

***Management Board Report
on the Activities of
Nordea Bank Polska S.A.
in 2010***



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A. GENERAL PART

Nordea Bank Polska Spółka Akcyjna (joint stock company) is a commercial bank with its registered seat in Poland: 81-303 Gdynia, 2, Kielecka Street, Tax Identification Number (NIP) 586-000-78-20, REGON 190024711, registered by the District Court in Gdańsk-North in Gdańsk, 8th Commercial Division of the National Court Register under number KRS: 0000021828.

The Bank provides a wide range of universal banking services to retail and institutional customers in accordance with the scope of services listed in its Statutes.

The Bank's shares are listed on the Warsaw Stock Exchange

Presented below is information on the operations of Nordea Bank Polska S.A. in 2010 as well as all material events affecting these operations during the year.

1. Overview of basic business and financial information

Financial result

The financial results of the banking sector published by the Polish FSA after the third quarter of 2010 and preceding quarters enable us to conclude that all the Polish commercial banks (including the branches of foreign banks) may earn 20% more net profit in 2010 than in 2009. The figures for three quarters of the year show that the banking profit of the whole sector was about 7% higher, with expenses remaining fairly stable, while the cost of provisions grew 10% (compared with the same period in 2009). The business volume of the banking sector, measured by total assets, increased 9%, while equity grew about 12%. Against this background, the results achieved by Nordea Bank Polska S.A. (keeping in mind the fact that the bank continued expanding its retail network) showed a much higher dynamics: operating income increased 31% compared with the previous year, with operating expenses growing 15%, which meant a 69% increase in profit before tax, and a nearly 79% surge in profit after tax.

m PLN	Jan.-Dec. 2010	Jan.-Dec. 2009	Change
Total operating income	788.7	593.4	+33%
Total operating expenses	(441.2)	(383.7)	+15.0%
Operating profit	347.5	209.7	+65.7%
Profit before tax	326.9	193.0	+69.4%
Income tax	(67.6)	(47.8)	+41.4%
Profit for the period	259.3	145.2	+78.6%

The increase in income is a product of growing business volumes, manifested in a nearly 22% rise in total assets and a similar increase in loans and advances to customers (deposits from customers grew about 6%). The growth rate in loans is much higher than that concerning the whole banking sector (9% compared with 31/12/2009), but the change in deposits is 3% smaller than in the banking sector, where they also grew 9%. On the other hand, the increase in expenses is a consequence of the continued programme of expansion of the retail network and centralization of back office functions.

Business volumes

The volume of business of the bank, measured by total assets, increased in 2010 to PLN 24.8bn, 21.6% up on the end of 2009. In absolute terms, the biggest increase occurred in loans and advances to customers (PLN 3.7bn up), while the growth in loans and advances to banks (PLN 343m up) and debt securities portfolio (PLN 357m up) was smaller by one order of magnitude. In relative terms, however, loans and advances to banks grew the most (up 69%). On the liabilities side, one can see a major increase in deposits from banks (by the equivalent of PLN 3.2bn) and from customers (+ PLN 0.5bn). The Bank's equity was increased by PLN 532m, which amount comprised the whole profit

earned in 2009 (PLN 145m) and an issue of shares placed in whole with the strategic investor, Nordea AB (PLN 387m).

The table below presents changes in the most important items of financial position:

Selected items (PLN million)	31/12/2010	31/12/2009	% Change
Total assets	24,832	20,425	+21.6%
Net loans and advances to customers	20,718	16,997	+21.9%
Net loans and advances to banks	840	497	+69%
Deposits from customers ⁾	9,786	9,252	+5.8%
Deposits from banks ^{**)}	13,033	9,820	+32.7%
Equity, excluding profit	1,592	1,060	+50.2%

⁾ Including liabilities under debt securities issued

^{**)} inclusive of the subordinated loan

A bigger change in income and profit and a smaller one in operating expenses relative to profits resulted in a significant improvement in profitability ratios of the Bank in 2010, compared with the previous year:

	2010	2009
ROE (net profit / average equity)*	19.6%	14.6%
ROA (net profit / average assets)*	1.15%	0.80%
Profitability ratio (net profit / operating costs)	58.8%	37.8%
C/I (Operating costs / operating income)	55.9%	64.6%

* Average equity and average assets calculated as an arithmetic average of the balances at 31/12/2009 and 31/12/2010.

Credit portfolio

Gross loans and advances to customers (including interest, commercial papers and municipal bonds) amounted at 31/12/2010 to PLN 20,813m, up 21.9% on the previous year. Mortgage loans in Swiss francs and euros were the biggest contributors to this growth, increasing by CHF 594m (or 23%) and EUR 295m (or 273%) respectively. At the same time, the volume of loans made to corporations (in PLN and euros) shrunk considerably. However, it should be noted that the appreciation of the Swiss currency on the global financial market in the range of 14% (comparing the PLN/CHF exchange rates as at 31/12/2009 and 31/12/2010) increased the dynamics while the 3.6% appreciation of the PLN towards the euro slightly reduced the dynamics of loans in this currency. All in all, the PLN-equivalent of EUR loans grew 46.4%, of CHF loans by 40.4% with PLN-denominated loans increasing by merely 1.7%.

Deposit base

The value of deposits from customers (i.e. deposits and liabilities under debt securities issued), reached PLN 9,785.8m at 31/12/2010, up 5.8% on the corresponding figure for 2009. The contributing factors included an increase in deposits of PLN 208.2m (+2.3%), an issue of Certificates of Deposit with the nominal amount of PLN 350m, whose value at the end of December amounted to PLN 325.1m. Household deposits rose 5.7%, corporate deposits 5.4%, while placements by the public sector fell by 34.5%.

The currency structure of customer deposits practically did not change in the reporting period: the share of PLN deposits (with interest) in the total amount of deposits from customers rose slightly from 87.2% to 87.9%. The value of PLN deposit grew by PLN 254.6m (+3.2%), while the volume of foreign

currency deposits shrunk by the equivalent of PLN 46.5m (EUR-denominated deposits falling by 9% and USD-denominated ones growing 12%).

Because the growth in deposits from customers was significantly smaller than the growth in assets, in order to fund the latter, the Bank had to close out its financial position with monies from the Nordea Group, as well as increasing its share capital. This was a reason for a 33.5% rise in deposits from banks. In consequence the share of deposits from customers in total liabilities fell from 45.3% in December 2009 to 38.1% in December 2010 (or 39.4%, including the volume of debt securities issued), while the share of deposits from banks grew from 46.1% to 50.6%.

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

Dynamically growing sales of products and services are the key factor contributing to the good financial performance of the bank. The sales volume directly translates into soaring operating income from banking business, with top-line growth of 31-32% (net interest income: +31.0%, net commission income: +31.6%, gains on fair value measurement and revaluation of financial instruments: +31.8%).

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 our 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 relatively good quality of the customer credit portfolio (one order of magnitude higher than the average for the whole banking sector) 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. Although the cost of impairment allowances on loans and advances was 23.4% higher than in 2009, but only consumed about 5.9% 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 2010).

On the other hand, the ongoing projects of expansion of the Bank's retail network and centralisation of back office functions entailed an increase in staff costs and capital expenditure (11.4% and 18.1%) following a growth in headcount and the occupancy of office space. At the same time, the value of non-current assets in use increased 11% and depreciation of such assets grew 16%.

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 to 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 funding (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, which at 31/12/2010 represented 13.6% of total deposits. Negotiable-rate deposits account for further 36.1% 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. Only 3.3% of the volume is made up of other term deposits carrying interest at variable rates reset by way of regulations issued by the President of the Management Board, similarly to current account deposits, which represented 47% of the whole volume (their share having grown considerably, i.e. by 5%, compared with the previous year).

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 an index-based mechanism of interest rate setting relying on 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 foreign currency credit and deposit products is rather extensive, the Bank has to continuously monitor its foreign exchange risk. The key risk factor here is that the currency structure of loans is different from that of deposits: loans and advances in foreign currencies represent 61.2% of total loans and advances, whereas in the case of deposits, the proportion is only 12.1%. 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 hedged with a back-to-back 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 where the Bank acquires assets of insolvent debtors. This activity is periodical and its scale is insignificant.

The scale of credit risk exposure, the credit policy aiming at achieving an appropriate quality of the credit portfolio, and a qualitative analysis of loans granted are described in Note 34 of the Annual Financial Statements of the Bank.

The temporal structure of loans and advances to customers as well as deposits from customers did not change much so it is very important for the Bank to properly manage its liquidity. The Bank's liabilities towards its customers are characterised by a high proportion of short-term deposits: as at 31/12/2010 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, this formally short-term deposit base is characterised by relatively high stability and despite the fact that loans and advances to customers are by and large long-term in nature (given the relatively high proportion of mortgage loans): the Bank meets all the regulatory liquidity measures. 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.

4. Characterization of assets and liabilities, description of the main items of the statement of financial position and comments on the income statement of Nordea Bank Polska S.A.

Statement of financial position

At 31/12/2010, the bank's total assets amounted to PLN 24,832m, which meant a 21.6% increase compared with the end of 2009. This result is primarily the product of increase in loans and advances to customers by PLN 3,721m (+21.9%), loans and advances to banks by PLN 342m (+68.8%) and the volume of securities by PLN 339m (+17.8%), with a simultaneous slight dip in cash and balances with central bank (by PLN 23m or 3.6%). The increase in loans and advances mainly concerned retail customers (43.8% up, or by PLN 4.0bn in absolute terms, mainly owing to mortgages) and to a lesser extent the public sector (increase by PLN 116m or 4.7%) while loans and advances to business entities decreased by PLN 402.4m (or 7.5%). On the liabilities side, we saw a PLN 533m (or 5.8%) increase in deposits from customers, comprising term deposits and debt securities issued, with deposits from banks growing by PLN 3,154m (or 33.5%), which was necessary to finance the growing assets.

The Bank's shareholders' equity was increased in the reporting period by PLN 531.7m (+50.1%). The increase comprised the appropriation of the total net profit earned in 2009 (PLN 145.2m) to reserve capital and a private placement of 9,980 ordinary registered shares addressed to the strategic investor (Nordea Bank AB (publ), Stockholm) increasing the Bank's share capital by PLN 49.9m and the supplementary capital by PLN 336.1m. In addition, the depreciation of the PLN against the Swiss franc by 14% (comparing the exchange rates as of 31/12/2009 and 31/12/2010, see 1. above) caused the amount of subordinated debt to increase by PLN 58.5m, or 14.3%.

The Statement of Financial Position of Nordea Bank Polska S.A. at 31/12/2010. (PLN thousand)

ASSETS	31/12/2010	31/12/2009	% change
Cash and balances with central bank	628 834	652 036	(3,6%)
Loans and advances to banks	839 607	497 251	68,8%
Loans and advances to customers	20 718 093	16 996 797	21,9%
Financial assets at fair value through profit or loss	2 240 282	1 901 570	17,8%
<i>Financial assets held for trading</i>	16 311	34 661	(52,9%)
<i>Financial assets designated at initial recognition as at fair value through profit or loss</i>	2 223 971	1 866 909	19,1%
Intangible assets	44 689	44 740	(0,1%)
Property, plant and equipment	158 217	138 380	14,3%
Deferred tax assets	43 763	31 565	38,6%
Other assets	158 881	162 631	(2,3%)
<i>Including income tax</i>	3 204	-	100%
TOTAL ASSETS	24 832 366	20 424 970	21,6%

LIABILITIES	31/12/2010	31/12/2009	% change
Deposits from banks	12 566 105	9 411 662	33,5%
Deposits from customers	9 460 672	9 252 451	2,3%
Liabilities due to debt securities issued	325 139	-	
Financial liabilities at fair value through profit or loss	19 587	33 646	(41,8%)
<i>Financial liabilities held for trading</i>	19 587	33 646	(41,8%)
Other liabilities	141 811	103 856	36,5%
<i>Including current income tax</i>	-	2 646	(100%)
Subordinated liabilities	467 314	408 780	14,3%
Provisions	373	9 087	(95,9%)
TOTAL LIABILITIES	22 981 001	19 219 482	19,6%
<i>Share capital</i>	277 494	227 594	21,9%
<i>Other capital</i>	1 314 534	832 701	57,9%
Retained earnings and profit for the period	259 337	145 193	78,6%
Total shareholders' equity	1 851 365	1 205 488	53,6%
TOTAL LIABILITIES AND EQUITY	24 832 366	20 424 970	21,6%

The structure of the Bank's assets did not change much during 2010: the share of the main groups of working assets (i.e. loans and advances to banks, loans and advances to customers and financial instruments at fair value through profit or loss – the latter category containing practically the whole portfolio of debt securities issued by the State and the National Bank of Poland) in total assets slightly increased from 95.0% to 95.8%. Loans and advances to customers represent 83.4% and securities 9.0% of total assets whereas the share of loans and advances to banks rose 1 percentage point (from 2.4% to 3.4%). Changes in the structure of liabilities are more significant: the share of customer deposits fell from 45.3% to 39.4% (excluding funds raised by way of issuing debt securities, which at 31/12/2010 represented 1.3% of total liabilities of the Bank), while the share of liabilities from banks grew from 46.1% to 50.6%. The reinforcement of the Bank's capital base, as mentioned above, caused the share of equity (including subordinated debt and retained profits) increased from 7.9% to 9.3% of total liabilities. The share of major groups of liabilities generating interest expenses (deposits from banks, deposits from customers and subordinated debt) decreased to a similar extent. i.e. by 1.5 percentage points from 93.4% to 91%.

Statement of Comprehensive Income

In 2010, Nordea Bank Polska S.A. earned a profit before tax in the amount of PLN 326.9m while profit after tax reached PLN 259.3m. This meant a very high dynamics of profits, with the growth rates of 69.4% and 78.6% respectively, relative to the profits reported for 2009. As mentioned above in

section 1, this result was a product of the increase in business volumes, especially dynamically growing loans, and higher margins, coupled with a successful cost saving policy, which in consequence led to a much smaller increase in operating expenses than the increase in business volumes and operating income, in spite of the fact that the Bank continued considerable development projects.

Statement of Comprehensive Income of Nordea Bank Polska S.A., 1/01–31/12/2010 (PLN ths.)

	1/01/2010 31/12/2010	1/01/2009 31/12/2009	% change
OPERATING INCOME			
Interest income	761 828	702 179	8,5%
Interest expenses	(299 918)	(349 600)	(14,2%)
Net interest income	461 910	352 579	31,0%
Commission income	128 237	101 335	26,5%
Commission expenses	(37 225)	(32 161)	15,7%
Net commission income	91 012	69 174	31,6%
Gains/losses on fair value measurement and revaluation of financial instruments	201 625	153 006	31,8%
Other operating income	34 164	18 630	83,4%
Total operating income	788 711	593 389	32,9%
OPERATING EXPENSES			
Administrative expenses	(403 172)	(350 948)	14,9%
- staff costs	(188 581)	(169 216)	11,4%
- other administrative expenses	(214 591)	(181 732)	18,1%
Depreciation	(37 999)	(32 759)	16,0%
Total operating expenses	441 171	383 707	15,0%
Gross operating income	347 540	209 682	65,7%
Impairment of loans and advances	(20 630)	(16 718)	23,4%
Profit before income tax	326 910	192 964	69,4%
Income tax charge	(67 573)	(47 771)	41,5%
Profit for the period	259 337	145 193	78,6%
Total comprehensive income for the period	259 337	145 193	78,6%

Operating income

Total operating income grew 32.9% compared with the previous year, to PLN 788.1m. This was due to a major top line growth:

- **net interest income** of PLN 461.9m was 31.0% higher than in 2009; interest income increased 8.5%, while interest expenses fell 14.2%. The income grew owing to the increase in business volumes (loans and securities portfolios) as well as growing interest margins, especially on PLN-denominated loans. The decrease in interest expenses resulted mainly from decreasing nominal rates on deposits: as the bank is able to fund all the PLN loans with deposits in the domestic currency and uses transactions with the Nordea Group to finance foreign currency loans, the bank did not get involved in the fight for deposits on the market by way of offering competitive rates. Based on the figures presented in the specific part (cf. B.22), one can say that in 2010, the average nominal rates on PLN loans was higher in each quarter by 3-15 basis points compared with the average level recorded in Q4 2009, while in the case of foreign currency loans, the rates decreased 7-18 basis points following a change in the currency structure (a higher share of lower-priced CHF loans). The average interest rates on PLN deposits decreased over the year by 18 basis points, while the average rates on currency deposits grew 10 basis points as a result of a shift in the structure towards a higher share of euro deposits. These changes increased the

spread between PLN credit and deposit rates by 23 basis points, while the spread on foreign currency products shrunk by 18 basis points;

- **net commission income** (PLN 91.0m) was 31.6% higher than in 2009. Commission income grew 26.5%, mostly driven by commission on dynamically growing guarantees and mortgage loans, also intermediation in the sales of shares in unit-linked funds and card transactions. On the other hand, commission expenses increased by 15.7% due to a significant increase in payment fees;
- **gains on fair value measurement and revaluation of financial instruments** (PLN 201.6m) were 31.8% higher than the year before. FX profit (PLN 215.6m) rose 69% whereas transactions in derivative instruments generated a loss of PLN 12.3m while in 2009 the Bank made a profit (in the range of PLN 26m. The revaluation of the securities portfolio brought a loss of PLN 1.6m (in 2009, the loss amounted to PLN 0.5m).

No major changes were observed in the structure of income. A key role is played by net interest income, representing 58.6% of operating income (2009: 59.4%). It is followed by gains on fair value measurement and revaluation of financial instruments, with 25.6% (25.8%). Net commission income now accounted for 11.5% of operating income (11.7%) while other operating income 4.3% (3.1%).

Operating expenses

Total operating expenses reached PLN 441.2m in 2010, 15.0% up on 2009. This means that the growth was 50% slower than the increase in operating income, showing a major improvement in the efficiency of Bank's operations, in spite of the ongoing network expansion project. The proof of this lies in a significant reduction in the Cost/Income ratio: from 64.7% in 2009 to 55.9% in 2010. Looking at the main components of operating expenses, one can see that:

- the increase in headcount resulting from the increase in the number of bank offices (see section B.10 in the specific part for details) was the main contributor to the 11.4% growth in **staff costs**, to PLN 188.6m;
- **other administrative expenses** (PLN 214.6m) grew 18.1% on 2009, on a par with the increase in non-current assets purchased in connection with the expansion and modernization of the Bank's infrastructure;
- **depreciation of non-current assets** (PLN 38.0m) was 16% higher than in 2009, which remains in line with the increase in non-current 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 (48.6%) and staff costs (42.7%), while depreciation represents only 8.6% of the total operating expenses. The relevant figures for 2009 were 47.4%, 44.1% and 8.5% respectively, so the changes in the cost structure can be regarded as immaterial.

Impairment of loans and advances

The absolute amount of impaired loans increased between December 2009 and December 2010 from PLN 140.2m to PLN 233.3m, or by 66%. Because gross loans shot up at the same time, the proportion of impaired loans to total loans rose much less dynamically: from 0.64% to 0.83%. It must be said here that the quality of the Bank's portfolio is a lot higher than average for all the commercial banks as according to FSA's report, after Q3 2010 the ratios in question exceeded 7% in the case of households and 12% regarding corporate loans. Also, the balance of impairment allowances grew: the cost of new allowances represented a PLN 20.6m charge on profit, which was 23.4% more than in 2009.

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, households, 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 transactional accounts offered by the Bank. Instructions relating to the account may be placed and the account itself may be opened both at a traditional branch, as well as online. The account goes with a Visa Electron card (valid for 2 years). 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. Also, the customer is charged nothing for online payment transactions. 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 (make additional payments withdrawals) by placing instructions at a branch of the bank, by telephone or online. 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 the *Nordea Progres Account*,
- lower account maintenance fees (an account with electronic access is operated free of charge),
- lower interest rates and commission 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 people have to act together in order to authorise 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 digital signatures, equivalent to a signature by hand. A digital 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 delicatessen.

Nordea Bank offers its corporate customers:

- Visa Electron Business cash cards enabling the holder to use the money accumulated in the current account, as well as Visa Business cards allowing transactions to be executed for up to the account balance and to set up monthly limits for transactions
- Visa Business charge cards, going 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 with a rich insurance package;
- a MasterCard Business credit card enabling the holder to use a credit limit allocated 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 is equal to the premium paid for a *Nordea Inwestor* policy.
- **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 a unit-linked fund and a one-off premium on behalf and for the benefit of Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A. *Nordea Inwestor* is a wide range of unit-linked funds (80 unit-linked funds) offered under a life insurance policy product. This product allows holders to earn tax benefits otherwise unavailable if they directly purchased shares in investment funds. *Nordea Inwestor* is also available a 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 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 have won numerous awards by independent financial institutions.

In addition, the Bank acts as an agent in selling and redeeming investment fund units in Polish funds managed by ING TFI. The Bank distributes all the funds offered by ING TFI.

1.4.6 Nordea Gwarant

The Bank is an agent selling structured (unit-linked) savings products, offered in the form of life insurance policies provided by 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.

1.4.7 Nordea Steady Saving Scheme

The Nordea Steady Saving Scheme is characterised by an obligation to pay a premium of at least PLN 200 a month (or alternatively PLN 600 every quarter, PLN 1,200 every 6 months, or PLN 2,400 yearly), which may be invested in 80 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 on 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 was 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 60% of the market value of the property. The limit is available for use for 10 years with an option of spreading the repayment of the principal over 30 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, household 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 funds under the facility are disbursed 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.
- **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 2010 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 31/12/2010 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

The Bank does not make any equity investments as part of a group of companies.

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

Company name	31/12/2010		31/12/2009	
	Number of shares	Nominal value	Number of shares	Nominal value
GIEŁDA PAPIERÓW WARTOŚCIOWYCH w Warszawie S.A.*	7000	343 000,00	7000	128 240,00
Biuro Informacji Kredytowej S.A.	100	106 355,40	100	106 355,40
SWIFT **	11	26 840,00	11	26 840,00

*As regards Giełda Papierów Wartościowych w Warszawie S.A., the market value of shares was presented as at 31 December 2010.

** register maintained in EUR

Minority holdings in non-financial entities

Company name	31/12/2010		31/12/2009	
	Number of shares	Nominal value	Number of shares	Nominal value
Łódzka Agencja Rozwoju Regionalnego S.A.	1	10 000,00	1	10 000,00
Międzynarodowa Szkoła Bankowa i Finansów Sp. z o.o.	5	2 500,00	5	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

Between 01/10/2010 and 31/12/2010, the Bank issued certificates of deposit of the total nominal value of PLN 330m, for the purpose of funding current lending. The issue price was set on the basis of the 6-month WIBOR, plus a margin.

As at 31/12/2010, the value of obligations due to the securities issued amounted to PLN 325.1m.

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.

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 31/12/2010, the Bank had not drawn any tranche.

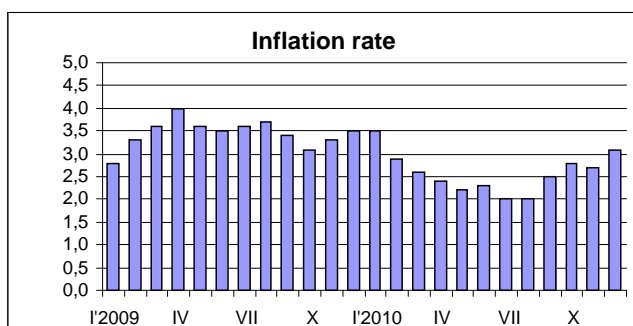
9. Evaluation of investment plans, including capital investments, comparing to funds held, including changes in the structure of financing for such activities

The capital activities of Nordea Bank Polska S.A. 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 **55,061,403** shares in the Bank, representing **99.21%** of its 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.4. The value of this portfolio represents around 0.035% 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

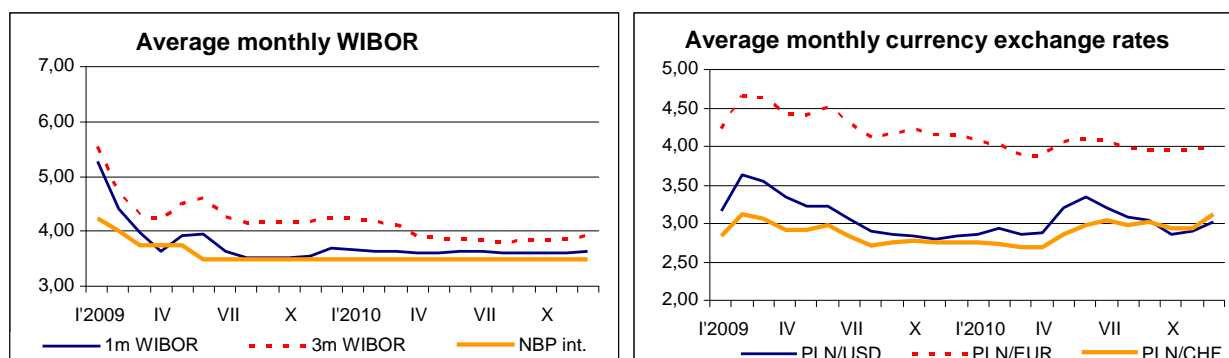
External factors

- In 2010, the growing trends of the Polish economy, which had slowed somewhat a year earlier, with GDP growth in 2009 of merely 1.7%, became more pronounced. Starting from the fourth quarter of 2009, the GDP growth rate accelerated considerably to reach 4.2% in Q3 2010. The growth is driven by consumer demand and investments in the infrastructure, financed from the central budget and from local governments' budgets, further supported by EU funds. Another driving force was net export (in 2009, exports decreased more slowly than imports and in 2010 it grew faster). On the other hand, uncertainty as to future demand made companies reduce investments in future production capacity, though stocks of tangible working assets in the economy (material, semi-finished and finished goods) started to grow again from Q1 2010. The PMI ratio calculated with account taken of orders for future production output, which remained at a record high for several months and a high growth rate of sold output in industry and construction and high retail sales in October and November indicate a high likelihood of very good macroeconomic results also in the fourth quarter of 2010.
- In spite of the relatively high growth in GDP, the number of jobs in Poland's economy was not growing quickly enough to have any considerable impact on reducing unemployment: the number of those employed in the corporate sector at the end of November 2010 (5,568m people) was merely 2.2% higher than the year before. The unemployment rate reached its 2010 low (11.4%) in August to rise again by 0.9 to 12.3% at the end of December. For the sake of comparison, in 2009 the seasonal increase in employment during the summer months reduced the unemployment rate much more, with the low point at 10.6%, whereas the record low before the crisis was at 8.8% (in October 2008).



financial crisis (the rate of 3.0% prevailed throughout 2010), starting from 2011, and secondly, the history of voting on the interest rate increase from August 2010, where so far the “doves” in the Council have outvoted the “hawks”.

- Interest rates on the Polish money market remained relatively stable in 2010, with risk margins falling since August: judging from example of the 3-month WIBOR rate, which reached 4.27% at the end of December 2009 and 3.81% at the end of August 2010, one can say that the risk margin shrank from 77 to 31 basis points. However, in the late months of 2010 one could see a reverse trend indicating that the market was expecting a tightening of the monetary policy: at the end of December, the 3-month WIBOR increased to 3.95%.
- Interest rates on international markets still remained relatively low compared with the Polish market, reflecting the involvement of central banks in processes supporting the recovery of the business climate in their respective countries, which suffered from the financial meltdown. Yet the rates are subject to slight and so far multidirectional changes. After a temporary rise from January to June (from 0.25% to 0.54% as regards LIBOR USD 3M), the interest rates on the US dollar steadily decreased in the latter part of the year to 0.29% in September and 0.30% in December. The nominal interest rates on Swiss franc were even lower: the average LIBOR CHF 3M rate started the year 2010 at a similar level to its USD counterpart (0.25%), falling down as low as to 0.08%, to remain at the average level of 0.17% in the second half of the year, practically never going beyond the 0.16-0.18% band. On the other hand, the euro rates behaved differently, showing a slight upward trend from the second quarter of 2010: for example the LIBOR EUR 3M amounting to the average of 0.67% in December 2009, dropped to 0.58% in March, then jumped to 0.99% in late October and early November, to dip to 0.94% at the end of December. The big difference between the nominal rates on the global money market and on the Polish market lasting throughout 2010 still encourages borrowers to take out loans in foreign currencies even though the volatile trends of appreciation/depreciation of the zloty proved that foreign exchange risk was rather real.



- The changing risk ratings of different countries contributed to the volatility of currency exchange rates throughout 2010. The US dollar appreciated particularly vigorously towards the euro in the first half of the year, when financial difficulties of certain euro zone countries emerged (particularly in Greece and Ireland, then in Spain and Portugal). In the second half of the year, the global market priced the security of investments in the Swiss currency the highest, causing an extraordinary appreciation of the franc: from 1.48 to 1.25 CHF/EUR between the end of 2009 and the end of 2010 (after September, the franc became more expensive than the US dollar). In such circumstances, the exchange rates of the zloty were subject to very strong fluctuation, with periods of appreciation followed by spells of depreciation vis-à-vis different currencies: for example the first quarter of the year was a period of depreciation against the US dollar, while the zloty appreciated towards the European currencies; the second quarter was characterised by a depreciation of the zloty across the board while beginning from October we saw appreciation again, only disturbed by a rather deep depreciation in November, which reversed the next month. All in all, comparing the exchange rates as of the 31 of December of 2009 and of 2010, one can conclude that the zloty depreciated against the Swiss franc by 14.4% (the rate grew from 2.7661 to 3.1639 PLN/CHF) and 4.0% against the US dollar (the rate grew from 2.8503 to 2.9641 PLN/USD), whereas it gained 3.6% towards the euro (the rate falling from 4.1082 to 3.9603 PLN/EUR). The appreciation trend continued into January 2011.

- In the current macroeconomic conditions, the banking market in Poland in 2010 was characterised by a 9% increase in the volume of banking products, i.e. loans and deposits alike. The main contributors to this result were households, whose deposits grew in 2010 by nearly 10%, and which took 14% more in loans (this is also partly a consequence of the impact of the depreciation of the PLN on the equivalent of mortgage loans denominated in the Swiss franc). A high growth in industrial output and sales of products by companies created favourable financial conditions allowing them to deposit extra money on bank accounts (corporate deposits grew 10%, similarly to those of households) and fund further growth of business with their own money, without having to take out loans from banks (in the corporate sector, the volume of lending decreased for the second consecutive year, this time by 0.3%). On the other hand, in the public sector, which had to implement austerity measures and ensure its own part of funding of investments subsidised by the EU, one could see a 2% decrease in deposits by local government entities, while the credit volume increased 38%. However, it must be said that the more difficult macroeconomic situation led to a considerable deterioration in the quality of the credit portfolio: between September 2009 and September 2010, the proportion of impaired loans in the portfolios of commercial banks grew from 9.6% to 12.3% as regards loans for businesses, and from 5.4% to 7.2% in the case of households, according to data published by the FSA.

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

Nordea 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. The Bank's network consists of the total of 23 branches (including an Internet Branch) and 21 Banking Service Points in all the major cities of Poland as well as the Internet Branch/Call Centre and a network of 158 modern banking outlets (PB) rolled out since August 2007 as part of the so-called TURBO project (subordinated to the specially established Retail Banking Centre, which operates as a separate branch office of the Bank): 40 outlets in 2007, 60 in 2008, 12 in 2009 and 46 in 2010. The whole network is comprised of 202 units with geographical coverage allowing the Bank to offer services to customers all over Poland.

List of Nordea Bank Polska S.A. outlets as at 31.12.2010 –

by regions (CBD –Retail Banking Centre; PB – Banking Outlet; POB - Banking Service Point) :

CENTRAL REGION

1. Branch in Łódź - POB w Łódź (2) and Zgierz
2. II Branch in Łódź
3. Branch in Bełchatów - POB in Piotrków Trybunalski, Kielce and Żelów
4. Branch in Pabianice
5. CBD – 7 PB (Łódź – 5, Kielce - 2)

WIELKOPOLSKI REGION

1. Branch in Poznań - POB in Poznań (2) and Gorzów Wielkopolski
2. Branch in Bydgoszcz - POB in Bydgoszcz
3. Branch in Szczecin - POB in Szczecin
4. CBD – 29 PB (Poznań – 15, Szczecin – 4, Toruń – 3, Bydgoszcz – 2, Kalisz, Koszalin, Police, Stargard Szczeciński, Swarzędz)

ŚLĄSKO-MAŁOPOLSKI REGION

1. Branch in Kraków
2. Branch in Katowice - POB in Katowice and Gliwice
3. CBD – 29 PB (Kraków – 14, Katowice – 4, Częstochowa – 2, Bielsko-Biała, Chorzów, Gliwice, Nowy Sącz, Rybnik, Rzeszów, Sosnowiec, Tarnów, Tychy)

MAZOWIECKI REGION

1. I Branch in Warsaw - POB in Warsaw and Piaseczno
2. II Branch in Warsaw - POB in Warsaw (3)

3. III Branch in Warsaw
4. Branch in Lublin
5. CBD – 56 PB (Warsaw – 44, Białystok (2), Grodzisk Maz., Legionowo, Lublin, Łomianki, Nowy Dwór Maz., Otwock, Płock, Pruszków, Radom, Wołomin)
6. PRIVATE BANKING unit

DOLNOŚLĄSKI REGION

1. Branch in Wrocław
POB in Wrocław
2. CBD – 17 PB (Wrocław – 14, Legnica, Lubin, Opole)

POMORSKI REGION

1. I Branch in Gdynia - POB in Gdańsk and in Gdynia
2. II Branch in Gdynia
3. III 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. CBD – 20 PB (Gdańsk – 8, Gdynia – 5, Olsztyn – 2, Elbląg, Pruszcz Gdański, Słupsk, Sopot, Wejherowo)

b) A wide range of products and services

The Bank's range of products and services includes 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 581bn (31/12/2010). Nordea has a strong position in the Nordic banking service market, serving nearly a half of the Nordic households. The total number of customers is almost 10 million (private individuals and corporate customers), of which 60% are e-customers, because Nordea is a leader in electronic banking and in *e-commerce* operations. Customers are served by 33,5 thousand employees through 1,400 branch offices and via highly advanced telephone and Internet channels 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 2010, Nordea Group's investment on the Polish market included:

- 99,21% 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 expansion. It is the Group's strategic goal to enhance its presence in this region. In Poland, the Nordea Group intends to pursue its strategy in the area of banking and insurance, operating through Nordea Bank Polska S.A. Nordea Życie Life Insurance Company, PTE Nordea Pension Fund and Nordea Finance Polska S.A, leasing company, 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.

Products – a standard package of products combined with a customer approach that has been successfully tested by Nordea in Scandinavian countries.

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

The Nordea Group has set long-term targets 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 2010. 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 corporate banking, services for the public sector, banking product and service development and management board support. 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 31/12/2010, the total number of shares in Nordea Bank Polska S.A. amounted to 55,498,700 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:

No	Name and surname	Position	Number of shares held in Nordea BP S.A. (31/12/2010)
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 31.12.2010.

As at 31/12/2010 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:

No	Name and surname	Position	01/01/2010 31/12/2010	01/01/2009 31/12/2009	Comments
1.	Włodzimierz Kiciński	President	1 564,9	1 431,6	
2.	Sławomir Żygowski	1st Vice President	918,9	847,0	
3.	Jacek Kalisz	Vice President	1 075,5	1 106,9	
4.	Bohdan Tillack	Vice President	556,0	535,4	
5.	Tomasz Misiak	Vice President	692,0	706,0	
6.	Agnieszka Domaradzka	Vice President	757,7	515,9	
7.	Janne Hirsto	Vice President	0	130,4	
Total			5 565,0	5 273,2	

Supervisory Board:

No	Name and surname	Position	01/01/2010 31/12/2010	01/01/2009 31/12/2009	Comments
1.	Wojciech Rybowski	Chairman	120,0	120,0	
2.	Emilia Osewska-Mądry	Board Member	54,0	54,0	
3.	Maciej Dobrzyniecki	Board Member	54,0	54,0	
4.	Eugeniusz Kwiatkowski	Board Member	54,0	54,0	
5.	Jacek Wańkowicz	Board Member	54,0	54,0	
6.	Marek Głuchowski	Board Member	54,0	54,0	
Total			390,0	390,0	

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

The details concerning the share-based payment programme were presented in note 41 to the Annual Financial Statements of the Bank.

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 31/12/2010, 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 31/12/2010 is presented in the table below:

Location	Deposits, excluding interbank deposits		Total gross loans, excluding interbank market	
	PLN '000	%	PLN '000	%
Head Office	4 004 489	42,5	7 158 009	34,5
Mazowieckie	2 091 151	22,2	4 692 995	22,6
Pomorskie	1 215 622	12,9	1 991 457	9,6
Łódzkie	754 314	8,0	874 597	4,2
Kujawsko-Pomorskie	254 204	2,7	1 197 626	5,8
Małopolskie	236 811	2,5	1 050 444	5,1
Wielkopolskie	225 592	2,4	1 246 519	6,0
Dolnośląskie	182 983	1,9	597 530	2,9
Zachodniopomorskie	165 475	1,8	562 326	2,7
Warmińsko-Mazurskie	117 063	1,2	416 685	2,0
Śląskie	70 783	0,8	551 934	2,7
Lubelskie	47 948	0,5	185 068	0,9
Świętokrzyskie	25 474	0,3	120 018	0,6
Lubuskie	15 479	0,2	40 659	0,2
Podlaskie	9 042	0,1	34 436	0,2
Opolskie	5 381	0,1	45 954	0,2
Total	9 421 811	100,0	20 766 256	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 (the deposits to loans ratio is 103%). The demand for foreign-currency loans is covered by the volume of foreign currency deposits at the level of 9%. Thus it is necessary to obtain external funding for foreign currency loans from the Nordea Group. The fact that the dynamics of loans exceeds the dynamics of deposits contributed to a further

reduction of the proportion between customer deposits to total liabilities (excluding interest): from 49,5% at the end of 2009 to 42,9% in December 2010.

Sources of funding and directions of their utilisation:

	31/12/2010	31/12/2009
Deposits, other than from banks	9 421 811	9 213 026
Deposits from banks	12 562 548	9 408 266
Total liabilities ¹⁾	21 984 359	18 621 298
Loans, other than to banks	20 766 256	17 036 284
Loans to banks	839 581	497 218
Total gross receivables ¹⁾	21 605 837	17 533 502

¹⁾ PLN thousand, excluding interest or other receivables or liabilities

The currency structure of receivables and liabilities*

PLN m	Total	PLN	%	FX	%
Loans and advances**	21 653	8 296	38,3%	13 357	61,7%
- banks	840	230	27,4%	610	72,6%
- customers	20 813	8 066	38,8%	12 747	61,2%
Deposits	22 027	8 919	40,5%	13 108	59,5%
- banks	12 566	600	4,8%	11 966	95,2%
- customers	9 461	8 319	87,9%	1 142	12,1%
Loans and advances/deposits (customers only)	45,5%	103,1%	X	9,0%	X

* Net, excluding interest

** The figures do not include impairment allowances

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 2010 Nordea Bank Polska S.A. issued 273 (2009: 200) banking writs of enforcement, for the total of PLN 36,506 thousand (2009: 10 772 thousand).

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

- according to the relevant collateral agreement – PLN 17 590 thousand (2009: PLN 9,741 thousand),
- the value for the bank as of the date of the writ of enforcement – PLN 12,168 thousand (2009: PLN 5,186 thousand).

It must be noted that in 2010, the writs of enforcement were issued in relation to 267 claims, having the value of PLN 35,895 thousand, covered by collateral worth PLN 16,855 thousand and value for bank amounting to PLN 11,883 thousand.

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

In 2010, the following standard agreements allowing the Bank to run its banking operations continued 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 31/12/2010 there were no loans taken, advance agreements, sureties and guarantees not related to the operating activities of the Bank.

As at the end of the reporting period - 31/12/2010 the Bank had commitments arising from the underwriting of municipal bonds issued through the Bank, granted to local government units, in the amount of PLN 46 350 thousand, as shown in the table below:

Name of Issuer	Type of securities	Amount (PLN)	Relations	Publicly traded
Prabuty City	bonds	7,800,000	none	no
Sadlinki Commune	bonds	2,500,000	none	no
Swarzędz Commune	bonds	20,000,000	none	no
Milicz County	bonds	1,080,000	none	no
Starachowice County	bonds	4,050,000	none	no
Tczew County	bonds	8,000,000	none	no
Mielno commune	bonds	520,000	none	no
ZOZ Ostróda	bonds	2,400,000	none	no

As at the end of the reporting period- 31/12/2010, the Bank had commitments resulting from the underwriting of corporate bonds issued through the Bank, amounting to PLN 428,600 thousand, which is shown in the table below:

Name of Issuer	Type of securities	Amount (PLN)	Relations	Publicly traded
Port Lotniczy Gdańsk	bonds	188,600,000	none	no
Przedsiębiorstwo Państwowe Porty Lotnicze	bonds	240,000,000	none	no

Commitments resulting from bond issues

As at 31 December 2010, the Bank did not have any commitment resulting from the issue of its own bonds.

21. Co-operation with international financial institutions.

Nordea Bank Polska S.A. is a bank within the biggest Scandinavian financial group -Nordea Group, which is linked via SWIFT with more than a 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. In 2010, the Bank also became a direct participant in TARGET 2 and SEPA.

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 2010, 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. Poland is the only country where 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.

The year 2010 marked also the completion of work on the Bank's preparation to the adoption of another EU Directive – the MiFID Directive, which involves the market of financial instruments.

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 2010, 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 2010.

Throughout 2010, the interest rates on global money markets remained at a relatively low level, in consequence of the effort to counteract the effects of the global financial meltdown. In the second half of the year, we could however observe upward trends, reflecting on the one hand a certain economic revival and an increase in inflationary tendencies (as a result of a bigger demand for fuels, natural resources and food), and on the other- reflecting a growing risk margin resulting from the difficult situation in public finances in a number of countries in the Euro zone.

In consequence, the average LIBOR EUR 3M rate in the last quarter of 2010 was 28 basis points higher than in the fourth quarter of 2009, the LIBOR USD 3M rate, after a temporary increase, returned to the levels from the previous year, while the Swiss frank rate which was especially important for Polish borrowers remained in a regular downward trend. The Polish money market is characterized already by an upward trend caused by expectations of the reaction from the Monetary Policy Council in view of the growing inflation. The table below presents the average 3-month WIBOR and LIBOR rates (for EUR, USD and CHF) in the fourth quarter of 2009 and in the subsequent quarters of 2010.

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Change (basis points) Q4'09 - Q4'10
3M WIBOR	4,20%	4,18%	3,88%	3,82%	3,87%	(34)
3M LIBOR EUR	0,68%	0,61%	0,62%	0,81%	0,96%	28
USD	0,27%	0,26%	0,43%	0,39%	0,29%	2
CHF	0,26%	0,25%	0,18%	0,16%	0,17%	(9)

The Bank's interest rate followed these changes, although the effects must be assessed differently in the case of PLN products and foreign currency products. This is illustrated by the table below, which presents the average interest rates on loans and deposits, 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 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Change (base points) Q4'09 - Q4'10
Total loans	3,77%	3,63%	3,54%	3,44%	3,41%	(36)
PLN	5,34%	5,49%	5,47%	5,37%	5,39%	5

foreign currency	2,49%	2,31%	2,36%	2,41%	2,42%	(7)
Total deposits	2,78%	2,75%	2,74%	2,72%	2,66%	(12)
PLN	3,18%	3,10%	3,06%	3,03%	3,00%	(18)
foreign currency	0,29%	0,31%	0,31%	0,30%	0,39%	10
- demand	1,24%	1,30%	1,33%	1,27%	1,32%	8
PLN	1,53%	1,59%	1,61%	1,53%	1,58%	5
foreign currency	0,15%	0,14%	0,16%	0,17%	0,20%	6
- term deposits	3,99%	3,81%	3,76%	3,75%	3,77%	(22)
PLN	4,28%	4,05%	3,96%	3,95%	4,01%	(27)
foreign currency	0,59%	0,67%	0,67%	0,58%	0,79%	20
Spread /loans-deposits						
PLN	2,17%	2,39%	2,41%	2,34%	2,40%	+23
foreign currency	2,21%	1,99%	2,05%	2,11%	2,03%	-18

Between the end of 2009 and the end of 2010, the average interest rate on PLN loans went up a little, and the rate on deposits went down, creating a ground for increasing the interest margin on these products by 23 basis points. There was also a reduction of the average rate on foreign currency loans, although in this case we could also observe an upward trend. The growing interest rate on deposits can be explained by the fact that deposits in EUR play a key role in their structure. As a result of these changes the interest margin on foreign currency products went down (which is compensated by the Bank by a currency exchange spread), whereas the growing share of foreign currency loans in the portfolio of receivables has the effect of a reduced profitability of loans in general.

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 31/12/2010 stood at PLN 9,421,8 million, which was 2.3% more than at the end of December 2009. Deposits from private individuals account for 30% of that amount, deposits from business entities (financial and non-financial sectors) 65%, whereas deposits from the public sector account for 5%. This means a shift towards a greater increase in the share of the private individuals and business entities by 1 and 2 percentage points respectively at the expense of deposits from the public sector whose share dropped by 3 percentage points.

In the geographical structure of acquired deposits there is a dominance of regions located around the Bank's three head offices (Mazowieckie, Pomorskie and Łódzkie voivodships), which shows that Head Office departments play a significant role in generating the deposit volumes because they handle large institutional customers, including Internet banking. The development of the network of TURBO units culminated in an observable increase in the Bank's presence in the Małopolskie, Dolnośląskie, Opolskie and Podlaskie voivodships.

Geographical structure of deposits acquired, excluding interbank deposits:

Location	as at 31/12/2010 Deposits, excluding interbank deposits		as at 31/12/2009 Deposits, excluding interbank deposits	
	PLN thousand	%	PLN thousand	%
Head Office	4 004 489	42,5	4 483 696	48,7
Mazowieckie	2 091 151	22,2	1 667 408	18,1
Pomorskie	1 215 622	12,9	979 748	10,6
Łódzkie	754 314	8,0	921 038	10,0
Kujawsko-Pomorskie	254 204	2,7	199 233	2,1
Małopolskie	236 811	2,5	192 440	2,1
Wielkopolskie	225 592	2,4	194 154	1,8
Dolnośląskie	182 983	1,9	165 170	2,2
Zachodniopomorskie	165 475	1,8	162 538	1,8
Warmińsko-Mazurskie	117 063	1,2	101 949	1,1
Śląskie	70 783	0,8	66 398	0,7
Lubelskie	47 948	0,5	38 641	0,4
Świętokrzyskie	25 474	0,3	18 235	0,2
Lubuskie	15 479	0,2	12 783	0,1
Podlaskie	9 042	0,1	6 738	0,1
Opolskie	5 381	0,1	2 857	-
Total	9 421 811	100,0	9 213 026	100,0

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

Structure of deposits acquired, by industry sectors:

Market sector	As at 31/12/2010		As at 31/12/2009	
	Amount (in thousand of PLN)	%	Amount (in thousand of PLN)	%
Financial sector	13 955 128	63,5%	10 698 420	57,4%
Banks	12 562 548	57,1%	9 408 266	50,5%
International financial institutions	511 475	2,3%	511 475	2,7%
Other financial entities	881 105	4,0%	778 679	4,2%
Non-financial sector	7 545 327	34,3%	7 184 359	38,6%
Legal entities	4 715 483	21,4%	4 507 095	24,2%
Private individuals	2 829 844	12,9%	2 677 264	14,4%
Budget sector units	483 904	2,2%	738 513	4,0%
Total	21 984 359	100,0%	18 621 292	100,0%

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

24. Capital management

The process of management of the Bank's capital meets the regulatory requirements, in particular the provisions of resolution No 383/2008 of the Banking Supervision Committee dated 17/12/2008¹. The Bank calculates the regulatory capital requirement on the basis of the provisions of Resolution No 76/2010 of the Banking Supervision Committee dated 10/03/2010² (as amended), using the standardized approach for credit risk and the basic indicator approach (BIA) for operating risk.

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

¹ „in respect of specific rules of functioning of the system of risk management and the system of internal control and the specific conditions of assessing internal capital and reviewing the process of assessment and maintenance of internal capital by banks.”

² in respect of the scope and specific rules of determining the capital requirements in relation to particular types of risk, .”

- Tier 1 capital: 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: components of supplementary own funds, additional items of supplementary funds (including subordinated liabilities) and decreases in supplementary own funds.

The Bank meets 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 estimated risk level, 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 31/12/2010:

Total own funds for the solvency ratio (including short term capital)	2 017 745
Solvency ratio	10,85%

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

Total own funds for the solvency ratio (including short term capital)	1 424 859
Solvency ratio	9,76%

The Bank has an equity policy approved by the Supervisory Board based on which it fulfills its equity targets. 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. The Bank sets internal lower limits for the solvency ratio in its capital policy. In 2010, the mandatory 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. Financial risk management and the structure of the credit portfolio

The management of financial risk and the structure of the credit portfolio are described in note 34 of the Annual financial statements of the Bank.

26. Material events during the reporting period

- 1) On 8/04/2010, the Ordinary General Meeting of Shareholders of Nordea Bank Polska S.A. passed a resolution increasing the Bank's share capital by issuance of 9,980 thousand series M shares taken up by the strategic investor Nordea Bank AB based in Stockholm.
- 2) On 30/07/2010, The District Court in Gdańsk, VIII Commercial Division of the National Court Register recorded a change of the amount and of the structure of the share capital of Nordea Bank Polska SA in Gdynia by PLN 49,900,000 i.e. to the level of PLN 277,493,500.
- 3) On 23 September 2010, the Regional Court in Gdańsk IX Commercial Division rejected the complaint filed by European Experts Association Ltd. based in Dublin against Nordea Bank Polska S.A. based in Gdynia for the annulment of the award issued by the Arbitration Court at the National Chamber of Commerce on 26 October 2009. Under the ruling issued by the Arbitration Court the action brought by European Experts Association Ltd had been dismissed. The value of the object of dispute is 25,600,000 PLN.

27. 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 2010 (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.

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

The engagement letter concerning the audit of the financial statements for the period from 01/01/2010 to 31/12/2010 was executed with KPMG Audyt Sp. z ograniczoną odpowiedzialnością sp. k. on 04/11/2010.

The fee paid or owed 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 ended 31 December 2010	Financial year ended 31 December 2009
Fee for the review of the Interim Financial Statements (KPMG sp z.o.o)	280	364
Fee for the audit of the Annual Financial Statements 2010 (KPMG Sp. z ograniczoną odpowiedzialnością sp. k.)	327	-
Fee for the audit of the Annual Financial Statements 2009 (KPMG sp z.o.o)	-	382

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

This information was disclosed in the Annual; financial statements in note 36.

C. STATEMENT CONCERNING THE APPLICATION OF CORPORATE GOVERNANCE RULES IN NORDEA BANK POLSKA S.A. in 2010

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 2010 and explanation of the reasons for non-observance (Company comments)

In 2010, the Management Board of Nordea Bank Polska S.A. does not comply with corporate governance rules number I.1; I.5; I.9; II.1.14; III.6; III.8 and IV.10. (partly or fully). The table below presents the texts of the rules that were not adhered to by the Company in 2010 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.

I. Recommendations concerning best practices in listed companies

<p>Rule I.1 : A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and latest communication tools ensuring fast, secure and effective access to information. Using such methods to the broadest extent possible, a company should in particular:</p> <ul style="list-style-type: none"> - maintain a company website whose scope and method of presentation should be based on the model investor relations service available at http://naszmodel.gpw.pl/; - ensure adequate communication with investors and analysts, and use to this purpose also modern methods of Internet communication; - enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website 	<p>The Company does not maintain a website modelled on the template shown in www.naszmodel.gpw.pl. because of the policy adopted in Nordea Group concerning the maintenance of corporate websites. The website does, however contain all required information.</p> <p>The Company does not transmit the General Meeting proceedings via the Internet because of the shareholding structure (99,21% shares held by a majority shareholder).</p>
<p>Rule I.9: The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business.</p>	<p>The Nordea Group issues a recommendation to all its companies and their shareholders that they should ensure an equal participation of women and men in management and supervisory positions, thus reinforcing the creativity and innovation of economic business in pursuance of the Group's policy in this regard.</p> <p>The Management Board of Nordea Group supports this recommendation. The Group pursues a policy whereby executive bodies are comprised of competent persons who are creative, well-educated and well-experiences professionally. At the same time, we wish to underline that both the Management Board of Nordea Bank Polska S.A. and the Supervisory Board are comprised of both genders.</p>

<p>Rule II.1.14): A company should operate a corporate website and publish on it, in addition to information required by legal regulations: 14) information about the content of the company's internal rule of changing the company authorized to audit financial statements or information about the absence of such rule.</p>	<p>Pursuant to the Bank Statutes, the Supervisory Board of Nordea Bank Polska selects the auditor twice every year, with regard to the review of the interim statements and with regard to auditing the annual financial statements. The Company does not have any rules regarding a change of the entity authorized to carry out an audit of financial statements. The Company deems it irrelevant to publish information about the non-existence of such rules on its web site.</p>
<p>Rule III.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.</p>	<p>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.</p>
<p>Rule III.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 (...)</p>	<p>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.</p>
<p>Rule IV.10: A company should enable its shareholders to participate in a General Meeting using electronic communication means through: 1) real-life broadcast of General Meetings; 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting; 3) exercise their right to vote during a General Meeting either in person or through a plenipotentiary. <i>This rule should be applied not later than 1 January 2012.</i></p>	<p>The Bank's Statutes nor the Rules of the General Meetings of Shareholders of the Company do not provide for the possibility of shareholders' participation in General Meetings by means of electronic communication. The Company does not transmit the General Meeting proceedings via the Internet because of the shareholding structure (99,21% shares held by a majority shareholder).</p>

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)

This information was disclosed in the Annual Financial Statements in Note 32

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

This information was disclosed in the Annual Financial Statements in Note 32

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 2010, amendments to the Bank's Statutes were introduced at the General Meeting of Shareholders dated 08 April 2010. The amendment to the Bank's Statutes concerning its business objects results from recommendations issued by the Financial Supervision Commission (FSC, Commission).

The Commission is of the opinion that the Bank's statutes, as regards its business objects, should only list such types of activities which are banking activities in the sense of the Banking Law or are directly connected with the performance of such activities.

The FSC believes that other lawful activities, even if performed by the Bank regularly but representing a negligible part of its business, should not be stated in the Statutes as being the Bank's business objects. This is also the case with regard to activities involving employee recruitment and the handling of employee matters services provided by the Bank in regard to recruitment of personnel and administration of personnel matters and activities involving office administration services. The deletion of these activities from the specification of the Bank's business objects will not, however, impair the Bank's freedom to continue performing them because except for banking activities which only banks are entitled to perform, under art.6.1.8 of the Banking Law, the Bank may perform other activities as well, if it is permitted to do so under other laws.

Also, the amendment to § 6 of the Statutes, regarding intermediation by the Bank in the sales of lease services, follows from the FSC's recommendation and is of purely editorial nature.

The amendment to the Bank's Statutes regarding the amount of the share capital is directly connected with the adoption of the resolution on capital increase.

The amendments to the Statutes adopted by the General Meeting of Shareholders received the approval of Financial Supervision Authority and were then be recorded in the National Court Register on 30 July.

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 31/12/2010.:

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:

In 2010, the composition of the Management Board did not change.

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 31/12/2010:

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

Asbjörn Höyheim

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.

Signatures of all Management Board Members:

Date	Name and surname	Position/Function	Signature
11/02/2011	Włodzimierz Kiciński	CEO	
11/02/2011	Sławomir Żygowski	1st Vice President – Deputy CEO	
11/02/2011	Agnieszka Domaradzka	Vice President	
11/02/2011	Jacek Kalisz	Vice President	
11/02/2011	Tomasz Misiak	Vice President	
11/02/2011	Bohdan Tillack	Vice President	