

***Management Board Report
on the Activities of
Nordea Bank Polska S.A.
in 2009***



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A. GENERAL PART

Nordea Bank Polska Spółka Akcyjna (joint stock company) is a commercial bank with its registered office in Poland. The Bank was registered on 21 November 1991 and has been listed on the Stock Exchange since September 1996. The Bank is registered with the District Court in Gdańsk-North in Gdańsk, 8th Commercial Division of the National Court Register (KRS 0000021828).

The Bank provides universal banking services to all entities, business and non-business alike, as well as to private individuals. The core business of Nordea Bank Polska S.A. based in Gdynia is described according to Polish Business Classification in Chapter 2 of the Bank's Statutes.

Presented below is information on the operations of Nordea Bank Polska S.A. in 2009 as well as all material events affecting these operations during the year.

1. Overview of basic business and financial information

Financial result

The data published by Poland's Chief Statistical Office for the third quarter of 2009 show that owing to various consequences of the global financial meltdown, in 2009 all the Polish commercial banks showed income and expenses at a level not much different from 2008. Increased loan loss provisions ate up almost a half of the profits and they were the reason why the banking sector's net profits on a quarterly basis represented 46-52% of the profits seen in 2008. In such conditions, further strained by the continuation of the network expansion programme, Nordea Bank Polska S.A. showed 6% higher net profit in 2009 than in 2008, with 22% higher revenues and operating expenses increased by 25%.

m PLN	Jan.-Dec. 2009	Jan.-Dec. 2008	Change
Total operating income	593.4	487.1	+21.8%
Total operating expenses	-383.7	-307.8	+24.7%
Operating profit	209.7	179.3	+16.9%
Profit before tax	193.0	177.2	+8.9%
Income tax	-47.8	-40.8	+17.1%
Profit for the period	145.2	136.4	+6.4%

The increased income came from a constant increase in business volumes, as illustrated by a 30% growth in the balance sheet total, 24% higher loans and advances to customers and a 10% increase in customer deposits 10%. The growth rate of loans was much higher than that for the whole banking industry (where income grew 9.8% on December 2008), while with regard to deposits, the bank was on a par with the market (which increased 9.8%). On the other hand, the increase in expenses was a consequence of the continued network expansion project and the back office centralization project and the fact that the weakening of the Polish currency, particularly prominent in the first half of 2009, led to a considerable increase in the cost of rent and maintenance of offices as many lease contracts were pegged to the euro.

Balance sheet

The Bank's business volume, measured by total assets, grew 29.7% in 2009 to PLN 20.4bn. In absolute terms, loans and advances to customers (PLN 3.3bn up) and debt securities (PLN 0.7bn up) grew the most. The biggest change in relative terms occurred in the current account with the central bank (336% up) and loans and advances to banks (147% up). On the liabilities side, the most prominent was the increase in deposits from banks (by an equivalent of PLN 3.6bn). The bank's equity grew by the total amount of the profit for the year 2008, that is PLN 137m.

The table below presents changes in the most important balance sheet items:

Selected items (PLN million)	31/12/2009	31/12/2008	% Change
Total assets	20 425	15 747	+29,7%
Net loans and advances to customers	16 997	13 676	+24,3%
Net loans and advances to banks	497	201	+147,1%
Deposits from customers ⁾	9 252	8 388	+10,3%
Deposits from banks ^{**})	9 820	6 075	+61,6%
Equity, excluding profit	1 060	924	+14,8%

⁾ Including liabilities under debt securities issued

^{**}) inclusive of the subordinated loan

Because the change in income and profits turned out to be smaller than the change in business volumes, consequently certain profitability ratios decreased in 2009 compared with 2008:

	2009	2008
ROE (net profit / average equity)*	14,6%	15,4%
ROA (net profit / average assets)*	0,80%	1,05%
Profitability ratio (net profit / operating costs)	37,8%	44,3%
C/I (Operating costs / operating income)	64,6%	63,2%

* Average equity and average assets calculated as an arithmetic average of the balances at 31/12/2008 and 31/12/2009.

Credit portfolio

Gross loans and advances to customers (including interest, commercial papers and municipal bonds) amounted at 31/12/2009 to PLN 17,073.6m, 24.3% up on 2008. PLN-denominated loans and advances grew 16.9%, while foreign currency ones increased by 31.3%. The strongest increase was recorded in mortgages denominated in Swiss francs (CHF 649m or 33% up) and in Polish zlotys (PLN 362m or 37% up), as well as in loans for the public sector (PLN 839m or 54% up), the latter being to a large extent the result of Nordea's participation in a syndicated facility for the Social Security Office (ZUS) (the figures are stated in gross terms, excluding interest). The slowdown in Poland's economy at the same time stabilised the level of lending to corporate entities. It should also be noted that in spite of a major fluctuation of the zloty against the major currencies in which loans are made (the euro and the Swiss franc) seen throughout 2009, with the low in February and subsequent partial recovery, the comparison of the exchange rates at 31/12/2008 and 31/12/2009 shows a slight appreciation of the zloty, in the range of 1.3% against the CHF and 1.5% against the EUR. The real change in foreign currency loans does not differ much from the change in their PLN-equivalent.

Deposit base

The value of deposits from customers (they are just deposits because liabilities under debt securities issued, amounting at 31/12/2008 to PLN 1.3m, expired in February 2009) reached PLN 9,252.5m at 31/12/2009 (10.3% up on 2008). The increase resulted from a growth in corporate deposits (PLN 664m or 13% up) and deposits from the public sector (PLN 389m or 111% up), with household deposits decreasing by PLN 168m or 6%.

The currency structure of customer deposits did not change much during the period in question: the proportion of PLN deposits (with interest) to total deposits from customers dipped from 87.9% to 87.2%. PLN deposits increased 9% (or PLN 692m), while foreign currency deposits grew by the equivalent of PLN 174m (the most significant changes include a 25% increase in euro deposits, that is by the equivalent of PLN 175m and a 16% drop in USD deposits, that is by the equivalent of PLN 30m).

Because the rate of growth in deposits from customers turned out to be much lower than that of loans and advances to customers, the bank not only increased its capital base but also had to draw foreign

currency funding from the Nordea Group. In consequence, the proportion of customer deposits to total liabilities fell from 53.2% recorded in December 2008 to 45.3%, while the proportion of deposits from banks rose from 37.1% to 46.1%.

2. Basic factors influencing the Bank's performance and operations

The basic factor contributing to the good financial performance of the bank are dynamically growth sales of products and services. It directly translates into soaring operating income from banking business, especially interest income and commission income.

Modern products, regularly adjusted to suit customers' needs, such as mortgages, net-banking as well as payment and credit cards are undoubtedly the cornerstones of success in retail banking. Corporate customers, on the other hand, while using traditional credit and deposit products, also enjoy smooth and efficient execution of domestic and international payments and cash management services.

The positive financial results were also facilitated by the good quality of the customer credit portfolio and the fact that in the wake of the global financial meltdown, the bank focused on well-tested products, avoiding risky transactions in derivative instruments. The cost of impairment allowances on loans and advances was higher than in 2009, but only consumed about 8% of the operating profit, while in the case of the whole sector of commercial banks, the proportion reached 51% (a year-to-date figure after 3 quarters of 2009).

On the other hand, the ongoing projects of expansion of the Bank's retail network and centralisation of head office functions entailed an increase in staff costs and capital expenditures following a growth in headcount. Furthermore, although the bank pursued a tight cost-curbing policy, the weakening of the Polish currency pulled up the cost of rental and maintenance of offices as many lease contracts are pegged to the euro.

3. Major risks and threats and the extent of issuer's exposure

Banking operations are constantly exposed to various risks, such as:

- market changes with respect of interest rates, currency exchange rates and, to a lesser extent, the prices of products or services (market risk assuming the form of interest rate risk, foreign exchange risk and price risk),
- a defaulting counterparty (credit risk),
- a lack of an adequate and secure structure of financing (liquidity risk).

In the case of customer deposits, only fixed-rate deposits are exposed to interest rate risk – i.e. term deposits placed for 1, 3 or 6 months, with at 31/12/2009 represented 12.5% of total deposits. Negotiable-rate deposits account for further 41.5% of the deposit portfolio, which is similar to the prevailing market situation. Yet owing to their short-term nature, they are practically free of interest rate risk. The remaining 46% are deposits carrying interest at variable rates reset by way of regulations issued by the President of the Management Board. 42% of such funds are deposited on current accounts while about 4% of them are other term deposits.

In the case of loans, there is practically no exposure to interest rate risk. A vast majority of loans are characterised by the application of the index-based mechanism of interest rate setting on the basis of case-based formulas including a negotiable margin and one selected type of market interest rates as the base rate or on the basis of the Bank's base rate and a fixed margin. Loans may also bear variable interest rates determined by the regulations of the President of the Management Board.

Interbank market operations, due to their short-term nature, are usually much less exposed to interest rate risk.

As its range of range of foreign currency credit and deposit products is rather extensive, the Bank has to continuously monitor its foreign exchange risk. The key factor here is that the currency structure of loans is different from that of deposits: loans and advances in foreign currencies represent 53.5% of total loans and advances, whereas in the case of deposits, the proportion is only 12.8%. The foreign exchange position is closed through interbank operations within the Nordea Group. A position resulting from every significant foreign exchange transaction (with prices negotiated individually) is directly secured with an opposite transaction in the market, in which case the foreign exchange risk is

fully eliminated. The position resulting from foreign exchange transactions of smaller amounts is collectively closed at the end of each business day.

The Bank's policy is to avoid any exposure to financial instruments that generate price risk. Exposure to this type of risk, if any, may only be an effect of debt collection activities – when the Bank acquires the assets of insolvent debtors. This activity is periodical and its scale is not significant.

The scale of credit risk exposure, a credit policy aiming at achieving an appropriate quality of the credit portfolio, and the quality structure of loans granted are described in the specific part, section 24.

The temporal structure of loans and advances to customers as well as deposits from customers exposes the Bank to liquidity risk. The Bank's liabilities towards its customers are characterised by a high proportion of short-term deposits: as at 31/12/2009 the balances on customers' current accounts represented 40% of the volume of deposits, while nearly 50% of that volume was made up of term deposits maturing within three months. On the other hand, loans and advances to customers are by and large long-term in nature: more than 81% of their volume falls due on the lapse of a period exceeding one year, and 62% of those mature after more than 5 years. The current set-up in the bank is that on the short-term basis, liquidity risk is managed by the Treasury Department, which ensures the funding of the current business of the Bank by way of manipulating the liquidity buffer, making placements and taking deposits from banks. Over the medium and long term, liquidity risk is monitored by the Credit and Risk Control Department by way of analyses of projected cash flows over time, and studies concerning movements in the sources of funding, utilization of these sources, as well as stability and concentration of the deposit base. Further details are presented in the specific part, section 24.

4. Characterization of assets and liabilities, description of the main items of the balance sheet and comments on the profit and loss account of Nordea Bank Polska S.A.

Balance sheet

At 31/12/2009, the bank's balance sheet total amounted to PLN 20,425m, having grown by PLN 4,678m (29.7%) compared with the end of 2008. The biggest increase in absolute terms occurred in loans and advances to customers (net, including interest), which grew by PLN 3,321m or 24.3% and in debt securities (PLN 673m or 56.3% up), followed by balances with central bank (which grew PLN 443m) and loans and advances to banks (PLN 298m up). This caused certain changes in the structure of assets: there was a slight decrease in the proportion of loans and advances from customers to total assets (from 86.8% to 83.2%), while at the same time there was an increase in the proportion of securities (from 7.6% to 9.1%), liquid assets, i.e. cash and balances with central bank (from 1.4% to 3.2%) and loans and advances to banks (from 1.3% to 2.4%). Loans and advances to private individuals account for 54% of total loans and advances to customers (and 98% of the former are mortgages financing housing needs), loans and advances to corporate customers represent 32% and those made to public sector 14% of the total.

On the liabilities side, deposits from customers grew 10.3% that is by PLN 866m. Because the scale of growth in deposits was insufficient to finance the dynamically growing loans, the bank had to increase the taking of deposits from banks by the equivalent of PLN 3,558m or 60.8%. This caused certain shifts in the structure of liabilities: the proportion of deposits from customers to total liabilities fell from 53.2% to 45.3%, while that of deposits from banks grew from 37.1% to 46.1%. A majority (63%) of customer deposits are deposits from corporate customers, followed by household deposits (29%) and public sector deposits (8%).

The Balance Sheet of Nordea Bank Polska S.A. at 31/12/2009. (PLN thousand)

ASSETS	31/12/2009	31/12/2008	% change
Cash and balances with central bank	652 036	214 139	204,5%
Loans and advances to banks	497 251	201 265	147,1%
Loans and advances to customers	16 996 797	13 676 132	24,3%
Financial assets at fair value through profit or loss	1 901 570	1 263 532	50,5%
Financial assets held for trading	34 661	69 277	-50,0%
Financial assets designated at initial recognition as at fair value through profit or loss	1 866 909	1 194 255	56,5%
Intangible assets	44 740	44 131	1,41%
Property, plant and equipment	138 380	136 795	1,2%
Deferred tax assets	31 565	25 833	22,2%
Other assets	162 631	185 559	-12,4%
TOTAL ASSETS	20 424 970	15 747 386	29,7%
LIABILITIES	31/12/2009	31/12/2008	% change
Deposits from banks	9 411 662	5 853 468	60,83%
Deposits from customers	9 252 451	8 386 504	10,3%
Liabilities due to debt securities issued	0	1 317	-100,0%
Financial liabilities held for trading	33 646	92 572	-63,7%
Other liabilities	103 856	121 345	-14,4%
Subordinated liabilities	408 780	221 873	84,2%
Provisions	9 087	10 324	-12,0%
TOTAL LIABILITIES	19 219 482	14 687 403	30,9%
Equity	1 060 295	923 563	14,8%
<i>Share capital</i>	227 594	227 594	0,0%
<i>Other capital</i>	832 701	695 969	19,6%
Profit for the period	145 193	136 420	6,4%
Total shareholders' equity	1 205 488	1 059 983	13,7%
TOTAL LIABILITIES AND EQUITY	20 424 970	15 747 386	29,7%

The Bank shareholders' equity was 14.8% higher at the end of 2009 than the year before, having been increased by the total net profit for 2008 (PLN 137m). The Bank's capital base was further reinforced in view of the capital requirements for the different types of banking risk by way of drawing a second tranche of a subordinated loan, in the amount of CHF 68m. The PLN equivalent of the subordinated debt, including the first tranche of CHF 79m, amounted to PLN 409m, meaning an increase by 84.2% compared with the end of 2008. An overall share of equity and subordinated debt in total liabilities changed only slightly, decreasing from 8.1% to 7.9%

Profit and Loss Account

In 2009, Nordea Bank Polska S.A. earned a profit before tax in the amount of PLN 193.0m while profit after tax reached PLN 145.2m. The profit respective figures were 8.9% and 6.4% higher than in 2008. As mentioned above in section 1, this was on the one hand a result of an increase in business volumes, which boosted income and on the other hand a consequence of such factors as adverse market conditions and the ongoing development projects, contributing to the costs of business.

The Profit and Loss Account of Nordea Bank Polska S.A., 1/01–31/12/2009. (PLN thousand)

	1.01-31/12/2009	1.01-31/12/2008	% change
OPERATING INCOME			
Interest income	702 179	744 936	-5,7%
Interest expenses	349 600	444 864	-21,4%
Net interest income	352 579	300 072	17,5%
Commission income	101 335	82 355	23,0%
Commission expenses	32 161	25 841	24,5%
Net commission income	69 174	56 514	22,4%
Gains/losses on fair value measurement and revaluation of financial instruments	153 006	118 357	29,3%
Other operating income	18 630	12 185	52,9%
Total operating income	593 389	487 128	21,8%
OPERATING EXPENSES			
Administrative expenses	350 948	283 944	23,6%
- staff costs	169 216	134 663	25,7%
- other administrative expenses	181 732	149 281	21,7%
Depreciation	32 759	23 861	37,3%
Total operating expenses	383 707	307 805	24,7%
Gross operating income	209 682	179 323	16,9%
Impairment of loans and advances	16 718	2 108	693,1%
Profit before income tax	192 964	177 215	8,9%
Income tax	47 771	40 795	17,1%
Profit for the period	145 193	136 420	6,4%

Operating income

Total operating income grew 21.8% compared with the previous year, to PLN 593.4m. This was due to a major increase in the main income components:

- **net interest income** of PLN 352.6m was 17% higher than in 2008, whereas commission income decreased 21%. The growth in business volumes clashed with a major cut in nominal interest rates (see information in the specific part, page 22), which affected both PLN-denominated and foreign currency deposits. As the bank was unable to fund all the loans with deposits in the domestic currency and uses transactions with the Nordea Group to finance foreign currency loans, it very quickly withdrew from the „deposits war” fought by banks with very intensive advertising campaigns and aggressive nominal interest rates. Comparing the average nominal deposit rates in Q4 2008 and Q4 2009, one will see a decrease of 2 percentage points. Interest rates on loans changed to a similar extent, following market reference rates. Because new loans were made with a higher risk-related margin, after a temporary decrease in the first half of the year (to 158 base points on PLN-denominated products and 175 base points on foreign currency products), margins approximated the previous year’s levels in Q4 2009, reaching 217 base points on PLN-denominated products and 221 base points on foreign currency products;
- **net commission income** (PLN 69.2m) was 22.4% higher than in 2008. Commission income grew 23%, driven by commissions on dynamically growing mortgage loans, also guarantees, intermediation in the sales of shares in unit-linked funds and card transactions. Commission expenses increased by 24.5% due to significant increase in payment fees;
- **gains on fair value measurement of financial instruments and revaluation**, amounting to PLN 153.0m, were 29.3% higher than the year before. FX income (PLN 127.5m) dropped 4.3%, while transactions in derivatives earned the bank PLN 26m (2008: a loss of PLN 19.2m). The revaluation of the securities portfolio brought a loss of PLN 0.5m (in 2008, the revaluation turned out a positive result of PLN 4.3m).

No major changes were observed in the structure of income. A key role is played by net interest income, representing 59.4% of operating income (2008: 61.6%). It is followed by gains on fair value measurement of financial instruments and revaluation, with 25.8% (24.3%). Net commission income now accounted for 11.7% of operating income (11.6%) while other operating income 3.1% (2008: 2.5%).

Operating expenses

Total operating expenses rose 24.7% on 2008, to PLN 383.7m, meaning that they grew faster than operating income, which was a consequence of an ongoing network expansion and back office centralisation projects and the fact that the weakening of the PLN, particularly felt in the first half of 2009, drove the cost of rent and maintenance of offices up as numerous contracts were pegged to the euro. Looking at the main components of operating expenses, one can see that:

- the increase in headcount, connected with the expansion of the retail network and centralisation of back office functions, as mentioned above, was the main contributor to the 25.7% growth in **staff costs**, to PLN 169.2m;
- **administrative expenses** (PLN 181.7m) grew 21.7%, mainly on the back of a major increase of the cost of rental and maintenance of offices and the lease of machines and means of transport. Also, certain fees increased considerably (for example, the cost of the Deposit Guarantee Fund doubled);
- **depreciation of non-current assets** (PLN 32.8m) was 37.3% higher than in 2008, owing to new assets purchased in the course of expansion and upgrade of the bank's infrastructure.

The biggest part of operating expenses is made up of administrative expenses (47.4%) and staff costs (44.1%), while depreciation represents only 8.5% of the total operating expenses. The relevant figures for 2008 were 48.5%, 43.7% and 7.8% respectively, so the changes in the cost structure can be regarded as immaterial.

Impairment of loans and advances

The absolute amount of impaired loans decreased between December 2008 and December 2009 from PLN 145.6m to PLN 140.2m (see section 24 for details). Because gross loans shot up at the same time (cf. the discussion of changes in assets presented below), the proportion of impaired loans to total loans decreased from 0.83% to 0.64%. However, the balance of impairment allowances increased: the cost of such allowances represented a PLN 16.7m charge on profit, which was 8 times more than in 2008 (a loss of PLN 2.1m).

B. SPECIFIC PART

1. Main products and services

In its lending and deposit-taking business, Nordea Bank Polska S.A. offers a wide range of services to businesses, private individuals, and local government entities. According to the approved strategy of providing all-inclusive service to its customers, the Bank also offers comprehensive bank account services.

The following is a brief description of the products and services offered by the Bank.

1.1 Accounts for private individuals

NORDEA account and Nordea Spektrum are the principal savings and transaction accounts offered by the Bank. The characteristic feature of these accounts is that they may be accessed via electronic channels. Instructions relating to the account may be placed and the account may be opened both at a traditional branch, as well as electronically. The account goes with a Visa Electron card (expiry date: 2 years), and the first card is free. All withdrawals made with this card from cash dispensers operated by Nordea and BZ WBK, eCard and two first withdrawals in a month from Euronet cash dispensers are free of charge.

The Nordea Spektrum account is characterized by a free-of-charge access to all ATMs in Poland and free-of-charge maintenance subject to fulfilment of the minimum monthly balance requirement. The bank also offers NORDEA WALUTA accounts which can be maintained in the following currencies: EUR, USD, SEK, NOK, DKK, GBP, CHF, CZK and JPY.

Nordea Bank Polska also offers its private customers a NORDEA PROGRES account. It is a savings account maintained in the Polish zloty (PLN) or in foreign currencies (EUR, USD). The account holder may use the account (additional payments withdrawals) by placing instructions at a branch of the bank, by telephone or on the Internet. The high interest rate the account carries makes it an attractive alternative to traditional term deposits.

The customers of Nordea Bank Polska S.A. can also use secure digital signatures, equivalent to a signature by hand. The implementation of e-signature into the system was possible thanks to the Bank's cooperation with its technology partner, Polska Wytwórnia Papierów Wartościowych S.A. A secure digital signature constitutes an alternative method of authentication of the customer and authorisation of the transactions they execute. E-signature can be used by both private individuals and institutional customers, users of eFirma and eFirma Plus.

The segmentation of retail customers in the Bank is based on the *Nordea Benefit* Program. It is a loyalty program for retail customers under which participants are guaranteed better prices for selected products. The benefits offered depend on the total balance of funds kept in deposit and credit accounts, as well as the number of products used – "the bigger the volume of business, the bigger the gains". Under the program, the customers are divided into three groups Customers: Bronze, Silver and Gold Customers. In addition, more beneficial terms are offered to persons above 60 years of age, and a special package for persons aged 18-26 (*Check-in Package*) which includes a free Nordea Account. Customers can join the *Nordea Benefit* Program individually or together with other household members and get the following benefits:

- higher interest rates on Nordea *Progres* Account,
- lower account maintenance fees (an account with electronic access is operated free of charge),
- lower interest rates and commissions on overdrafts,
- a lower margin on the *Nordea Komfort* credit limit.
- lower fees for the issuance and renewal of payment cards,
- lower fees on electronic transfers, standing orders.

1.2 Accounts for institutional customers

Institutional customers are offered an eFirma package which includes, among other things: an eFirma or eFirma plus current account, a Nordea *Progres* account, a Visa Electron Business card, electronic access and an optional e-Firma overdraft.

The e-Firma account is intended for sole proprietorships, partnerships (civil partnerships, registered partnerships, partnerships and limited partnerships), foundations, associations in which not more than two persons are empowered to authorize transactions acting alone.

The e-Firma plus account is intended for institutional customers where at least two persons have to act together in order to authorise a transactions. The account is offered mainly to limited liability companies and joint stock companies, as well as housing communities.

The Nordea *Progres* Account is a deposit account maintained in PLN or foreign currencies (USD, EUR), constituting an alternative to term deposit. The basic advantage of this account is complete freedom in the disposal of the funds kept in the account and a higher interest rate than in term deposits.

Moreover, the Bank offers current and auxiliary accounts maintained in zlotys (PLN) as well as foreign currency accounts in EUR, USD, SEK, DKK, NOK, GBP, CHF, CZK and JPY.

An account can be opened and instructions relating to it may be placed both in a traditional branch and through electronic communication channels (the Internet system and the Corporate Solo home banking system).

The holders of eFirma and eFirma Plus accounts can also use secure electronic signatures, equivalent to a signature by hand. A secure electronic signature provides an alternative method of authentication of the customers and authorization of the transactions they carry out.

1.3 Payment cards

The bank offers its retail customers:

- Visa Electron cash cards
- Visa Classic / Visa Gold charge cards, coming with a very rich insurance package and non-interest bearing renewable monthly spending limits,
- the Nordea MasterCard *Aspiracje* (Aspirations) credit card in the Standard and Gold variant, accompanied by a rich insurance package. This card offers the holder the use of a credit limit allocated by the Bank and the debt is paid back at discretionary dates. The interest rate on the credit is among the lowest in the market.
- the Nordea MasterCard Platinum credit card with an attractive package of added services, which won the Gold Rock Award 2006 in the category of the greatest achievement in the development of the prestige card sector.
- co-branded cards: BOMI Nordea credit card issued in co-operation with BOMI
- Visa Business charge cards, coming with non-interest bearing renewable monthly spending limits, discharged automatically by debiting the current account on the 10th day of the following month; the cards are accompanied by a rich insurance package,
- a MasterCard Business credit card enabling the holder to use the credit limit offered by the Bank individually to every customer. The debt on the card can be repaid at any chosen date and in any chosen amount. The card also has the following advantages: attractive price terms and the accompanying insurance package.
- co-branded credit cards: a Volvo Truck Nordea card, which is offered to customers of Volvo Truck at Volvo Truck service garages.

1.4 Savings products

The Bank offers an extensive range of highest quality savings products. Beside term deposits, the Bank regularly launches new finance products which are highly secure and at the same time guarantee high returns on investment.

1.4.1 Term deposits

Competitive interest rates and a wide choice of products are the main advantages of the term deposits offered by Nordea Bank Polska S.A. The Bank offers deposits in PLN and foreign currencies, for both individual and corporate customers. Term deposits may be opened at branch offices or via electronic channels (telephone, WAP, Internet). In 2009, the Bank offered the following term deposits:

- **Variable rate term deposits** – available deposit terms for Nordea variable-rate deposits: 7, 14 days and 1, 2, 3, 6, 12 and 24 months.

- **Fixed rate term deposits** – available deposit terms for Nordea fixed-rate deposits: 1, 3 and 6 months. The interest rate on the deposit depends on the deposit amount and a premium rate is offered on amounts exceeding PLN 20,000. The minimum deposit amounts to PLN 500.
- **Annuity deposits** – *Nordea Annuity Deposit* bears a variable interest rate and may be opened for the following terms: 6, 9 and 12 months. Minimum opening deposit is PLN 3,000
- **Deposits available only via electronic channels** – *Nordea eDeposit* bears a fixed interest rate. It may be opened only via the Internet or through the Bank's telephone call centre for the following terms: 1, 3 and 6 months. The minimum opening deposit is PLN 5,000.
- **Dynamic term deposits** – *Nordea Dynamic Term Deposit* is a deposit carrying a progressive interest rate and is opened for up to 12 months. If a deposit is withdrawn before the contractual maturity date, the accrued interest is not forfeited. The minimum deposit amounts to PLN 500.
- **Foreign currency deposits** – *Nordea Currency Deposit* is a deposit carrying a fixed or variable interest rate and is opened for 1, 3, 6 and 12 months (for 12-month deposits - only variable interest rate). A deposit may be opened in the following currencies: EUR, USD, SEK, DKK and NOK.
- **Negotiated deposits** – *Nordea Negotiable Deposit* is a deposit whose amount, term and interest rate are individually negotiated with a bank officer at one of our branches (deposits starting from PLN 50,000 or EUR/USD 20,000 or the equivalent in SEK, DKK or NOK), or employees of the Markets Department (deposits from PLN 500,000 or EUR/USD 100,000 or the equivalent in SEK, DKK or NOK). Deposits may be placed on the basis of one-off contracts or within an arrangement based on an Overnight Deposit Account.
- **Unit-linked deposit** - *Nordea Hit* deposit, is a fixed rate deposit which can be opened for periods of 1 or 3 months, whose interest rate depends on the amount invested in investment funds under the *Nordea Investor* facility. This is a non-renewable account. After maturity, the principal amount is posted to a *Nordea Progres* Account, and interest on the deposit is posted to a *Nordea* account. The minimum deposit is PLN 500 and the maximum one PLN 20,000.
- **A term deposit coupled with a structured policy** – *Nordea Lokata Gwarant* is a fixed-rate term deposit which may be placed for a period of 3 months. The deposit is offered to customers using a structured products offered by the Bank. The minimum deposit is PLN 500 whereas the upper limit is 50% of the amount invested in the *Nordea Gwarant* product (a structured policy). This term deposit is non-renewable – upon maturity, the principal amount is transferred to a *Nordea Progres* account and interest to a *Nordea* account.

1.4.2 Investment policy

Nordea Profit Plus is a bancassurance product offered only to retail customers, which offers endowment and life insurance and additionally allows its holder to avoid paying capital gains tax on (its effective, fixed interest rate is much higher than that of traditional deposits). The term of the policy is 6 or 12 months, and its minimum amounts are respectively PLN 10,000 and PLN 5,000. Nordea Profit Plus is offered together with Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A. The Policy may be taken out through the Internet or at a Nordea branch office.

1.4.3 Nordea Inwestor

Nordea Bank Polska S.A. acts as an agent selling *Nordea Inwestor* insurance policies for life insurance with investment fund and a one-off premium on behalf and to the benefit of Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A. *Nordea Inwestor* is a wide range of unit-linked funds (36 domestic funds, 18 foreign fund, and 3 fund portfolios) offered under a life insurance policy product. This product allows to earn tax benefits unavailable in the case of directly purchasing shares in investment funds. *Nordea Inwestor* is also available with the Steady Savings Scheme option (minimum premium of PLN 100, the choice between 2 domestic funds and 3 fund portfolios) and the Safe Investing Program (the range of funds is limited to money-based funds, bond-based funds and stable growth funds – all in all 13 funds and 1 fund portfolio).

1.4.4 Nordea IKE

The Bank also acts as an agent in concluding Individual Pension Account (IKE) agreements for and on behalf of Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A. *Nordea IKE* is a pension-savings product. It combines the characteristics of an investment fund with life insurance for its holder. With *Nordea IKE*, it is the customer who decides how his/her own how funds will be invested across the five investment funds with diversified risk profiles.

1.4.5 Investment Funds – direct sales of shares in international and domestic funds

Nordea Bank Polska S.A. also distributes shares in the following sub-funds of Nordea 1, SICAV managed by Nordea Investment Funds S.A. from Luxembourg: the European Value Fund, the North American Value Fund and the Global Value Fund. These funds won numerous awards by independent financial institutions.

In addition, the Bank acts an agent in selling and redeeming investment fund units in Polish funds managed by ING TFI. It acts as a distributor of the following funds: Cash Fund, Bond Fund, Sustainable Growth Fund, Balanced Fund, Share Fund, SME Fund, ING Russia in EUR, ING Indie and China in USD and *Parasol Specjalistyczny Fundusz Inwestycyjny Otwarty* (Umbrella Specialised Open Investment Fund).

1.4.6 Nordea Gwarant

The Bank intermediates in the sale of structured (unit-linked) savings products, offered in the form of life insurance policies taken out with Nordea TUnŻ S.A. This is a modern deposit product offering the possibility of generating above average rates of return with a simultaneous protection of the invested capital. Nordea Gwarant offers the investors a possibility of exemption from capital gains tax (the so called „Belka tax”). The financial benefit from this investment is also exempted from inheritance and donation tax. The first subscription for the product called „Nordea Gwarant – European Financial Companies” started on 14 April 2008. Further subscriptions for the product are planned, diversified in terms of investment strategies and parameters of protection for the capital and return ratios.

1.4.7 Nordea Steady Saving Scheme

The new version of the RSP launched on May 18, 2009 is characterised by the obligation to pay a premium of at least PLN 200 a month (or alternatively PLN 600 a quarter, PLN 1,200 every 6 months, or PLN 2,400 yearly), which may be invested in 59 unit-linked funds. Depending on the amount of the premium, the customers can choose from three programs (Optimum, Premium, VIP) differing in management fees and divestment fees.

1.5 Credit activity

In its credit activity, Nordea Bank Polska S.A. offers a wide range of services to companies, private individuals and local self-government entities. Its main lending products are working-capital and investment loans for companies and local self-government entities, and home loans for private individuals.

1.5.1 Credits for retail customers

- **Overdraft** - it is a revolving credit which lets the customer overdraw the account up to the credit limit defined in the agreement and which does not require any collateral. Its interest rate depends on the customer's classification into a specific customer group, and interest is charged monthly. The facility is provided for 12 months with an option of extension for another 12 months. Every amount crediting the account reduces the outstanding debt. The approved credit limit depends on the amount of inflows to the account, whether or not the account holder is using a mortgage loan and the holder's earnings and the amount of overdraft ranges from PLN 1,000 to PLN 50,000.
- **Nordea Habitat Housing loan** – it is a loan for the purchase, construction, expansion, repair or modernization of a house or flat, and for other housing purposes. There is also a consolidation loan available, to refinance the expenses already paid or to repay housing loans drawn from other banks. The housing loan is characterised by a number of features making it stand out in the Polish market:
 - by default, up to 90% of the value of the property securing the loan can be financed, if the facility is denominated in PLN or up to 80%, if the loan is denominated in a foreign currency,
 - the loan term is up to 45 years for PLN loans and to 40 years for foreign currency loans,
 - the loan comes with a special insurance package,
 - the facility is available in a wide range of currencies (PLN/CHF/EUR/USD/SEK/NOK/DKK). As of the end of 2008, the option of USD loan has been suspended until further notice .
- **Nordea Komfort credit limit (home equity loan)** – the Bank's range of credit products includes also a credit limit which may amount to as much as 75% of the market value of the property. The limit is available for use for 10 years. The margin is fixed for the whole credit term and it depends on the customer's classification in the Nordea Benefit Programme).
- **Nordea Habitat consolidation loan** – a facility meant for the discharge of home and car loans and for any discretionary consumption purpose. It enables the borrower to finance 80% of the

value of the property serving as collateral, though the proportion of the funds used for a discretionary purpose must not be higher than 60%. The loan term is 30 years.

- **Nordea Auto car loan** - intended for the purchase of a new or used car, caravan or motor cycle. The facility is available in PLN. The maximum term is 8 years and the facility amount may be up to 90% of the price of the vehicle.
- **Consumer loan** – granted for up to 3 years and can range from PLN 3,000 to PLN 50,000. The loan will be repaid in monthly instalments and it may be settled in cash, by bank transfer or standing order. The repayment options include degressive instalments or fixed instalments.
- **Nordea Polisa loan** – it is a facility against the pledge on assets deposited on insurance policies (Nordea Profit Plus, Nordea Inwestor). The facility is provided in the form of an overdraft limit for any purpose or for an additional investment in investments funds within Nordea Inwestor. The minimum amount of the loan is PLN 80,001.

In addition, individual customers are offered the following loans:

- **Lombard loan**
- **Loan to finance securities purchase – Nordea Partner**

1.5.2 Credits for entrepreneurs

- **eFirma and eFirma plus overdraft facilities** – addressed to entrepreneurs who have run their businesses for at least 24 months. The overdraft limit depends on monthly inflows to the account, and is capped at PLN 100,000. Interest on the loan is paid monthly and the terms is 12 months. A credit application may be filled in and submitted through the Internet or at the Bank branch.
- **Current account overdraft facility** – takes the form of a credit limit which allows to overdraw the account up to the limit defined by the bank. It is a revolving loan repaid automatically. Interest on the loan is paid on a monthly basis, and the maximum term is 12 months.
- **Renewable working capital loan** - it is granted for up to 12 months and allows the customer to debit the account to an agreed within the term of the loan. It is granted to finance recurring transactions without a need of applying for a loan every time since credit funds are effected in accordance with terms and conditions stipulated in the agreement.
- **Working capital loan** - granted to supplement the firm's own funds and finance current operations, i.e. finance current assets (inventories, amounts receivable, pending bank transfers). Interest on the loan is paid monthly on the outstanding amount. The maximum term is 36 months, and the maximum amount of the loan depends on the customer's credit ability, demand for credit, repayment ability and collateral.
- **Investment loan** - granted to finance various developmental and modernization projects, and to purchase means of transport, plant and machinery. The purpose of the loan is clearly defined in the credit agreement. Interest is repaid monthly and it is calculated on the outstanding amount. The minimum required down payment towards the investment is equal to 10% of the total net investment amount.
- **Auto Firma Loan** – intended for the purchase of a new or used vehicle - a car or a lorry whose total weight does not exceed 3.5 tons. The loan is granted in PLN or it is indexed to EUR, USD or CHF. The maximum lending term is 5 years, and the loan amount may exceed 90% of the vehicle price (gross).
- **Nordea Europa loan** – the purpose of this loan is to finance investment expenditure refinanced from EU funds. The loaned funds must be appropriated for the purpose stated in the EU grant application. The maximum lending term is 60 months. The principal will be repaid at the end of the term from the grant, and interest will be paid on a monthly basis. The loan is secured with suretyship from the EU Suretyship Fund granted by Bank Gospodarstwa Krajowego, the assignment of rights from an aid agreement executed between the borrower and the Polish Agency for Enterprise Development or any other form of collateral acceptable to the Bank.
- **Discounting of bills of exchange** – the Bank accepts for discounting bills of exchange from business entities which hold their current accounts with Nordea Bank Polska S.A.
- **Factoring** – the Bank may agree to finance invoices issued by an enterprise. Under a factoring agreement with the Bank, the customer will assign its receivables to the Bank and in return it will immediately receive payment for goods or services.
- **Bank guarantee** – the Bank may guarantee the repayment of loans or other liabilities resulting from the business operations of a company. A guarantee is a written commitment of the Bank to

pay the agreed amount to the beneficiary of the guarantee on the terms and conditions stipulated in the agreement

Moreover, the range of products for entrepreneurs includes a **credit suretyship product**.

1.6 Leasing

Leasing is a form of investment finance alternative to credit. Nordea Finance, a company related to Nordea Bank Polska S.A., offers its customers attractive terms and conditions of **operating** lease (the lessee recognises the leasing fees and rents as deductible costs and is entitled to repurchase the leased fixed asset) and **financial** lease (the lessee recognises the depreciation and the interest part of rent as a deductible costs, and the object of lease becomes one of its assets).

1.7 Other business

Nordea Bank Polska S.A. offers a wide range of products and services concerning international and domestic foreign exchange operations, such as collection or documentary credit.

Also, the Bank offers investment banking services (arrangement of issuance of debt securities) and corporate finance services.

2. Major agreements important for the business operations of Nordea Bank Polska S.A, including agreements between the shareholders, as well as insurance and co-operation agreements

Due to the nature of its business, the Bank enters into material contracts principally related to its operating activities (mainly loan agreements with customers). In 2009 the Bank informed the public about such agreements (those that met the criteria of material contracts) by sending current reports in accordance with the regulations on public trading in securities.

3. Changes in the organizational or capital relations of Nordea Bank Polska S.A. with other entities, as well as the directions of the bank's development

Nordea Bank Polska S.A. does not have any subsidiary.

In consequence, as at 31/12/2009 it is not part (as the parent company) of any Group of companies.

4. Domestic and international investments, including any capital investments within the Group of companies

After the sale of its shares in the subsidiary in 2006, Nordea Bank Polska S.A. does not form a group of companies and does not make any equity investments in such a group.

The following table presents the equity investments made by the Bank outside a group of companies. All investments were financed from the Bank's own funds.

Securities held for trading representing rights in equity, not admitted to public trading

Number of shares	Company name	PLN value at 31/12/2009
7000	GIEŁDA PAPIERÓW WARTOŚCIOWYCH w Warszawie S.A.	128 240,00
100	Biuro Informacji Kredytowej S.A.	106 355,40
11	SWIFT *	26 840,00

* register maintained in EUR

Minority holdings in non-financial entities

Number of shares	Company name	PLN value at 31/12/2009
1	Łódzka Agencja Rozwoju Regionalnego S.A.	10 000,00
5	Międzynarodowa Szkoła Bankowa i Finansów Sp. z o.o.	2 500,00

5. Related party transactions

Disclosures regarding transactions with related parties were made in Note 40 of the Financial Statements.

6. Appropriation by the issuer of proceeds from the issue of securities

The Bank did not issue any securities in 2009.

7. Explanation of differences between the financial results disclosed in the interim financial statements and forecasts published earlier

Nordea Bank Polska S.A. did not publish any forecasts of its financial results.

8. Management of the issuer's financial resources, specifically with regard to its capacity to meet its obligations

Nordea Bank Polska S.A. manages its financial resources in accordance with the guidelines and standards of the Nordea Group. In line with the internal procedures in place, the Bank monitors liquidity risk and interest rate risk on an ongoing basis. To guarantee, if necessary, its ability to meet the financing requirements to service its liabilities, the Bank has signed appropriate agreements with the Nordea Group. Nordea Bank Polska S.A. meets its obligations as they fall due.

In 2009, the Bank drew CHF 980 million, in seven tranches, and EUR 80m in one tranche under a loan agreement dated 30/05/2008 with Nordea Bank Finland Plc, as amended on 12/08/2008. The agreement is for EUR 1bn and it serves as potential security for the Bank's liquidity needs.

Under that agreement, the Bank is entitled to draw tranches for terms from 6 months to 5 years to be repaid not later than by 31/12/2016 carrying market-based interest rates.

On 15/07/2009, the Bank entered into a loan agreement with Nordea Bank Finland Plc for EUR 600m, to secure its potential funding needs. Under the agreement, Nordea Bank Polska as a right to draw tranches for periods from 9 months to 5 years, to be discharged by 31/12/2015, carrying market-based interest rates. On 30/11/2009, the Bank signed an amendment agreement – Transfer Notice – under which all rights and obligations were transferred to Nordea Bank AB (publ). As at 31/12/2009, the Bank had not drawn any tranche.

Under a loan agreement with the European Investment Bank, Nordea Bank Polska drew further 2 tranches totalling PLN 361,474,852 (in the first half of 2009). This amount represents the whole amount of the agreement with the EIB.

Additionally, on 28/01/2009, the Bank draw a subordinated loan of CHF 68 million under the agreement with Nordea Bank Finland Plc dated 30/09/2008.

9. Evaluation of investment plans, including capital investments, comparing to funds held, including changes in the structure of financing for such activities

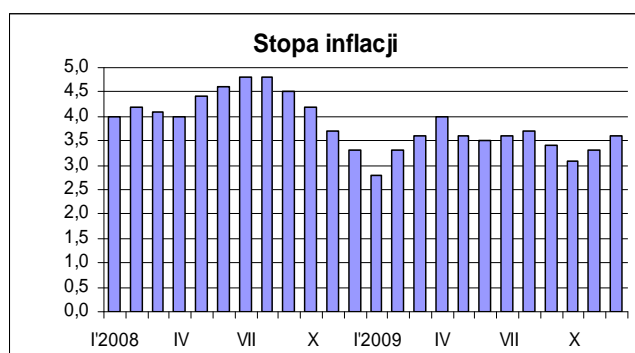
The capital activities of the Bank are subject to restrictions resulting from the policy pursued by Nordea Group including, among others, the Swedish Nordea Bank AB (publ), which is the majority shareholder in Nordea Bank Polska S.A., holding 99.04% of Nordea Bank Polska's share capital. This policy assumes, among other things, a reduction of the risk involved in investing in the shares of listed companies. Consequently, in the near future, Nordea Bank Polska S.A. does not plan to increase its capital investments, and the share portfolio it holds includes exclusively shares in a few companies that operate in areas supporting banking operations, see B, section 4. The value of this portfolio represents around 0.02% of the Bank's own funds.

10. External and internal factors important for the development of the issuer and prospects for the development of Issuer's operations at least until the end of the current financial year, including elements of its market strategy

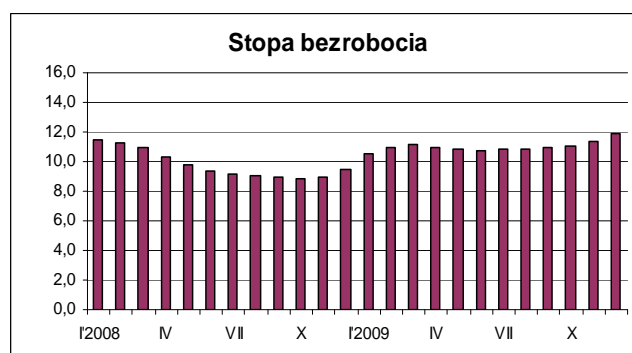
External factors

- Poland is the only country in Europe which managed to maintain positive growth rates in three quarters of 2009 (0.8% in Q1, 1.1% in Q2 and 1.7% in Q3, as measured quarter-to-quarter 2008). The economic growth is driven by growing consumer demand and collective consumption, with additional contribution from investments in communal and transport infrastructure. What is also positive is a reduced negative foreign trade balance because exports decreased less than imports. Short-term data characterising the change in industrial and construction output sold and the dynamics of retail sales suggest that the optimistic trends will continue into the fourth quarter of 2009.
- On the other hand, the economic slowdown lifted the unemployment rate in 2009 from 9.5% (December 2008) to 11.2% in March 2009, with a seasonal dip 10.7% in June, followed by a rise to 11.9% in December. The seasonal fall in unemployment during the summer was shallower than the year before (8.8% in October 2008). However, the rise in unemployment is smaller than in other EU member states, and also slower than expected just a few months earlier. Nevertheless, it has relieved the pressure on salary increases. Thus the key inflation driver is inactive.

Inflation rate



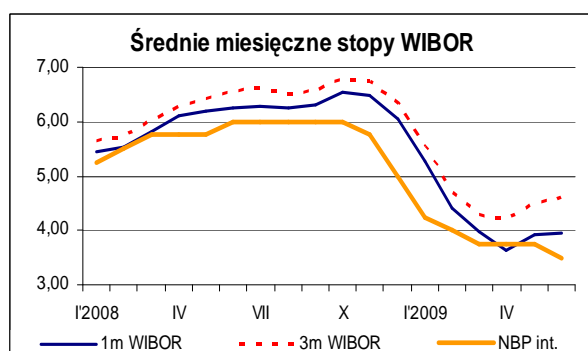
Unemployment rate



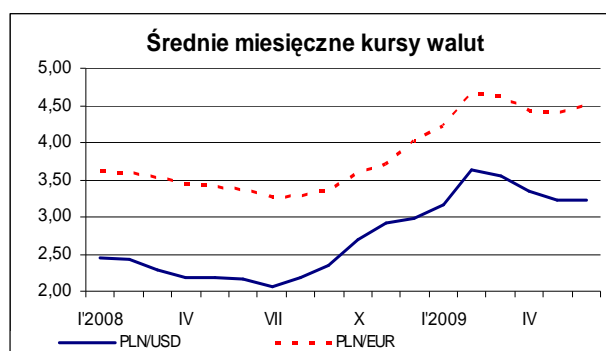
- Average inflation in 2009 reached 3.5% (www.stat.gov.pl, 14/01/2010). The monthly rate for December 2008 was identical so in spite of fluctuations observed in the months that followed, with a low at 2.8% in January and a high in April (4.0%), one can say that last year inflation stayed near the upper limit of the direct inflationary target of the monetary policy (2.5%±1%). It was mainly driven by seasonal changes in food prices and fluctuations in oil and energy prices, affecting the cost of upkeep of houses and transport prices.
- Throughout 2009, the Monetary Policy Council cut the NBP's interest rates by the total of 150 base points, 75 of which in January (following in the footsteps of other central banks and striving to counteract an increase in the price of money and a slowdown of economy), then by 25 base points in each of February, March and June. Thus, since June 2009, the reference rate has remained at the historical low of 3.50%. Whether to uphold the current monetary policy or to tighten it and move on to a phase of interest rate rises is one of the most crucial questions which new members of the Monetary Policy Council whose term of office starts in January and February 2010 will have to find an answer to.
- Interest rates on the Polish money market started the year 2009 with a considerable upswing compared to the NBP's intervention rate, thus reflecting a relatively high risk pricing of interbank deposits; for example, the average 3-month WIBOR reached 6.34% in December 2008, which was 134 base points above the intervention rate (5.00%). Yet, they quickly fell back in line with the decisions of the Monetary Policy Council and already in March 2009, the risk margin decreased by 55 bps. Then market rates unexpectedly jumped up again, which was interpreted by market analysts as a manifestation of interventions by certain large banks, amassing large PLN deposits as a result of the "deposit war" and striving to compensate for the interest cost of such relatively expensive products by raising their benchmarks in the pricing of loans. The upward trend became steeper in May: the spread for WIBOR 3M reached then 112 base points. The summer and the autumn marked the end of the deposit war: risk margins reversed and stabilised at 68-69 base points but at the end of 2009, WIBOR 3M rose to 4.27%. The rates for longer period now suggest a potential rise by 25 base points, but this will not happen before 9-12 months have passed.

- During the period in question, interest rates on international money markets fell even sharper as a consequence of the resolve of numerous central banks to counteract recession: for example, LIBOR USD 3M, which in October 2008 averaged at 4.11%, was reduced to 1.79% by December 2008, falling further down to 0.30% over the following three quarters of 2009 and continuing to 0.25% at the end of December. The interest rates for euro followed pretty much the same pattern (a drop to the average of 3.26% in December 2008 and further to 0.67% a year later) and so did the rates for the Swiss franc (from 3.01% in October 2008 to 0.89% in December 2008 and 0.25% in December 2009). However, the rates for longer terms suggest a possible upswing in the next 12 months, by about 40 bps for the Swiss franc, 60 bps for the euro and 75bps for the US dollar. Thus interest rates on international markets remain much lower in comparison to the Polish money market. At the same time, the strengthening trend of the Polish zloty is mitigating FX risk related to the repayment of loans denominated in foreign currencies. Thus the customers of Polish banks will still be interested in foreign currency loans, though the relative ease in obtaining euro funding compared with Swiss francs, coupled with the small difference in the interest rates is increasingly leading to the replacement of CHF loans with euro loans.

Average monthly WIBOR



Average monthly exchange rates



- Since the end of February 2009, PLN exchange rates have shown a long-term trend towards appreciation, though in short periods certain fluctuations were visible. Comparing the exchange rates at the end of December 2009 (2.8503 PLN/USD, 4.1082 PLN/EUR and 2.7661 PLN/CHF) with the ones prevailing 12 months earlier (2.9618 PLN/USD, 4,1724 PLN/EUR, 2.8014 PLN/CHF respectively), one can see appreciation in the range of 3.8% against the US dollar and 1.3%-1.5% against the euro and the Swiss franc. However, one must remember that the global financial meltdown and international currency speculations caused considerable distortions during the period under analysis. The Polish currency was the strongest in late July and early August 2008, with the exchange rates of 2.0220 PLN/USD, 3.2026 PLN/EUR and 1.9651 PLN/CHF. Then, in less than 6 months, it lost about 93% in value against the dollar, 53% against the euro and 68% against the Swiss franc, with a peak on 18/02/2009 (3.90 PLN/USD, 4.90 PLN/EUR, 3.31 PLN/CHF), falling down to the level recorded 5 years before, i.e. in February 2004. However, the relatively good shape of the Polish economy, coupled with such factors as the flexible credit line in the amount of USD 20.6bn made available by the International Monetary Fund, the exchange of EU funds or efforts made by the Ministry of Finance to keep the zloty strong in order to reduce the foreign debt to GDP ratio led to the appreciation of the Polish currency in the range of 27% towards the dollar and 16% towards the euro or Swiss franc between February and December 2009.
- Two important factors determining the supply of household deposits in 2008, namely losses on investments in alternative forms of savings (investment funds and the stock market) and growing interest rates on deposits resulting from the deepening shortage of liquidity and increased risk of interbank borrowings, ceased to operate in 2009. The downward trend in assets of investment funds reversed in February 2009 and interest rates on households deposits started to rise as well. The volume of household deposits grew 17% in 2009, while the previous year, it had increased 26%. The corresponding growth rates for household loans were 12% in 2009 and 45% in 2008 respectively (though in this case one has to remember that the big growth in loans in 2008 was driven to a large extent by foreign currency loans and revaluation of foreign currency receivables brought about by the weakening of the PLN in late 2008 and early 2009. As regards corporations, smaller profits and a cautious development policy, coupled with the tightening of credit policies with regard to businesses by banks, reflected in a 10% increase in deposits and a drop in loans by about 3%.

Internal factors

1. The Management Board is of the opinion that the projects and efforts now under way in the Bank are highly instrumental in the increase in the Bank's business volumes, which should lead to improvements in its performance at present and in the near future:

- a) A stronger market position

The Bank is steadily expanding its assets and business operations. It is ranked among the top 15 providers of banking services and products in Poland in terms of size. Nordea has 23 branches and 24 smaller offices (21 Banking Service Points or BSPs, 3 cash offices) in all the major cities of Poland. In August 2009, the Bank started building a network of modern banking outlets (BO) within its TURBO project, directly subordinated to the Retail Banking Centre, which operates as a separate branch office of the Bank. Eventually, there are to be 150 such offices and by 31/12/2009, altogether 112 such outlets had been opened (2007: 40 outlets, 2008: 60; 2009: 12). Together with a *Private Banking* office, the whole network consists of 160 offices and its geographical coverage allows the bank to serve customers all over Poland. Below is a list of the organizational units of Nordea Bank Polska S.A. as at 31/12/2009, by region:

<p>CENTRAL REGION</p> <ol style="list-style-type: none"> 1. 1st Branch in Łódź BSP in Łódź (2) and Zgierz 2. 2nd Branch in Łódź 3. Branch in Bełchatów BSP in Piotrków Trybunalski and Kielce 4. Branch in Pabianice 5. RBC – 4 BO (Łódź) <p>ŚLĄSKO-MAŁOPOLSKI REGION</p> <ol style="list-style-type: none"> 1. Branch in Kraków 2. Branch in Katowice BSP in Katowice (2) and Gliwice 3. RBC – 14 BO (13 in Kraków, 1 in Częstochowa) <p>MAZOWIECKI REGION</p> <ol style="list-style-type: none"> 1. 1st Branch in Warsaw BSP in Warsaw (1) and Piaseczno 2. 2nd Branch in Warsaw BSP in Warsaw (3) 3. 3rd Branch in Warsaw 4. Branch in Lublin 5. RBC – 47 BO (Warszawa – 40, Białystok, Grodzisk Mazowiecki, Legionowo, Łomianki, Nowy Dwór Mazowiecki, Pruszków, Wołomin) 6. Private Banking Office 	<p>WIELKOPOLSKI REGION</p> <ol style="list-style-type: none"> 1. Branch in Poznań BSP in Poznań (2) and Gorzów Wielkopolski 2. Branch in Bydgoszcz BSP in Bydgoszcz 3. Branch in Szczecin BSP in Szczecin 4. RBC – 21 BO (Bydgoszcz – 2, Poznań – 14, Swarzędz, Szczecin – 3, Toruń) <p>DOLNOŚLĄSKI REGION</p> <ol style="list-style-type: none"> 1. Branch in Wrocław BSP in Wrocław 2. RBC – 14 BO (Wrocław - 13, Opole – 1) <p>POMORSKI REGION</p> <ol style="list-style-type: none"> 1. 1st Branch in Gdynia BSP in Gdynia 2. 2nd Branch in Gdynia 3. 3rd Branch in Gdańsk 4. Branch in Olsztyn 5. Branch in Elbląg 6. Branch in Rumia 7. Branch in Starogard Gdański 8. Branch in Tczew 9. Branch in Żukowo 10. Internet Branch in Gdańsk 11. RBC – 13 BO (Gdańsk – 7, Gdynia - 5, Sopot)
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Legend:

- RBC: Retail Banking Centre
- BO: Banking Outlet
- BSP: Banking Service Point

- b) A wide range of products and services

In its products and services range, the Bank offers traditional products and services whose distribution is supported by a competitive pricing policy (particularly so last quarter) concerning interest rates and fees and the promotion of lasting relations with customers. The Bank also has a well-developed range of „bankassurance” products, shares in investment funds (including the distribution of shares in Nordea Group’s own investment funds though recently the demand for such products fell following the losses on the capital market) as well as new e-banking products (see section B.1 for more details). Attempts to anticipate customers’ needs supported by customer satisfaction surveys and effective marketing campaigns are without doubt the primary sources of success in increasing business volumes.

2. Co-operation with the Majority Shareholder - Nordea Bank AB (publ)

Nordea Bank AB (publ) is an international financial institution which belongs to the Nordea Group. Nordea is the biggest financial group in region of Scandinavia and the Baltic Sea with total assets of EUR 488bn (30/09/2009). It serves nearly 10 million customers (retail and corporate) and is a leader in net-banking and e-commerce with close to 5.9M e-commerce customers. Nordea has got a strong position in the Nordic banking service market, serving nearly a half of Nordic households.

Customers are served by around 33,000 employees through 1,400 branch offices and via highly advanced telephone and Internet channels, and also through its outlets abroad. Nordea is also a leader of asset management in the Nordic financial markets.

Nordea's first investment in Poland was the purchase of shares in Bank Komunalny w Gdyni S.A. and BWP-Unibank S.A., Gdańsk. The merger with Łódź-based LG Petro Bank S.A., strengthened the position of Nordea BP S.A. in the structure of the Nordea Capital Group.

At 31 December 2009, Nordea Group’s investment on the Polish market included:

- 99.04% of the shares in Nordea Bank Polska S.A.,
- 100 % of the shares in Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A.,
- 100 % of the shares in Nordea Finance Polska S.A.,
- 100% of the shares in Nordea Powszechne Towarzystwo Emerytalne S.A.

Strategy and development of Nordea Bank Polska S.A.

The Development prospects of Nordea Bank Polska S.A. are strictly connected with the Nordea Group’s policy for the markets in the Baltic states and in Poland. The Nordea Group considers these countries to be its natural sphere of influence. It is the group’s strategic goal to continue its expansion in this region. In Poland, the Nordea Group intends to pursue its strategy through Nordea Bank Polska SA, with a view to achieving a leading position in the sector of Nordic customers and becoming one of the leading banks in selected market segments.

The idea behind the development of the operations in Poland includes:

Distribution – strategically positioned branches in major cities and the use of advanced distribution channels, such as the Internet, telephone banking, cards and third-party distributors.

Customers – Nordic companies and international companies, the best Polish companies and municipalities, employees of our companies and affluent individual customers willing to use new and advanced forms of banking services.

Position – an important entity operating in the selected segments of the Polish banking market.

The Nordea Group defined the following long-term goals for the Polish market:

- To become an important player in the market and achieve strong growth and profitability in the strategic segments:
 - Nordic and international corporates
 - Best local corporates
 - Municipalities and local government entities
 - Employees of our corporate customers
 - High income earners
 - Private individuals seeking housing loans, cards and consumer finance

- To have an extensive and innovative multi-channel distribution through many channels, with a high degree of use of internet services:
 - An optimal number of advisory centres, branches and sales outlets
 - A network of agents
 - E-banking
 - Contact centres
 - Cards, including co-branded cards
 - An ATM network, cash back option
- To work with a modern and standardized product range using standard customer concepts which have a successful track record in Nordea.
- To have low overheads and the C/I ratio below 50%.

11. Changes in the fundamental principles of management of the Issuer's company and Group

There were no changes in the fundamental principles of management of the Bank in 2009. Nordea Bank Polska S.A. operates within a territorially dispersed structure managed on the basis of three business centres in the Tri-City area, Łódź and Warsaw. The decision to place the registered office of Nordea Bank Polska S.A. in Gdynia is coherent with the concept of development of Nordea Group's business in the area around the Baltic Sea. The organizational segments in the Tri-city area are in charge of banking product and service development. Łódź is the location of operational activities, a centralized credit administration unit, mortgage product development and the development of IT tools as well as training related to the expansion of the retail network. The Warsaw centre is responsible for contacts with key corporate customers, including especially Nordic customers, through the Nordic Banking Department operating in the capital city. The Warsaw unit, acting through the Retail Banking Centre, is also responsible for the centralized management of the newly created bank outlets. Thanks to being divided into three equivalent specialized centres, the Bank is managed in a more effective way.

12. Agreements concluded between the issuer and Management Board members providing for a compensation in the event of their resignation or dismissal from their function without an important reason if their dismissal results from the issuer's merger via acquisition

The Bank entered into non-competition agreements with the Polish members of the Management Board, which envisage a compensation. The agreements provide for a compensation to be paid after the termination of employment.

The compensation is solely payable in cash. The amount paid out will be different for different persons and will depend on a number of factors, including a function of a given person in the Management Board. The compensation shall be payable after the termination of employment for 6 to 12 months.

13. Total number and nominal value of all shares in the issuer and shares in companies from issuer's group held by members of management and supervisory authorities (each person separately)

As at 31/12/2009, the total number of shares in Nordea Bank Polska S.A. amounted to 45,518,700, with the nominal value of PLN 5.00 each.

Based on information available to the issuer, the number of shares in Nordea Bank Polska S.A. held by members of the Company's management and supervisory authorities (for each person separately) is as follows:

	Name and surname	Position	Number of shares held in Nordea BP S.A. (31/12/2009)
1.	Wojciech Rybowski	Chairman of the Supervisory Board	1
2.	Thomas Neckmar	Vice-chairman of SB	0
3.	Emilia Osewska-Mądry	Supervisory Board Member	0
4.	Maciej Dobrzyniecki	Supervisory Board Member	100
5.	Marek Głuchowski	Supervisory Board Member	0

6.	Esa Tuomi	Supervisory Board Member	0
7.	Rauno Päivinen	Supervisory Board Member	0
8.	Henrik Bernhard Winther	Supervisory Board Member	0
9.	Eugeniusz Kwiatkowski	Supervisory Board Member	0
10.	Jacek Wańkiewicz	Supervisory Board Member	0
11.	Asbjorn Hoyheim	Supervisory Board Member	0
12.	Włodzimierz Kiciński	President of MB	0
13.	Sławomir Żygowski	1st Vice President – Deputy President of MB	0
14.	Agnieszka Domaradzka	Vice President of MB	0
15.	Jacek Kalisz	Vice President of MB	0
16.	Tomasz Misiak	Vice President of MB	0
17.	Bohdan Tillack	Vice President of MB	0

The composition of Supervisory Board and Management Board as at 31/12/2009.

As at 31/12/2009 Nordea Bank Polska S.A. did not own any subsidiary and thus did not form part of a group of companies.

14. Total value of salaries and awards paid or due to executive managers and supervising directors and due to positions held in governing bodies of subsidiaries (for each group separately)

Salaries, awards and benefits paid or due to executive managers and supervising directors broken down by components for each group separately (PLN thousand):

Management Board

	Name and surname	Position	01.01- 31/12/2009	01.01- 31/12/2008	Comments
1.	Włodzimierz Kiciński	President	1,431.6	1,405.6	
2.	Sławomir Żygowski	1st Vice President	847.0	814.0	
3.	Jacek Kalisz	Vice President	1,106.9	1,049.1	
4.	Bohdan Tillack	Vice President	535.4	532.3	
5.	Tomasz Misiak	Vice President	706.0	162.0	from 01/09/2008
6.	Agnieszka Domaradzka	Vice President	515.9	-	from 14/01/2009
7.	Janne Hirsto	Vice President	130.4	670.3	to 31/12/2008
8.	Wojciech Papierak	Vice President	-	394.1	to 30/06/2008
Total			5,273.2	5,027.4	

Supervisory Board:

	Name and surname	Position	01.01- 31/12/2009	01.01- 31/12/2008	Comments
1.	Wojciech Rybowski	Chairman	120.0	109.3	
2.	Emilia Osewska-Mądry	Board Member	54.0	48.6	
3.	Maciej Dobrzyniecki	Board Member	54.0	48.6	
4.	Eugeniusz Kwiatkowski	Board Member	54.0	48.6	
5.	Jacek Wańkiewicz	Board Member	54.0	48.6	
6.	Marek Głuchowski	Board Member	54.0	29.9	from 12/06/2008
7.	Andrzej Zwara	Board Member	-	18.8	to 12/06/2008
Total			390.0	352.4	

The other members of the Supervisory Board did not take remuneration for the performance of their functions.

The total amount of salaries, bonuses and benefits paid or due to be paid represents the gross amount of such salaries, bonuses and benefits in the financial year.

The salaries, awards or benefits paid or due to be paid to executive and supervising managers as aggregated for each board separately have been presented in note 40 of the Financial Statements.

15. Agreements, known to the issuer, which in future may cause changes in the proportions of the shares held by the current shareholders

The issuer is not aware of any agreements which in future may lead to changes in proportions of shares held by the existing shareholders of the Bank, among others by the majority shareholder – Nordea Bank AB (publ). However, the Strategic Partner intends to carry out the long-term expansion strategy of its banking operations in Poland through the Bank.

16. The control system of employee share programmes

In May of 2007, 2008 and 2009, parent company Nordea Bank AB (NBAB), launched Share-based Payment Programmes under the name „Long-Term Incentive Programme 2007, 2008 or 2009 (as appropriate). Top managers of Nordea Bank Polska participate in the programmes. The LTIP participants will take possession of shares in NBAB, subject to their meeting certain performance criteria.

Because the share-based payment programmes were established and operate in the parent company, the bank does not have a system for controlling employee shares.

17. Sources of funding of the bank's operations and the specific presentation of the breakdown of funding by the particular banking activities and the geographical structure

As at 31/12/2009, the principal sources of funding of the operations of the Bank included:

- shareholders' equity,
- funds acquired in the interbank market (also from Nordea Group),
- Customer deposits

For more information on the share of the above components of equity and liabilities in the balance-sheet total, see section A.4.

The geographical (territorial) structure of deposits acquired and loans granted as at 31/12/2009 is presented in the table below:

Location	Total gross loans, excluding interbank market		Deposits, excluding interbank deposits	
	PLN '000	%	PLN '000	%
Head Office *	4 483 696	48,7	7 454 412	43,8
Mazowieckie	1 667 408	18,1	2 994 955	17,6
Pomorskie	979 748	10,6	1 548 242	9,1
Łódzkie	921 038	10,0	688 462	4,0
Kujawsko-Pomorskie	199 233	2,2	452 328	2,7
Małopolskie	192 440	2,1	728 319	4,3
Wielkopolskie	194 154	2,1	852 333	5,0
Dolnośląskie	165 170	1,8	861 238	5,1
Zachodniopomorskie	162 538	1,8	433 404	2,5
Warmińsko-Mazurskie	101 949	1,1	338 846	2,0
Śląskie	66 398	0,7	398 272	2,3
Lubelskie	38 641	0,4	139 463	0,8
Świętokrzyskie	18 235	0,2	88 178	0,5
Lubuskie	12 783	0,1	35 061	0,2
Podlaskie	6 738	0,1	12 965	0,1
Opolskie	2 857	0,0	9 806	0,1
Total	9 213 026	100,0	17 036 284	100,0

Note: the above figures do not comprise interest and other receivables or liabilities

As regards customer transactions, what is characteristic for the Bank is an equilibrium in the funding of loans made in PLN with deposits in the domestic currency, while demand for foreign-currency loans exceeds the volume of foreign currency deposits. Thus it is necessary to obtain external funding for foreign currency loans from the Nordea Group. This fact has caused a change in the structure of funding: the proportion between customer deposits to total liabilities (excluding interest) fell from 58.8% at the end of 2008 to 49.5%.

Sources of funding and directions of their utilisation:

	31/12/2009	31/12/2008
Deposits, other than from banks	9 213 026	8 328 545
Deposits from banks	9 408 266	5 839 330
Total liabilities ⁾	18 621 298	14 167 875
Loans, other than to banks	17 036 284	13 704 124
Loans to banks	497 218	199 467
Total gross receivables ⁾	17 533 502	13 903 591

⁾ PLN thousand, excluding interest or other receivables or liabilities.

Currency structure of *

PLN m	Total	PLN	%	FX	%
Loans and advances	17,571	8,239	46.9%	9,332	53.1%
- banks	497	307	61.8%	190	38.2%
- customers	17,074	7,932	46.5%	9,141	53.5%
Deposits	18,664	8,270	44.3%	10,394	55.7%
- banks	9,412	206	2.2%	9,206	97.8%
- customers	9,252	8,064	87.2%	1,188	12.8%
Loans and advances/deposits (customers only)	54.2%	101.7%	X	13.0%	X

* Net, excluding interest

18. The number and the value of writs of enforcement issued by the Bank and the value of collateral established on borrowers' accounts and assets

In 2009 Nordea Bank Polska S.A. issued 200 (2008: 131) banking writs of enforcement, for the total of PLN 10,772 thousand (2008: PLN 14,632 thousand).

The value of collateral interest taken in borrowers' accounts or assets:

- according to the relevant collateral agreements: PLN 9,741 thousand (2008: PLN 34,223 thousand),
- the value for the bank as of the date of the writ of enforcement: PLN 5,186 thousand (2008: PLN 16,947 thousand).

19. Important agreements between the Bank and the central bank or supervisory authorities

On June 9, 2009, Nordea Bank Polska S.A. entered into an agreement with the Polish Banks Association concerning participation in the System of Analysis and Monitoring of the Property Market. In 2009, the following standard agreements allowing the Bank to run its banking operations continue to be in force:

- the bank account agreement between NBP and Nordea Bank Polska S.A. stipulating the terms and conditions for the Bank's current account held with the NBP Head Office;

- the agreement concerning the use of electronic mail to deliver information between NBP and the Bank;
- the co-operation agreement concerning the exchange of information in the MIG Bank Register between the Polish Banks Association and the Bank.
- Agreement with the NBP concerning the terms and conditions of opening and maintaining of an RTGS account in the SORBNET EURO system,
- Agreement with the Polish Banks Association concerning the terms and conditions of exchanging information regarding granted loans within the System of Analysis of Real Estate Financing Market-„SARFiN”.

20. Loans taken, agreements on advances, sureties, and guarantees not related to the operating activities of the Bank; all contractual commitments resulting from debt securities or financial instruments issued; sub-issue agreements; guarantees issued to subsidiaries

As at 31/12/2009 there were no loans taken, advance agreements, sureties and guarantees not related to the operating activities of the Bank.

As at the balance sheet date of 31/12/2009 the Bank's commitments to local government entities resulting from the underwriting of municipal bonds issued through the Bank amounted to PLN 5 300 thousand, which is shown in the table below

Name of Issuer	Type of securities	Amount	Relations	Publicly traded
Elbląg commune	bonds	1.300.000,- PLN	none	no
Męcinka commune	bonds	1.500.000,- PLN	none	no
Sadlinki commune	bonds	2.500.000,- PLN	none	no

As at the balance sheet date of 31/12/2009 the Bank had no commitments in connection with the underwriting of corporate bonds issued through the intermediation of the Bank.

Commitments resulting from bond issues

As at 31 December 2009, the Bank did not have any commitment resulting from the issue of its own bonds.

On 17 February 2009, the Bank redeemed 5-year bonds of series O1 and at the same date the Bank paid interest for the tenth and last interest period. Redemption amount: PLN 1,292,300.00; interest amount: PLN 39,027.46.

21. Co-operation with international financial institutions

Nordea Bank Polska S.A. is a bank within the Nordea Group, which is linked via SWIFT with more than 1 thousand financial institutions in the world. The Bank has the status of a direct participant in Polish clearing systems and the status of an indirect participant in STEP2/ EBA and TARGET2.

The number of Loro accounts opened in the Bank by foreign and domestic banks has been in a growing trend for a few years. This growth was especially visible in the case of banks from the Emerging Markets regions. Our significant participation in the settlement of commercial payments made between foreign countries and Poland means that the Bank is among the main clearing banks in Poland.

In 2009, the Bank was preparing itself for the implementation of the Payment Service Directive, which was supposed to come into effect in European Union countries as of 1 November 2009. In a few countries, including Poland the implementation process was delayed. The Directive is aimed at introducing a unified system of fees and an easy system of executing domestic and foreign transfers. Concurrently, the Bank is engaged in activities connected with the MiFID Directive (financial instruments market). Like PSD, the implementation of MiFID is also delayed in Poland.

In addition, the Bank signed agreements with a few foreign banks for co-operation in the area of foreign exchange and FX sharing.

Nordea Bank Polska SA also co-operates with many domestic and international non-banking financial institutions such as insurance companies, brokerage firms, etc. In 2009, the Bank implemented a few

complex products supporting the management of financial assets domestically and internationally. In addition, the Bank is also involved in treasury products co-operation with these entities.

22. Average base interest rate applied by the Bank for deposits and loans in each quarter of 2009.

In order to counteract the results of global financial crisis in the world, steps have been taken to reduce the price of money by reducing percentage rates in central banks. This policy led to significant reductions in market interest rates which remained at a low level throughout 2009. The table below shows the average 3-month WIBOR and LIBOR rates (for EUR, USD and CHF) in the 4Q of 2008 and in subsequent quarters of 2009.

	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09	Change (base points) Q4'08 – Q4'09
3M WIBOR	6,63%	4,85%	4,43%	4,20%	4,20%	-242
3M LIBOR EUR	4,21%	2,02%	1,31%	0,84%	0,68%	-353
USD	2,74%	1,24%	0,85%	0,41%	0,27%	-248
CHF	1,95%	0,51%	0,40%	0,34%	0,26%	-169

As a result of these changes, there was a significant (although to a lesser degree than in the case of market benchmarks) reduction in average rates on loans and deposits in the Bank, calculated as the ratio of realized interest income and costs to average monthly volumes of gross credit and deposit portfolios (without interbank placements).

Average interest rate in quarter	Q4'08	Q1'09	Q2'09	Q 3'09	Q4'09	Change (base points) Q4'08 – Q4'09
Total loans	6,06%	4,53%	3,67%	3,62%	3,77%	-229
PLN	7,45%	6,37%	5,31%	5,30%	5,34%	-211
foreign currency	4,62%	3,01%	2,34%	2,27%	2,49%	-213
Total deposits	4,82%	4,25%	3,35%	2,95%	2,78%	-204
PLN	5,21%	4,71%	3,73%	3,33%	3,18%	-204
foreign currency	2,11%	1,22%	0,60%	0,35%	0,29%	-183
- demand	2,83%	2,18%	1,63%	1,33%	1,24%	-159
PLN	3,18%	2,58%	1,96%	1,64%	1,53%	-164
foreign currency	1,20%	0,67%	0,34%	0,16%	0,15%	-106
- term deposits	6,05%	5,77%	4,57%	4,13%	3,99%	-206
PLN	6,35%	6,04%	4,79%	4,37%	4,28%	-207
foreign currency	3,16%	2,36%	1,19%	0,79%	0,59%	-257
Spread /loans-deposits						
PLN	2,24%	1,66%	1,58%	1,97%	2,17%	
foreign currency	2,51%	1,80%	1,75%	1,92%	2,21%	

As the table shows, at the start of 2009, there was a significant lowering of the interest rate on loans without a subsequent proportional reduction of the interest cost of PLN deposits. This was the result of a “battle for deposits”, conducted among others by means of relatively high nominal interest rates on deposits. The Bank’s withdrawal from this battle and the increasing of interest margins on newly sold credit products allowed the Bank to return in the second half of the year to margins levels that were generated one year before.

23. Geographical structure and sector structure of deposits

The liabilities resulting from customers' deposits taken (excluding interbank deposits with interest and other liabilities) by Nordea Bank Polska S.A. as at 31/12/2009 stood at PLN 9,213.0 million, which was 11% more than at the end of December 2008. Deposits from private individuals account for 29% of that amount, deposits from business entities (financial and non-financial sectors) 63%, whereas deposits from the public sector account for 8%. This means a shift towards a greater increase in the share of the public sector and of business entities by 4 and 1 percentage points respectively at the expense of deposits from private individuals, whose share dropped by 5 percentage points.

We do not observe any major changes in the geographical structure of acquired deposits, which shows that Head Office departments play a significant role in generating the deposit volumes because they handle large institutional customers, including internet banking, as well as units concentrated around the Bank's three Head Office locations.

Geographical structure of deposits acquired, excluding interbank deposits:

Location	as at 31/12/2009		as at 31/12/2008	
	Deposits, excluding interbank deposits PLN thousand	%	Deposits, excluding interbank deposits PLN thousand	%
Head Office *	4 483 696	48,7	3 497 326	42,0
Mazowieckie	1 667 408	18,1	1 843 747	22,1
Pomorskie	979 748	10,6	952 572	11,4
Łódzkie	921 038	10,0	836 995	10,0
Kujawsko-Pomorskie	199 233	2,2	242 935	2,9
Małopolskie	192 440	2,1	210 034	2,5
Wielkopolskie	194 154	2,1	193 373	2,3
Dolnośląskie	165 170	1,8	152 781	1,8
Zachodniopomorskie	162 538	1,8	144 103	1,7
Warmińsko-Mazurskie	101 949	1,1	114 643	1,4
Śląskie	66 398	0,7	60 629	0,7
Lubelskie	38 641	0,4	49 433	0,6
Świętokrzyskie	18 235	0,2	15 290	0,2
Lubuskie	12 783	0,1	14 131	0,2
Podlaskie	6 738	0,1	552	0,0
Opolskie	2 857	0,0	---	---
Total	9 213 026	100,0	8 328 545	100,0

Note: the above figures do not comprise interest and other commitments

Structure of deposits acquired, by industry sectors:

Market sector	As at 31/12/2009		As at 31/12/2008	
	Amount (in thousand of PLN)	%	Amount (in thousand of PLN)	%
Financial sector	10 698 420	57,5%	6 825 754	48,2%
Banks	9 408 266	50,5%	5 839 330	41,2%
International financial institutions	511 475	2,7%	150 000	1,1%
Other financial entities	778 679	4,2%	836 424	5,9%
Financial sector	7 184 359	38,6%	6 992 517	49,4%
Legal entities	4 507 095	24,2%	4 146 855	29,3%
Private individuals	2 677 264	14,4%	2 845 662	20,1%
Budget sector units	738 513	4,0%	349 604	2,5%
Total	18 621 292	100,0%	14 167 875	100,0%

Note: the above figures do not comprise interest and other commitments

24. Management of financial risk and structure of the credit portfolio

The Bank is exposed to the following types of financial risk resulting from its operations:

- credit risk (including the counter party's credit risk)
- market risk (including: interest rate risk, FX risk and equity price risk)
- liquidity risk.

This section presents the Bank's exposure to the above-listed risks and the goals and methods of management and control, as well as addressing the issue of the Bank's capital adequacy.

The goal of risk management is to limit the potentiality of losses resulting from:

- changes in the market situation (market risk),
- counter party's insolvency (credit risk)

and to assure the adequate and safe structure of finance for the Bank (liquidity risk) and a value of equity adequate to incurred risk.

The Bank manages the risk resulting from financial instruments by the following risk areas: credit risk, market risk (interest rate risk, FX risk and equity market price risk), and liquidity risk.

Credit risk

Credit risk means the risk of default by the borrower or by the other party to the transaction, as well as a situation where in the event of default, the collateral and guarantees or other means of recovery of the receivable are insufficient to satisfy the Bank's claims. Credit risk includes also pre-settlement risk and settlement risk.

When granting loans, the Bank follows the common rules established by the Nordea Group. The primary rules and the relevant decision-making authorities are described in the Bank's credit policy and strategy. All the specific procedures relating to the granting of loans are presented in the Bank's internal instruction manuals.

When assessing the credit risk resulting from exposures to business entities, the Bank uses an internal rating model. Every customer with a significant credit exposure receives a solvency rating (financial rating) and a collateral rating, which represent a synthetic measure of the risk generated by the customer.

The internal financial rating allows the Bank to assign 18 rates to non-defaulted customers as well as 3 grades for defaulting customers. In addition, the 'S' rate is used for non-defaulting customers from the public sector. A rating is composed of financial and quality factors.

The collateral coverage ratio calculated in the rating sheet is used in the credit process in order to provide the decision-making authority with general information about the secured portion of the customer's exposure. The evaluation scale relating to collateral coverage is made up of five grades.

The assessment of the credit ability of private individuals is based on the estimation of the borrower's net income surplus (NIS). NIS is the average monthly net income less:

- 1/ house/apartment upkeep costs
- 2/ the costs of living of the members of the household
- 3/ encumbrances resulting from writs of enforcement,
- 4/ financial encumbrances

The borrower is deemed creditworthy if his or her NIS is sufficient for repaying the loan.

In addition, the Bank's rules applicable to specific products (e.g. mortgage loan) impose requirements relating to e.g. the maximum value of the debt service/net income ratio and the maximum value of the LTV ratio.

When making credit decisions, Nordea Bank Polska follows the principle of consensus. This means that to increase credit commitment requires consent of all the members of the decision-making authority.

Every credit exposure is subject to periodical monitoring. The customer's ability to repay his or her liabilities, the current value of the collateral, the potential weaknesses in the customer's financial performance and deviations from the agreed terms are verified on a continuous basis.

The periodical monitoring of credit customers in the Bank constitutes a form of individual testing aimed at the identification of customers that are in default or who are at risk of default.

The Bank treats a customer as being in default (defaulted), if one of the following events has occurred:

- the customer is meeting its obligations, but currently observable facts (for example: a considerable reduction in the business volume, the loss of principal markets, a sudden reduction of earning powers, an increase in the liabilities exceeding the value of assets), suggest that there is little likelihood that within the next 12 months the customer will be able to adequately repay its debt (principal, interest, fees and commissions) and there is no way of preventing the loss of the customer's credit ability,
- the customer is non-performing i.e. it is no longer able or willing to meet its financial obligations, for one or several of the following reasons:
 - a/ there are economically significant delays in the repayment of the loans, exceeding 90 days,
 - b/ the loan agreement has been terminated, and the loan has been called in,
 - c/ the assessment of interest has been stopped due to the risk of default in repayment of the principal debt (non-interest accruing loans),
 - d/ the principal debt, interest, fees or other ancillary charges have been forgiven (including their charging to the provision account) or another concession has been made in favour of the customer, in consequence of the customer's difficult financial situation,
 - e/ the debt repayment has been suspended in connection with a composition agreement or another type of creditors' arrangement giving protection to the debtor.
- the customer has filed for bankruptcy or a petition for announcing the customer's bankruptcy has been filed by another party.

In the case of defaulted customers or (only in the case of business entities) at risk of default (categories "Sub-standard" and "Special mention"), the Bank makes individual impairment tests for each customer's exposure, that is the Bank checks whether it has incurred a loan loss.

The impairment of a loan (and consequently of the impairment allowance) is calculated on the basis of a conservative estimation of future cash flows, value of collateral or other sources of repayment.

In order to set up adequate impairment allowances (portfolio provisions) for the coverage of loan losses that were not recognized during the individual impairment tests, the Bank carries out portfolio impairment testing.

The Bank pays special attention to credit exposures that were reclassified to the higher risk categories, aiming to make an effective restructuring or, if necessary, to carry out an successful debt recovery process.

Independent Head Office segments (ones that are not involved in the accomplishment of sales targets) are responsible for the credit process, supervision over appropriate classification of credit exposures, the values of impairment allowances and control of credit operations.

The table below shows the maximum exposure to credit risk at 31 December 2009, resulting from balance sheet and off-balance sheet items. The table also presents the value of the credit exposures taken for further analysis. The primary differences between the maximum exposure and the amounts included in the further analysis follow from the following factors:

- the amounts subjected to further analysis are nominal values, not adjusted for accrued interest, effective interest rate adjustment as well as revaluation and measurement,
- interbank placement and takings, Cash and balances with central bank are not included in the further analysis,
- the further analysis does not include Treasury securities, NBP securities nor the positive measurement of derivative financial instruments.

- The maximum credit exposure disregarding collateral and other risk mitigating factors

ASSETS	Maximum exposure at carrying amounts 31/12/2009*	Gross exposures at nominal values ** 31/12/2009	Maximum exposure at carrying amounts 31/12/2008*	Gross exposures at nominal values ** 31/12/2008
Financial assets at fair value through profit or loss	1 866 909	-	1 194 255	-
Loans and advances to banks	497 251	-	201 265	-
Loans and advances to customers	16 996 797	17 116 221	13 676 132	13 752 237
Shares in subsidiaries	-	-	-	-
Total	19 360 957	17 116 221	15 071 652	13 752 237
Contingent liabilities	4 591 379	4 911 680	3 802 689	3 817 790
Total	4 591 379	4 911 680	3 802 689	3 817 790
Total credit exposure	23 952 336	22 027 901	18 874 341	17 570 027

* The figures are not adjusted for impairment allowances

**Nominal value resulting from credit financing only

Specification	31/12/2009	31/12/2008
Business entities		
- performing		
S	141 623	112 586
6+...6-	303 334	205 285
5+...5-	2 270 576	2 423 865
4+...4-	3 127 609	3 290 386
3+...3-	2 213 214	1 556 951
2+...2-	294 624	53 532
1+...1-	20 848	11 242
0+...0-	19 237	29 544
unrated	88 702	113 855
Gross total	8 479 767	7 797 246
Impairment allowance	(13 694)	(5 262)
Net total	8 466 073	7 791 984
- non-perforating		
6+...1-	-	-
0+...0-	80 981	109 199
unrated	842	130
Gross total	81 823	109 329
Impairment allowance	(41 586)	(50 101)
Net total	40 237	59 228
Private individuals		
- performing	9 749 168	7 245 670
Impairment allowance	(9 201)	(7 208)
Net total	9 739 967	7 238 462
- non-performing	56 996	31 985
Impairment allowance	(11 357)	(7 944)
Net total	45 639	24 041
Public sector		
- performing	3 224 878	1 725 646
Impairment allowance	-	-
Net total	3 224 878	1 725 646
- non-performing	1 376	4 329
Impairment allowance	(962)	(3 100)
Net total	414	1 229
Banks		
- performing	433 893	655 822
Impairment allowance	-	-
Net total	433 893	655 822
Total gross exposures	22 027 901	17 570 027
Total impairment allowance	(76 800)	(73 615)
Total net credit exposure *	21 951 101	17 496 412

* the amount is adjusted for impairment allowances for the principal

- Past due loans as at the reporting date (overdue for less than three months):

Specification	31/12/2009	31/12/2008
14 days - 1 month	74 136	139 738
1 month - 2 months	22 036	14 487
2 months - 3 months	6 280	7 566
TOTAL:	102 452	161 791

- Information concerning impaired loans exposure and the structure of the collateral provided for these loans:

Specification	31/12/2009	31/12/2008
Impaired loans	140 195	145 642
Collateral for impaired loans	48 285	47 427
<i>assignment of receivables</i>	-	-
<i>guarantees and suretyships</i>	12 070	22 724
<i>mortgage</i>	34 682	23 568
<i>transfer of ownership title</i>	-	4
<i>pledge</i>	1 274	735
<i>security deposit</i>	259	397

- The structure of the portfolio of restructured loans

Specification	31/12/2009	31/12/2008
Business entities	16 665	29 158
Private individuals	32 627	18 281
Public sector	-	-
Banks	-	-
TOTAL	49 292	47 439

Restructured loans account for 0.22% of the credit portfolio

Concentration of the credit portfolio

- Credit portfolio by sectors:

Specification	31/12/2009	31/12/2008
Business entities	5 561 590	7 906 575
Private individuals	9 806 164	7 277 655
Public sector	3 226 254	1 729 975
Banks	433 893	655 822
TOTAL	22 027 901	17 570 027

- Credit portfolio by currency and sector:

Currency	TOTAL		business entities		public sector		Banks	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
PLN	11 855 369	9 605 844	6 304 568	5 823 154	3 222 396	1 725 251	350 487	576 045
EUR	2 532 755	2 075 526	1 945 758	1 906 435	3 302	4 001	83 219	79 687
USD	247 611	99 057	227 942	76 272	556	723	187	90
CHF	7 371 420	5 771 905	68 216	85 251	0	0	0	0
SEK	8 674	8 230	6 058	6 612	0	0	0	0
other	12 072	9 465	9 048	8 851	0	0	0	0
TOTAL:	22 027 901	17 570 027	8 561 590	7 906 575	3 226 254	1 729 975	433 893	655 822

Currency	private individuals	
	31/12/2009	31/12/2008
PLN	1 977 918	1 481 394
EUR	500 476	85 403
USD	18 926	21 972
CHF	7 303 204	5 686 654
SEK	2 616	1 618
other	3 024	614
TOTAL:	9 806 164	7 277 655

- Product structure by sector:

Product type	business entities		public sector		banks	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
overdraft	2 229 790	1 954 828	139 555	50 900	36 320	5 000
operating loans	1 344 081	1 026 509	2 115 023	997 962	0	0
investment loans	1 916 029	1 913 277	270 119	315 098	0	0
guarantees	1 152 169	781 586	1 517	2 432	397 573	650 822
mortgage loans	235 381	316 364	0	0	0	0
eFirma	289 204	354 423	20	0	0	0
car loans	0	0	0	0	0	0
credit cards	4 400	1 177	0	0	0	0
other	1 390 536	1 558 411	700 020	363 583	0	0
Total:	8 561 590	7 906 575	3 226 254	1 729 975	433 893	655 822

Product type	private individuals	
	31/12/2009	31/12/2008
mortgage loans	9 503 432	7 026 435
overdraft facilities	186 672	151 529
credit cards	99 122	83 729
car loans	3 320	2 843
consumer loans	3 140	2 130
loans for purchase of shares	0	39
guarantees	6	6
other	10 472	10 944
Total:	9 806 164	7 277 655

- Guarantees issued, by sector:

	31/12/2009	31/12/2008
<i>business entities</i>	1 152 169	781 586
<i>public sector</i>	1 517	2 432
<i>private individuals</i>	6	6
<i>banks</i>	397 573	650 822
TOTAL:	1 551 265	1 434 846

- Currency structure of guarantee commitments:

	31/12/2009	31/12/2008
PLN	1 092 740	1 128 738
USD	26 715	6 299
NOK	866	1 102
EUR	430 917	298 707
SEK	0	0
other	27	0
Total:	1 551 265	1 434 846

- Percentage share of industries in relation to total exposure to business entities:

Industry	Share	
	31/12/2009	31/12/2008
Industrial production	29,01%	31,93%
Commerce (retail, wholesale and commission sale)	15,62%	15,71%
Real estate administration	11,27%	14,20%
Financial services	5,20%	6,60%
Power, gas and water supplies	11,13%	6,59%
Construction	6,76%	6,62%
Transport and communication	7,73%	7,03%
Business services and consulting	3,82%	4,51%
Agriculture	0,78%	0,92%
Hotels and restaurants	0,02%	0,15%
Other	8,66%	5,73%
Total:	100,00%	100,00%

Credit risk inherent in derivative instruments (counter party risk)

The credit risk inherent in derivative financial instruments is a risk that a counter party will become insolvent before the transaction matures.

The counter party risk is controlled in the bank on the basis of exposure limits assigned to credit products during the decision-making process in compliance with all procedural requirements concerning credit repayment capacity and with the credit policy. The exposure to credit risk is calculated on the basis of the current market value of the transaction and the assessment of its future potential value. This assessment depends on the extent of the volatility of specific underlying instruments (foreign exchange rates, interest rate) in particular derivative products.

Separate limits are established in order to control the specific type of credit risk existing in trading transactions in derivatives, i.e. settlement risk.

Market risk

The Bank's activities are exposed to market risk. This risk consists of the loss of market value due to changes in interest rates, foreign exchange rates and prices of equity instruments, as well as a risk of adverse impact on profits.

Market risk is managed on the basis of a market risk management policy adopted by the Bank.

The exposure to market risk is formally mitigated by risk limits established by the Management Board as part of the limits approved by the Supervisory Board of the Bank. These limits cover the value at

risk (foreign exchange risk, interest rate risk, equity market price risk) sensitivity to interest rate changes (interest rate risk) and limitation of the nominal amounts of exposures (foreign exchange risk).

The measurement of risk and the control of compliance with the limits accepted by the Management Board for particular risks is carried out on a daily basis by a specialized unit operating independently of the business divisions responsible for meeting profit targets. Regular reports on market risk are discussed at meetings of the Assets and Liabilities Management Committee (ALCO) and are presented to the Bank's Management Board.

The limits for specific risk categories approved by the Management Board are reviewed from time to time to ensure that they are consistent with the current goals and strategy of the Bank.

All the procedures are updated on an ongoing basis so that they should take account of the latest solutions in risk control.

Management of interest rate risk

Interest rate risk arises from a mismatch between the re-pricing periods of assets, liabilities and off-balance sheet items. Under such circumstances, a change in market interest rates may lead to the occurrence of losses (or gains) as a result of changes in the market value of instruments or changes in the value of interest flows.

The main source of interest rate risk are transactions in the bank's portfolio (loans and deposits). The Bank avoids instruments generating a high interest rate risk. Long term assets and liabilities carry an interest rate based on floating rates. The products in the Bank's portfolio include only those against the risk of which the Bank can hedge itself. The exposure resulting from the Banks' trading transactions is insignificant because all transactions with customers are closed with opposite transactions concluded on the interbank market.

Interest rate risk is managed by a specialised unit of the Bank. This unit receives daily information about the Bank's exposure to interest rate risk.

The level of interest rate risk is measured and controlled out by a specialized unit (operating independently of the business divisions responsible for generating the financial result). The risk is controlled by limits reducing exposure to:

- changes in the market value resulting from all balance-sheet items sensitive to interest rate changes,
- changes in the market value resulting from balance-sheet items re-priced within more than 12 months
- value at risk.

The measurement methods of interest rate risk applied at the Bank are described below in the section entitled "Market risk measurement methods".

Exposure to interest rate risk

The Bank analyses interest rate risk by reviewing the re-pricing gap and calculating the VaR amount and market value sensitivity to interest rate changes (a parallel shift of the zero-coupon curve by one percentage point).

Re-pricing gap at 31/12/2009 (PLN million):

	SUB-TOTAL	to 1 month	to 3 months	to 1 year	to 5 yrs	over 5 yrs	Insensitive items
Assets	20 425,0	9 817,0	8 113,5	1 640,2	38,8	3,2	812,1
Liabilities	(20 425,0)	(11 242,7)	(5 950,7)	(796,0)	(41,2)	-	(2 394,3)
Off-balance sheet items (net)	(190,4)	1,9	(1,5)	(190,7)	-	-	-
Gap	-	(1 423,8)	2 161,2	653,5	(2,4)	3,2	-

Re-pricing gap at 31/12/2008 (PLN million):

	SUB-TOTAL	to 1 month	to 3 months	To 1 year	to 5 yrs	over 5 yrs	Insensitive items
Assets	15 764,4	7 095,5	5 784,5	2,337,7	34,3	1,5	510,9
Liabilities	(15 764,4)	(8 925,4)	(3 081,2)	(1 565,3)	(41,1)	-	(2 151,5)
Off-balance sheet items (net)	(23,1)	(23,3)	0,0	0,2	-	-	-
Gap	-	(1 853,2)	2 703,3	772,6	(6,7)	1,5	-

The presented gap is created on the basis of statements of cash flow generated by items deemed to be sensitive to interest rate risk (only nominal values without taking into account loan impairment). Other balance sheet items, including loan losses, are excluded from the analysis and presented under 'insensitive items'.

Foreign exchange risk management

The Bank manages the risk using limits for open FX position and for the value at risk (VAR).

The FX position is managed by a separate bank segment. The foreign exchange position resulting from every FX transaction of a significant amount (at individually negotiable prices) is directly closed with an opposite transaction in the market – FX risk is fully eliminated. The position resulting from FX transactions of smaller values is closed collectively during and at the end of every business day.

A separate risk control unit (independent of the business divisions responsible for profits) verifies whether the open position exceeds the limits and whether an actual and/or expected loss from the maintenance of the position justifies any change to the applicable open position limits. For that purpose, the Group applies advanced risk measurement methods, including the measurement of VaR).

Exposure to foreign exchange risk

Bank's FX position at 31/12/2009 and 31/12/2008.

In thousand of PLN	31/12/2009		31/12/2008	
	Long position	Short position	Long position	Short position
EUR	104,1	-	378,0	-
USD	-	205,3	47,9	-
CHF	313,7	-	1 110,6	-
Other currencies	813,8	92,1	401,7	72,5
Total FX position	1 231,6	297,4	1 938,2	72,5

Market risk measurement methods

Value at risk

The main method used in the Bank for the measurement of market risk is the value-at-risk model. Value at Risk is a measure of the maximum expected loss that is likely to occur with a specific probability in a defined period of time under normal market conditions. The amount of VaR is estimated by means of statistical modelling based on a set of market data defined for particular market risks.

In the Bank, VaR is calculated based on a historical simulation method using data for the latest 500 business days, using the "Expected Tail Loss" technique. It must be noted that the assumptions used for the calculation of VaR cause certain limitations of this value and the potential losses that the Bank may incur in specified (exceptional) circumstances may be higher than the amount of .

The table below presents VaR in 2009 and in the comparative period for particular market risk categories, calculated on the assumption that the open position will be maintained for 10 days at a 99% confidence level.

In thousand of PLN		31/12/2009	31/12/2008
Interest rate risk	VAR	787,01	1 356,49
	average	1 174,8	1 289,9
	minimum	320,1	408,4
	maximum	2 440,7	2 168,2
Foreign exchange risk	VAR	56,1	221,1
	average	145,9	48,8
	minimum	17,6	4,2
	maximum	819,2	568,7

Sensitivity to interest rate change

Sensitivity to interest rate changes is calculated in the Bank on the basis of a theoretical model of market value with the use of the cash flow method, as a change in the market value of cash flow caused by 1-percent increase in the respective interest rate. This method assumes that the market value of a given instrument is equal to the value of updated future cash flows generated by such an item.

The table below presents the sensitivity of the Bank's economic value to changes in interest rates, calculated on the assumption that interest rates will go up by 1 percentage point (parallel shift).

In thousand of PLN	31/12/2009	average	minimum	maximum
Sensitivity to changes in interest rates in 2009	7 985,5	6 963,4	3 446,5	9 244,0
In thousand of PLN	31/12/2008	average	minimum	maximum
Sensitivity to changes in interest rates in 20078	7 998,9	5 008,1	1 720,4	8 247,5

Equity instrument price risk management

According to its policy, the Bank avoids any exposure in equity instruments generating a price risk. An exposure to such a risk, if any, may result only from the Bank's debt collection activities, i.e. the take-over of assets of insolvent debtors, and it is temporary by nature. The Bank is thus only marginally exposed to equity instrument price risk.

Liquidity risk

Liquidity risk is defined as the risk of a situation where the Bank is only capable of meeting its payment obligations at increased costs or, in the worst case, it is not able to meet its obligations at their maturity. The Bank is exposed to liquidity risk if its lending or other activity generates a negative mismatch of cash flows, and the Bank is not able to acquire an adequate amount of finance or cash in its assets.

Liquidity risk management

The Bank's policy adopted by the Management Board provides for a conservative approach to the liquidity risk. The Bank avoids any unnecessary exposure and maintains risk at a level being in appropriate proportion to the Bank's capacity to bear it.

Short-term liquidity risk is managed by the Treasury Department, which arranges funds to finance the Bank's current operations. To ensure finance at each moment of the Bank's activity, the Bank uses a minimum limit of its liquid funds, so called liquidity buffer.

Mid-term and long-term risk is controlled by a separate unit in charge of risk control based on the analysis of expected future cash flows, changes in the sources of finance, the use of these sources and the stability and concentration of the Bank's deposit base. Regular, periodical reports on liquidity risk are discussed at meetings of the Assets and Liabilities Management Committee (ALCO) and presented to the Management Board.

The Bank has developed a contingency plan in case of unexpected disruptions in liquidity. The plan has been approved by the Management Board.

The Bank uses a number of methods to measure its liquidity risk. Starting from daily monitoring of its short-term liquidity gap being the reflection of the Bank's current demand for liquid funds through the periodical observation of various liquidity ratios to the analysis of the long-term liquidity gap established on the grounds of statistical results of a deposit base study and estimates related to maturities of particular balance-sheet items and the possibility of liquidation of Bank's assets.

Exposure to liquidity risk

The table below shows the nominal amounts of the Bank's financial liabilities by contractual maturity dates, the amounts resulting from the concluded derivative transactions and the amount of off-balance sheet commitments granted in the form of credit lines or overdraft limits in current accounts.

Analysis of contractual maturity periods of financial liabilities (PLN million):

31/12/2009	SUB-TOTAL	to 1 month	1-3 months	3-12 months	1-5 years	> 5 years
Balance sheet liabilities:	(16 731,32)	(7 880,94)	(358,17)	(3 548,46)	(4 096,49)	(847,26)
Liabilities to financial sector	(8 402,87)	(1 132,35)	0,00	(2 849,08)	(3 989,96)	(431,47)
Liabilities to non-financial sector	(7 921,83)	(6 748,59)	(358,17)	(699,38)	(106,52)	(9,17)
Liabilities resulting from issue of own securities	0,00	0,00	0,00	0,00	0,00	0,00
Subordinated liabilities	(406,62)	0,00	0,00	0,00	0,00	(406,62)
Liabilities under derivative instruments:	(5,08)	2,01	(1,51)	(5,60)	0,02	0,01
Inflows	1 923,96	350,98	1 081,98	485,14	3,95	1,90
Outflows	(1 929,04)	(348,98)	(1 083,50)	(490,74)	(3,93)	(1,89)
Off-balance sheet liabilities granted	(2 151,05)	(2 151,05)	0,00	0,00	0,00	0,00
Total	(18 887,46)	(10 029,98)	(359,69)	(3 554,06)	(4 096,47)	(847,25)

31/12/2008	SUB-TOTAL	to 1 month	1-3 months	3-12 months	1-5 years	> 5 years
Balance sheet liabilities:	(12 502,68)	(7 516,63)	(816,66)	(1 122,09)	(2 658,67)	(388,63)
Liabilities to financial sector	(4 939,73)	(1 132,35)	0,00	(1 043,74)	(2 613,64)	(150,00)
Liabilities to non-financial sector	(7 341,64)	(6 384,28)	(816,66)	(78,35)	(45,03)	(17,32)
Liabilities resulting from issue of own securities	(0,00)	0,00	0,00	0,00	0,00	0,00
Subordinated liabilities	(221,31)	0,00	0,00	0,00	0,00	(221,31)
Liabilities under derivative instruments:	(22,59)	(22,88)	0,05	0,22	0,02	0,01
Inflows	1 108,29	610,52	117,13	374,13	3,68	2,84
Outflows	(1 130,88)	(633,40)	(117,08)	(373,91)	(3,66)	(2,82)
Off-balance sheet liabilities granted	(2 352,71)	(2 352,71)	0,00	0,00	0,00	0,00
Total	(14 877,97)	(9 892,22)	(816,61)	(1 121,87)	(2 658,65)	(388,61)

Under agreements signed by the Bank with Nordea Bank AB (Sweden) the Bank has access to credit lines. The amount that has not been used as at 31/12/2009 is the equivalent of ca. PLN 2,7 billion PLN.

In addition, the Bank maintains a portfolio of liquid assets which - treated as a liquidity buffer - serves the purpose of securing potential liquidity requirements of the Bank. The portfolio is measured daily in order to determine the current amount of funds that can be raised immediately. A minimum required amount is imposed, determined at monthly intervals. The value of the liquidity portfolio as at 31/12/2009 was PLN 1,786 million and was PLN 636 million higher than the value of the portfolio in the comparative period (PLN 1,150 million as at 31/12/2008)

In order to better determine its situation in the area of long-term liquidity, the Bank calculates the surplus/shortage of stable liabilities over long term assets, having taken into account granted and received off-balance sheet liabilities and the maintained portfolio of liquid securities. The so called Net Balance of Stable Funds as at 31/12/2009 amounted to PLN 440 million (PLN 3.8 billion as at 31/12/2008), which was within the boundaries of the permitted limit. A positive value of the measure means a surplus of stable liabilities over long term assets and indicates that the situation in the area of long term liquidity is satisfactory. An increase in the measure over the last year is the consequence of a significant growth in the portfolio of long term stable liabilities and off balance sheet liabilities received. The measure presented here is calculated by means of a number of assumptions concerning the values of balance sheet items, including a conservative (from the point of view of a liquidity risk) assumption of the total restoration of credits.

In addition, under resolution No 386/2008 of the Banking Supervision Committee dated 17 December 2008 in respect of imposing liquidity levels for banks, the Bank is obliged to calculate its liquidity. The results of the calculations as at 31/12/2009 and in the comparative period are presented in the table below:

Regulatory liquidity measures		Minimum value	Value as at 31/12/2009	Value as at 31/12/2008
M1	Short term liquidity gap	0,0	1 708 329	2 574 980
M2	Short term liquidity ratio	1,0	1,44	1,92
M3	Non-liquid funds to own funds cover ratio	1,0	3,51	2,40
M4	Cover ratio of non-liquid funds and funds with limited liquidity to own funds and third party stable funds	1,0	1,07	1,03

Equity management

The process of management of the Bank's equity meets the regulatory requirements- in particular -the provisions of resolution No 383/2008 of the Banking Supervision Committee dated 17/12/2008. The Bank calculates the regulatory capital requirement on the basis of the provisions of Resolution No 380/2008 of the Banking Supervision Committee dated 17/12/2008 (with subsequent amendments), using the standard method of credit risk and the basic indicator approach (BIA) for operational risk.

The Bank analyses the regulatory capital on the basis of a division into two sub-classes:

- Tier 1 capital, made up of: the bank's core funds (including reserve capital/fund), general risk fund for unidentified risk inherent in banking operations, other core funds of the Bank, short term capital and items that reduce the core funds;
- Tier 2 capital, made up of: components of supplementary own funds, additional items of supplementary funds (including subordinated liabilities) and decreases in supplementary own funds.

The Bank met the requirement of maintaining the regulatory capital at a level not lower than the calculated capital requirement. This is reflected in the value of the capital adequacy ratio which is at a level not lower than 8%.

In addition, the Bank analyses the dependence between the capital base and the risk incurred by the Bank so as to:

- ensure a sufficient value of equity in order to cover the operational risk incurred by the Bank, taking into consideration the current situation and future expectations,
- optimise the level of equity from the point of view of the ratio of expected profits to the incurred risk, taking into account the principles set forth in the Bank's strategic goals,
- optimise the structure of equity from the point of view of the ratio of expected profit to the estimated level of risk.

The Bank's capital adequacy as at **31/12/2009** was as follows:

Total own funds for the solvency ratio (including short term capital)	1 424 859
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Solvency ratio	9,76%
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The Bank's capital adequacy as at **31/12/2008** was as follows:

Total own funds for the solvency ratio (including short term capital)	1 108 889
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Solvency ratio	8,63%
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The Bank implements its equity targets, based on an equity policy approved by the Supervisory Board. In order to monitor the accomplishment of the goals, the Bank calculates the capital requirements in two ways: determining the regulatory capital requirement and determining the internal capital requirement based on the Bank's own methodology. Both the calculations serve the purpose of achieving an optimum return on equity ratio and of fulfilling the regulatory requirements.

The Bank's equity cannot be lower than the regulatory capital requirement. The Bank's internal processes ensure absolute compliance with this principle. In its equity policy, the Bank sets up internal limits for a minimum value of the solvency ratio. In 2009 the limit was 9.0%.

The Bank's equity should not be lower than the internal capital calculated on the basis of the Bank's own methodology. Thus, if the internal capital requirement is bigger than the regulatory capital requirement, the amount of internal capital requirement becomes the binding minimum capital requirement.

In order to determine the internal capital requirement, the Bank uses an internal methodology for calculating Economic Capital for all types of risk that the Bank deems significant.

25. Material events during the reporting period

- 1) On 23/01/2009 the Bank received a decision from the Financial Supervision Committee dated 21 January 2009 concerning permission for treating as supplementary funds of Nordea Bank Polska S.A. the loan funds acquired from the subordinated loan granted by Nordea Bank Finland Plc in the amount of CHF 68 million. The loan provides the Bank with funds for financing the dynamically growing mortgage loan portfolio, while at the same time conforming to prudence norms.
- 2) On 17/02/2009, in accordance with section 8.2.1 of the Issue Prospectus of Nordea Bank Polska S.A. for series O1 bonds, the Bank redeemed 12,923 bonds and paid interest for the last interest period. The amount payable on one bond was PLN 103.02, where: the principal amount was PLN 100, and the value of interest- PLN 3.02. The total amount payable was: PLN 1,331,327.46
- 3) On 3/11/2009, Nordea Bank Polska S.A. obtained a court ruling dismissing the claim filed by European Experts Association Limited based in Dublin, Ireland for the amount of PLN 25,600,000 plus statutory interest accruing from 19 January 2001. The dispute concerned a contractual penalty stipulated in an option agreement signed on 16/02/2000 between former LG Petro Bank S.A. and APEXIM S.A.
- 4) On 23/12/2009, Nordea Bank Polska S.A. signed an agreement with Landprop Services S.A., whereby the company is supposed to build the Bank's head offices for employees located in the Tricity. The works are scheduled for completion at the end of 2012.

26. Management Board's representations regarding the fairness and reliability of the presented statements and the impartiality and independence of the auditor's opinion

To the best knowledge of the Management Board of Nordea Bank Polska S.A. the annual financial data and comparable data presented in the Annual Financial Statements of Nordea Bank Polska S.A. were prepared in accordance with the applicable accounting principles and they give a fair view of the assets and the financial standing of the Capital Group of Nordea Bank Polska S.A. and the financial result generated by the Bank. This Report of the Management Board of Nordea Bank Polska S.A. gives a fair view of the development, achievements and standing of Nordea Bank Polska S.A. in 2009 (including the description of key risks).

The entity authorized to audit financial statements, which audited the annual financial statements of Nordea Bank Polska S.A., was selected in accordance with legal regulations, i.e. the Bank's Statutes and a resolution of the Bank Supervisory Board (Resolution No 29/2009 dated 29/10/2009).

The firm and its certified auditors met the conditions required to issue an impartial and independent audit report in compliance with the applicable regulations of the Polish law.

27. Information concerning the entity authorized to audit the financial statements

The engagement letter concerning the audit of the financial statements for the period from 01/01/2009 to 31/12/2009 was executed with KPMG Audyt Sp. z o.o. on 13/11/2009.

The remuneration paid to the auditor in consideration of the audit or review of the financial statements as well as other services (including tax advice) is as follows:

in thousand of PLN	Financial year ending 31 December 2009	Financial year ending 31 December 2008
Remuneration for audit with regard to the bank *	746	727

* Remuneration for audit with regard to the bank relates to amounts due or paid to KPMG Audyt Sp. z o.o. for professional services involving the audit and other certification services (review of the Bank's financial statements PLN 364 thousand).

28. Proceedings before courts, arbitration authorities or public administration bodies

In 2009, proceedings concerning Nordea Bank Polska S.A.'s liabilities were instituted or pending before courts, arbitration authorities or public administration bodies. The total value of such proceedings, as at 31/12/2008 did not exceed the threshold of 10% of the Bank's equity, for it amounted to PLN 26,370 thousand (2008: PLN 28,667 thousand - according to the statements of claim filed).

In 2009, proceedings concerning the Bank's claims were instituted or pending before courts, arbitration authorities or public administration bodies. The total value of such proceedings as at 31/12/2009 did not exceed the 10% threshold of equity. It amounted to PLN 19,215 thousand (2008: PLN 21,529 thousand) - amount according to the statements of claim filed.

C. STATEMENT CONCERNING THE APPLICATION OF CORPORATE GOVERNANCE RULES IN NORDEA BANK POLSKA S.A. in 2009

1. The set of corporate governance rules followed by the Company and indication of the place where they are available for public reference

The Management Board of Nordea Bank Polska S.A. declares the observance of the corporate governance rules formulated in the document entitled „Best Practices for companies listed on the Warsaw Stock Exchange” with the exception of the rules stipulated in point 2 (below). The text of the rules observed by the Company is available on: www.nordea.pl

2. The set of corporate governance rules that were not observed by the Company in 2009 and explanation of the reasons for non-observance (Company comments)

In 2009, the Management Board of Nordea Bank Polska S.A. did not observe the corporate governance rules number III.6, 7, 8 and IV.8. The table below presents the texts of the rules that were not adhered to by the Company in 2009 accompanied by the Company’s comments:

1	2
„Best Practices for companies listed on the Warsaw Stock Exchange”	Comment by Nordea Bank Polska S.A. concerning the rules that were not observed in the Company in 2009.

III. best practices followed by members of supervisory boards

6. At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the <i>Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board</i> . Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.	All members of the Supervisory Board are elected by the General Meeting of Shareholders. The rules of election of the members of the Supervisory Board are set forth in the Bank Statutes, which stipulates that a majority of the members of the Supervisory Board of the Bank, including the Chairman of the Supervisory Board are Polish citizens, who are permanent residents of Poland. The majority of the members of the Supervisory Board who are Polish citizens do not have any capital and organizational relationship with the Majority Shareholder.
7. The Supervisory Board should establish at least an audit committee. The committee should include at least one member independent of the company and entities with significant connections with the company, who has qualifications in accounting and finance. In companies where the Supervisory Board consists of the minimum number of members required by law, the tasks of the committee may be performed by the Supervisory Board.	The Bank Statutes set forth the principles of establishment and activities of the Audit Committee: The Supervisory Board, in order to support and supervise the fulfilment of the audit tasks, establishes the Audit Committee. The activities of the Audit Committee are regulated by the Audit Committee Statutes, approved by the Supervisory Board. At the present moment, there is one member of the Supervisory Board who is a Polish citizen and who is not related by capital and organization to the Majority Shareholder.
8. Annex I to the <i>Commission Recommendation of 15 February 2005 on the role of non-executive directors</i> should apply to the tasks and the operation of the committees of the Supervisory Board (...).	There are no such committees in the Company as are listed in Annex I to the European Commission Recommendation dated 15.02.2005 i.e. a Nominating Committee, Remuneration Committee. The Supervisory Board passed a resolution

	establishing a Committee for the Contracts of the Members of the Bank Management, authorizing it to analyze and update the contract, formulate the rules governing the contracts for newly appointed members and to authorizing the Chairman, acting on behalf of the Supervisory Board, to sign relevant documents.
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IV. Best practices followed by shareholders

8. The General Meeting of Shareholders or the Supervisory Board should make sure that the entity authorized to audit financial statements is changed at least once every seven operating years	The change of the auditor is made at the same time as the change of the auditor for the Group. The Bank, being part of the Nordea Capital Group, uses the services of the auditor selected for the whole Group. The Bank is convinced that the reliability and impartiality of the opinions issued by the auditor are independent of the period in which such services are rendered
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3. Description of the Company's systems of internal control and risk management with regard to the preparation of financial statements

The process of preparation of financial statements is described in the Bank's internal regulations and approved in a resolution issued by the President of the Management Board. The relevant executive order describes a clear and transparent division of tasks and responsibilities of the persons who participate in the preparation and verification of the quality of the Bank's financial statements.

The Bank's financial statements are prepared by the Reporting Team, which is part of the structures of the Accounting Department and functions as a separate organizational unit operating within the Financial Division, subordinated directly to the Vice President in charge of financial matters.

In terms of content and organization, the process of preparation of the financial statements is supervised by the Head of the Accounting Department.

The process of preparation of the financial statements is subject to a system of internal functional control. The internal functional control is carried out by all teams at the Accounting Department: the Reporting Team, the General Ledger Team, the Internal Accounting Team and the Taxes Team, each acting within the boundaries of its list of assigned tasks and responsibilities. The control activities cover the area of accounting policy and financial reporting.

The Bank's financial reporting is also covered by internal institutional control activities and a verification by an independent internal audit unit.

Annual and interim financial statements are also audited and reviewed by an independent auditor.

The financial statements are submitted to the Management Board for approval.

4. Information concerning shareholders who directly or indirectly hold substantial stakes of shares, including information about the number of shares held by them, their participation in share capital and in the total number of votes at the General Meeting of Shareholders (Annual General Meeting)

	31/12/2009			
	Total number of votes: 45,518,700		Total number of shares: 45,518,700	
Shareholder	total votes	% of votes at the AGM	number of shares	share in capital
Nordea Bank AB (publ)	45,081,403	99.04%	45,081,403	99.04%

5. Holders of any securities that grant special control rights, including a description of these rights

The shares issued by Nordea Bank Polska S.A. do not grant any special control rights over the issuer apart from the controlling stake held by the Majority Shareholder, representing a 99,04% share in the Bank's share capital and in the total votes at the AGM.

6. Indication of any limitations on the right to exercise the voting rights attached to the issuer's shares as well as any limitations on the transfer of ownership right to the issuer's securities

There are no limitations concerning the transfer of ownership title to shares of Nordea Bank Polska S.A. and the exercising of voting rights at the Bank's General Meeting of Shareholders.

7. Principles for appointing and dismissing Management Board members and their rights, especially the right to make decisions on the issue or redemption of share

The principles for appointing and dismissing Management Board members:

The principles for appointing and dismissing Management Board members are set out in the Bank's Statutes and the By-Laws of the Management Board of Nordea Bank Polska S.A.

The Management Board of the Bank is composed of 3 to 7 members appointed by the Bank's Supervisory Board for three years from among persons recommended by the President of the Management Board; Members of the Management Board are dismissed by the Supervisory Board at the request of the President of the Management Board.

The Supervisory Board first appoints the President, then the First Vice President of the Management Board and lastly other Vice Presidents of the Management Board.

The terms of office of the members of the Bank's Management Board expire:

- 1) on the day the General Meeting of Shareholders is held to approve the Management Board report on the Bank's activity and the financial statements for the last full financial year of the term of office of a member of the Management Board,
- 2) upon the death of the Management Board,
- 3) as soon as a member of the Management Board is recalled,
- 4) as soon as a member of the Management Board hands in his/her written resignation to the Chairman of the Supervisory Board.

Rights of Management Board members, especially the right to make decisions on the issue or redemption of shares:

The Bank's Management Board works in pursuance of the regulations approved by the Supervisory Board of the Bank. The Regulations specify the powers of the Management Board and which matters require to be collectively considered and resolved by the Management Board of the Bank. The Management Board manages the Bank's operations, manages its assets and represents the Bank externally. In addition, the Management Board is empowered to deal with any matters that are not reserved for the General Meeting or for the Supervisory Board of the Bank.

Pursuant to the Bank's Statutes, the right to make decisions on the issue or redemption of the Bank's shares comes within the competencies of the General Shareholders' Meeting, and not the competencies of the Bank Management Board.

8. Changes in the Bank Statutes

All changes in the Bank's Statutes are enacted by a resolution of the General Meeting of Shareholders.

In 2009, amendments to the Bank's Statutes were introduced at the General Meeting of Shareholders dated 10 December 2009. The need to change the Statutes stems first and foremost from the amendment to the Commercial Companies Code, enacted as of 03 August 2009. The changes are aimed at bringing Polish law in line with EU regulations, making it easier for shareholders in public companies to exercise their corporate rights, to actively participate in the company decision-making process and to define precise rules of convocation of general meetings of shareholders.

By lowering the threshold of participation in the share capital from 1/10 to 1/20, the group of minority shareholders who are vested with specific rights was broadened. This includes the right to demand the convocation of an extraordinary meeting of shareholders and to place specific matters on the agenda, as well as the right to present to the company, before the date of the general meeting of shareholders,

draft texts of resolutions relating to matters that were already included on the agenda or matters that are supposed to be included on the agenda.

After introduction of these changes, the right to individually call an extraordinary meeting of shareholders shall be vested also with shareholders who hold at least half of the share capital or at least half of all votes.

The amendment to the Code led also to the introduction of the requirement to publish information on the company's web site about the convocation of a general meeting of shareholders including the required format of such information, instead of the previously required publication in the **Monitor Sądowy i Gospodarczy**.

The set of changes relating to the scope of empowerment of company authorities, stemmed from the need to implement the post-audit recommendations of incorporation in the Bank's Statutes and in other statutory documents of KNF Resolution No 383/2008 in respect of new empowerments of company authorities in the area of prevention and management of risk.

Following the development of the Bank's operations and the range of services offered by the Bank, it has been necessary to expand the list of business areas specified in the Statutes. The need to expand the list was reported by relevant organizational units of the Bank.

The core business of the Bank includes also agency services rendered for an investment company within the scope of operations conducted by that company (agency contract with ING Securities SA).

Amendments to the Statutes adopted by the General Meeting of Shareholders must receive the approval of Financial Supervision Authority and must then be recorded in the National Court Register.

9. The scope of empowerment and operating procedures of the general Meeting of Shareholders and a description of shareholders' rights and the manner in which these rights are exercised

The scope of empowerment, the operating procedures as well as shareholders' rights and obligations are described in the Rules of the General Meeting of Shareholders presented by the Company on www.nordea.pl.

General Meetings of Shareholders are called in the Company in accordance with the applicable Polish laws (i.e. on the basis of the Commercial Companies Code), the Bank Statutes and the Rules of General Meetings of Shareholders (WZA).

General Meetings of Shareholders take place in the company's offices, on business days, in afternoon hours, so that the biggest number of shareholders can attend the meetings. A General Meeting of Shareholders is convened 26 days prior to its scheduled date by way of an announcement on the company's website and in the manner prescribed for announcement of current information in accordance with the provisions of law regarding the public offer and terms of introduction of financial instruments to the organized trading system and public companies. The announcement contains the date, hour and place of the Meeting, the planned agenda for the Meeting as well as the text of any draft amendments to the Statutes and other information envisaged by the provisions of law.

Acting on the basis of the Bank's Statutes, the Supervisory Board reviews all matters submitted to the General Meeting of Shareholders. All matters included in the agenda are considered at the General Meeting of Shareholders.

The right of participation in the General Meeting of Shareholders is vested in persons who are shareholders of the Company, holding bearer shares sixteen days prior to the date of the General Meeting of Shareholders („Registration Date”) provided that they present to the entity that maintains their securities account a request for issuance of a registered certificate stating their right to participate in the General Meeting of Shareholders during the period from the announcement of the convocation of the General Meeting of Shareholders to the first weekday after the Registration Date.

Shareholders entitled under registered shares have the right to participate in the General Meeting of Shareholders if they were registered in the share register at the Registration Date.

Shareholders may attend the General Meeting of Shareholders and may exercise their right to vote personally or through a proxy. An authorization to attend a General Meeting of Shareholders and to exercise a voting right must be granted in writing or in electronic form.

A General Meeting of Shareholders is presided over by one of the Shareholders elected on each such occasion. The election of such a shareholder takes place before the commencement of any other actions. Until the Chairperson of the General Meeting of Shareholders is elected, the meeting is

conducted by one of the Members of the Bank's Supervisory Board. The Chairman of the General Meeting of Shareholders ensures that the meeting proceeds smoothly and that the rights of all shareholders are respected. The Chairman of the General Meeting of Shareholders signs the minutes of the General Meeting of Shareholders immediately after the minutes have been drawn up by a public notary.

Representatives of the Supervisory Board and of the Management Board, selected by these boards as well as the auditor invited by the Company (if he is present at the meeting) provide explanations and information to the attendees concerning Company, within the boundaries of their authorization.

Every shareholder who objects against a resolution or who makes a statement regarding an item on the agenda has the right to have the objection or statement recorded in the minutes of General Meeting of Shareholders (notarized minutes).

The Company Authorities do not restrict access to information. The Management Board of the Company does not object to media representatives attending the General Meeting of Shareholders, provided that this happens in a manner that does not disrupt the proceedings.

The Management Board of the Company ensures that media representatives are given access to reliable information about the Company's current operations and its economic standing, with the reservation however that the Company complies with its disclosure obligations subject to the provisions of law governing public trading in securities, whereby all shareholders and investors have a right to equal access to information.

10. Members of the management board, the supervisory board and the committees as well as changes that occurred in the financial year

The composition of the Management Board of Nordea Bank Polska S.A. as at 31/12/2009:

Włodzimierz Kiciński – President

Sławomir Żygowski – 1st Vice President of the Management – Deputy CEO for corporate banking

Agnieszka Domaradzka – Vice President of the Management Board for loans

Jacek Kalisz – Vice President of the Management for retail banking

Tomasz Misiak – Vice President of the Management for operations, logistics and security

Bohdan Tillack – Vice President of the Management for financial matters

Events that occurred during the operating year, relating to changes in the composition of the Management Board:

By Resolution No 1/2009 dated 13/01/2009 the Supervisory Board appointed Mrs Agnieszka Domaradzka to the position of Vice President of the Management Board for loans, effective as of 14 January 2009.

The scope of authorization of persons holding management board positions:

The Bank's Management Board works in pursuance of the regulations approved by the Supervisory Board of the Bank, as set forth in the Bank Statutes. These regulations define the specific empowerment of the Management Board and matters that must be considered collectively and in respect of which resolutions must be passed by the Bank Management Board.

The Management Board manages the Bank's operations, manages its assets and represents the Bank externally. The Management Board is empowered to deal with any matters that are not reserved for the General Meeting or for the Supervisory Board of the Bank. In addition the Bank Management Board is empowered to act in the following areas:

- risk management, internal control, assessment of internal capital, and review of the processes of such assessment as well as management of compliance policy,
- introduction and enforcement of compliance with written strategies, plans and procedures regulating the whole spectrum of Bank operations.

Composition of the Supervisory Board of Nordea Bank Polska S.A. as at 31/12/2009:

Wojciech Rybowski – Chairman of the Supervisory Board

Thomas Neckmar – Vice Chairman of the Supervisory Board

Members of the Supervisory Board:

Emilia Osewska-Mądry

Maciej Dobrzyniecki

Esa Tuomi
Rauno Päivinen
Henrik Bernhard Winther
Eugeniusz Kwiatkowski
Asbjorn Hoyheim
Jacek Wańkiewicz
Marek Głuchowski

The empowerments of persons holding supervisory positions:

The Bank's Supervisory Board works in pursuance of the regulations approved by the General Meeting of Shareholders, as stipulated in the Bank's Statutes. These regulations define the specific empowerment of the Supervisory Board and matters that must be considered collectively and in respect of which resolutions must be passed by the Supervisory Board. The Supervisory Board is empowered to deal with any matters that are not reserved for the General Meeting or for the Bank's Management Board.

Committees operating in the Bank:

I. Audit Committee:

The Bank's Statutes set forth the rules for establishing the Audit Committee, whereas the Rules of the Supervisory Board define the tasks performed by the Audit Committee.

The Supervisory Board, in order to support and supervise the fulfilment of the audit tasks, established the Audit Committee. The activities of the Audit Committee are regulated by the Audit Committee Statutes, approved by the Supervisory Board.

The task performed by the Audit Committee include in particular:

- a) monitoring of the financial reporting process,
- b) monitoring of the effectiveness of internal control systems, internal audit and risk management,
- c) monitoring of the performance of financial audit,
- d) monitoring of the impartiality of the auditor and of the entity authorized to carry out the audit of financial statements.

II. Committee for Contracts:

The Supervisory Board passed a resolution establishing a Committee for the Contracts of the Members of the Bank Management, authorizing it to analyze and update the contract, formulate the rules governing the contracts for newly appointed members and to authorizing the Chairman acting on behalf of the Supervisory Board to sign relevant documents.

Signatures of all Management Board Members:

Date	Full name	Position	Signature
16-02-2010	Włodzimierz Kiciński	President	
16-02-2010	Sławomir Żygowski	1st Vice President Deputy CEO	
16-02-2010	Agnieszka Domaradzka	Vice President	
16-02-2010	Tomasz Misiak	Vice President	
16-02-2010	Jacek Kalisz	Vice President	
16-02-2010	Bohdan Tillack	Vice President	