	1 147	839
Post-accident repairs	1 684	1 707
Auxiliary costs	1 113	1 326
Write-downs against receivables	0	0
Loss on the sale of non-financial long-term assets	5 016	1 081
Provisions for future liabilities	2 916	1 191
Related to operating lease	126	0
Other assets impairment losses	1 127	1 438
Others	2 603	1 064
Total	**20 706**	**10 164**

18 Administrative expenses

Administrative expenses	**2005 thousand PLN**	**2004 thousand PLN**
Employee benefits	112 575	57 690
Restructuring costs	0	0
Non-personnel costs	117 262	46 210
Taxes and charges	3 055	2 106
Fees for the Bank Guarantee Fund	511	330

(in thousand PLN)

Depreciation and amortisation	20 915	9 089
Total	**254 318**	**115 425**

19 Payroll and employee benefits

Payroll and employee benefits	**2005 thousand PLN**	**2004 thousand PLN**
Salaries and wages	93 052	48 701
Insurance and other employees benefits	17 569	8 989
Retirement program costs	0	0
Cost of share-based payment programme	1 954	0
Costs of other retirement benefits	0	0
Total	**112 575**	**57 690**

20 Impairment

Year ended 31 December 2005	Impairment losses at the beginning of the period	Increases: Impairment losses recognised during the period	Increases: Foreign exchange differences	Increases: Other	Decreases: Decrease in impairment losses due to writing off assets from the balance sheet	Decreases: Reversal of impairment losses during the period	Decreases: Foreign exchange differences	Decreases: Other	Impairment losses at the end of the period	Net recognition of impairment losses - impact on income statement for the year 2005
	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands
Impairment of financial assets not valued at fair value through profit or loss										
Financial instruments at cost (not quoted equity instruments and related derivatives)										
Financial assets available for sale	16 893	35		2 559			0	4 369	15 118	-35
Credits and loans allowed to customers and receivables from banks	363 089	191 933		127 642	23 145	115 473		29 135	514 911	-76 460
Finance lease receivables	4 714	491	267			1 603		0	3 869	1 112
Investments held to maturity										
Impairment of:										

(in thousand PLN)

Property, plant and equipment	393	57		75				121	404	-57
Investment properties										
Intangible assets	659								659	
Goodwill										
Other intangibles	659								659	
Impairment of investments in associates and in jointly controlled entities valued using equity method										
Other assets	7 197	1 070	21		1 258	442			6 588	-628
Total	**392 945**	**193 586**	**288**	**130 276**	**24 403**	**117 518**	**0**	**33 625**	**541 549**	**-76 068**

In the profit and loss account for 2005, the following items were included in line XIV ‘Net impairment losses on credits, loans, lease receivables’. Net impairment losses on credits, loans, leases receivable:

- recognition of impairment losses on loans and credits extended to clients in the amount of PLN -76,460 thousand;
- recognition of impairment losses on lease receivables in the amount of PLN +1,112 thousand;
- reversal of provision for liabilities and guarantees given in the amount of PLN +489 thousand.

Year ended 31 December 2004	Impairment losses at the beginning of the period	Increases: Impairment losses recognised during the period	Increases: Foreign exchange differences	Increases: Other	Decreases: Decrease in impairment losses due to writing off assets from the balance sheet	Decreases: Reversal of impairment losses during the period	Decreases: Foreign exchange differences	Decreases: Other	Impairment losses at the end of the period	Net recognition of impairment losses - impact on income statement for the year 2004
	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousand	PLN thousands	PLN thousands	PLN thousands	thousand PLN
Impairment of financial assets not valued at fair value through profit or loss										
Financial instruments at cost (not quoted capital instruments and related derivatives)										
Financial assets available for sale	0	5	0	29 304	0	0	0	12 416	16 893	-5
Credits and loans allowed to customers and receivables from banks	0	42 676	0	371 192	6 067	34 312	0	10 400	363 089	-8 364
Finance lease receivables	0	1 216	0	4 346	0	0	848	0	4 714	-1 216
Investments held to maturity	0	0	0	0	0	0	0	0	0	
Impairment of:	0	0	0	0	0	0	0	0	0	
Property, plant and equipment	925	0	0	0	0	0	0	532	393	
Investment properties	0	0	0	0	0	0	0	0	0	
Intangible assets	659	0	0	0	0	0	0	0	659	
Goodwill	0	0	0	0	0	0	0	0	0	
Other intangibles	659	0	0	0	0	0	0	0	659	
Impairment of investments in associates and jointly controlled entities valued using equity method	0	0	0	0	0	0	0	0	0	
Other assets	135	1 438	0	7 886	795	1 377	90	0	7 197	-61
Total	**1 719**	**45 335**	**0**	**412 728**	**6 862**	**35 689**	**938**	**23 348**	**392 945**	**-9 646**

In the profit and loss account for 2004, the following items were included in line XIV 'Net impairment losses on credits, loans, lease receivables'. Net impairment losses on credits, loans, lease receivables:

- recognition of impairment losses on loans and credits extended to clients in the amount of PLN -8,364 thousand;
- recognition of impairment losses on lease receivables in the amount of PLN -1,216 thousand;
- reversal of a provision for liabilities and guarantees given in the amount of PLN -244 thousand.

21 Discontinued activities

No activities were discontinued

22 Share in net profit (loss) of associates accounted for using the equity method

Share in profits (losses) of associates and joint venture valued using the equity method	**2005** **PLN thousands**	**2004** **PLN thousands**
Name of the entity		
Getin Direct Sp. z o.o.		-1014
iCentrum S.A.	-86	80
Getin Leasing	-755	
Total	**-841**	**-934**

23 Income tax

Main components of tax charge	**2005** **PLN thousands**	**2004** **PLN thousands**
Consolidated income statements		
<u>Current income tax</u>	50 407	15 403
Current tax charge	50 407	15 403
Adjustments to current tax from previous years		
Benefits arising from unrecognised tax loss, tax credit or temporary difference from previous years, resulting in reduction of current tax charge		
Amount of charge/income related to changes in accounting policies and errors included in net profit for the period, in accordance with IAS 8		
<u>Deferred income tax</u>	-36 132	-10 997
Arising from origination and reversal of temporary differences	-32 506	-10 997
Arising from changes in tax rates or new taxes imposed	0	0
Benefits arising from unrecognised tax loss, tax credit or temporary difference from previous years, resulting in reduction of current tax charge	0	0
Charge resulting from partial or full reversal of previous valuation allowances for deferred tax assets due to probability of realisation of taxable profits	-22	0
Tax loss from previous years	-3 604	0
Tax charge included in consolidated income statements	**14 275**	**4 406**
<u>Deferred income tax</u>		
Arising from origination and reversal of temporary differences	4 173	597
Arising from changes in tax rates or new taxes imposed		
Charge resulting from partial or full reversal of previous valuation allowances for deferred tax assets due to probability of realisation of taxable profits		
Tax charge included in consolidated equity	**4 173**	**597**
Total main components of tax charge	**18 448**	**5 003**

The reconciliation of income tax on profit before tax at the statutory tax rate for the period ended 31 December 2005 and 31 December 2004 is as follows:

	2005 PLN thousands	**2004 PLN thousands**
1. Profit (loss) before tax	86 884	35 671
2. Consolidation adjustments	8 811	-3 615
3. Differences between profit (loss) before tax and taxable profit	149 250	42 409
3.1 Permanent:	-4 934	-7 038
3.2 Temporary, of which:	154 184	49 447
- 19% tax rate	89 516	17 409
- 24% tax rate	64 668	32 038
4. Taxable profit, of which:	244 945	74 465
- taxable profit - 19%	175 848	63 789
- taxable profit - 24%	70 817	13 681
- tax loss	-1 720	-3 005
5a. Income tax - 19% tax rate	33 411	12 120
5b. Income tax - 24% tax rate	16 996	3 283
6. Increases, exemptions, deductions and decreases in income tax		
7. Current income tax included in income statement	50 407	15 403
8. Deferred tax, of which:	-36 132	-10 997
- for temporary differences - 19% tax rate	-17 008	-3 308
- for temporary differences - 24% tax rate	-15 520	-7 689
- tax loss from previous years	-3 604	
9. Total income tax in income statement	**14 275**	**4 406**

Regulations regarding VAT, corporate profits tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that the tax exposure may be significantly greater in Poland than in countries that have a more established taxation system. Tax settlements may become subject to inspection by tax authorities within a period of five years. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.
The CIT rate in Russia is 24%. Tax losses may be utilized over a period of 10 years. The amount of deduction cannot exceed 30% of taxable profit in a given tax year.

Deferred tax asset/liability

	Consolidated balance sheets		Consolidated income statements	
	31.12.2005 PLN thousands	**31.12.2004 PLN thousands**	**2005 PLN thousands**	**2004 PLN thousands**
Deferred tax liabilities				
A) Posted to P&L	**38 742**	**33 840**	**4 902**	**434**
Revenue receivable from securities	10 778	4 626	6 152	-568
Revenue receivable from credits and deposits	3 888	2 613	1 275	1 147
Depreciation (fixed assets financed by investment credit)	1 111	1 267	-156	-155
Costs of commissions paid in advance	19	5	14	5
Surplus of tax depreciation	284	0	284	
Discounted interest on BGF loan	22 176	25 311	-3 135	
Other	486	18	468	5
B) Posted to revaluation reserve	**4 332**	**487**		
Valuation of securities available for sale	4 332	487		
C) Posted to goodwill	**5 132**	**1 038**		
Merger with Bank Przemysłowy	1 038	1 038		
Purchase of WBC	4 094			
Gross deferred tax liabilities	**48 206**	**35 365**	**4 902**	**434**
Deferred tax assets				
A) Posted to P&L	**71 224**	**33 607**	**40 908**	**11 431**
Interest on deposits	12 723	2 569	10 154	293
Revenue taxed in advance	7 346	6 381	965	628
Provisions for expected liabilities and costs	1 220	1 868	-648	-1 216
Provisions for impairment	23 222	15 648	7 574	3 439
Tax loss from previous years	3 604		3 604	
Foreign exchange differences from valuation of foreign entities			-316	1 148
Adjustment to opening balance of deferred tax asset in accordance with IAS 39			3 585	
Adjustment to opening balance of deferred tax asset in respect of GBG Serwis			22	
Other	23 109	7 141	15 968	7 139
B) Posted to revaluation reserve	**29**	**357**		
Valuation of securities available for sale	29	357		
C) Posted to goodwill	**18 225**	**10 835**		
Merger with Bank Przemysłowy	10 835	10 835		
Purchase of WBC	7 390	0		
Gross deferred tax assets	**89 478**	**44 799**	**40 908**	**11 431**
Deferred tax liabilities included in liabilities directly related to assets classified as held for sale	**6**		**6**	
Deferred tax assets included in non-current assets classified as held for sale	**132**		**132**	
Deferred income tax charge	**X**	**X**	**-36 132**	**-10 997**

Net deferred tax asset	**41 398**	**9 434**	**X**	**X**
Net deferred tax liability			**X**	**X**

Differences and losses for which no deferred tax asset has been recognised	Amount	Date of settlement
Getin Holding - 50% of tax loss for the year 2002	2 166	31.12.2007
Getin Holding - 50% of tax loss for the year 2003	3 240	31.12.2008
Getin Holding - 50% of tax loss for the year 2004	33	31.12.2009
Getin Holding - 50% of tax loss for the year 2005	944	31.12.2010
Total	**6 383**	

In its standalone financial statements, Getin Holding recognised a tax asset in an amount realizable in 2006. There are no long-term financial plans stating that tax losses from prior periods may be realized in the periods after 2006.

Open Finance recognised a tax asset for tax losses from prior periods due to the fact that starting from January 2006 the Company started to recognize tax profits.

24 Earnings per share

Basic earnings per share
Basic earnings per share is calculated on the basis of net profit or loss attributable to ordinary shareholders of the parent company, by dividing the net profit or loss attributable to such shareholders by the weighted average number of ordinary shares outstanding in a given period.

Earnings per share	**2005**	**2004**
Net profit attributable to ordinary shareholders (thousand PLN)	59 242	22 074
Weighted average number of ordinary shares in the period (thousand)	422 584	226 639
Earnings per share (in PLN per share)	0.14	0.10

Diluted earnings per share
Diluted earnings per share is calculated on the basis of net profit or loss attributable to ordinary shareholders of the parent company, by dividing the net profit or loss attributable to such shareholders by the weighted average number of ordinary shares outstanding during the given period, adjusted for the effect of all dilutive potential ordinary shares.
The Group has dilutive instruments in the form of share options. Details of the Management Options Plan are disclosed in Note 49.

Diluted earnings per share	**2005**	**2004**
Net profit attributable to ordinary shareholders (thousand PLN)	59 242	22 074
Adjustments to net profit for calculation of diluted EPS		
Net profit for calculation of diluted EPS	**59 242**	**22 074**
Weighted average number of ordinary shares in the period (thousand)	422 584	226 639
Adjustments to the number of shares for calculation of diluted EPS	604	0
Weighted average number of ordinary shares for calculation of diluted EPS	423 188	226 639

Diluted earnings per share (in PLN per share)	0.14	0.10

25 Dividend paid and proposed

In the years 2005 and 2004, the Group did not pay or declare any payment of dividend. The Management Board of Getin Holding expects to allocate the net profit for 2005 for absorption of prior year losses.

26 Cash and balances with the Central Bank

Cash and balances with Central Bank	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Cash on hand	50 262	42 328
Current account in Central Bank	132 058	86 901
Other	203	228
Total	**182 523**	**129 457**

During the day, the Bank may use funds on the accounts of the obligatory reserve for current monetary settlements on the basis of instructions placed at the National Bank of Poland; however, it must ensure that the average monthly balance is maintained on the account in an amount arising from the obligatory reserve return. Funds on the obligatory reserve account bear interest of 0.9 of the promissory note rediscount rate; as at 31 December 2005 this interest rate amounted to 4.28%.

27 Amounts due from banks

Amounts due from banks	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Current accounts	11 323	19 984
Deposits in other banks	1 873 817	1 073 266
Loans and credits granted	0	0
Repo transactions	152	0
Cash in transit	0	138
Other deposits on the money market	0	0
Interest	3 286	5 239
Total	**1 888 578**	**1 098 627**
Provision for impairment		
Total, net	**1 888 578**	**1 098 627**

As at 31 December 2005, amounts due from banks with variable interest rates amounted to PLN 6,487 thousand (as at 31 December 2004: PLN 19,102 thousand), and with fixed interest rates, PLN 1,878,805 thousand (2004: PLN 1,074,286 thousand).

Amounts due from banks by maturity (from balance sheet date to date of repayment)	**31.12.2005**	**31.12.2004**
	PLN thousands	**PLN thousands**
Current accounts	575 151	259 656
Term deposits with a maturity period:	1 313 427	838 833
up to 1 month	1 051 423	513 833
from 1 to 3 months	262 000	198 000
from 3 months to 1 year	4	127 000
from 1 year to 5 years	0	0
over 5 years	0	0
Cash in transit	0	138
Other deposits on the money market	0	0
Total	**1 888 578**	**1 098 627**
Provision for impairment		
Total, net	**1 888 578**	**1 098 627**

28 Financial assets held for trading

Financial assets held for trading	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Debt securities	80	846
- issued by central banks		
- issued by other banks		
- issued by other financial institutions		
- issued by non-financial institutions		
- issued by State Treasury	80	846
- issued by local authorities		
Shares in other entities		
- listed		
- not listed		
Loans and credits		
Financial assets held for trading, total	**80**	**846**

In its portfolio, the Group has State Treasury bonds with a nominal value of PLN 76 thousand and redemption dates in the years 2007-2013. As at 31 December 2005, the average yield on those securities was almost 5%.

Financial assets held for trading, by maturity as at 31 December 2005 (book values in PLN thousands)	**- up to 1 month**		**- from 1 month to 3 months**		**- from 3 months to 1 year**		**- from 1 year to 5 years**		**- more than 5 years**		**Due date not determined**	**Total**	
	Book value	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Book value**	**Average yield**
Debt securities	**0**		**0**		**0**		**78**		**2**		**0**	**80**	
- issued by central banks												0	
- issued by other banks												0	
- issued by other financial institutions												0	
- issued by non-financial institutions												0	
- issued by State Treasury							78	4.66%	2	4.99%		80	
- issued by local authorities												0	
Shares in other entities	**0**		**0**		**0**		**0**		**0**		**0**	**0**	
- listed												0	
- not listed												0	
Bank loans and credits												**0**	
Financial assets held for trading, total as at 31 December 2005	**0**		**0**		**0**		**78**		**2**		**0**	**80**	

Financial assets held for trading, by maturity as at 31 December 2004 (book values in PLN thousands)	- up to 1 month		- from 1 month to 3 months		- from 3 months to 1 year		- from 1 year to 5 years		- more than 5 years		Due date not determined	Total	
	Book value	Average yield	Book value	Average yield	Book value	Average yield	Book value	Average yield	Book value	Average yield	Book value	Book value	Average yield
Debt securities	**0**		**99**		**638**		**109**		**0**		**0**	**846**	
- issued by central banks												0	
- issued by other banks												0	
- issued by other financial institutions												0	
- issued by non-financial institutions												0	
- issued by State Treasury			99	6.45%	638	6.70%	109	6.43%				846	
- issued by local authorities												0	
Shares in other entities	**0**		**0**		**0**		**0**		**0**		**0**	**0**	
- listed												0	
- not listed												0	
Bank loans and credits												**0**	
Financial assets held for trading, total as at 31 December 2004	**0**		**99**		**638**		**109**		**0**		**0**	**846**	

29 Derivatives

As part of its business, the Group performs derivative transactions such as FX Swaps and CIRS (Cross Currency Swap). FX Swap is the purchase of a currency with delivery on a fixed currency date and a parallel sale of the same amount of currency with delivery on a different business day. A CIRS transaction is the exchange of the principal amounts of the interest payment transaction in various currencies in a fixed period. Currencies to be delivered and received as a result of the currency transactions are translated at the exchange rate quoted by NBP as at the balance sheet date and are presented in the off-balance sheet items.
FX Swap and CIRS transactions are stated at fair value.

Risk related to financial derivatives
The basic risks related to derivatives are market risk and credit risk.
At the time of initial recognition, financial derivatives usually do not have any or have insignificant market value. This results from the fact that derivatives do not require any net initial investments or require only an insignificant initial net investment as compared to other types of contracts which similarly react to changes in market conditions.
Derivatives assume a positive or negative value along with a change in the given interest rate, price of security, price of goods, foreign currency exchange rate, price index, loan classification or loan index or other market parameter. As a result of those changes, the derivatives held become more or less advantageous than instruments of the same residual maturity period available on the market at the given time.
Credit risk related to derivatives constitutes a potential cost of execution of a new contract on the original terms and conditions if the other party participating in the original contract does not perform its obligation. In order to evaluate the potential replacement cost, the Group applies the same methods as in evaluating the market risk. In order to control the credit risk level, the Group evaluates the other participants of the contracts applying the same methods as in credit decisions.

The Group executes derivative transactions with domestic and foreign banks. Transactions are executed as part of credit limits awarded to individual institutions.
The Group sets on the basis of the adopted procedure for evaluating the financial situation of banks, the limits of maximum engagement for banks. As part of those limits, percentage engagement limits are set for particular types of transactions.

Exposure of derivatives to credit risk is presented in Note 8.

The tables below present the nominal amounts of derivative financial instruments and the fair values of the instruments. Nominal amounts of derivatives are posted in off-balance sheet items. Nominal amounts of certain types of financial instruments constitute the basis for comparison with instruments disclosed in the balance sheet but do not necessarily indicate the amounts of future cash flow or the current fair value of those instruments, therefore, they do not determine the Group's exposure to credit or price risk.
Derivatives become advantageous (become assets) or disadvantageous (liabilities) as a result of fluctuations of the market interest rates, indices or foreign exchange rates as compared to their conditions.

Derivatives as at 31 December 2005
Nominal values of host instruments and fair value of derivatives according to original maturity (in thousand PLN):

	up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 - 5 years**	**more than 5 years**	**Total**	**Fair value (negative)**	**Fair value (positive)**
Currency transactions								
- over-the-counter market								
Currency swap	**77 151**	**38 569**				**115 720**	**-56**	**128**
Purchase of	38 598	19 299				57 897		

currency								
Sale of currency	38 553	19 270				57 823		
CIRS				**1 527 417**		**1 527 417**	**-1 346**	**17 419**
Purchase of currency				756 034		756 034		
Sale of currency				771 383		771 383		
Non Delivery Forward	**38 931**					**38 931**		
Purchase of currency	7 467					7 467	-4	
Sale of currency	31 464					31 464	-15	
Options	**7 863**					**7 863**		
Purchase								
Sale	7 863					7 863		38
Derivatives, total	**123 945**	**38 569**		**1 527 417**		**1 689 931**	**-1 421**	**17 585**

Derivatives as at 31 December 2004
Nominal values of host instruments and fair value of derivatives according to original maturity (in thousand PLN):

	up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 - 5 years**	**more than 5 years**	**Total**	**Fair value (negative)**	**Fair value (positive)**
Currency transactions								
- over-the-counter market								
Currency swap	**69 903**					**69 903**	**-6**	**3 519**
Purchase of currency	36 711					36 711		
Sale of currency	33 192					33 192		
CIRS	**23 172**					**23 172**		
Purchase of currency	8 362					8 362	-2	
Sale of currency	14 810					14 810	-26	
Non Delivery Forward	**8 044**					**8 044**		
Purchase of currency						0		
Sale of currency	8 044					8 044		41
Options								
Purchase								
Sale								
Derivatives, total	**101 119**					**101 119**	**-34**	**3 560**

30 Other financial instruments at fair value through profit or loss

No such items.

31 Bank loans and credits due from customers

Amounts due from customers	31.12.2005 PLN thousands	31.12.2004 PLN thousands
Bank loans and credits	3 537 896	1 960 162
Purchased receivables	251 023	143 992
Receivables due under credit cards	0	0
Realised guarantees	506	0
Non-listed securities	0	0
Repo transactions	0	0
Receivables in transit	68	0
Interest	15 854	7 142
Total	**3 805 347**	**2 111 296**
Impairment write-downs (-)	-514 912	-363 089
Total, net	**3 290 435**	**1 748 207**

As at 31 December 2005	Gross value of bank loans and credits before impairment PLN thousands	Gross value of bank loans and credits after impairment PLN thousands	Specific Impairment write-downs PLN thousands	Total, net PLN thousands	Fair value PLN thousands
Bank loans and credits granted to:					
- local authorities	65 511	9 007	2 344	72 174	**
- financial institutions other than banks	55 517	41 024	30 657	65 884	**
- non-financial institutions	490 134	350 570	228 822	611 882	**
- public	2 453 282	324 448	253 089	2 524 641	**
Interest	15 698	156	0	15 854	**
Total	**3 080 142**	**725 205**	**514 912**	**3 290 435**	

As at 31 December 2004	Gross value of bank loans and credits before impairment PLN thousands	Gross value of bank loans and credits after impairment PLN thousands	Specific Impairment write-downs PLN thousands	Total, net PLN thousands	Fair value PLN thousands
Bank loans and credits granted to:					
- local authorities	102 677	12 540	1 050	114 167	**
- financial institutions other than banks	17 397	23 581	18 051	22 927	**
- non-financial institutions	293 153	447 326	224 025	516 454	**
- public	1 063 167	144 313	119 963	1 087 517	**
Interest	7 142	0	0	7 142	**
Total	**1 483 536**	**627 760**	**363 089**	**1 748 207**	

** The Group has not disclosed for each group of financial assets and liabilities, the fair value of such group of assets and liabilities in a manner allowing to compare it with the underlying carrying amount disclosed in the balance sheet. Due to the implementation of an integrated computer system in Getin Bank and data migration, for technical reasons, the calculation of the fair value of financial assets and liabilities was difficult. The financial statements of the Getin Holding Group as at 30.06.2004 and 31.12.2004 contain information on the calculation of financial assets and liabilities of Getin Bank as at the date of acquisition. The difference between the carrying amount and the fair value does not materially affect the financial statements.

(in thousand PLN)

The acquisition of WBC was provisionally accounted for as at 31 December 2005, as a result of which the acquired financial assets and liabilities of WBC were recognised at their fair values as at that date.

Accounting for the effects of fair value valuation of loans and deposits of GETIN Bank as at the date of acquisition

The valuation of loans and deposits at fair value (present discounted value) as at the date of acquisition of shares in GETIN Bank S.A. by Getin Holding gave rise to an amortised in future periods in accordance with the loan and deposit principal settlement schedule. At GETIN Bank S.A., just like in most banking institutions, there is a problem with a different timing (mis-match) of recognition of differences between the fair values and carrying amounts of deposits and loans.

As at the date of acquisition:

- the estimated schedule for recognition of differences between the fair value and carrying amount of deposits is as follows:
  - 67% in 2004
  - 4% in 2005
  - 3% in 2006
  - 6% in 2007
  - 6% in 2008
  - 14% in 2009
- the estimated schedule for recognition of differences between the fair value and carrying amount of loans is as follows:
  - 5.5% in 2004
  - 19.5% in 2005
  - 22% in 2006
  - 19% in 2007
  - 14% in 2008
  - 19% in 2009

Estimation of impact on basic items of the consolidated financial statements of a one-off amortisation of differences from revaluation to fair value of the acquired deposits and loans of Getin Bank S.A.

Amortisation of difference between carrying amount and fair value	**Revaluation difference as at 25.05.04**	**2004**	**1-6.2005**	**7-12.2005**	**2006**	**2007**	**2008**	**2009 and subsequent years**
Amortisation – loans	-38 306	-2 194	-3 371	-4 099	-8 511	-7 516	-5 159	-7 456
Amortisation – deposits	39 491	26 308	1 558	126	1 261	2 269	2 269	5 700
Total loans and deposits	**1 185**	**24 114**	**-1 813**	**-3 973**	**-7 250**	**-5 247**	**-2 890**	**-1 756**
Impact on net result of Getin Bank S.A. for the period		-22 929	1 813	3 973	7 250	5 247	2 890	1 756
Impact on net assets of Getin Bank S.A. as at the balance sheet date		-22 929	-21 116	-17 143	-9 893	-4 646	-1 756	0
Share of GH in Getin Bank S.A. – for the period		71,21%	71,21%	98,20%	99,25%	99,25%	99,25%	99,25%
Share of GH in Getin Bank S.A. - as at the balance sheet date		71,21%	98,20%	99,25%	99,25%	99,25%	99,25%	99,25%
Impact on the consolidated net result for the period		**-16 328**	**1 291**	**3 901**	**7 196**	**5 208**	**2 868**	**1 743**
Net assets acquired from minority shareholders in the period			**-5 699**	**-180**				
Impact on consolidated net assets as at the		**-16 328**	**-20 736**	**-17 014**	**-9 819**	**-4 611**	**-1 743**	**0**

balance sheet date								

Due to the variable and significant impact on GETIN Bank S.A.'s result in individual periods, the Group decided to apply a one-off amortisation of the difference arising at the acquisition date on revaluation to fair value of deposits and loans, in the amount of PLN 1,185 thousand, to other operating revenues in the consolidated financial statements for the year ended 31.12.2004. Minority interest in the amount amortised on a one-off basis was PLN 341 thousand.

Bank loans and credits granted to customers by maturity	**31.12.2005**		**31.12.2004**	
	Carrying amount PLN thousands	**Average effective interest rate**	**Carrying amount PLN thousands**	**Average effective interest rate**
Bank loans and credits granted to:				
- local authorities	72 174	7.20%	114 167	8.65%
up to 1 month	18 506		43 413	
from 1 month to 3 months	5 334		6 864	
from 3 months to 1 year	18 711		24 865	
from 1 year to 5 years	28 794		38 125	
more than 5 years	829		900	
- financial institutions other than banks	65 884	12.16%	22 927	13.21%
up to 1 month	14 930		10 778	
from 1 month to 3 months	9 272		1 352	
from 3 months to 1 year	24 314		1 760	
from 1 year to 5 years	17 327		9 036	
more than 5 years	41		1	
- non-financial institutions	611 882	13.60%	516 454	13.84%
up to 1 month	206 925		137 622	
from 1 month to 3 months	24 630		15 822	
from 3 months to 1 year	62 715		57 111	
from 1 year to 5 years	172 974		240 842	
more than 5 years	144 638		65 057	
- public	2 524 641	21.74%	1 087 517	23.33%
up to 1 month	229 559		349 481	
from 1 month to 3 months	93 095		40 177	
from 3 months to 1 year	286 407		155 573	
from 1 year to 5 years	917 362		377 077	
more than 5 years	998 218		165 209	
-Interest	15 854		7 142	
Total	**3 290 435**		**1 748 207**	

Fixed interest credits and loans extended to clients as at 31 December 2005 represented 10% of the entire credit and loan portfolio, i.e. PLN 327 million. They included such bank products as buy out of lease receivables, buy out of factoring receivables, part of automobile loans, hire purchase, and business currency loans.

In order to secure credits and loans extended to clients the Group signed agreements on collateral transfer of ownership with its clients. The subject of those agreements may be sold or encumbered with another right even if the borrower made the payments. This concerns primarily hire purchase sales. The fair value of objects whose ownership has been transferred as collateral to the Group was PLN 5,709 thousand as at 31 December 2005.

Changes in the level of impairment losses in the years ended 31 December 2005 and 2004 are presented in Note 20.

32 Finance lease receivables

Finance lease receivables as at 31 December 2005 (PLN thousands)	**Gross investment in finance leases**	**Current value of minimum lease payments**
Up to 1 year	92 453	75 041
From 1 year to 5 years	14 393	11 906
More than 5 lat		
Total	**106 846**	**86 947**
Unearned interest	19 899	0
Net investment in finance leases	**86 947**	
Unguaranteed residuals		
Current value of minimum lease payments	**86 947**	
Provisions	3 869	
Carrying amount	**83 078**	

Finance lease receivables as at 31 December 2004 (PLN thousands)	**Gross investment in finance leases**	**Current value of minimum lease payments**
Up to 1 year	54 550	44 583
From 1 year to 5 years	9 892	8 437
More than 5 lat		
Total	**64 442**	**53 020**
Unearned interest	11 422	0
Net investment in finance leases	**53 020**	
Unguaranteed residuals		
Current value of minimum lease payments	**53 020**	
Provisions	4 714	
Carrying amount	**48 306**	

The Group conducts lease activity through its subsidiary Carcade OOO. The Group executes, as the lessor, finance lease transactions regarding vehicles, plant and machinery.

In the said periods, no conditional lease payments were disclosed in the profit and loss account.

Lease transactions executed by the Group expose the Group first of all to currency risk, credit risk and cash flow risk related to interest rate. The principles of management of risk related to financial instruments are described in Note 8.

33 Investment securities

Investment securities	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Securities available for sale	1 531 715	1 083 784
- issued by central banks	61 486	118 379
- issued by other banks	3 462	0
- issued by other financial institutions	0	548
- issued by non-financial institutions	15 790	23 566
- issued by State Treasury	1 450 977	941 291
- issued by local authorities	0	0
Securities held to maturity	34 917	36 936
- issued by central banks	0	0
- issued by other banks	25 256	25 379
- issued by other financial institutions	0	0
- issued by non-financial institutions	0	0
- issued by State Treasury	5 370	5 407
- issued by local authorities	4 291	6 150
Investment securities, total	**1 566 632**	**1 120 720**
Impairment of investment securities	15 118	16 893
Investment securities, net - total	**1 551 514**	**1 103 827**

Changes in investment securities	**2005 PLN thousands**	**2004 PLN thousands**
Securities available for sale		
Net balance at the beginning of period	1 066 891	0
Foreign exchange differences	0	0
Additions	10 778 989	4 358 372
Disposals (sale and repurchase)	10 333 617	3 274 588
Impairment write-downs	-4 334	16 893
Change in fair value	0	0
Net balance at the end of period	**1 516 597**	**1 066 891**
Securities held to maturity		
Net balance at the beginning of period	36 936	0
Foreign exchange differences	0	0
Additions	2 384	40 715
Disposals (sale and repurchase)	4 341	3 841
Impairment write-downs	0	0
Change in fair value	-62	62
Net balance at the end of period	**34 917**	**36 936**

Debt securities issued by central banks include NBP bonds of a total value of PLN 58,468 thousand. The maturity dates of those securities fall in 2012. As at 31 December 2005, the average yield to maturity of those securities was 5-6%.

Debt securities issued by the State Treasury include treasury bills of a total value of PLN 860,750 thousand and treasury bonds of a total value of PLN 576,000 thousand (or other currencies). The maturity dates of those securities fall in the years 2006-2010. As at 31 December 2005, the average yield to maturity of those securities was 4-7%.

Securities available for sale, by maturity as at 31 December 2005 (in PLN thousands)	- up to 1 month		- from 1 month to 3 months		- from 3 months to 1 year		- from 1 year to 5 years		- more than 5 years		Due date not determ ined	Total	
	Book value	Average yield	Book value	Average yield	Book value	Average yield	Book value	Average yield	Book value	Average yield	Book value	Book value	Average yield
Securities available for sale													
- issued by central banks									61 486	6.18%		61 486	6.18%
- issued by other banks											3 462	3 462	
- issued by other financial institutions													
- issued by non-financial institutions											15 790	15 790	
- issued by State Treasury			120 982	5.18%	824 757	4.66%	505 238	6.39%				1 450 977	5.41%
- issued by local authorities													
Securities available for sale as at 31 December 2005, total	**0**		**120 982**		**824 757**		**505 238**		**61 486**		**19 252**	**1 531 715**	

Securities available for sale, by maturity as at 31 December 2004 (in PLN thousands)	**- up to 1 month**		**- from 1 month to 3 months**		**- from 3 months to 1 year**		**- from 1 year to 5 years**		**- more than 5 years**		**Due date not determined**	**Total**	
	Book value	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Book value**	**Average yield**
Securities available for sale													
- issued by central banks	90 239	6.50%							28 140	5.86%		118 379	6.18%
- issued by other banks													
- issued by other financial institutions											548	548	
- issued by non-financial institutions											23 566	23 566	
- issued by State Treasury	35 716	6.10%	19 795	6.45%	881 583	6.39%	4 197	7.78%				941 291	6.68%
- issued by local authorities													
Securities available for sale as at 31 December 2004, total	**125 955**		**19 795**		**881 583**		**4 197**		**28 140**		**24 114**	**1 083 784**	

Securities held to maturity, by maturity as at 31 December 2005 (in PLN thousands)	**- up to 1 month**		**- from 1 month to 3 months**		**- from 3 months to 1 year**		**- from 1 year to 5 years**		**- more than 5 years**		**Due date not determined**	**Total**	
	Book value	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Book value**	**Average yield**
Securities held to maturity													
- issued by central banks													
- issued by other banks					25 256	5.06%						25 256	5.06%
- issued by other financial institutions													
- issued by non-financial institutions													
- issued by State Treasury					5 370	7.73%						5 370	7.73%
- issued by local authorities	736	6.63%	1 632	5.01%	1 923	5.38%						4 291	5.67%
Securities held to maturity as at 31 December 2005, total	**736**		**1 632**		**32 549**		**0**		**0**		**0**	**34 917**	

Securities held to maturity, by maturity as at 31 December 2004 (in PLN thousands)	**- up to 1 month**		**- from 1 month to 3 months**		**- from 3 months to 1 year**		**- from 1 year to 5 years**		**- more than 5 years**		**Due date not determined**	**Total**	
	Book value	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Average yield**	**Book value**	**Book value**	**Average yield**
Securities held to maturity													
- issued by central banks													
- issued by other banks							25 379	7.40%				25 379	7.40%
- issued by other financial institutions													
- issued by non-financial institutions													
- issued by State Treasury							5 407	7.17%				5 407	7.17%
- issued by local authorities					1 823	8.04%	4 327	8.06%				6 150	8.05%
Securities held to maturity as at 31 December 2004, total	**0**		**0**		**1 823**		**35 113**		**0**		**0**	**36 936**	

34 Investments in associates and jointly controlled entities

Company	Acquisition date	Acquired share in net assets	Share in net assets after acquisition	Acquisition price in PLN thousand	Of which paid with cash	Value of net assets acquired	Goodwill on acquisition
Associates							
iCentrum	08.2004	35.0%	35.0%	303	303	72	231
Getin Leasing	01.2005	20.8%	20.8%	2 860	2 860	355	2 505
Getin Leasing	07.2005	-0.10%	20.7%	200	200	200	0
Getin Leasing	09.2005	0.00%	20.7%	200	200	200	0
PDK	01.2005	21.0%	21.0%	231	231	0	231

iCentrum S.A. was an associate until 30.06.2005.

On 20 January 2005, the Issuer acquired from RB Investcom sp. z o.o. with its registered office in Wrocław, 2,100 ordinary registered shares in Powszechny Dom Kredytowy S.A. in Wrocław, with its registered office in Wrocław, representing 21% of the share capital of PDK and giving the right to 2,100 (21%) votes at the General Meeting of PDK.

On 20 January 2005, the Issuer acquired from RB Investcom sp. z o.o. with its registered office in Wrocław, 260 ordinary registered shares in Carcade S.A. with its registered office in Wrocław (currently Getin Leasing S.A.) representing 20.8% of the share capital of Carcade and giving the right to 260 (20.8%) votes at the General Meeting of Carcade. According to share sale agreement, if:
- as a result of a legal and financial audit of Getin Leasing carried out by auditors designated by the Issuer, a discrepancy is discovered as compared to the representations made by the seller in the agreement concerning the legal and financial situation of Getin Leasing or,
- any event or situation occurs which has a material adverse effect on the business, value of assets, value of liabilities, results, cash flow or financial condition of Getin Leasing or,
- Getin Leasing fails to substantially meet the business plan,

the Issuer has the right to call upon the seller of the shares by 20 October 2006 to buy back the shares at the purchase price.
Additionally, the Issuer executed an agreement with a shareholder of Getin Leasing under which it has the right to acquire 31% ordinary registered shares in Getin Leasing in the period from 1 January 2007 to 31 December 2007, giving 31% of votes at the General Meeting of Getin Leasing.

In July 2005, there was an increase in the share capital of Getin Leasing by PLN 1,000,000. Getin Holding took up 20 shares of a value of PLN 200,000. The share of Getin Holding after the above-mentioned increase decreased to 20.7%.
In September 2005, there was a further increase in the share capital of Getin Leasing by PLN 1,000,000. Getin Holding took up 20 shares of the value of PLN 200,000. Getin Holding’s share after the increase amounts to 20.7%.
On 30 June 2005, the Issuer sold to RB Investcom sp. z o.o. with its registered office in Wrocław, all its shares, i.e. 35 ordinary bearer shares in iCentrum S.A., with its registered office in Wrocław, representing 35% of the share capital of iCentrum and giving the same number of votes at the General Meeting.
As at the acquisition date, the Issuer made a valuation of the investments to fair value. Due to insignificant differences between the fair values and carrying amounts, the carrying amounts of net assets were used in determining the goodwill on acquisition.

Changes in investments in associates	**31.12.2005**	**31.12.2004**
	PLN thousands	**PLN thousands**
Value of associates at the beginning of the period	**152**	**1 415**
Acquisition	755	72

Share of profits/(losses)	-826	-277
Disposal	-81	-1 058
Value of associates at the end of the period	**0**	**152**
Goodwill at the beginning of the period	**231**	**0**
Acquisition	2 736	231
Disposal	-231	0
Goodwill at the end of the period	**2 736**	**231**
Value of investment in associates (including goodwill) at the end of the period	**2 736**	**383**

Brief information about associates recognised using equity method (in thousand PLN):

Entity	Value of assets	Value of liabilities	Revenues	Net profit/(loss)	% shares
2005					
Getin Leasing S.A.	245 931	249 956	31 951	-7 730	20.7%
PDK S.A.	24 044	39 704	41 465	-4 496	21.0%
Total	**269 975**	**289 660**	**73 416**	**-12 226**	**---**
2004					
iCentrum S.A.	3 287	2 850	4 284	-4	35.0%
Total	**3 287**	**2 850**	**4 284**	**-4**	**---**

Unrecognised share in the losses of associates for which the Group ceased to recognize its share was (in thousand PLN):

Entity	Share of losses - current year	Cumulative share of losses
2005		
Getin Leasing S.A.	-853	-853
PDK S.A.	-944	-944
Total	**-1797**	**-1797**

Losses have not been recognised due to negative equity of the above associates. The Issuer is not obliged to cover losses of associates.

35 Investments in subsidiaries

The Capital Group consists of the following subordinate entities which are not covered by consolidation or valuation using the equity method:
- BTG sp. z o.o.
- BP Real Nieruchomości S.A.
- BP Telervis S.A.
- KONWIN-Kruszwica sp. z o.o.

The exclusion of the above entities from consolidation or valuation with the equity method was done on the basis of IAS 27 point 21 (these entities are in liquidation or bankruptcy and the Group does not exercise control over them). These entities joined the Group as at the time of merger of Getin Bank with Bank Przemysłowy in Łódź.

36 Intangible assets

Changes in intangibles for the year ended 31 December 2005	**Development costs** **PLN thousand**	**Patents and licenses** **PLN thousand**	**Goodwill** **PLN thousand**	**Other** **PLN thousand**	**Advances for intangibles** **PLN thousand**	**Total** **PLN thousand**
Cost as at 1 January 2005 net of accumulated amortisation and impairment write-downs	77	133	148 916	4 091	4 741	157 958
Acquisition of subsidiaries	0	184	224 285	13 894	0	238 363
Gross book value	*0*	*2 221*	*224 285*	*14 121*	*0*	*240 627*
Accumulated amortisation	*0*	*-2 037*	*0*	*-227*	*0*	*-2 264*
Additions due to internal development work	0	0	0	0	0	0
Purchases	0	73	0	1 929	5 722	7 724
Transfer from investments	0	0	0	9 655	0	9 655
Disposals (-)	0	-2	0	0	0	-2
Amortisation (-)	-77	-112	0	-2 985	0	-3 174
Other additions	0	0	0	0	0	0
Other disposals (-)	0	0	0	0	-9 655	-9 655
Transfers to assets held for sale	0	0	0	-3	0	-3
Net carrying amount as at 31 December 2005	**0**	**276**	**373 201**	**26 581**	**808**	**400 866**
As at 1 January 2005						
Cost (gross book value)	3 082	568	148 916	19 085	4 741	176 392
Accumulated amortisation	2 346	435	0	14 994	0	17 775
Impairment write-down	659					659
Net carrying amount as at 1 January 2005	**77**	**133**	**148 916**	**4 091**	**4 741**	**157 958**
As at 31 December 2005						
Cost (gross book value)	3 082	2 860	373 201	44 787	808	424 738
Accumulated amortisation	2 423	2 584	0	18 206	0	23 213
Impairment write-down	659					659
Net carrying amount as at 31 December 2005	**0**	**276**	**373 201**	**26 581**	**808**	**400 866**

Changes in intangibles for the year ended 31 December 2004	**Development costs**	**Patents and licenses**	**Goodwill**	**Other**	**Advances for intangible**	**Total**

					s	
	PLN thousand	**PLN thousand**	**PLN thousand**	**PLN thousand**	**PLN thousand**	**PLN thousand**
Cost as at 1 January 2004 net of accumulated amortisation and impairment write-downs	154	256	0	293	0	703
Additions due to internal development work	0	0	0	0	0	0
Acquisition of subsidiary	0	0	97 609	3 073	0	100 682
Gross book value	0	0	97 609	8 920	0	106 529
Accumulated amortisation	0	0	0	-5 847	0	-5 847
Purchases	0	22	0	1 689	4 741	6 452
Transfer from investments	0	0	0	0	0	0
Disposals (-)	0	-4	0	0	0	-4
Additions due to mergers of businesses	0	0	51 307	661	0	51 968
Gross book value	0	0	51 307	7 441	0	58 748
Accumulated amortisation	0	0	0	-6 780	0	-6 780
Amortisation (-)	-77	-144	0	-1 625	0	-1 846
Other additions	0	3	0	0	0	3
Net carrying amount as at 31 December 2004	**77**	**133**	**148 916**	**4 091**	**4 741**	**310 608**
As at 1 January 2004						
Cost (gross book value)	3 082	549	0	1 035	0	4 666
Accumulated amortisation	2 269	293	0	742	0	3 304
Impairment write-down	659					659
Net carrying amount as at 1 January 2004	**154**	**256**	**0**	**293**	**0**	**703**
As at 31 December 2004						
Cost (gross book value)	3 082	568	148 916	19 085	4 741	176 392
Accumulated amortisation	2 346	435	0	14 994	0	17 775
Impairment write-down	659					659
Net carrying amount as at 31 December 2004	**77**	**133**	**148 916**	**4 091**	**4 741**	**157 958**

As at the balance sheet date, there were no intangible assets whose legal title would be limited or intangible assets pledged as security for claims.
The Group does not have any contractual liabilities taken in connection with acquisition of intangible assets.

Assets material for the Group:
- centralized transaction IT system DEF 3000. The carrying amount of the system as at 31 December 2005 was PLN 9,116 thousand, and the remaining amortisation period was 54-59 months;
- Open Finance trademark. The carrying amount of the trademark as at 31 December 2005 was PLN 13,562 thousand.

From 1 January 2004, goodwill was not amortised and was annually tested for impairment. The tests did not reveal impairment of goodwill.

Information concerning determination of goodwill on the acquisition of subsidiaries is presented in Note 56.

Testing impairment of goodwill arising on acquisition of Getin Bank

The goodwill on acquisition of Getin Bank was assigned to the entire entity as to the cash-generating unit.

The recoverable amount of the entity was determined on the basis of the value in use. In order to carry out the test, cash flow projections for the entity were prepared for a period of 5 years. The valuation took into account the residual value of the entity arising from cash flow after the 5-year projection period.
Cash flow projections for 2006 were prepared on the basis of the Bank's budget for 2006 approved by the Management Board. The Bank's operating result for the following years was extrapolated using the following growth rates: 2007 – 20%, 2008 – 15%, 2009-2010 – 10%. Based on the prudence principle, the Group did not provide for an increase in results in the model after the 5-year projection period. In order to calculate free pre-tax operating cash flow, the Bank's operating result in the individual years covered by the projection was adjusted for material non-monetary items and planned capital expenditures.
A discount rate of 9.2% was applied to discounting cash flow (the weighted average cost of capital of the Bank was assumed as the discount rate).
The valuation did not reveal any impairment loss in goodwill arising on acquisition of the Bank.

Impairment of goodwill arising on acquisition of Carcade OOO

The goodwill on acquisition of Carcade OOO was assigned to the entire entity as a cash generating unit.

The recoverable value of the entity was set on the basis of the value in use. In order to carry out the test, cash flow projections of the entity were made for a period of 5 years. The valuation also included the residual value of the entity arising from cash flow after the period of the 5-year projections.
Cash flow projections for 2006 were prepared on the basis of the Company's budget for 2006 approved by the Management Board. The Company's operating result for the following years was extrapolated using the following growth rates: 2007 – 18%, 2008 – 15%, 2009-2010 – 14%. Based on the prudence principle, the Group did not provide for an increase in results in the model after the 5-year projections. In order to calculate free pre-tax operating cash flow, the Company's operating result in individual years covered by the projections was adjusted for material non-monetary items and planned capital expenditures.
A 15.5% discount rate was applied to discount cash flow (the discount rate is the weighted average cost of capital of the Company).
The valuation did not reveal any impairment of goodwill arising on acquisition of Carcade OOO.

Due to the initial settlement set provisionally in the case of acquisition of Fiolet S.A. and Wschodni Bank Cukrownictwa S.A., it was not possible to assign the goodwill arising on the acquisition of those companies to cash generating units. Therefore, the Group did not carry out tests for impairment of goodwill arising on acquisition of those companies. It will carry out those tests as at 31 December 2006.

37 Property, plant and equipment

Property, plant and equipment	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Land and buildings	60 570	49 880
Plant and machinery	18 517	12 929
Motor vehicles	10 431	10 164
Other assets including equipment	5 368	4 854
Construction in progress	1 439	7 503
Property, plant and equipment, total	**96 325**	**85 330**

Changes in property, plant and equipment for the year ended 31 December 2005	**Land and buildings** **PLN thousands**	**Plant and machinery** **PLN thousands**	**Motor vehicles** **PLN thousands**	**Other assets including equipment** **PLN thousands**	**total** **PLN thousands**
Initial cost					
Opening balance as at 1 January 2005	**69 918**	**49 237**	**15 353**	**19 857**	**154 365**
Increases, of which:	**38 671**	**26 424**	**6 657**	**7 732**	**79 484**
Purchases of subsidiaries	22 249	12 827	1 777	5 362	42 215
Purchases	4 414	2 728	4 608	510	12 260
Transfers from construction in progress	11 349	10 803	0	1 842	23 994
Acquisition due to business combination	0	0	0	0	0
Foreign exchange differences	0	66	32	18	116
Other	659	0	240	0	899
Decreases, of which:	**11 888**	**3 365**	**5 820**	**1 060**	**22 133**
Classification as asset held sale	18	693	3 917	315	4 943
Liquidation and sale, donation	7 668	2 672	1 903	745	12 988
Disposal due to business combination	0	0	0	0	0
Other	739	0	0	0	739
Transfer to other assets	160	0	0	0	160
Reclassification to investment property	3 303	0	0	0	3 303
Closing balance	**96 701**	**72 296**	**16 190**	**26 529**	**211 716**
Accumulated depreciation					
Opening balance	**19 785**	**36 244**	**5 142**	**14 974**	**76 145**
Increases, of which:	**16 893**	**20 301**	**3 969**	**6 917**	**48 080**
Purchases of subsidiaries	13 643	11 563	657	4 896	30 759
Depreciation for the period	3 250	8 721	3 229	2 018	17 218
Acquisition due to business combination	0	0	0	0	0
Foreign exchange differences	0	17	5	3	25
Other increases	0	0	78	0	78
Transfers	0	0	0	0	0
Decreases, of which:	**800**	**2 828**	**3 355**	**816**	**7 799**
Liquidation and sale	720	2 435	1 319	541	5 015
Reversal of restructuring provision	0	0	0	0	0
Classification as asset held for sale	0	393	2 036	275	2 704
Other	80	0	0	0	80
Closing balance	**35 878**	**53 717**	**5 756**	**21 075**	**116 426**
Impairment write-downs					
Opening balance	**253**	**64**	**47**	**29**	393
Increases	0	0	75	57	132
Decreases	0	2	44	0	46
Classification as asset held for sale	0	0	75	0	75
Closing balance	**253**	**62**	**3**	**86**	**404**
Net book value					

Opening balance	**49 880**	**12 929**	**10 164**	**4 854**	**77 827**
Closing balance	**60 570**	**18 517**	**10 431**	**5 368**	**94 886**

Changes in property, plant and equipment for the year ended 31 December 2004	**Land and buildings PLN thousands**	**Plant and machinery PLN thousands**	**Motor vehicles PLN thousands**	**Other assets including equipment PLN thousands**	**Total PLN thousands**
Initial cost					
Opening balance as at 1 January 2004	**362**	**1 453**	**790**	**360**	**2 965**
Increases, of which:	**77 307**	**50 535**	**19 131**	**19 888**	**166 861**
Purchases	4 161	2 340	8 559	717	15 777
Transfers from construction in progress	461	2 761	0	211	3 433
Acquisition due to business combination	19 856	14 818	922	4 343	39 939
Purchases of subsidiaries	52 185	30 429	8 854	14 617	106 085
Other	644	187	796	0	1 627
Decreases, of which:	**7 751**	**2 751**	**4 568**	**391**	**15 461**
Classification as asset held for sale	0	0	0	0	0
Liquidation and sale, donation	6 005	2 073	4 448	270	12 796
Disposal due to business combination	0	0	0	0	0
Foreign exchange differences	11	228	114	60	413
Decreases - presentation adjustment	0	450	6	61	517
Other	1 735	0	0	0	1 735
Closing balance	**69 918**	**49 237**	**15 353**	**19 857**	**154 365**
Accumulated depreciation					
Opening balance	**85**	**565**	**199**	**85**	**934**
Increases, of which:	**21 888**	**37 354**	**7 063**	**15 082**	**81 387**
Depreciation for the period	1 347	3 457	1 184	1 255	7 243
Acquisition due to business combination	5 089	12 709	809	3 658	22 265
Purchases of subsidiaries	15 452	21 188	5 070	10 169	51 879
Transfers	0	0	0	0	0
Decreases, of which:	**2 188**	**1 675**	**2 120**	**193**	**6 176**
Liquidation and sale	1 096	1 606	2 100	183	4 985
Foreign exchange differences	1	69	20	10	100
Other	1 091	0	0	0	1 091
Closing balance	**19 785**	**36 244**	**5 142**	**14 974**	**76 145**
Impairment write-downs					
Opening balance	**253**	**517**	**65**	**90**	925
Increases	0	0	0	0	0
Decreases	0	453	18	61	532
Closing balance	**253**	**64**	**47**	**29**	**393**
Net book value					
Opening balance	**24**	**371**	**526**	**185**	**1 106**
Closing balance	**49 880**	**12 929**	**10 164**	**4 854**	**77 827**

In 2005, the Company's legal title to property, plant and equipment was restricted by security for liabilities; these restrictions concerned registered pledge of a vehicle. The carrying amount of those assets as at 31 December 2005 was PLN 648 thousand.

The carrying amount of the vehicles used under financial lease agreements and hire purchase agreements as at 31 December 2005 was PLN 1,141 thousand.

The compensation received from third parties due to impairment or loss of an item of property, plant and equipment recognised in the income statement in the year ended amounted to:
- PLN 53 thousand in 2005
- PLN 19 thousand in 2004.

The expenditures included in the balance of construction in progress as at 31 December 2005 were PLN 1,439 thousand.
As at the balance sheet date, the Group did not have any contractual obligations taken in connection with acquisition of property, plant and equipment.

38 Investment property

The Group applies the cost model to measure its investment property.

There are no restrictions in the rights to transfer the investment property and to transfer the related revenues and profits.

The fair value of investment property as at 31 December 2005 was PLN 18,186 thousand (as at 31 December 2004: PLN 15,114 thousand) and was higher than their book value. The fair value was set on the basis of valuations performed by property appraisers.

Changes in the value of the investment property	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Gross book value		
Opening balance as at 1 January	**14 822**	**0**
Increases	**3 303**	**14 822**
Purchases of real estate		
Capitalisation of subsequent expenditures		
Acquisition due to business combination		14 822
Transfer from inventory		
Transfer from own real estate	3 303	
Other		
Decreases	**0**	**0**
Sale of real estate		
of which: sale of assets classified as held for sale according to IFRS 5		
Transfer to inventory		
Transfer to own real estate		
Other		
Closing balance	**18 125**	**14 822**

Accumulated depreciation		
Opening balance as at 1 January		
Increases	**523**	
Depreciation	**523**	
Decreases		
Closing balance	**523**	
Impairment write-downs		
Opening balance as at 1 January	**0**	
Increases	0	0
Decreases	0	0
Closing balance	**0**	**0**
Net book value		
Opening balance as at 1 January	**14 822**	
Closing balance	**17 602**	**14 822**

The following revenues and costs related to investment property were recognised in the profit and loss account:

	2005 PLN thousands	**2004 PLN thousands**
Income from rental/lease of investment properties	1070	
Direct operating expenses related to investment property (of which: repairs and maintenance) which generated rental income in the period	1305	
Direct operating expenses related to the investment property (of which: repairs and maintenance) which did not generate any rental income in the period	230	

39 Other assets

Other assets	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Deferred costs	1 812	135 728
Perpetual usufruct right	697	354
Receivables from sundry debtors	29 217	18 182
Trade receivables	3 773	2 159
Receivables from other taxation, subsidies and social security	3 611	6 097
Advances	7 031	4 358
Other receivables	508	811
Impairment write-downs	0	-484
Compensation receivable under lease agreements	3 528	0
Other	1 352	350

Other assets, total	**51 529**	**167 555**

Deferred costs as at 31 December 2004 included an amount of PLN 133,219 thousand relating to revaluation of a loan from Banking Guarantee Fund (BGF) to fair value.

(in thousand PLN)

40 Non-current assets held for sale

As at 31 December 2005, GBG Serwis Sp. z o.o. in which the Company was the sole shareholder, was classified as held for sale. The shares were sold on 19 January 2006. Due to the fact that GBG Serwis was a company providing cleaning and property security services to Getin Bank, and it did not represent a major line of business of the Issuer's Capital Group (within the meaning of IFRS 5), the sale was classified as non-current assets held for sale.
The company's total assets as at 31 December 2005 amounted to PLN 3,897 thousand and the net result PLN 29 thousand.

Main classes of assets and liabilities of GBG Serwis Sp. z o.o.	
Assets classified as held for sale	**31.12.2005**
Intangible assets	3
Property, plant and equipment	2 167
Trade receivables	
Cash and cash equivalents	7
Deferred tax assets	132
Other assets	634
Total	**2 943**
Liabilities classified as held for sale	**31.12.2005**
Trade payables	
Loans and credits	
Deferred tax liability	
Provisions	7
Other liabilities	1 221
Total	**1 228**

41 Assets providing security for liabilities

The table below presents the carrying amount of assets constituting security as at 31 December 2005.

Types of assets providing security for liabilities	**Types of liability**	**Value of the secured liabilities**	**Carrying amount of assets providing security for liabilities**
vehicles and machinery	loans	49 686	18 552
treasury bills	BGF loan	8 167	9 676
treasury bills	technical loan (short-term loan granted by Central Bank and repayable within a single business day)	76 800	93 812
treasury bonds	Lombard loan (short-term (overnight) liquidity loan granted by Central Bank against Treasury securities)	71 200	88 488

treasury bonds	BGF loan	447 419	472 217
NBP bonds	BGF loan		9 278
treasury bills	deposit from PKO BP	124 067	135 929
treasury bills	loan from RCB	248 267	305 113
treasury bills	loan from RABO	248 264	263 597
Total:		**1 273 870**	**1 396 662**

The following table presents the carrying amount of assets constituting security as at 31 December 2004.

Types of assets securing liabilities	Types of liabilities	Value of the secured liabilities	Carrying amount of assets providing security for liabilities
vehicles and machinery	loans	2 040	1 857
treasury bills	BGF loan	9 671	11 307
treasury bills	technical loan (short-term loan granted by Central Bank and repayable within a single business day)	78 400	94 635
treasury bonds	Lombard loan (short-term (overnight) liquidity loan granted by Central Bank against Treasury securities)	170 000	208 710
treasury bills	deposit from PKO BP	60 116	107 136
treasury bills	loan from RCB	132 217	163 923
Total:		**452 444**	**587 568**

42 Amounts due to Central Bank

No such items occurred.

43 Amounts due to other banks and financial institutions

Amounts due to other banks and financial institutions	**31.12.2005** **PLN thousands**	**31.12.2004** **PLN thousands**
Overdrafts	638	32
Deposits accepted from other banks	513 843	243 187
Loans and credits received	897 681	185 444
Cash in transit	0	0
Other deposits from the money market	0	0
Interest	1 447	0
Other amounts due to other banks	1 319	653
Amounts due to other banks, total	**1 414 928**	**429 316**

Amounts due to other banks and financial institutions with a variable interest rate amounted to PLN 952,215 thousand (2004: 213,315 thousand), and those with a fixed interest rate amounted to PLN 461,266 thousand (2004: PLN 216,001 thousand).

Amounts due to other banks and financial institutions by maturity **based on the period from the balance sheet date to date of repayment**	**31.12.2005** **PLN thousands**	**31.12.2004** **PLN thousands**
Overdrafts	638	32
Liabilities payable within:	1 414 290	429 284
up to 1 month	396 643	184 391
from 1 to 3 months	7 313	21 730
from 3 months to 1 year	31 702	9 677
from 1 to 5 years	648 347	213 338
more than 5 years	330 285	148
Cash in transit		
Other deposits from the money market		
Total	**1 414 928**	**429 316**

44 Other financial liabilities valued at fair value through profit and loss

No such item occurred.

45 Amounts due to customers

Amounts due to customers	**31.12.2005** **PLN thousands**	**31.12.2004** **PLN thousands**
Amounts due to corporate entities	**810 214**	**600 008**
Overdrafts and overnights	361 937	220 524
Term deposits	443 780	378 131
Advances received	0	0
Interest	4 391	1 307
Other	106	46
Amounts due to state budget entities	**642 662**	**665 845**
Overdrafts and overnights	599 440	621 759
Term deposits	43 053	44 027
Interest	169	59
Other	0	0
Amounts due to individuals	**3 239 550**	**2 222 703**
Overdrafts and overnights	267 610	195 694
Term deposits	2 943 797	2 010 903
Interest	27 263	15 939
Other	880	167

Amounts due to customers, total	**4 692 426**	**3 488 556**

Amounts due to customers with a variable interest rate stand at PLN 1,611,384 thousand (2004: 1,282,726 thousand), and those with a fixed interest rate at PLN 3,049,219 thousand (2004: PLN 2,188,525 thousand). Other liabilities are non-interest bearing and as at 31 December 2005 stand at PLN 31,823 thousand (2004: PLN 17,305 thousand).

Amounts due to customers by maturity **based on the period from the balance sheet date to date of repayment**	**31.12.2005** **PLN thousands**	**31.12.2004** **PLN thousands**
Overdrafts and overnights	1 228 988	1 037 977
Term liabilities by maturity:	3 463 438	2 450 579
up to 1 month	1 018 999	795 253
from 1 to 3 months	1 496 224	848 356
from 3 months to 1 year	859 088	736 180
from 1 to 5 years	71 043	51 937
more than 5 years	18 084	18 853
Interest	0	0
Others	0	0
Total	**4 692 426**	**3 488 556**

46 Liabilities from issue of debt securities

Liabilities from issue of debt securities	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Liabilities from issue of	253 900	20 284
Bonds	80 163	20 284
Certificates	173 737	0
Other	0	0
Interest	2 172	0
Liabilities from issue of debt securities, total	**256 072**	**20 284**

	31.12.2005		**31.12.2004**	
	PLN thousands Carrying amount	**Average effective rate**	**PLN thousands Carrying amount**	**Average effective rate**
Liabilities from issue of debt securities, payable in:	253 900		20 284	
up to 1 month				
from 1 to 3 months				
from 3 months to 1 year	40 223	7%	20 284	8%
from 1 to 5 years	213 677	6%		
more than 5 years	0			
Interest	2 172			
Total	**256 072**		**20 284**	

Liabilities from the issue of Getin Bank's debt securities include liabilities from the issue of bonds and deposit certificates which are not admitted to public trading.
Furthermore, liabilities from the issue of debt securities include liabilities related to zero-coupon bonds of Getin Holding – series K, L, which were issued on 1 December 2005 for a period until 30 June 2006.
The there were no instances in the Group of delays in the payment of the principal or interest, or in redemption of the debt securities issued by Group companies.

47 Other liabilities

Other liabilities	**31.12.2005 PLN thousands**	**31.12.2004 PLN thousands**
Deferred income	9 419	7 969
Provisions for annual leave	3 512	2 050
Provisions for other liabilities to employees	1 300	1 104
Other costs to be paid in future	10 847	5 868
Sundry creditors	33 405	41 880
Interbank settlements	33 216	8 310
Trade liabilities	6 021	3 991
Taxation, customs duty, social security liabilities (excluding CIT)	7 634	5 133
Lease liabilities	743	0
Payroll liabilities	1 759	213
Provision for contingent liabilities	161	171
Compensation and damages	0	2 997
Advances received	6 467	4 222
Other	675	822
Other liabilities, total	**115 159**	**84 730**

48 Provisions

Year ended 31 December 2005	**Restructuring provision PLN thousands**	**Provision for litigation PLN thousands**	**Retirement provision PLN thousands**	**Provision for granted liabilities and guarantees PLN thousands**	**Other provisions PLN thousands**	**Total PLN thousands**
As at 1 January 2005	720	6 121	4 771	693	605	12 910
Purchase of subsidiary	38 073	0	0	0	9 391	47 464
Recognition / revaluation of provisions	0	249	161	1 992	600	3 002
Utilisation	472	1 276	234	0	95	2 077
Reversal	0	1 295	4 086	2 481	196	8 058
Changes relating to the increase of discounted value as a result of passage of time and variations in discount rate	0	0	0	0	0	0
Acquisition/disposal due to business combination	0	0	0	0	0	0
Exchange rate differences	0	0	0	0	0	0
Other changes	0	-135	0	0	0	-135
Provisions as at 31 December 2005	**38 321**	**3 664**	**612**	**204**	**10 305**	**53 106**

Year ended 31 December 2004	**Restructuring provision** PLN thousands	**Provision for litigation** PLN thousands	**Retirement provision** PLN thousands	**Provision for granted liabilities and guarantees** PLN thousands	**Other provisions** PLN thousands	**Total** PLN thousands
As at 1 January 2004	0	0	0	0	0	0
Purchase of subsidiary	0	409	4 437	449	628	5 923
Recognition/revaluation of provision	720	6 286	1 123	1 918	243	10 290
Utilisation	0	524	653	0	43	1 220
Reversal	0	50	596	1 674	223	2 543
Changes relating to the increase of discounted value as a result of passage of time and variations in discount rate	0	0	0	0	0	0
Acquisition/disposal due to business combination	0	0	460	0	0	460
Exchange rate differences	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
Provisions as at 31 December 2004	**720**	**6 121**	**4 771**	**693**	**605**	**12 910**

Provision for retirement benefits and similar obligations	**31.12.2005**	**31.12.2004**
Provision for jubilee bonuses		3 817
Provision for retirement benefits	266	663
Provision for employees' complaints	346	291
Provision for severance pays		0
Total	**612**	**4 771**

An increase in the level of provisions as at 31.12.2005 results from the take-over of WBC S.A., which from 2002 implemented a Restoration Proceedings Program assuming a gradual restriction in activity. The starting point of the programme was to identify the risks underlying the Programme and to create provisions for future costs related to restriction of activity and the estimated impairment. They included, among other things, provisions for risk related to costs of discontinuing business with financial agents, closing the lending business, severance pays to employees being released, and identified risks related to the existing business of WBC. In 2005, the Restoration Proceedings Program was completed as a result of achievement of the level of net assets assumed in the Program and the sale of WBC was carried out. The formal completion of the implementation of the Restoration Proceedings Programme does not mean the end of all restructuring activities.

Given the above, WBC has revalued the level of provisions as at the date the control was taken over by the Getin Holding Group. As at 31.12.2005, provisions covered by the Group consolidation and concerning WBC were as follows:

restructuring provision - PLN 38,073 thousand:

of which:
- provision for retail sale costs - PLN 20,900 thousand,

(in thousand PLN)

- provision for costs of storing documents - PLN 3,440 thousand,
- provision for costs of claiming receivables - PLN 10,754 thousand,
- provision for other costs - PLN 2,979 thousand,

Other provisions in the amount of PLN 9,391 thousand include amounts for identified risk from previous operations of WBC.

49 Employment benefits

On 2 March 2005, the General Meeting of Getin Holding S.A. adopted resolutions on setting up an incentive program for the Group's management staff, which plays a key role in implementing the Group's strategy.
Under the program, the Parent Company's share capital was conditionally increased through the issue of up to 3,000,000 series J shares.
The series J shares will be offered to Eligible Persons holding bonds with a Priority Right to acquire shares from the Trustee on terms and conditions set forth in the Management Option Plan.
The Company undertook to issue in aggregate no more than 3 million Bonds with the Priority Right. The bonds were issued in three series: E, F and G and were taken up by the Trustee. Next, the Trustee was obliged to sell the bonds to the Eligible Persons.
Each bond carried the right to place 1 subscription for Series J Share.
Three dates for accepting subscriptions for Series J were set. One of the dates was in the reporting period, i.e. in 2005. 1 million of bonds were awarded, and the right of priority to subscribe for shares was exercised in the case of 993,000 bonds. The exercise price for the entire plan was PLN 2.40 per share, and the market price of shares on the exercise date for the option arising from the 2005 bonds, i.e. 30 November 2005, was PLN 5.05. In 2005, the priority right to subscribe for shares was not exercised in the case of 7,000 shares. Therefore, out of the planned pool of 3 million bonds with priority right to subscribe for 3 million shares, only the part planned for 2005 was used – 1 million bonds giving rise to 993,000 shares. The remaining two dates for accepting subscriptions for series J shares (in a number of 2 million arising from the planned granting of 2 million bonds) were planned for the following years, i.e. 2006 and 2007.
The fair value of the priority rights to take up shares in the Company granted in the period until 31 December 2005, as at 31 December 2005 stood at PLN 3,884 thousand. It is amortised over the estimated period of acquisition of rights to take up shares in the Company by the plan participants (vesting period).
The payroll costs were increased accordingly by PLN 1,955 thousand in the year ended 31 December 2005.
The option exercise price for share options (priority right to take up shares) at the end of the period were as follows:

Expiration date	**Exercise price (PLN)**	**31.12.2005 Number of shares**	**31.12.2004 Number of shares**
31 December 2006	2.4	1 000 000	
31 December 2007	2.4	1 000 000	

The fair value of the right of priority to take up shares in the Company was estimated as at the date of granting options (priority rights to take up shares in the Company) on the basis of the Black – Scholes model.
Value of the employee share plan as at each balance sheet date is adjusted if the Management Board expectations concerning the number of rights to be exercised have changed.

The following table presents the figures assumed in determining the fair value of the priority rights to take up shares in the Company:

	Plan for years 2005-2007

Dividend rate (%)	not projected
Projected volatilities ratio (%)	30%
Historical volatilities ratio (%)	30%
Risk free interest rate (%)	4.50%
Projected validation period of options (in years)	0-2
Weighted average price of shares (in PLN)	3.69

The anticipated validity term of the priority rights to take up shares in the Company is set on the basis of historical data and need not explicitly state the possible implementation scenarios.
The projected volatilities ratio reflects the assumption that the historical volatilities ratio expresses the future tendencies which in practice may turn out to be completely different.

50 Contingent liabilities

Investment commitments

As at 31 December 2005, the Group executed agreements with business partners for implementation of planned capital expenditures (for the IT system development) in 2006 amounting to PLN 8,399 thousand.

Contingent liabilities

	As at 31 December 2005 **PLN thousands**	**As at 31 December 2004** **PLN thousands**
Contingent liabilities:	244 038	339 417
- guarantees given	19 141	9 207
- financing	224 897	330 210
Contingent liabilities, total	**244 038**	**339 417**

Apart from the above contingent liabilities, the Issuer informed in the current report no. 122/2005 of 25 November 2005 that it has received from the Fiolet shareholders confirmation of acceptance of the Issuer's statement on joining the Fiolet shareholders' agreement executed among the existing shareholders. The statement on joining was submitted by the Issuer on the basis of a share purchase agreement executed on 18 August 2005, under which the Issuer acquired from LC CORP B.V., with its registered office in Amsterdam, 600 ordinary registered shares in Fiolet S.A., representing 60% of the share capital of Fiolet and giving the right to 60% of votes at the General Shareholders' Meeting of Fiolet. As a result of acceptance of the statement on joining, the minority shareholders of Fiolet are entitled to call upon the Issuer to buy out all Fiolet's shares which they hold. The Issuer is bound by an offer to purchase shares for a price equal to 10 times the minority shares in Fiolet's net financial result for 2006. The purchase offer binds the Issuer until 31 December 2007.

Additionally, if Fiolet's minority shareholders do not take advantage of the right to call to buy out all their shares by 31 December 2007, the Issuer will have the right to call upon the minority shareholders to sell their shares. The sale offer binds the minority shareholders until 31 December 2008. The sale price is 10 times the minority share in Fiolet's net financial result for 2007.

Due to a significant uncertainty of the variables contained in the above acquisition price formulas (i.e. Fiolet S.A.'s result for 2006 or 2007), the Group decided that, as at the date of these financial statements, it was not possible to estimate the amount for which the Issuer is to potentially acquire Fiolet shares from the minority shareholders.

Financial liabilities granted

	As at 31 December 2005 **PLN thousands**	**As at 31 December 2004** **PLN thousands**
Financial liabilities granted, total:	224 897	330 210
- for financial entities	5 563	225 860
- for non-financial entities	218 299	82 433
- for budget entities	1 035	21 917
of which: irrevocable liabilities	67 576	85 153

The Group gave financial liabilities with a fixed interest rate (thus exposing the Group to interest rate risk) in a nominal amount shown in the table below; these liabilities represent amounts of unused debit balances on overdraft accounts.

	As at 31 December 2005 **PLN thousands**	**As at 31 December 2004** **PLN thousands**
Financial liabilities given with a fixed interest rate, total:	3 704	0

- with maturity within 1 year from the balance sheet date	3 704	0
- with maturity within more than 1 year from the balance sheet date	0	0
of which: irrevocable liabilities	0	0

Guarantee liabilities granted

	As at 31 December 2005 PLN thousands	**As at 31 December 2004 PLN thousands**
1) Liabilities granted to financial entities	0	0
2) Liabilities granted to non-financial entities:	19 138	9 207
- guarantees	16 352	9 207
- civil law guarantees	2 786	0
3) Liabilities granted to the state budget:	3	0
- guarantees	3	0
Total liabilities given	**19 141**	**9 207**

Information concerning contingent liabilities given to affiliated entities is presented in Note 55.

51 Share capital

As at 31 December 2005

SHARE CAPITAL (STRUCTURE)								
Series / issue	Type of shares	Type of privilege	Type of restriction of rights to share	Number of shares	Value of series / issue at nominal value	Method of capital coverage	Registration date	Right to dividend (from date)
A	bearer	-	-	100 000	100	cash	23.02.1996	23.02.1996
B	bearer	-	-	5 900 000	5 900	cash	16.03.2000	01.01.2000
C	bearer	-	-	4 000 000	4 000	cash	19.10.2000	01.01.2000
D	bearer	-	-	700 000	700	cash	19.05.2001	01.01.2000
E	bearer	-	-	5 300 000	5 300	cash	19.05.2001	01.01.2000
F	bearer	-	-	54 000 000	54 000	cash	01.08.2003	01.01.2003
G	bearer	-	-	245 000 000	245 000	cash	11.05.2004	01.01.2004
H	bearer	-	-	105 000 000	105 000	cash	19.07.2005	01.01.2005
I	bearer	-	-	114 335 000	114 335	in-kind contribution	19.07.2005	01.01.2005
Total number of shares				**534 335 000**				
Total share capital in thousand PLN					**534 335**			
Nominal value of 1 share = 1 PLN								

2005 in thousand pieces	**Shares issued and fully paid**	**Shares issued and not fully paid**	**Own shares of entity in its possession or in possession of subsidiaries and associates**	**Total**
At the beginning of the period	315 000			315 000
Issue of shares of series H	105 000			105 000
Issue of shares of series I	114 335			114 335
Purchase/sale of own shares				0
Shares taken up by employees under incentive programs				0
				0
At the end of the period	**534 335**	**0**	**0**	**534 335**

52 Other reserves and retained earnings

	31.12.2005 PLN thousands	**31.12.2004 PLN thousands**
Reserve capital	492 061	95 678
From sale of shares above their nominal value	469 352	95 678
Other	22 709	0
Revaluation reserve	12 128	2 380
Foreign exchange differences	214	-112
Bonds convertible to shares – equity component	1 955	0
Retained earnings	-11 952	-25 708
Net profit (loss)	59 242	22 074
At the end of the period	**553 648**	**94 312**

53 Insurance contracts

The table below presents information concerning insurance contracts for the year ended 31 December 2005 and as at 31 December 2005.

	2005 PLN thousands
Off-balance sheet liabilities in respect of insurance contracts:	15 925
Guarantees	15 362
Letters of credit	563
Provision created for off-balance sheet liabilities in respect of insurance contracts (insurance liability)	52
Revenue from insurance contracts in the year 2005	438
Expenses from insurance contracts in the year 2005	26

The table below presents reconciliation of insurance liabilities as at 1 January 2005 and as at 31 December 2005.

	2005 PLN thousands
Provision created for off-balance sheet liabilities in respect of insurance contracts (insurance liability) as at 1 January 2005	27
Recognition of provisions for guarantees and letters of credit	26
Reversal of provisions for guarantees and letters of credit	1
Provision created for off-balance sheet liabilities in respect of insurance contracts (insurance liability) as at 31 December 2005	52

Based on the provisions of IFRS 1, the Group did not restate comparable data with respect to IFRS 4.

54 Additional information to the cash flow statement

Cash and cash equivalents:

Balance sheet items	**2005 PLN thousands**	**2004 PLN thousands**
Cash and balances with the Central Bank	182 523	129 457
Current amounts due from banks	19 007	26 255
Overnight deposits	563 828	239 672
Cash and cash equivalents disclosed in Cash Flow Statements	**765 358**	**395 384**

In the year ended 31 December 2005, the Company acquired the following subsidiaries: WBC S.A., Open Finance S.A., Fiolet S.A.. The total cash flows relating to acquisition of the subsidiaries, disclosed under cash flow from investing activities, are presented in the following tables:

Cash flows - purchase of WBC S.A.	**2005 PLN thousands**
Fair value of assets and liabilities of WBC	**207 783**
Assets	648 169
Liabilities	-440 386
Total consideration paid for the subsidiary	**210 594**
Consideration paid in cash	**210 594**
Cash and cash equivalents of WBC	23 581
Cash flows related to acquisition, net of acquired cash	**187 013**

Cash flows - purchase of Open Finance	**2005 PLN thousands**
Fair value of assets and liabilities of Open Finance	**6 586**
Assets	14 816
Liabilities	-8 230

Total consideration paid for the subsidiary	**6 586**
Consideration paid in cash	**86**
Cash and cash equivalents of Open Finance	875
Cash flows related to acquisition, net of acquired cash	**-789**

Cash flows - purchase of Fiolet S.A.	**2005 PLN thousands**
Fair value of assets and liabilities of Fiolet S.A.	**1 253**
Assets	2 846
Liabilities	-1 593
Total consideration paid for the subsidiary	**3 597**
Consideration paid in cash	**57**
Cash and cash equivalents of Fiolet S.A.	698
Cash flows related to acquisition, net of acquired cash	**-641**

Furthermore, in 2005, Getin Holding incurred expenses to buy out shares from minority shareholders of Getin Bank worth PLN 8,287 thousand.

In the year ended 31 December 2004, the Company acquired a subsidiary of Getin Bank. The total cash flow from acquiring the subsidiary disclosed in the cash flows from investing activities is presented in the table below:

Cash flows - purchase of Getin Bank	**2004 PLN thousands**
Fair value of assets and liabilities of subsidiary:	**167 261**
Total consideration paid for the subsidiary	**257 177**
Consideration paid in cash	**257 177**
Cash and cash equivalents of the subsidiary	219 065
Cash flows related to acquisition, net of acquired cash	**38 112**

The table below explains the differences between balance sheet changes in assets and liabilities and changes disclosed in the cash flow statement as at 31 December 2005:

	Balance Sheet	**Cash Flow Statement**	**Difference**	
Change in receivables from banks	-789 951	39 692	829 643	(1)
Change in financial assets held for trading and other financial instruments at fair value	766	766	0	
Change in derivatives (asset)	-14 025	-14 025	0	
Change in loans and credits allowed to customers	-1 542 228	-1 496 709	45 519	(2)
Change in finance lease receivables	-34 772	-32 627	2 145	(3)
Change in securities available for sale	-449 706	-363 926	85 780	(4)
Change in deferred tax assets	-44 680	-37 100	7 580	(5)
Change in other assets	116 026	121 971	5 945	(6)
Change in liabilities due to banks	985 612	972 483	-13 129	(7)

(in thousand PLN)

Change in derivatives (liability) and other financial assets valued at fair value	1 387	1 387	0	
Change in liabilities due to customers	1 203 870	815 187	-388 683	(8)
Change in liabilities arising from issue of debt securities	235 788	3 068	-232 720	(9)
Change in provisions	53 037	1 449	-51 588	(10)
Change in other liabilities	31 657	12 330	-19 327	(11)

(1) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding receivables from banks arises from:
- change in the current accounts and overnight deposits amounting to PLN 316,908 thousand,
- acquisition of subsidiaries – PLN 512,735 thousand.

(2) The difference between the balance sheet change and the change disclosed in the cash flow statement concerning loans and credits allowed to customers arises from:
- elimination of adjustment due to IAS 39 amounting to PLN 15,284 thousand,
- acquisition of subsidiaries – PLN 30,235 thousand.

(3) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding finance lease receivables arises from foreign exchange differences from translation of a foreign operation (Carcade OOO).

(4) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding change in securities available for sale arises from:
- acquisition of the subsidiary WBC S.A. in the amount of PLN 67,790 thousand,
- elimination of revaluation of financial assets available for sale in the amount of PLN 17,990 thousand.

(5) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding deferred tax assets arises from:
- acquisition of subsidiaries – PLN 7,390 thousand,
- foreign exchange differences from translation of a foreign operation (Carcade OOO) in the amount of PLN 190 thousand.

(6) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding other assets arises from:
- acquisition of subsidiaries in the amount of PLN 5,794 thousand,
- foreign exchange differences from translation of a foreign operation (Carcade OOO) in the amount of PLN 526 thousand,
- elimination of changes in receivables from sale of Getin Direct in the amount of PLN -400 thousand,
- elimination of receivables from sale of fixed assets in the amount of PLN 25 thousand.

(7) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding banks' liabilities arises from:
- acquisition of subsidiaries – PLN 10,627 thousand,
- foreign exchange differences from translation of a foreign operation (Carcade OOO) in the amount of PLN 2,502 thousand.

(8) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding liabilities towards clients arises from acquisition of subsidiaries.

(9) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding liabilities related to issued debt securities arises from recording inflows and outflows of cash in connection with debt securities issued in the cash flows from financing activities.

(in thousand PLN)

(10) Change in provisions stated in the cash flow statement includes a change in deferred tax liabilities and a change in other provisions. The difference between the change in provisions showed in the cash flow statement and the balance sheet changes in deferred tax liabilities and other provisions arises from acquisition of subsidiaries.

(11) The difference between the balance sheet change and the change disclosed in the cash flow statement regarding other liabilities arises from:

- elimination of liabilities related to investment purchases in the amount of PLN 11,470 thousand,
- foreign exchange differences from translation of a foreign operation (Carcade OOO) in the amount of PLN 289 thousand,
- acquisition of subsidiaries – PLN 7,568 thousand.

55 Transactions with affiliated entities

The entire Getin Holding Group is controlled by Leszek Czarnecki.

The consolidated financial statements include the financial statements of Getin Holding S.A. and financial statements of the subsidiaries listed in the following table:

Name of the entity	Country of registration	Share in equity	
		31.12.2005	31.12.2004
Getin Bank S.A.	Poland	99.25%	71.29%
Carcade OOO	Russia	60.00%	60.00%
GBG Serwis Sp. z o.o.	Poland	100.00%	100.00%
Getin Raty S.A.	Poland	100.00%	100.00%
Górnoślązak Sp. z o.o.	Poland	98.00%	98.00%
Fiolet S.A.	Poland	60.00%	-
Open Finance S.A.	Poland	70.00%	-
WBC S.A.	Poland	99.90%	-

Associates accounted for using the equity method:
- Getin Leasing S.A.,
- PDK in Wrocław S.A.

The Capital Group also includes the following subordinated entities which are not consolidated or accounted for using the equity method:
* entities affiliated via Getin Bank:
- BTG sp. z o.o.,
- BP Real Nieruchomości S.A.,
- BP Telervis S.A.,
- KONWIN-Kruszwica sp. z o.o.
* entity affiliated via Getin Leasing:
- Akcept S.A.
* entities affiliated via PDK in Wrocław S.A.:
- WTF Sp. z o.o., Credit Car Sp. z o.o. and Profit Sp. z o.o.

Entities affiliated with the Issuer via the controlling person - Leszek Czarnecki:
- RB Investcom Sp. z o.o.,

- Łódź Nieruchomości Sp. z o.o.,
- Wrocław Nieruchomości Sp. z o.o.,
- RB Expert S.A.,
- Pośrednik Finansowy Sp. z o.o.,
- RB Computer Sp. z o.o.,
- iCentrum S.A.

Furthermore, in the period covered by the financial statements, the Issuer's affiliated entities included:
- LC Corp BV, which is a significant investor of the Company;
- Towarzystwo Ubezpieczeń "Europa" S.A., which is a subsidiary of LC Corp BV;
- Towarzystwo Ubezpieczeń na Życie "Europa" S.A., which is a subsidiary of Towarzystwo Ubezpieczeń "Europa" S.A.;
- LC Corp SA, which is a subsidiary of LC Corp BV.

Transactions executed by entities of the Group are performed at arms' length.
As part of its lending activity with affiliated entities, the Group applies standard lending conditions:
- transactions are executed based on principles and conditions approved by the Bank;
- the evaluation of the subsidiary's creditworthiness is based on principles which apply in evaluating the creditworthiness of the Bank's clients;
- the financial conditions are set taking into account interest rate fluctuations based on WIBOR 3M for business loans;
- the principles of securing transaction financing are in line with the instructions concerning legal security in effect at the Bank;
- the Bank also applies general principles of monitoring payments and principles of terminating agreements and collecting debts.

Transactions of Getin Holding S.A. with affiliated entities

2005	Loans and credits receivable PLN thousands	Other receivables PLN thousands	Liabilities in respect of bank loans and credits PLN thousands	Liabilities due to deposits taken PLN thousands	Other liabilities PLN thousands	Interest income PLN thousands	Interest expense PLN thousands	Commission income PLN thousands	Commission expense PLN thousands	Sales* PLN thousands	Purchases** PLN thousands	Impairment write-down of irregular receivables PLN thousands	Expense related to impairment write-down of irregular receivables PLN thousands	Granted financial liabilities and guarantees PLN thousands
Transactions with consolidated entities														
Getin Bank S.A.		10			20	3452				1422				
Carcade OOO		74				1010				74				2786
Getin Raty S.A.										17				
Getin Leasing S.A. - since 20.01.2005											8			
Transactions with other related parties														
Leszek Czarnecki - controlling person of the Group											120			
LC Corp BV, located in Amsterdam, Netherlands					10040						10040			
LC Corp S.A., located in Wrocław					23					24	45			

(in thousand PLN)

TU Europa S.A., located in Wrocław					21117		240			9	13			
TU Europa na Życie S.A., located in Wrocław					19106		999							
Open Finance S.A. - since 27.01.2005 to 30.09.2005	n/a	n/a	n/a	n/a	n/a						3	n/a		990
RB INVESTCOM SP. Z O.O.- since 02.09.2005					1430					19				
RB COMPUTER SP. Z O.O. - since 02.09.2005		1								2	5			
Fiolet S.A. - since 14.02.2005 until 31.08.2005	n/a	n/a	n/a	n/a	n/a							n/a		
Tadeusz Pietka										3				

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment

** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

2004	Loans and credits receivable PLN thousands	Other receivables PLN thousands	Liabilities in respect of bank loans and credits PLN thousands	Liabilities due to deposits taken PLN thousands	Other liabilities PLN thousands	Interest income PLN thousands	Interest expense PLN thousands	Commission income PLN thousands	Commission expense PLN thousands	Sales* PLN thousands	Purchases** PLN thousands	Impairment write-down of irregular receivables PLN thousands	Expense related to impairment write-down of irregular receivables PLN thousands	Granted financial liabilities and guarantees PLN thousands
Transactions with consolidated entities														
Getin Bank S.A.		466				518				3131				
Carcade OOO	11086					2020				167				
GBG Finanse S.A.										115				
Getin Direct Sp. z o.o.										161	323	n/d		
Transactions with other related parties														
Leszek Czarnecki - controlling person of the Group		113								113				
LC Corp BV, located in Amsterdam, Netherlands		4								3				
LC Corp S.A., located in Wrocław					23					16	212			
TU Europa S.A., located in Wrocław														
TU Europa na Życie S.A., located in Wrocław					20284		74							

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment

** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

Transactions of Getin Bank S.A. with affiliated entities

2005	Loans and credits receivable PLN thousands	Other receivables PLN thousands	Liabilities in respect of bank loans and credits PLN thousands	Liabilities due to deposits taken PLN thousands	Other liabilities PLN thousands	Interest income PLN thousands	Interest expense PLN thousands	Commission income PLN thousands	Commission expense PLN thousands	Sales* PLN thousands	Purchases** PLN thousands	Impairment write-down of irregular receivables PLN thousands	Expense related to impairment write-down of irregular receivables PLN thousands	Granted financial liabilities and guarantees PLN thousands
Transactions with consolidated entities														
Getin Holding S.A.		20		1	9		3 452				1 711			
Carcade OOO	49 233					5 081		1						
GBG Serwis Sp. z o.o.		2		889	65		110			136	12 851			
Getin Raty S.A.		3		4 102		76	24	15	1	175	1			
Górnoślązak Sp. z o.o.				1										
Fiolet S.A. - since 01.09.2005		24			2 790		6	1	10 301	55				51
Open Finance S.A. - since 01.10.2005					248		0	0	496					
WBC S.A. - since 01.12.2005				370 567			567		0					

(in thousand PLN)

Getin Leasing S.A. - since 20.01.2005	157 085			3 060	1	1 965	130	11		18	240	4		5 500
Powszechny Dom Kredytowy S.A. - since 20.01.2005	8 261	5				689				5	41	231		
iCentrum S.A. - until 30.06.2005	n/a	n/a	n/a	n/a	n/a						662	n/a		
Transactions with other related parties														
Leszek Czarnecki - controlling person of the Group				7 032			864	1						20
LC Corp BV, located in Amsterdam, Netherlands				45 997		88	623	1						
LC Corp S.A., located in Wrocław				1 072			302	260			7			10 000
TU Europa S.A., located in Wrocław		29		36 295	204		795	2 925	163	50	858			
TU Europa na Życie S.A., located in Wrocław				87 945	5		3 687	8 079	5	30	393			
Open Finance S.A. - since 27.01.2005 to 30.09.2005	n/a	n/a	n/a	n/a	n/a	4	0	0	0		22	n/a		
iCentrum S.A. - since 01.07.2005	46				48	3					1 248			
RB INVESTCOM SP. Z O.O.- since 02.09.2005				1 182			6			11				

(in thousand PLN)

POŚREDNIK FINANSOWY SP. Z O.O. - since 02.09.2005	38				3	2					10	1		
RB COMPUTER SP. Z O.O. - since 02.09.2005					76						2 438			
RB Expert S.A. - since 02.09.2005		36								56				
Fiolet S.A. - since 14.02.2005 until 31.08.2005	n/a	n/a	n/a	n/a	n/a	9	0	2	158	43		n/a		
CREDIT CAR Sp. z o.o. - since 20.01.2005	229					31								
Piotr Stępniak - since 01.02.2005	8													12
Wrocław Nieruchomości				90 997			6							
Łódź Nieruchomości				5										

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment

** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

2004	Loans and credits receivable PLN thousands	Other receivables PLN thousands	Liabilities in respect of bank loans and credits PLN thousands	Liabilities due to deposits taken PLN thousands	Other liabilities PLN thousands	Interest income PLN thousands	Interest expense PLN thousands	Commission income PLN thousands	Commission expense PLN thousands	Sales* PLN thousands	Purchases** PLN thousands	Impairment write-down of irregular receivables PLN thousands	Expense related to impairment write-down of irregular receivables PLN thousands	Granted financial liabilities and guarantees PLN thousands
Transactions with consolidated entities														
Getin Holding S.A.					466		518				3 509			
Getin Bank S.A.														
Carcade OOO	12 031					335								
GBG Serwis Sp. z o.o.	956			1 780	204	332	20	17		14	18 110			
Getin Raty S.A.	1 297			1 675	510	3 894	30	329			5	467		989
Górnoślązak Sp. z o.o.				2		1					568			
iCentrum S.A. - since 10.08.2004														
Transactions with other related parties														
LC Corp BV, located in				89 266			139							

(in thousand PLN)

Amsterdam, Netherlands														
LC Corp S.A., located in Wrocław				11 807			115							
TU Europa S.A., located in Wrocław					61		159				295			
TU Europa na Życie S.A., located in Wrocław					22 392	80	97				547			

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment

** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

Transactions of Carcade OOO with affiliated entities

2005	Loans and credits receivable PLN thousands	Other receivables PLN thousands	Liabilities in respect of bank loans and credits PLN thousands	Liabilities due to deposits taken PLN thousands	Other liabilities PLN thousands	Interest income PLN thousands	Interest expense PLN thousands	Commission income PLN thousands	Commission expense PLN thousands	Sales* PLN thousands	Purchases** PLN thousands	Impairment write-down of irregular receivables PLN thousands	Expense related to impairment write-down of irregular receivables PLN thousands	Granted financial liabilities and guarantees PLN thousands
Transactions with consolidated entities														
Getin Holding S.A.					73		1021				72			
Getin Bank S.A.			50178				4460		374					
Transactions with other related parties														
LC Corp BV, located in Amsterdam, Netherlands							2127							
TU Europa S.A., located in Wrocław			6731				690		67					

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment
** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

2004	Loans and credits receivable PLN thousands	Other receivables PLN thousands	Liabilities in respect of bank loans and credits PLN thousands	Liabilities due to deposits taken PLN thousands	Other liabilities PLN thousands	Interest income PLN thousands	Interest expense PLN thousands	Commission income PLN thousands	Commission expense PLN thousands	Sales* PLN thousands	Purchases** PLN thousands	Impairment write-down of irregular receivables PLN thousands	Expense related to impairment write-down of irregular receivables PLN thousands	Granted financial liabilities and guarantees PLN thousands
Transactions with consolidated entities														
Getin Holding S.A.			10920		148		2003				180			
Getin Bank S.A.			12031		365		379		430					
Transactions with other related parties														
LC Corp BV, located in Amsterdam, Netherlands			28884				3588							
TU Europa S.A., located in Wrocław							206							

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment

** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

Transactions of Fiolet S.A. with affiliated entities

2005	Loans and credits receivable	Other receivables	Liabilities in respect of bank loans and credits	Liabilities due to deposits taken	Other liabilities	Interest income	Interest expense	Commission income	Commission expense	Sales*	Purchases**	Impairment write-down of irregular receivables	Expense related to impairment write-down of irregular receivables	Granted financial liabilities and guarantees
	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands
Transactions with consolidated entities														
Getin Bank S.A.		2810			24	6		10 301	1	18	65			
Getin Leasing S.A. - since 20.01.2005					299		10				39			
Transactions with other related parties														
TU Europa S.A., located in Wrocław					180						81			
TU Europa na Życie S.A., located in Wrocław					88						170			
POŚREDNIK FINANSOWY SP. Z O.O. - since 02.09.2005		22								3				

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment

** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

Transactions of Open Finance S.A. with affiliated entities

2005	Loans and credits receivable	Other receivables	Liabilities in respect of bank loans and credits	Liabilities due to deposits taken	Other liabilities	Interest income	Interest expense	Commission income	Commission expense	Sales*	Purchases**	Impairment write-down of irregular receivables	Expense related to impairment write-down of irregular receivables	Granted financial liabilities and guarantees
	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands
Transactions with consolidated entities														
Getin Bank S.A.		248						496						
Getin Leasing S.A. - since 20.01.2005					2						114			
Transactions with other related parties														
TU Europa S.A., located in Wrocław											19			
TU Europa na Życie S.A., located in Wrocław										1				
RB INVESTCOM SP. Z O.O.- since 02.09.2005			11052				167							

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment

** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

Transactions of WBC S.A. with affiliated entities

From 12.12.2005 to 31.12.2005	Interest income	Loans and credits receivable	Other receivables	Liabilities in respect of bank loans and credits	Liabilities due to deposits taken	Other liabilities	Interest income	Interest expense	Commission income	Commission expense	Sales*	Purchases**	Impairment write-down of irregular receivables	Expense related to impairment write-down of irregular receivables	Granted financial liabilities and guarantees
	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands	PLN thousands
Transactions with consolidated entities															
Getin Bank S.A.			370 567												

* Sales include revenues from sale of products, materials, goods for resale, services, and other revenues e.g. from sales of property, plant and equipment

** Purchases include purchase of materials, products, goods for resale, services, property, plant and equipment, intangibles and other purchases

Benefits for Management Board members

Benefits for members of Management Board of Getin Holding S.A.	**Value of benefits**	
	2005 PLN thousands	**2004 PLN thousands**
Leszek Czarnecki		
Short-term employee benefits		771
Post-employment benefits		
Other long-term benefits		
Severance payments		
Equity-settled payments		
Total	**0**	**771**
Piotr Stępniak		
Short-term employee benefits	267	
Post-employment benefits		
Other long-term benefits		
Severance payments		
Equity-settled payments	693	
Total	**960**	**0**
Tadeusz Pietka		
Short-term employee benefits	675	94
Post-employment benefits		
Other long-term benefits		
Severance payments		
Equity-settled payments	8	
Total	**683**	**94**
Paweł Ciesielski		
Short-term employee benefits	197	300
Post-employment benefits	18	
Other long-term benefits		
Severance payments		
Equity-settled payments		
Total	**215**	**300**

Benefits for members of Management Boards and Supervisory Boards of subsidiaries

	2005 PLN thousands	**2004 PLN thousands**
Management Board		
Short-term employee benefits	4694	2100
Post-employment benefits		
Other long-term benefits		
Severance payments	309	2070
Equity-settled payments	160	
Total	**5163**	**4170**
Supervisory Board		
Short-term employee benefits	17	295
Post-employment benefits		
Other long-term benefits		
Severance payments		
Equity-settled payments		
Total	**17**	**295**
Aggregated value of benefits	**5180**	**4465**

56 Business combinations

Company	Acquisition date	Share acquired in net assets	Share in net assets after acquisition	Consideration paid in PLN thousand	Of which: paid in cash	Value of net assets acquired	Goodwill on acquisition
Subsidiaries							
Carcade (I)	09.2003	49.00%	49.0%	5 058	5 058	-2 119	7 177
Carcade (II)	01.2004	11.00%	60.0%	4 554	4 554	4 037	515
GETIN Bank	05.2004	71.20%	71.2%	257 177	257 177	167 261	89 916
GETIN Bank*	01.2005	0.40%	71.6%	118 195	118 195	116 939	1 256
GETIN Bank	06.2005	26.60%	98.2%	348 721	0	138 062	210 659
GETIN Bank**	08.2005	0.96%	99.16%	7 848	7 848	5 094	2 754
GETIN Bank***	09.2005	0.04%	99.20%	54 895	54 895	54 722	173
GETIN Bank**	12.2005	0.05%	99.25%	441	441	266	175

Bank Przemysłowy	12.2004	100%	100.0%	0	0	-51 307	51 307
Fiolet	08.2005	60.00%	60.00%	3 597	3 597	1 253	2 344
Open Finance	10.2005	70.00%	70.00%	6 586	6 586	6 586	0
WBC	12.2005	99.91%	99.91%	210 594	210 594	203 669	6 925

* taking up series S shares of Getin Bank as a result of which Getin Holding's share in the share capital of Getin Bank increased from 71.2% to 71.6%, and the difference between the amount contributed and the value of the net assets acquired was taken to goodwill.
** voluntary buy-out of shares from minority shareholders in the period 07-12.2005
*** taking-up series T shares in Getin Bank as a result of which Getin Holding's share in the share capital of Getin Bank increased from 99.16% to 99.20%, and the difference between the amount contributed and the value of the net assets acquired was taken to goodwill.

Getin Bank and Bank Przemysłowy

Calculation of goodwill on acquisition of GETIN Bank (05.2004)

I Goodwill at the date of acquisition	**PLN thousands**
1 Total assets	3 111 225
2 Liabilities	2 871 574
3 Net assets according to balance sheet of GBG S.A.	239 651
4 Adjustment of net assets acquired to fair value	-4 734
5 Net assets adjusted to fair value	234 917
6 Net assets representing 71.2% of shares in GH	167 261
6 Consideration paid	255 003
7 Costs incurred in connection with acquisition	2 174
8 Goodwill as at the date of acquiring control	**89 916**

Goodwill from increasing the share in GETIN Bank by 26.6% (06.2005)

The acquisition of 26.6% of shares in GETIN Bank S.A. took place in June 2005 as a result of issue of 114,335,000 I shares in Getin Holding S.A., taken up by the Company's main shareholder - LC Corp. B.V. and paid for with an in-kind contribution in the form of 35,422,122 shares of GETIN Bank S.A. The price for the acquisition of 26.6% shares in GETIN Bank contributed in kind to the Company, in the amount of PLN 257,177, was set on the basis of a valuation of GETIN Bank's minority share package prepared by an independent firm, Millenium Dom Maklerski. Transactions of acquiring shares from minority shareholders in a company already controlled are not currently regulated in the IFRS. The acquisition of 26.6% of shares in GETIN Bank was settled in line with the relevant share in the minority capital of GETIN Bank and the goodwill from acquisition of GETIN Bank, as presented in the first table of this section. Consequently, goodwill from acquisition of GETIN Bank was increased by PLN 210,843 thousand, representing the difference between the acquisition price and the book value of the minority package held by LC Corp B.V. The accounting treatment applied by the Group will be consistently used in the future.

Calculation of goodwill on acquisition of Bank Przemysłowy
Provisionally calculated goodwill of Bank Przemysłowy as at the moment of taking control by the Getin Holding Group in December 2004.

I Goodwill at the date of acquisition	**PLN thousands**
1 Total assets	565 788
2 Liabilities	734 474
3 Net assets according to balance sheet of Bank Przemysłowy S.A.	-168 686
4 Adjustment of net assets to fair value	13 382
5 Net assets adjusted to fair value	-155 304
6 Consideration paid	0

7 Costs incurred in connection with acquisition	961
8 Fair value of loan received from BGF, of which:	107 908
8a. loan valuation	*133 219*
8b. deferred tax liability	*-25 311*
9 Goodwill as at the date of acquiring control	48 357

Final accounting for the goodwill of Bank Przemysłowy as at 31.12.2005

Goodwill as at the date of acquisition	**PLN thousands**
1 Total assets	565 788
2 Liabilities	734 474
3 Net assets according to balance sheet of Bank Przemysłowy S.A.	-168 686
4 Adjustment of net assets to fair value	9 867
5 Net assets adjusted to fair value	-158 819
6 Consideration paid	0
7 Costs incurred in connection with acquisition	1 030
8 Fair value of loan received from BGF, of which:	108 542
8a. loan valuation	*133 219*
8b. deferred tax liability	*-25 311*
	634
9 Goodwill as at the date of acquiring control	**51 307**

	Intangible assets	Deferred tax asset	Liabilities
Impact of adjustments on the opening balances for the year 2005			
Adjustment to fair value of net assets acquired at acquisition date	3 515	-3 515	
Costs of business combination	69		69
Valuation of a loan from BGF to fair value	-634		-634

On 18 January 2005, the Banking Guarantee Fund executed a loan agreement with the Bank in the amount of PLN 447 million in connection with the acquisition of Bank Przemysłowy S.A. The loan was extended for 6 years, and bore an interest rate of 0.1 of the rediscount interest rate of promissory notes. The loan period may be extended. The Bank received the funds on 20 January 2005.

Due to the fact that a reliable measurement of the fair value of all assets and liabilities of Bank Przemysłowy acquired was not possible at the time of acquisition, the goodwill from acquisition of Bank Przemysłowy was established provisionally and was adjusted as at 31.12.2005.
In accordance with IFRS 3 point 62, the Issuer completed the initial accounting for the business combination within 12 months after acquisition and introduced a change in the presentation of the financial statements prepared as at 31.12.2004.

Fiolet

On 18 August 2005, Getin Holding acquired from LC CORP B.V. 600 ordinary registered shares in Fiolet S.A., representing 60% of the share capital of Fiolet and giving the right to 60% of votes at the General Meeting of Fiolet. The sale price for the shares was PLN 3,540,000.00. According to share sale agreement, the sale price may increase by the amount representing the equivalent of Fiolet's profit allocated for distribution to shareholders for 2005 with respect to all Fiolet shares acquired by the Issuer from LC CORP provided that a resolution is adopted to pay the dividend. According to the share sale agreement, if "any event or situation occurs having a material adverse effect on the business, value of assets, value of liabilities, operating result, cash flow or financial condition of Fiolet", the Issuer has the right on 18 May 2006 to call upon the seller of the shares to buy out the shares at the purchase price.

Due to the fact that the fair value of the assets, liabilities and contingent liabilities of Fiolet as at the acquisition date could not be reliably determined by the date these financial statements, the Group performed an initial accounting for the acquisition on a provisional basis. As a result of the initial accounting, goodwill was recognised in the amount of PLN 2,344 thousand.

Open Finance

On 4 October 2005, Getin Holding acquired from LC CORP B.V. 350,000 ordinary registered shares in Open Finance S.A. representing 70% of the share capital of Open Finance and giving the right to 70% of votes at the General Meeting of Open Finance. The sale price for the shares was PLN 6,500,000.00 and will be fully paid in cash by 3 July 2006. In determining the price, an independent valuation of Open Finance as at the acquisition date held by Getin Holding was taken into account. According to the share sale agreement, if "there occurs any adverse event or situation having a material adverse effect on the business, value of assets, value of liabilities, operating result, cash flow or financial condition of Open Finance" the Issuer has the right on 4 July 2006 to call upon the seller of the shares to buy out the shares at the purchase price.

Due to the fact that the fair value of the assets, liabilities and contingent liabilities of Open Finance as at the acquisition date could not be reliably determined by the date these financial statements, the Group made an initial accounting for the acquisition on a provisional basis. The difference between the fair value of net assets and the book value of net assets was recognised as the value of the Open Finance trademark. The Issuer is currently in the process of determining the fair value of the acquired intangible assets of Open Finance. The initial accounting determined provisionally will be completed by 4 October 2006.

The Group expects that, as a result of completing the initial accounting for the acquisition of Open Finance, the fair value of net assets acquired may significantly change – primarily due to the recognition of intangible assets which have not been recognised so far (network, trademark, etc.).

WBC

The initial accounting for the goodwill of WBC determined provisionally as at the data on which the Getin Holding Group acquired control in December 2005.
Due to the date of acquiring the control, a reliable determination of the fair value of all acquired WBC's assets and liabilities is not possible, and goodwill has been determined provisionally. Initial accounting will be completed by 31 December 2006.

I Goodwill as at the date of acquisition	**PLN thousands**
1 Total assets	633 661
2 Liabilities	456 886
3 Net assets according to balance sheet of WBC S.A.	176 775
4 Adjustment of net assets acquired to fair value	27 078
5 Net assets adjusted to fair value	203 853
6 Net assets adjusted to 99.91% share held	203 669
7 Consideration paid	210 000
8 Costs incurred in connection with acquisition	594
9 Goodwill as at the date of acquiring control	6 925

Description of factors which gave rise to goodwill from acquisition of GETIN Bank and Bank Przemysłowy in 2004

"Brand"
In the case of acquisitions after 31 March 2004, Getin Holding's policy was to change the names of banks and companies taken over to names starting with Getin, and did not determine the value of the trademarks/the brand of GBG, Bank Przemysłowy, or Carcade S.A., due to the difficulties with a reliable valuation of the brand. The difficulties included primarily lack of a point of reference to comparable transactions of sale of trademarks / brands on the Polish market. The Group did not have a reliable brand valuation on the basis of the DCF model (discounted cash flows) as it could not identify in its future cash flows those which were connected with "discontinuing marketing support" for such

brands as GBG, BP and Carcade. On this basis, the Group decided that it was not able to reliable determine the value of the trademarks/brands taken over.

Core deposits of the acquired banks

Intangible assets related to core deposits are recognised in the case of acquisition of banks on developed financial markets (US, Western Europe). In the case of banks acquired by GETIN Bank included in the Getin Holding Capital Group, there is no relevant data, including historical data, to perform such valuations, which translates into a great number and uncertainty of assumptions (e.g. behavior of bank's depositaries after take-over by Getin Holding). This results in a lack of a possibility to reliably determine the value of intangible assets.

Branch network

Additionally, in the case of acquisition of banks, an issue arises with the valuation of the network of branches taken over and its separation from the goodwill determined as at the date of acquisition of control and the amortisation of the intangibles of the network branches throughout their economic life. In the case of Getin Bank and Bank Przemysłowy, no separate valuation was made for the branch network as it was not possible to reliably determine the value of the branch network. The basic difficulty in reliably determining the fair value of the branch network is to make the right assumptions as to what part of future financial cash flows will be generated by the branches and what part is related to operations of the bank's Headquarters. Products sold through the branch network operate thanks to procedures, policies, and their valuations which are set at the bank's Headquarters and not at the branch's level.

In practice, thus, the value of the branches arises from the value of real estate and fixed assets, people employed in the branches, their know-how, client relations and client data bases. As for client data bases, due to the bank secret regulations, they do not fulfill the separation criteria (IFRS 3, illustrating examples B.1). In the case of the other elements, there is no relevant data to perform their valuation, which results in a great number and uncertainty of assumptions which should be made when performing such valuation. On this basis, the Company's Management Board stated that it was not possible to reliably determine the value of the branch network in the case of acquisition of GBG bank and Bank Przemysłowy.

Eventually, the acquisition in May 2004 of GETIN Bank by Getin Holding gave rise to the goodwill of PLN 89,916 thousand.

The acquisition of Bank Przemysłowy in December 2004 gave rise to the goodwill of PLN 51,307 thousand.

Factors which contributed to the recognition of goodwill on acquisition of WBC in 2005

The purpose of the acquisition of WBC by Getin Holding is to create, on the basis of an existing entity, a bank addressed to wealthier clients, i.e. private banking. As part of the new strategy of the acquired bank, it was assumed that part of the WBC assets, including the branch network, would be transferred to Getin Bank S.A. (company from the Getin Holding Group). On the basis of the remaining part of the bank and Open Finance, a bank would be created with a new operating strategy. The main business aim is to create a Polish banking institution addressing its product offer to affluent clients. The bank will rely on the Anglo-Saxon and Swiss banking model where focus is placed on addressing financial solutions to individual cases, partnership-based relations with clients and careful selection of product assortment.

"Brand"

In connection with a change in the bank's business strategy, the name of the bank taken over has also been changed. Getin Holding did not perform a valuation of the WBC trademark as it was difficult to reliably determine its value.

Core deposits of acquired banks

(in thousand PLN)

Intangible assets related to core deposits are recognised in the case of acquisition of banks on well-developed financial markets (US, Western Europe). In the case of banks acquired by GETIN Bank, there is no relevant data, including historical data, to perform such valuations, which translates into numerous and uncertain assumptions (e.g. behavior of bank's depositaries after take-over by Getin Holding). This results in a lack of the possibility to reliably determine the value of the intangible assets.

Branch network
In the case of acquisition of banks, an issue arises with the valuation of the network of branches taken over and its separation form the goodwill determined as at the date of acquisition of control and the amortisation of the intangibles of the network branches throughout their economic life. In the case of WBC, no separate valuation was made for the branch network as it was not possible to reliable determines the value of the branch network. The basic difficulty in reliably determining the goodwill of the branch network is to make appropriate assumptions regarding future cash flows which, as at the date on which the Getting Holding Group acquired control, were negative due to the profile of the sales points.
In practice, thus, the value of the branches arises from the value of real estate and fixed assets, people employed in the branches, their know-how, client relations and client data bases. As for client data bases, due to the bank secret regulations, they do not fulfill the separation criteria (IFRS 3, illustrating examples B.1). In the case of the other elements, there is no relevant data to perform their valuation, which results in a great number and uncertainty of assumptions which should be made when performing such valuation. On this basis, the Company's Management Board stated that it was not possible to reliably determine the value of the branch network in the case of acquisition of WBC.

Revenues and results for 2005 and comparable data for 2004 – disclosure in accordance with IFRS 3 par. 67 i) and par.70.

	Revenues in 2005	Net result for 2005	Net result of acquiree since acquisition date, not included in the Group's financial result for 2005	Revenues of acquiree since acquisition date, not included in the Group's financial result for 2005	Net result of acquiree since acquisition date, included in the Group's financial result for 2005	Revenues of acquiree since acquisition date, included in the Group's financial result for 2005	Share of equity - as at 31 December 2005
Fiolet S.A.	27 626	2 248	1 089	17 307	1 159	10 319	60%
Open Finance S.A.	19 618	-2 549	-3 451	10 319	902	9 299	70%
WBC S.A.	71 881	17 416	17 416	71 881	n/a	n/a	99.91%

	Revenues in 2004	Net result for 2004	Net result of acquiree since acquisition date, not included in the Group's financial result for 2004	Revenues of acquiree since acquisition date, not included in the Group's financial result for 2004	Net result of acquiree since acquisition date, included in the Group's financial result for 2004	Revenues of acquiree since acquisition date, included in the Group's financial result for 2004	Share of equity - as at 31 December 2004
Getin Bank S.A.	305 726	54 778	20 497	108 430	34 281	197 296	71,21%
Carcade OOO	18 253	-2 910	0	0	-2 910	18 253	60%

57 Post-balance sheet events

Events which occurred after the date as at which the annual financial statements were prepared:

On 6 January 2006, Getin Holding S.A. received a notification that the Management Board of Giełda Papierów [Wartościowych] w Warszawie S.A. decided to admit to stock exchange trading up to three million ordinary bearer series J shares in Getin Holding S.A. Next, on 12 January 2006, nine hundred and ninety three thousand series J shares were introduced to public trading in a normal procedure, and these sharers were assimilated with the remaining public shares of Getin Holding S.A. Series J shares were issued as part of the Company's Management Option Plan. Concurrently, the Management Board of National Depositary of Securities stated that as of 12 January 2006, five hundred and thirty-five million, three hundred and twenty-eight thousand shares in Getin Holding S.A. were admitted to trading.

Tadeusz Pietka, Vice-President of the Management Board of Getin Holding S.A., as of 1 February 2006, resigned from his position.

On 23 January 2006, Getin Bank S.A., a subsidiary of Getin Holding S.A., announced that it executed an agreement with EKOTRADE sp. z o.o. on the sale to EKOTRADE of five thousand one hundred and eighty-nine shares in GBG Serwis sp. z o.o. with its registered office in Sosnowiec, representing 100% of the share capital of GBG Serwis and giving the right to 100% of votes at the Shareholders' Meeting of GBG Serwis. The nominal value of one GBG Serwis share was PLN 500. The sale price for the shares was three million zloty and is payable in three installments by 1 February 2007.

On 25 January 2006, an investment agreement was executed between Getin Holding S.A. and ASK Investments S.A., with its registered office in Luxembourg and Jarosław Augustyniak, Maurycy Kuhn and Krzysztof Spyra. The subject of the Investment Agreement was to create, on the basis of Open Finance S.A., with its registered office in Warsaw and Wschodni Bank Cukrownictwa S.A., with its registered office in Lublin, an open platform offering products of various financial institutions for affluent clients. The Investment Agreement assumed the cooperation of the Parties on implementing restructuring activities at WBC and simultaneous work on implementing new bank products. WBC will conduct banking activity by implementing its business plan submitted by Getin Holding to the Banking Supervision Commission during proceedings concerning the acquisition of shares in WBC. Concurrently, as a result of implementation of the provisions of the Investment Agreement, on 25 January 2006, Getin Holding acquired from ASK Investments one hundred and fifty thousand ordinary bearer shares in Open Finance representing 30% of the share capital of Open Finance and giving the right to 30% of votes at the General Meeting of Open Finance. The nominal value of one share in Open Finance was one zloty. The share purchase price was fifteen million seven hundred and fifty thousand zloty. Also on 25 January 2006, Getin Holding sold to WBC all its shares in Open Finance, i.e. five hundred thousand ordinary bearer shares, representing 100% of the share capital of Open Finance and giving the right to 100% of votes at the General Meeting of Open Finance. The nominal value of one share in Open Finance was one zloty. The sale price for the shares was eighty-five million zloty. The book value of assets in the accounting records of Getin Holding was twenty-two million three hundred and thirty-six thousand three hundred and fifty zloty. Also on 25 January 2006, Getin Holding sold to ASK Investments fifteen million registered preference series G shares in WBC, representing 7.49% of the share capital of WBC and giving the right to 7.5% of votes at the General Meeting of WBC. The nominal value of one WBC share was one zloty. The sale price for the shares was fifteen million seven hundred and fifty thousand zloty. The book value of assets in the accounting records of Getin Holding was fifteen million seven hundred and eighty-nine zloty and 15/100. Under the investment agreement, ASK will have the right to additionally acquire from the Issuer WBC shares representing no more than 7.5% of the share capital of WBC for the price of fifteen million seven hundred and fifty thousand zloty. The possibility of acquiring the shares by ASK and their number will depend on WBC generating the profit assumed it its business plan. The Call Option may be exercised no earlier than in 2007.

On 23 January 2006, agreements were executed between Getin Bank and Wschodni Bank Cukrownictwa S.A. The agreements were executed as part of WBC's restructuring program, in accordance with the assumptions of "WBC's business plan" submitted by the Issuer to the Banking Supervision Commission during proceedings for a permit to acquire WBC shares. The agreements between Getin Bank and WBC provide for taking over debts and assigning receivables, taking over debts and assigning receivables related to safekeeping agreements, compensating, selling movables and acquiring real estate, movables and taking over WBC employees. Under the debt take-over and receivables assignment agreement, Getin Bank takes over WBC's liabilities arising from bank account agreements and payment card agreements. Getin Bank and WBC also agreed that, under separate agreements, WBC will entrust to Getin Bank the service of the remaining bank accounts with respect to making and accepting payments to and from those accounts (cash service) and Getin Bank will entrust to WBC the service of the bank accounts taken over with respect to IT services.
According to the agreement on debt take-over and assignment of receivables related to agreements on safekeeping, Getin Bank takes over WBC's liabilities arising from individual safekeeping agreements. The take over will take place subject to the individual WBC client's consent to the take over. The compensation agreement provides that WBC will pay Getin Bank one-off restructuring compensation to cover the costs of restructuring the employees and assets. Under the movables sale agreement, WBC sold to Getin Bank movables in WBC branches. According to the agreement, WBC transferred to Getin Bank all intellectual property rights. The agreement on acquisition of the immovables, movables and take over of WBC employees provides for Getin Bank's intent to assume the rights and obligations of WBC as the lessee, sublessee, lessor or sublessor under the lease, sublease, or rental agreements executed by WBC for premises used to carry out banking activity, on terms and conditions not worse than those which applied to WBC, and WBC' intent to sell its movables and immovables to Getin Bank. The agreement also provides for Getin Bank replacing WBC as a party to the existing employment relationship with WBC employees. The agreement was executed subject to consent to sell the real estate by WBC's General Meeting. All agreements provide that the obligations contained therein will be performed by 12 March 2006.

On 27 January 2006, Getin Bank S.A issued bonds worth PLN 131 million. This issue is a subsequent tranche of the Debt Securities Issue Plan of a total nominal value of PLN 500 million. The securities were offered by private placement. Interest on the securities was set in the first period (27 January 2006 -28 April 2006) on the basis of a 3-month WIBOR plus market margin, and in the remaining periods interest was set on the basis of 6-month WIBOR plus market margin.

On 14 February 2006, the Company acquired from GETIN Bank S.A one hundred and sixty thousand four hundred and eighty-three ordinary registered shares in GETIN RATY S.A., with its registered office in Będzin, representing 99.99% of the share capital of GETIN RATY and giving the right to 99.99% of votes at the General Meeting of GETIN RATY, for the price of five million ninety-nine thousand and nine hundred zloty. The nominal value of one GETIN RATY share was twenty-five zloty.

On 15 February 2006, Getin Holding executed an agreement with the remaining shareholders of Powszechny Dom Kredytowy S.A., which was subsequently amended by an annex signed on 10 March 2006. The amended agreement provides that Getin Holding has the right to acquire and the shareholders have the right to sell by 31 December 2009 in aggregate up to four thousand three hundred ordinary registered shares in PDK, representing 43% of the share capital of PDK and giving the right to 43% of votes at the General Meeting of PDK. The purchase price of 43% of shares, in the case of exercise of the above right, will be 43% of PDK's value, calculated as 10% of the loan portfolio (i.e. total loan principal) extended by Getin Bank S.A via PDK in PDK's financial year preceding the year in which the rights under the agreement were exercised.

On 16 February 2006, Getin Holding received from the District Court for Wrocław - Fabryczna in Wrocław, 6th Economic Department of the Polish Court Register a decision dated 10 February 2006 on an update of the entry of the Company's share capital which was increased conditionally. The overall number of votes arising from all outstanding shares after the update of the entry of the share capital is five hundred and thirty-five million three hundred and twenty-eight thousand.

On 24 February 2006, Getin Holding acquired from GBG Serwis sp. z o.o. four ordinary registered shares in GETIN RATY S.A. for the price of one hundred zloty. The nominal value of one share in GETIN RATY was twenty-five zloty. As a result, as at 24 February 2006, Getin Holding held one hundred and sixty thousand four hundred and eighty-seven ordinary registered shares in GETIN RATY, representing 100% of the share capital of GETIN RATY and giving the right to 100% of votes at the General Meeting of GETIN RATY.

When analysing the development plans of the Companies included in the Issuer's capital group, in particular of Getin Bank S.A., and bearing in mind further dynamic growth of the Group, which will, among other things, entail raising further capital by Getin Bank, the Management Board of Getin Holding S.A. believes that it is reasonable to recommend to the shareholders at the upcoming General Meeting, i.e. in the first six months of 2006, an increase in the Issuer's share capital through the issue of new shares with a pre-emptive right for the existing shareholders. In addition, bearing in mind the implementation of the investment strategy in building a financial holding, the Management Board will motion at the upcoming General Meeting that the shareholders consent to the share capital increase through the issue of shares issued in exchange for an in-kind contribution in the form of shares in Towarzystwo Ubezpieczeń Europa S.A. held by Leszek Czarnecki and LC Corp. BV, with its registered office in Amsterdam.

On 23 February 2006, an approval was given for the allocation of series U shares in GETIN Bank, taken up by shareholders as part of the pre-emptive right. In the issue of series U shares in GETIN Bank, Getin Holding S.A. took up in aggregate nine million nine hundred and seventy-six thousand three hundred and fifty-nine ordinary registered shares for which the Company paid fifty-four million eight hundred and sixty-nine thousand nine hundred and seventy-four zloty and 50/100. The issue price of one share was five zloty and 50/100. GETIN Bank is currently applying to the registry court for a decision on amendment of the share capital amount in the Articles of Association of GETIN Bank. After the increase in GETIN Bank's share capital is registered, Getin Holding S.A. will hold shares representing 99.28% of the share capital of GETIN Bank. The nominal value of one share in GETIN Bank is one zloty and 35/100.

58 Contingent assets

	31.12.2005 PLN thousands	**31.12.2004 PLN thousands**
Contingent assets, in respect of:		
- civil law guarantees and other guarantees received	82 338	47 657
- in respect of financing	160 400	248 406
Contingent assets, total	242 738	296 063

Contingent assets arising from civil law guarantees and other guarantees received include:

- Civil law and other guarantees for repayment of loans (commitments received as a guarantee for repayment of loans). As at 31 December 2005, contingent assets arising from such items amounted to PLN 7,710 thousand.
- Other collateral received (collateral other than securities received by the bank to guarantee deposits placed, loans and credits extended). As at 31 December 2005, contingent assets arising from other collateral received amounted to PLN 74,628 thousand.

Contingent assets concerning financing include the following items as at 31 December 2005:
- commitments received from NBP - NBP loan facilities in the amount of PLN 148,000 thousand;
- other commitments received – deposits from banks with currency date different from execution date, in the amount of PLN 12,394 thousand;
- other commitments received in respect of arrears in repayment or loans/reimbursement of debt collection costs, in the amount of PLN 6 thousand.