CERTIFIED TRANSLATION FROM THE POLISH LANGUAGE

NORDEA BANK ABP
SPÓŁKA AKCYJNA
BRANCH IN POLAND

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING

31 DECEMBER 2018

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Statement of comprehensive income

	Note	01/01/2018-31/12/2018	01/01/2017-31/12/2017 (restated data)
Revenue, of which:			
Revenue from sales of services and products	5	538 695	326 575
Other operating revenue	10	6 721	5 453
Financial income	11	559	81
		545 975	332 109
Expenses, of which:			
Costs of salaries with overheads and other employee benefits	6	(373 725)	(209 001)
Costs of running and maintaining the premises		(45 739)	(32 756)
Outsourced IT services	7	(25 480)	(19 170)
Consulting services		(8 018)	(368)
Other administrative expenses	8	(26 844)	(24 644)
Business travel expenses		(19 840)	(18 169)
Amortisation and depreciation	9	(16 364)	(12 957)
Other operating costs	10	(1 064)	(785)
Financial expenses	11	(1 290)	(1 387)
		(518 364)	(319 237)
Profit/loss before tax		27 611	12 872
Income tax	12	(5 194)	(3 609)
Net profit/loss for the reporting period		22 417	9 263
Other comprehensive income			
Other comprehensive net income for the reporting period		-	-
Total comprehensive income for the reporting period		22 417	9 263

The explanatory notes on pages 7-35 are an integral part of the financial report.

Statement of financial position

ASSETS	Note	31/12/2018	31/12/2017
Property, plant and equipment	13	62 342	53 472
Intangible assets	14	33	194
Deferred income tax assets	15	8 256	7 994
Long-term prepayments		1 032	1 491
Fixed assets		71 663	63 151
Trade and other receivables	16	119 679	79 235
Short-term prepayments		3 110	4 780
Cash and cash equivalents	17	10 564	11 524
Operating assets		133 353	95 539
TOTAL ASSETS		205 016	158 690

The explanatory notes on pages 7-35 are an integral part of the financial report.

Statement of financial position

EQUITY & LIABILITIES	Note	31/12/2018	31/12/2017
Liabilities			
Long-term liabilities for settlements with the Branch Office	18	85 952	63 535
Loans and borrowings	19	-	-
Other liabilities	22	576	4 813
Regulatory liabilities	23	-	852
Provisions	21	10 002	6 509
Long-term liabilities		96 530	75 709
Loans and borrowings	19	12 504	27 087
Trade payables	22	5 981	13 034
Income tax liabilities	22	3 046	723
Other liabilities	22	86 523	41 664
Provisions	21	432	473
Short-term liabilities		108 486	82 981
TOTAL EQUITY & LIABILITIES		205 016	158 690

The explanatory notes on pages 7-35 are an integral part of the financial report.

Cash flow statement

	Note	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Cash flows from operations			
Net profit/loss for the reporting year		22 417	9 263
Adjustments:			
Depreciation of property, plant and equipment	13	16 195	10 813
Depreciation of intangible assets	14	169	2 144
Foreign exchange gains/losses		(106)	(179)
		16 258	12 778
Profit/loss from investment activities		80	196
Change in trade and other receivables	16	(40 443)	(59 068)
Change in accruals, prepayments and deferred income		2 122	(195)
Change in trade and other liabilities	22	35 663	28 772
Change in deferred tax assets	15	(262)	962
Current income tax payments		(3 133)	(2 012)
Current tax adjustment		5 456	2 647
Change in provisions		3 452	1 852
Change in long-term regulatory liabilities		(852)	(853)
Interest received		-	(62)
Interest paid		1 266	350
Other adjustments	18	157	473
		3 506	(26 938)
Cash flows from operations		42 181	(4 897)
Disposal of property, plant and equipment		30	48
Interest on deposits		-	77
Purchase of property, plant and equipment	13	(27 466)	(38 985)
Cash flows from investments		(27 436)	(38 860)
Interest received		-	-
Loans and borrowings incurred (+)/repaid (-)	19	(14 583)	27 080
Expenses for repayment of interest on loans and borrowings		(1 266)	(350)
Payment of finance lease liabilities		-	-
Cash flows from financial activities		(15 849)	26 730
Total net cash flows		(1 104)	(17 027)
Balance sheet change in cash, of which:		(960)	(16 919)
currency exchange gains/losses		144	109
Cash at the beginning of the period		11 524	28 443
Cash at the end of the period	17	10 420	11 524

The explanatory notes on pages 7-35 are an integral part of the financial report.

EXPLANATORY NOTES TO THE FINANCIAL REPORT

1. General information about the Branch

Information about Nordea Bank ABP S.A. Branch in Poland

Nordea Bank ABP S.A. Branch in Poland (hereinafter: Branch) is a Bank based in Poland at: 93-281 Łódź, Al. Śmigłego-Rydza 20, Tax ID NIP PL 105-000-11-72, Statistical No. REGON 100926668, registered with the District Court for Łódź-Śródmieście in Łódź, 20th Department of the National Court Register (Polish, KRS), Entry No. KRS 0000360398.

The Branch's business activity consists of:
- other activities auxiliary to financial services, except insurance and pension funding,
- other monetary intermediation,
- activities of call centres,
- computer IT software activities and related activities,
- information service activities,
- accounting, bookkeeping and auditing activities; tax consultancy,
- other financial service activities, except insurance and pension funding, not elsewhere classified,
- data processing, hosting and related activities.

The Branch is a branch of a foreign bank: Nordea Bank Abp based in Finland, FI-00020, in Helsinki, Satamaradankatu 5.

The financial statments and annual reports of Nordea Bank Abp are available at *www.nordea.com/en/investor-relations/reports-and-presentations*.

The entity is exempt from preparing the Report on Activities in accordance with the Accounting Act.

2. Basis for preparing the financial report

2a) Declaration of conformity

The annual separate financial report of Nordea Bank Abp S.A. Branch in Poland for the period ending 31 December 2018 has been prepared in accordance with the International Financial Reporting Standards, as approved by the European Union, and other applicable laws.

The financial report has been approved by the Branch Management on 18 March 2019.

2b) New and changed standards and interpretations applied

In this financial report, changes to the following standards have been applied for the first time, which came into force on 01 January 2018:

a) IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39. The standard introduces a single model providing for only two categories of classification of financial assets: measured at fair value and measured at amortised cost. The classification is made at the moment of initial recognition and depends on the financial instrument management model adopted by the entity and the characteristics of contractual cash flows from these instruments. IFRS 9 introduces a new model for determining revaluation write-offs - the expected credit loss model.

Most of the requirements of IAS 39 regarding the classification and measurement of financial liabilities were transferred to IFRS 9 in an unchanged form. The key change is the requirement for entities to present in other comprehensive income the effects of changes in their own credit risk due to financial liabilities measured at fair value through profit or loss.

In the field of hedge accounting, the changes are aimed at more accurate adjusting the hedge accounting to risk management.

Impact on financial report:

Previously, the Branch classified all its financial assets as loans and receivables and measured them at amortised cost. However, since the financial assets of the Branch include only cash, trade receivables and other receivables that meet the definition of financial assets (deposits, receivables from the disposal of PP&E), the amortised cost does not differ from their face value.

Given that the Branch has not acquired and does not intend to acquire other financial assets, IFRS 9 has only impact in terms of nomenclature (the name of the category changed, while the measurement and contents of this category did not change).

As far as financial liabilities are concerned, the Branch has presented trade payables as well as working capital loan and overdraft facility liabilities. They are invariably presented in the category of financial liabilities at amortised cost, where, as in the case of financial assets, their amortised cost equals their face value. Therefore, no changes have been made in financial liabilities.

Other items changed by IFRS 9 did not have an impact on the Financial Report as they do not appear in the Branch.

Changes caused by the application of IFRS 9 are presented in notes 26 and 27.

b) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" replaces IAS 18 and IAS 11 and relevant interpretations. The rules provided for in IFRS 15 apply to all contracts resulting in revenue. The fundamental principle of the new standard is the recognition of revenue upon the transfer of control over goods or services to the client at the transaction price. All goods or services sold in bundles that can be distinguished as part of the bundle should be recognised separately; in addition, any discounts and rebates on the transaction price should be allocated to individual bundle items. If the revenue amount is variable, according to the new standard any variable amounts are classified as revenue, if there is a high probability that in the future there will be no reversal of the revenue recognition due to revaluation. Furthermore, in accordance with IFRS 15, costs incurred to obtain and secure a contract with a client should be activated and settled over the period when the benefits of the contract are consumed.

c) Clarifications to IFRS 15 "Revenue from Contracts with Customers"

Clarifications to IFRS 15 "Revenue from Contracts with Customers" provide additional information and explanations regarding the main assumptions adopted in IFRS 15, including on the identification of separate obligations, determining if the entity acts as an intermediary (agent), or is the main provider of goods and services (principal), and establishing the method of license revenue registry. In addition to the clarifications, exemptions and simplifications were introduced for entities applying the new standard for the first time.

Impact on financial report:

As stated in note 5, the Branch’s revenues can be generally divided into 2 categories: support for banking processes and IT services.

Both categories of services are provided under contracts signed by the Branch with entities of the Nordea/ Luminor Group. In accordance with these contracts, the Branch charges its counterparties on a monthly basis based on the costs incurred by respective operating teams (including the relevant allocation of overhead costs) in a given month. To maintain the accrual basis, the costs related to a given reporting period, but incurred after its end, are recognised in the same reporting period, so that the corresponding revenue underlying their calculation is also recognised in that reporting period. The amount of revenue due is essentially the cost plus a fixed margin depending on the type of service.

Obligations resulting from the contract with customers, relevant salary and its assignment to contractual obligations are unambiguous.

Services provided by the Branch are characterised by the fact that the client receives the benefit as the job progresses, and if the service was interrupted, another provider would not have to repeat the work done so far; therefore the Branch's revenue is recognised over time.

This approach is identical to IAS 18 previously applied by Branch, so IFRS 15 did not have any impact on the Statement of Comprehensive Income or the Statement of Financial Position.

The disclosures required by IFRS 15 are shown in notes 5 and 16.

d) Amendments to IFRS 2: Classification and Measurement of Share Based Payment Transactions

The amendment to IFRS 2 introduces new guidance on fair value measurement of liabilities related to cash-settled share based payment transactions, guidance on changing the classification from cash-settled share based transactions into equity-settled share based transactions, as well as guidance on the recognition of employee's tax liabilities related to share based transactions.

The Branch does not expect the changes to have a significant impact on its Financial Report.

e) Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"

Amendments to IFRS 4 "Insurance Contracts" address the issue of the application of new IFRS 9 "Financial Instruments". Published amendments to IFRS 4 complement the options already existing in the standards and are aimed at preventing temporary fluctuations in the performance of insurance sector entities in connection with the introduction of IFRS 9.

The Branch does not expect the changes to have a significant impact on its Financial Report.

f) Annual Improvements to IFRSs 2014-2016

"Annual improvements to IFRSs 2014-2016" change 3 standards: IFRS 12 "Disclosure of Interests in Other Entities", IFRS 1 "First-time Adoption of IFRSs" and IAS 28 "Investments in Associates and Joint Ventures". The improvements include clarifications and changes regarding the scope of standards, recognition and measurement, as well as changes in terms of terminology and editing.

Improvements to IFRS 12 are effective for annual periods beginning on 01 January 2017. Other improvements have been obligatory since 01 January 2018.

The Branch does not expect the changes to have a significant impact on its Financial Report.

g) Amendments to IAS 40: Transfers of Investment Property

Amendments to IAS 40 specify the requirements related to transfers to/from investment properties.

The Branch does not expect the changes to have a significant impact on its Financial Report.

h) IFRIC 22: Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting principles for transactions in which an entity receives or transfers foreign currency advance payments.

The Branch does not expect the IFRIC to have a significant impact on its Financial Report.

2c) Published standards and interpretations that are not yet in effect and have not been applied by the Branch

In this separate financial report, the Branch has not decided to apply the following published standards, interpretations or amendments to existing standards before their effective date:

a) IFRS 16 “Leases"

IFRS 16 "Leases" is effective for annual periods beginning on or after 01 January 2019.

The new standard establishes rules for the recognition, measurement, presentation and disclosures regarding leases. All lease transactions result in the lessee obtaining the right to use the asset and the liability related to the payment obligation. Therefore, IFRS 16 eliminates the classification of operating leases and finance leases in accordance with IAS 17 and introduces a single model for the accounting treatment of leasing by the lessee. The lessee will be obliged to recognise: (a) assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value; (b) depreciation of the leased asset separately from interest on the lease in the performance report.

IFRS 16 mainly repeats the regulations of IAS 17 on the accounting treatment of leasing by the lessor. As a consequence, the lessor continues classification according to operating leases and finance leases and differentiates the accounting treatment accordingly.

The Branch will apply IFRS 16 as at 01 January 2019.

Impact on Financial Report:

As a consequence of the application of the Standard, the Branch will recognise assets and liabilities related to operating hire/rental/lease that meet the definition of lease under IFRS 16. These assets related to the right to use the leased asset will be systematically depreciated over the duration of the contract, and the liability will be settled (reduced) by an appropriate discount rate, while recognizing interest.

Contracts signed by the Branch under IFRS 16 include lease of office space and parking spaces (provided that they apply to identifiable assets, i.e. the leased spaces are permanent), operating leases and rental of cars, lease of lines, rental of a data centres, rental of apartments, lease of document containers, as well as the lease of coffee machines and water dispensers.

In the case of document containers, coffee machines and water dispensers, the Branch intends to use the exemption for low-value items and not recognise assets or liabilities in this regard.

In the case of some parking spaces and apartments, because of the indefinite period of contract and the Management’s inability to make a reliable estimate of their expected period of use, considering that the notice period of these contracts does not exceed 12 months, the Branch considers these contracts to be short-term leases and intends to use the exemption from the obligation to recognise assets and liabilities in this regard.

Similarly, in the case of some links, the contract period does not exceed 12 months from the date of the first application of the Standard, hence the Branch will also treat them as short-term leases without recognising assets and liabilities.

The impact of IFRS 16 in terms of amounts based on the contracts signed on the date of first application is presented in the table below:

		Cars	Long-term offices and parking spaces	Data centre	Telecommunications links	**Impact on profit/loss**
change in fixed assets	as at 01/01/2019	890	134 614	20 243	263	n/a
change in current assets	as at 01/01/2019	-	-	(203)	-	n/a
Change in lease liabilities	as at 01/01/2019	890	144 149	20 040	263	n/a
Change in other liabilities*	as at 01/01/2019	-	(9 535)	-	-	n/a
Amortisation and depreciation	2019	460	30 761	6 189	97	37 507
	2020	329	29 240	5 728	85	35 382
	2021	99	27 571	4 805	30	32 505
	2022	-	26 386	4 004	30	30 420
	2023	-	17 112	-	21	17 133
	2024	-	3 545	-	-	3 545
Interest	2019	20	529	523	7	1 079
	2020	7	413	350	4	774
	2021	1	291	197	2	491
	2022	-	171	54	1	226
	2023	-	62	-	-	62
	2024	-	8	-	-	8
Costs of running and maintaining the premises	2019	-	(31 328)	-	-	(31 328)
	2020	-	(29 719)	-	-	(29 719)
	2021	-	(28 162)	-	-	(28 162)
	2022	-	(26 841)	-	-	(26 841)
	2023	-	(17 257)	-	-	(17 257)
	2024	-	(3 626)	-	-	(3 626)
Other administrative expenses	2019	(483)	-	-	-	(483)
	2020	(334)	-	-	-	(334)
	2021	(98)	-	-	-	(98)
Outsourced IT services	2019	-	-	(6 524)	(101)	(6 625)
	2020	-	-	(6 050)	(89)	(6 139)
	2021	-	-	(5 102)	(32)	(5 134)
	2022	-	-	(4 159)	(32)	(4 191)
	2023	-	-	-	(22)	(22)

* Provision for effective rent

Impact on profit/loss (net of deferred tax) broken down by year:

year	impact
2019	150
2020	-36
2021	-398
2022	-386
2023	-84
2024	-73

In addition, as mentioned above, the Branch is a party to contracts classified as low-cost and short-term lease contracts.
Therefore, annual costs (according to the contracts signed as at the date of first application) are PLN 108 thousand.

These contract will not have an impact on the Financial Report, except for the need to make relevant disclosures.

b) Amendments to IFRS 9: Prepayment Features with Negative Compensation

The amendment to IFRS 9 is effective for annual periods beginning on or after 01 January 2019, with the option of its earlier application. As a result of the amendment to IFRS 9, entities will be able to measure financial assets with the so-called prepayment feature with negative compensation at amortised cost or at fair value through other comprehensive income, if a specified condition is met - instead of measuring at fair value through profit or loss.

The Branch will apply the above changes as at 01 January 2019.

The Branch does not expect the above changes to have an impact on the financial report.

c) IFRS 17 "Insurance Contracts"

IFRS 17 "Insurance Contracts" was issued by the International Accounting Standards Board on 18 May 2017 and is effective for annual periods beginning on or after 01 January 2021.

The new IFRS 17 Insurance Contracts will replace the current IFRS 4, which allows for a variety of practices in the settlement of insurance contracts. IFRS 17 will fundamentally change the accounting for all entities that deal with insurance contracts and investment contracts.

The Branch will apply IFRS 17 after its approval by the European Union.

The Branch does not expect the Standard to have a significant impact on its Financial Report.

As at the date of this financial report, the new standard has not yet been approved by the European Union.

d) Amendments to IAS 28 "Investments in Associates and Joint Ventures"

The amendment is effective for annual periods beginning on or after 01 January 2019. Amendments to IAS 28 "Investments in Associates and Joint Ventures" clarify that companies apply IFRS 9 in relation to long-term interests in an affiliate or joint venture to which the equity method does not apply. In addition, the Board also published an example illustrating the application of the requirements of IFRS 9 and IAS 28 to long-term interests in an associate or joint venture.

The Branch will apply the above changes as at 01 January 2019.

The Branch does not expect the above changes to have a significant impact on its Financial Report.

As at the date of this financial report, the amendment has not yet been approved by the European Union.

e) IFRIC 23: Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the requirements for recognition and measurement in IAS 12 in a situation of uncertainty over income tax treatments. The guidance is effective for annual periods beginning on or after 01 January 2019.

The Branch will apply the above changes as at 01 January 2019.

The Branch does not expect the IFRIC to have a significant impact on its Financial Report.

f) Annual Improvements to IFRSs 2015-2017

In December 2017, the International Accounting Standards Board published "Annual Improvements to IFRSs 2015-2017", which introduce changes to 4 standards: IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs".

The improvements include explanations and clarify the standard guidance for recognition and measurement.
The Branch will apply the above changes as at 01 January 2019.

The Branch does not expect the above changes to have a significant impact on its Financial Report.

As at the date of this financial report, the improvements have not yet been approved by the European Union.

g) IAS 19 "Employee Benefits"

The amendments to IAS 19 are effective for annual periods beginning on or after 01 January 2019. The amendments to the standard specify the requirements for the accounting treatment of modifications, limitations or settlements of defined benefit plans.

The Branch will apply the above changes as at 01 January 2019.

The Branch does not expect the above changes to have a significant impact on its Financial Report.
As at the date of this financial report, the improvements have not yet been approved by the European Union.

h) Changes in references to the Conceptual Framework of IFRS

Changes in references to the Conceptual Framework of IFRS will apply as at 01 January 2020.

i) IFRS 3 "Business Combinations"

As a result of the amendment to IFRS 3, the definition of "business" has been modified. The current definition is narrowed down and is likely to result in more acquisitions classified as a purchase of assets. The amendments to IFRS 3 are effective for annual periods beginning on or after 01 January 2020.

As at the date of this financial report, the amendment has not yet been approved by the European Union.

The Branch does not expect the above change to have a significant impact on its Financial Report.

j) IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

The Council has published a new definition of the term “materiality”. Amendments to IAS 1 and IAS 8 clarify the definition of materiality and improve the consistency between standards, but are not expected to have a significant impact on the preparation of financial reports. The amendment is effective for annual periods beginning on or after 01 January 2020.

As at the date of this financial report, the improvements have not yet been approved by the European Union.

The Branch does not expect the above changes to have a significant impact on its Financial Report.

k) IFRS 14 "Regulatory Deferral Accounts"

This standard allows entities that prepare financial reports in accordance with IFRS for the first time (as at 01 January 2016) to recognise amounts resulting from rate-regulated activities in accordance with the accounting principles applied so far. To improve comparability with entities that already apply IFRS and do not present such amounts, according to published IFRS 14, the amounts resulting from rate-regulated activities should be presented in a separate item in the statement of financial position, profit and loss account as well as statement of other comprehensive income.

By the decision of the European Union, IFRS 14 will not be approved.

l) Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between the investor and its affiliates or joint ventures

The amendments solve the problem of the current inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-monetary assets sold or contributed to an associate or joint venture are "business".

If non-monetary assets constitute a "business", the investor will disclose a full transaction profit or loss. If the assets do not meet the definition of a business, the investor recognises the profit or loss excluding the part constituting the interests of other investors.

The amendments were published on 11 September 2014. The date of application of the amended provisions has not been determined by the International Accounting Standards Board.

As at the date of this financial report, he approval of this amendment is postponed by the European Union.

2d) Basis for measurement

The financial report has been prepared on the basis of the historical cost principle.

The exception are financial assets and financial liabilities at fair value, including derivatives. Other financial assets and financial liabilities are measured at amortised cost (receivables and payables to banks and customers as well as debt securities classified as loans and receivables) or at purchase cost less any impairment write-offs.

The financial report has been prepared based on the assumption of going concern.

2e) Functional and presentation currency

The data in the financial report have been presented in Polish zlotys (PLN), rounded up to thousands. PLN is the functional currency of the Branch.

2f) Comparative data

Comparative data include data for the period from 01/01/2017 to 31/12/2017.

The comparative data were changed in relation to note 5 (revenues from the sale of services) so that a more aggregate breakdown was made.

In addition, the cost presentation was changed compared to the financial report for 2017 as follows:

A new type of expenses, "consulting services", was established, to which the costs of subcontractor services were transferred, creating a link between developers and end-product customers, previously presented in the "outsourced IT services" of the "consultant services” category. According to the Management, this presentation is more in line with the nature of these services.

3 new categories were distinguished as part of the "other administrative expenses" type, to which relevant costs were moved from the "other" category. The purpose of this was to more accurately present the nature of costs.

In addition, the category name was changed from "accounting and HR services" into "accounting and payroll services", as this name better reflects its content.

What is more, the costs of employee integration were moved from the "other administrative expenses” type in the "other" category to the "costs of salaries with overheads and other employee benefits" of the "other employee benefits" category. According to the Management, the current presentation better reflects the nature of costs.

In addition, the costs of maintaining and renting IT hardware and lease of telecommunications lines were moved from the "other administrative expenses" of the "Costs of hardware and ICT maintenance” category, "Rental costs of software and hardware", "Postal and telecommunications charges" to the "Outsourced IT services” type in the "IT costs” category, as the current presentation better reflects their nature.

Finally, the costs of team losses were moved from "Other administrative expenses" in the "Operating loss costs" category to the "Other" category. The reason was the low value of these costs and, according to the Management, the separation of such an insignificant item would unnecessarily increase the volume of the financial report without the equivalent increase in its cognitive value.

The effect on these amendments on the Statement of Comprehensive Income is shown below.

Item	2017 before conversion	changes	2017 after conversion
Other administrative expenses	36 535	-11 891	24 644
Outsourced IT services	9 370	9 800	19 170
Costs of salaries and other employee	207 278	1 723	209 001
Consulting services	0	368	368
TOTAL	253 183	0	253 183

The presentation of the amounts below has been changed in the financial report:

2017	***To type/category***	Other administrative expenses					Costs of salaries and other employee benefits	Outsourced IT services	Consulting services
From type/category		Services of recruitment companies	Bank services	Printing and copying costs	Accounting and payroll services	Other	Other employee benefits	IT costs	n/a
	Other	2 341	180	401	179	-	1 723	-	-

Other administrative expenses	Costs of hardware and ICT equipment maintenance	-	-	-	-	-	-	3 291	-
	Rental costs for software and hardware	-	-	-	-	-	-	4 870	-
	Postal and telecommunications charges	-	-	-	-	-	-	2 007	-
	Operating loss costs	-	-	-	-	155	-	-	-
Outsourced IT services	IT consultant services	-	-	-	-	-	-	-	368

2018	***To type/category***	Other administrative expenses					Costs of salaries and other employee benefits	Outsourced IT services	Consulting services
From type/category		Services of recruitment companies	Bank services	Printing and copying costs	Accounting and payroll services	Other	Other employee benefits	IT costs	n/a
Other administrative expenses	Other	2 973	166	351	293		2 073		-
	Costs of hardware and ICT equipment maintenance							3 076	-
	Rental costs for software and hardware							6 550	-
	Postal and telecommunications charges							2 848	-
	Operating loss costs					19			-
Outsourced IT services	IT consultant services								8 018

2g) Judgements and estimates

The preparation of the financial report in accordance with IFRSs requires the Management to make subjective judgements, estimates and assumptions that have an impact on the accounting principles applied and the presented assets and liabilities as well as income and expenses, whose actual values may differ from the estimated values. Estimates and assumptions are made on the basis of available historical data and a number of other factors that are considered relevant under the circumstances. The results are the basis for making estimates of the balance sheet values of assets and liabilities, which can not be established unequivocally based on other sources.

Estimates and assumptions are subject to verification. Adjustments in estimates are recognised in the period in which the estimate was changed, provided that the adjustment applies to that period only, or in the period in which the change was made and future periods, if the adjustment applies to both current and future periods.

Information on significant judgements regarding the application of accounting principles that have the greatest impact on the values presented in the financial report are shown in note 3.

3. Description of the major accounting principles

The accounting principles below have been applied to all reporting periods presented in the financial report.

Foreign currency transactions

Transactions expressed in foreign currencies are recognised in the functional currency of the Branch and converted at the average exchange rate of the NBP on the transaction date.

The monetary items of assets and liabilities expressed in a foreign currency are converted at the end of the reporting period according to the average NBP exchange rate for a given currency announced on that date. Exchange differences arising from the balance sheet measurement of monetary assets and liabilities at the end of the reporting period are the difference between the measurement at amortised cost in the functional currency at the beginning of the reporting year, adjusted by accrued interest and payments made during the reporting year, and the value at amortised cost in the foreign currency converted according to the average exchange rate of the NBP at the end of the reporting year.

Non-monetary items measured at historical cost in a foreign currency are converted by the Branch using the exchange rate on the transaction date. Exchange rate differences are recognised in the profit or loss for the current period.

Financial instruments
Classification
The Branch classifies financial instruments into the following categories:
- financial assets measured at fair value,
- financial assets measured at amortised cost,
- financial liabilities measured at fair value through profit or loss,
- financial liabilities measured at amortised cost,

As at the balance sheet date, the Branch did not have any financial instruments classified as financial liabilities measured at fair value through profit or loss. The only financial assets of the Branch measured at fair value through profit or loss are cash.

Measurement

At initial recognition, a financial asset or financial liability is measured at fair value, increased or reduced - in the case of a financial asset or liability that is not classified as measured at fair value through profit or loss - by transaction costs that can be directly assigned to acquiring or issue of a financial asset or financial liability.

The exceptions are trade receivables that do not have a significant financing component - the Branch recognises them in the transaction price.

After the initial recognition, the Branch measures financial assets and financial liabilities according to the category to which they are classified.
Measurement at amortised cost is made using the effective interest rate method to the gross carrying amount of the financial asset, taking into account impairment.

After initial recognition, other financial liabilities are measured at amortised cost using the effective interest rate method. Other liabilities include loans, borrowings, overdraft facilities, trade payables and other liabilities.

Subsidies

Government subsidies are initially recognised as deferred income at fair value, if there is sufficient certainty that they will be obtained and that the conditions related to them will be met; then they are recognised in profit or loss of the current period and presented in other operating revenue. In the case of uncertainty as to meeting the terms of the contract, the subsidy is presented in regulatory liabilities item.

Hedge accounting

The Branch does not apply hedge accounting.

Operating segments

The Branch operates in one operating segment.

Impairment of financial assets

Financial assets measured at amortised cost are evaluated by the Branch at each balance sheet date whether there is any objective evidence that any financial asset (or a group of financial assets) has lost value.

The Branch measures and recognises a write-off for expected credit losses for this category of assets in the amount equal to the expected credit losses throughout the cycle of these instruments.

The Branch measures the expected credit losses related to financial instruments using a method that takes into account:
-an unencumbered and probability-weighted amount determined by assessing a number of possible outcomes;
-time value of money;
- rational and documentable information available without excessive costs or efforts at the reporting date, regarding past events, current conditions and forecasts for future economic conditions.

Property, plant and equipment

Items of property, plant and equipment and intangible assets are initially measured at purchase cost or production cost. After the initial recognition of property, plant and equipment and intangible assets, the Branch presents them at the purchase price less accumulated depreciation and accumulated impairment write-offs. Property, plant and equipment of low unit value are recognised in costs in the month they are put into operation.

Intangible assets

Licenses and software

Licenses and software are initially measured at acquisition cost, and after initial recognition as assets, the Branch presents them at the purchase price less accumulated depreciation and accumulated impairment write-offs.

Expenses incurred at a later date are recognised by the Branch in the carrying amount of property, plant and equipment and intangible assets (e.g. costs of replacing some of these items) when incurred, if it is probable that the Branch will receive future economic benefits in connection with the asset and the purchase price or the production cost can be measured in a reliable way. Other costs are recognised in the profit and loss account when incurred.

Amortisation and depreciation

The value of depreciation write-offs is determined based on the purchase price of a given asset less its residual value. Depreciation write-offs are made according to the straight-line method for the useful life of the property, plant and equipment or intangible assets and are presented in the profit and loss account.

The land is not depreciated. The estimated useful lives are as follows:
-investments in foreign fixed assets 2-10 years
-machinery and devices 3 - 5 years
- equipment 5 - 10 years
- means of transport for 5 years
- computer software 5 years
- licenses 1 - 5 years.
The residual value is subject to an annual estimation.

Depreciation rates resulting from the applicable tax regulations are adopted for the purpose of tax settlements.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include items payable within three months of the acquisition date, including: unrestricted cash on hand and cash at bank.

The Branch offsets the bank balance of the Company Social Benefit Fund against the liabilities of this Fund - the surplus is presented as cash or as other short-term liabilities. This approach, consistent with common practice, is applied because the Branch does not control the Fund.

Impairment write-off on assets other than financial assets

The carrying amounts of the Branch’s assets other than deferred tax assets are reviewed on the balance sheet date to determine whether there is any reason for impairment write-offs. If there is such a reason, the Branch estimates the recoverable amount of individual assets.

An impairment write-off is recognised if the book value of the asset or its cash-generating unit exceeds its estimated recoverable amount. The impairment write-off is recognised in the profit and loss account.

Calculation of recoverable amount

The recoverable amount of other assets is the higher of the following: sales value less sell costs and value in use. To determine the value in use, the estimated future cash flows are discounted to their present value by a pre-tax discount rate, which reflects the current market expectations as to the money value and the asset-specific risk. For assets that do not generate independent cash inflows, the recoverable amount is determined for a given cash-generating unit to which these assets belong.

Reversal of impairment write-offs

An impairment write-off in relation to goodwill is not reversed. An impairment write-off on other assets is reversed if there has been a change in the estimates used for determining the recoverable amount.

An impairment write-off may be reversed only to the level at which the carrying amount of the asset does not exceed its book value, which would be established reduced by depreciation amount if the impairment write-off was not recognised.

Lease contracts and lease payments

Lease contracts under which the Branch bears virtually all risk and gains virtually all benefits arising from the possession of property, plant and equipment are classified as finance lease contracts. Assets acquired through finance lease are initially recognised at fair value or current value of the minimum lease payments, depending on which of these amounts is lower, and then decreased by depreciation and impairment write-offs.

Minimum leasing fees incurred in connection with finance leasing are broken down into the part constituting financial expenses and the part reducing the liabilities. The part constituting the financial expense is assigned to individual periods during the lease contract period in such a way as to obtain a constant periodic interest rate in relation to the liability.

Lease contracts that are not finance lease contracts are treated as operating leases and are not recognised in the statement of financial position of the Branch. Payments for operating lease are recognised on a straight-line basis over the lease term in profit or loss of the current period. Benefits received in exchange for signing a lease contract are an integral part of the total lease costs and are recognised in profit or loss of the current period over the term of the lease contract.

Employee benefits

The Branch maintains the employee pension plan (PPE) for its employees in the form of group life insurance. As an employer, fulfilling the obligations imposed by law, the Branch is obliged to pay social security and health insurance contributions related to hiring employees and contributions to the Labour Fund and the Guaranteed Employee Benefits Fund. The Branch also operates the Company Social Benefits Fund, making write-offs in accordance with the generally applicable provisions of law. All these payments constitute an element of short-term employee benefits whose main components are salaries, bonuses and paid holidays. Short-term benefits are recognised in operating costs on general terms. The only elements of long-term employee benefits are provision for pension, disability and survivor benefits, provision for jubilee bonuses and liabilities for bonuses - in the part in which the payment will be made in the period after 12 months from the balance sheet date. These provisions/liabilities are updated once a year.

Provisions

Provisions are recognised in the balance sheet if the Branch has a liability arising from past events, as well as if it is probable that fulfilment of this obligation will result in the outflow of resources embodying economic benefits. If the effect is material, the provision amount is determined using the discounted expected cash flows at the pre-tax rate, reflecting the current market assessment of the time value of money and where it applies to the risk associated with a given liability.

Service revenue

The Branch recognises revenue when (or as) the performance obligation is satisfied by transferring the promised goods or service (an asset) to the client. An asset is transferred when the client obtains control over the asset. For each performance obligation, the Branch determines, upon conclusion of the contract, whether it will satisfy the performance obligation over time or whether it will satisfy the obligation at a specified time. When (or as) the performance obligation is satisfied, the Branch recognises as revenue the amount equal to the transaction price (excluding the estimated variable compensation values, which are limited) that has been assigned to this performance obligation. The Branch assigns the transaction price to each performance obligation (or separate goods or separate service) in the amount that reflects the amount of compensation, which, in line with the Branch's expectations, is provided for transferring the promised goods or services to the client.

If one of the parties to the contract satisfied the obligation, the Branch presents in the statement of financial position the contract as an asset under the contract or contractual obligation - depending on the relationship between satisfying the obligation by the Branch and the payment made by the client. The Branch presents all unconditional rights to receive compensation separately as receivables.

As a rule, revenues are invoiced on a monthly basis, with invoices for services provided in a given month being generally issued on the 15th of the following month. In addition, due to the cost-plus method applied, in the case of business and administrative support services for banking processes, relatively late information on final costs in a given year results in additional receivables not invoiced on the balance sheet date.

Other revenue

Items not related directly to the operational activities of the Branch are presented as part of other revenue. In particular, the following are recognised here: revenue arising from the sale and liquidation of property, plant and equipment, revenue from re-invoicing, compensation received, revenue from adjustments of annual VAT and government subsidies.

Financial income and expenses

Financial income and expenses include interest income related to cash invested by the Branch. Interest income is recognised in profit or loss on the accrual basis, using the effective interest rate.

Interest expense for financial instruments is recognised in the profit and loss account in the amount resulting from the measurement at amortised cost using the effective interest rate method. Financial expenses include interest expenses related to external financing, unwinding of discounts on provisions and contingent payments.

The effective interest rate is the rate that exactly discounts estimated future cash inflows or payments made in the expected period to the expiry of the financial instrument and, in reasonable cases, in a shorter period, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Branch estimates the cash flows, taking into account all the provisions of the financial instrument contract; however, it does not take into account potential future losses related to the unrecoverability of loans. The calculation includes all fees and points paid and received by the parties to the contract as an integral part of the effective interest rate, as well as transaction and discount costs.

Foreign exchange gains and losses are presented in the net amount as financial income or financial expenses, depending on their total net position.

General and administrative expenses

The costs are recognised on an accrual basis, i.e. in the periods to which they relate, regardless of the date of receipt or payment. The main items of the Branch's operating costs include costs of salaries, premises maintenance and rental costs, business travel expenses and depreciation.

Income tax

Income tax consists of current and deferred tax. Income tax is recognised in the profit and loss account.

The current tax is the expected tax liability relating to taxable income using the tax rate effective as at the balance sheet date, including all adjustments to the tax liability for previous years.

Deferred tax assets and provisions are calculated using the balance method, by calculating temporary differences between the carrying amount of assets and liabilities and their tax value.

Deferred income tax provision and assets are recognised in the statement of financial position as net value or as Deferred tax assets, or as Deferred tax provision.

Deferred tax assets in relation to all deductible temporary differences are made up to the amount to which it is probable that taxable income will be achieved, which will allow for deducting deductible temporary differences. The carrying value of deferred income tax assets is verified as at each balance sheet date and is reduced to the extent that it is not probable to realise the financial gains associated with the assets.

4. Transfer of the Head Office of the Nordea Bank Group from Sweden to Finland on 01 October 2018.

On 25 October 2017, a cross-border merger plan was agreed, aimed at changing the seat of the parent entity of the Nordea Bank Group from Sweden to Finland. According to this plan, a new company named Nordea Holding Abp based in Helsinki was established, whose sole shareholder was Nordea Bank AB (publ) based in Stockholm. Then, all assets and liabilities of Nordea Bank AB (publ), including the Branch, were brought to Nordea Holding Abp. In return, Nordea Bank AB (publ) received newly issued shares of Nordea Holding Abp. Later, Nordea Bank AB (publ) and Nordea Holding Abp merged in the form of a reverse takeover - Nordea Holding Abp became the unit remaining after the merger, while the existing shareholders of Nordea Bank AB (publ) became shareholders of Nordea Holding Abp. This merger was registered by the Finnish Patent and Registration Office on 01 October 2018. On the same day, the entity changed its name into Nordea Bank Abp. As a result of the merger, Nordea Bank AB S.A. Branch in Poland was transformed into Nordea Bank Abp S.A. Branch in Poland. The only consequence for the Branch was the change of the parent entity, and thus the change of name.

Therefore, as the Branch did not participate directly in the merger, it was not required to close the books or prepare the financial report as at the merger date.

Explanatory notes to the financial report

5. Revenue from sales of services and products

The Branch provides various support services for administrative and operating processes to entities of the Nordea Group located primarily in the Nordic countries and entities associated with the Nordea Group, located in the Baltic States. The Branch provides only very limited services to external customers.
The following breakdown reflects the structure of business lines as at the balance sheet date.

Area of banking process support services	**01/01/2018-31/12/2018**	**01/01/2017-31/12/2017**
Group Functions	94 045	55 746
Commercial & Business Banking	51 068	46 647
Personal Banking	43 767	31 314
Wholesale Banking	35 759	29 177
Total revenue in the area	**224 639**	**162 884**

Area of IT services	**01/01/2018-31/12/2018**	**01/01/2017-31/12/2017**
Group Functions	154 912	69 138
Personal Banking	115 187	67 942
Wholesale Banking	43 918	26 611
Total revenue in the area	**314 017**	**163 691**
Total revenue from sales of services	**538 656**	**326 575**
Revenue from sales of products	**39**	**-**
Revenue from sales of services and products in total	**538 695**	**326 575**

In addition to the above revenues, the Branch also generated other revenue from contracts with clients within the meaning of IFRS 15. They are presented under "other operating revenue" and include the following amounts:

	01/01/2018-31/12/2018	**01/01/2017-31/12/2017**
Re-invoice revenue	691	833
Other sales	12	30
Disposal of PP&E*	24	57

* The amount is included in other operating costs

Revenue from contracts with clients are recognised by the Branch over time, i.e. at the end of each month in which services are provided. The exception is revenue from disposal of PP&E, which are recognised at a specific time, corresponding to the moment of transferring PP&E to the client.

Contracts with entities of the Nordea Group are signed for an indefinite period, while contracts with entities associated with the Group - for a definite period. They do not include a significant financing component. The remuneration amount is variable and depends on the amount of expenses incurred in the settlement period.

Due to the specific nature of the Branch's sales, there is no right to accept reimbursement. Reimbursement is possible in the event of an incorrect calculation of the remuneration value. The reimbursement is made on the basis of a correcting invoice or a credit note.

6. Costs of salaries with overheads and other employee benefits

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Wages and salaries	299 585	164 618
Compulsory social security contributions	51 969	29 245
Contributions to defined contribution plans	3 737	1 861
Other employee benefits	3 222	2 619
CSBF costs	3 660	2 531
Training costs	5 913	4 530
Medical care	2 265	1 427
Costs of National Fund for the Rehabilitation of Disabled fees	3 374	2 170
Costs of salaries with overheads and other employee benefits in total	**373 725**	**209 001**

7. Outsourced IT services

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
IT consultant services	4 579	2 871
IT costs	20 901	16 299
Outsourced IT services in total	**25 480**	**19 170**

8. Other administrative expenses

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Postal and telecommunications charges	1 902	2 201
Purchase of other materials	6 365	6 420
Administrative costs	4 813	3 000
Promotion and advertising services	1 930	2 005
Advisory costs	1 182	2 407
Leasing	1 338	1 053
Accounting and payroll services	4 345	3 221
Costs of hardware and ICT equipment maintenance	20	3
Services of recruitment companies	2 973	2 341
Bank services	242	180
Printing and copying costs	351	401
Other	1 383	1 412
Other administrative expenses in total:	**26 844**	**24 644**

9. Amortisation and depreciation

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Fixed assets	16 195	10 813
Intangible assets	169	2 144
Total depreciation	**16 364**	**12 957**

10. Other operating costs and other operating revenue

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Loss on disposal of non-financial non-current assets	76	155
Other	988	630
Other operating costs in total	**1 064**	**785**

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Revenue from VAT adjustments for previous years	3 829	1 797
Other	2 892	3 656
Other operating revenue in total	**6 721**	**5 453**

11. Financial income and expenses

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Interest income from short-term deposit	-	81
Net exchange differences	559	-
Financial income, total	**559**	**81**

Interest expense on financial liabilities measured at amortised cost	1 290	357
Net exchange differences	-	1 030
Financial expenses, total	**1 290**	**1 387**

12. Income tax

12. 1 Income tax - current and deferred part

Income tax - current part

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Income tax for the reporting period	5 456	2 647
	5 456	**2 647**

Income tax - deferred part (calculation: note 15)

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Origination/reversal of temporary differences	(262)	962
Income tax (deferred part)	**(262)**	**962**
Income tax, total	**5 194**	**3 609**

12. 1. 1 Calculation of corporate income tax

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Gross profit/loss	27 611	12 872
	27 611	**12 872**
Amounts that increase the tax base		
Foreign exchange losses	74	319
Balance sheet depreciation of fixed assets and intangible assets	16 361	12 957
Cost of liquidated, unamortised fixed assets	100	221
Compensation paid	23	155
Entertainment costs	134	76
Reserve costs to be recognised in subsequent years	20 344	9 987
Actuarial reserve	3 452	1 853
National Fund for the Rehabilitation of Disabled fees	3 374	2 170
Donations - non-tax deductible costs	3	5
Annual adjustment of VAT 2018	249	-
Annual adjustment of VAT 2017	63	192
Annual adjustment of VAT 2016	-	213
Interest accrued	15	16
Cost of overdue VAT write-off	292	-
Trade union costs	42	-
Other costs not constituting tax deductible costs	1 391	865
	45 917	29 029
Amounts that reduce the tax base		
Tax depreciation of fixed assets and intangible assets	32 457	16 745
Reversal of provisions for liabilities	784	2 612
Non-tax revenues from subsidy settlement	852	852
Annual adjustment of VAT 2017	192	63
Annual adjustment of VAT 2016	-	1 778
Tax value of liquidated fixed assets	18	269
Interest accrued	-	-
Other IBM rents	3 848	3 848
Foreign exchange gains	342	29
Revenue related to VAT adjustments	3 829	1 797
Tax costs related to 2018 recognised in 2019	2 489	-
Other non-tax revenues	-	(32)
	44 811	27 961
Tax base	**28 717**	**13 940**
Deduction of tax losses from previous years	-	-
Other deductions - donations	-	-
Tax base	**28 717**	**13 940**
Tax loss	**-**	**-**
Income tax	5 456	2 647
Adjustments related to current income tax for previous years	-	-
Total current income tax	**5 456**	**2 647**

12. 2 Reconciliation of effective tax rate

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Profit/loss before tax	**27 611**	**12 872**
Tax based on the applicable tax rate (19%)	(5 246)	(2 446)
Adjustments related to current income tax for previous years	-	-
Expenses not deductible for tax purposes	(1 000)	(638)
Other	1 052	(526)
Unrelieved tax loss	-	-
	(5 194)	(3 609)
Tax in the Statement of comprehensive income	**(5 194)**	**(3 609)**

13. Property, plant and equipment

Year 2018

	Investments in foreign fixed assets	Plant and machinery	Capital work in progress	Total
Gross value as at 01 January 2018	**19 590**	**67 034**	**22 258**	**108 882**
Increases (purchase)	-	-	25 328	25 328
Increases (reclassification)	14 462	27 708	-	42 170
Reductions (reclassification)	-	-	(42 170)	(42 170)
Reductions (other)	-	-	(158)	(158)
Reductions (liquidation)	(41)	(394)	-	(435)
Reductions (disposal)	-	(104)	-	(104)
Gross value as at 31 December 2018	**34 011**	**94 244**	**5 258**	**133 513**
Depreciation and impairment write-offs as at 01 January 2018	**(10 187)**	**(45 224)**	**-**	**(55 411)**
Amortisation and depreciation	(4 113)	(12 082)	-	(16 195)
Reductions (liquidation)	12	323	-	335
Reductions (disposal)	-	100	-	100
Depreciation and impairment write-offs as at 31 December 2018	**(14 288)**	**(56 883)**	**-**	**(71 171)**
Net value				
As at 31 December 2018	**19 723**	**37 361**	**5 258**	**62 342**

Year 2017

	Investments in foreign fixed assets	Plant and machinery	Capital work in progress	Total
Gross value as at 01 January 2017	**13 293**	**51 318**	**5 060**	**69 671**
Increases (purchase)	-	-	41 296	41 296
Increases (reclassification)	6 631	17 000	-	23 631
Reductions (reclassification)	-	-	(23 631)	(23 631)
Reductions (other)	-	-	(467)	(467)
Reductions (liquidation)	(334)	(876)	-	(1 210)
Reductions (disposal)	-	(408)	-	(408)
Gross value as at 31 December 2017	**19 590**	**67 034**	**22 258**	**108 882**
Depreciation and impairment write-offs as at 01 January 2017	**(8 879)**	**(37 084)**	**-**	**(45 963)**
Increases (reclassification)	377	(377)	-	-
Amortisation and depreciation	(1 826)	(8 987)	-	(10 813)
Reductions (liquidation)	141	816	-	957
Reductions (disposal)	-	408	-	408
Depreciation and impairment write-offs as at 31 December 2017	**(10 187)**	**(45 224)**	**-**	**(55 411)**
Net value				
As at 31 December 2017	**9 403**	**21 810**	**22 258**	**53 472**

Capital work in progress

As at 31 December 2018, the Branch classified as capital work in progress the funds put into use in subsequent fiscal years with a value of PLN 5,258 thousand. (computer hardware, printers, mobile phones, investments in foreign fixed assets and furniture).

Impairment

As at 31 December 2018, the Branch performed a test for impairment of property, plant and equipment, which did not indicate the need to make write-offs.

14. Intangible assets

Year 2018

	Licenses, computer software	Total
Gross value as at 01 January 2018	**13 594**	**13 594**
Increases (purchase)	8	8
Gross value as at 31 December 2018	**13 602**	**13 602**
Depreciation and impairment write-offs as at 01 January 2018	**(13 400)**	**(13 400)**
Amortisation and depreciation	(169)	(169)
Depreciation and impairment write-offs as at 31 December 2018	**(13 569)**	**(13 569)**
Net value		
As at 31 December 2018	**33**	**33**

Year 2017

	Licenses, computer software	Total
Gross value as at 01 January 2017	**13 468**	**13 468**
Increases (purchase)	126	126
Gross value as at 31 December 2017	**13 594**	**13 594**
Depreciation and impairment write-offs as at 01 January 2017	**(11 256)**	**(11 256)**
Amortisation and depreciation	(2 144)	(2 144)
Depreciation and impairment write-offs as at 31 December 2017	**(13 400)**	**(13 400)**
Net value		
As at 31 December 2017	**194**	**194**

Impairment

As at 31 December 2018, the Branch performed a test for impairment of intangible assets, which did not indicate the need to make write-offs.

15. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and liabilities are recognised in relation to the following assets and liabilities:

	Assets		Liabilities		Net value	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Property, plant and equipment and intangible assets	-	-	2 792	732	(2 792)	(732)
Cash and cash equivalents	-	20	7	-	(7)	20
Trade and other receivables	1	28	8	-	(7)	28
Prepayments	2 478	3 209	-	-	2 478	3 209
Trade payables	-	-	-	4	-	(4)
Other liabilities	742	300	-	-	742	300
Other income/costs of the following year - VAT adjustments	-	-	1 069	317	(1 069)	(317)
Provisions	9 384	5 328	-	-	9 384	5 328
Tax costs related to 2018 recognised in 2019	-	-	473	-	(473)	-
Subsidy received	-	162	-	-	-	162
Deferred income tax assets/liabilities	**12 605**	**9 047**	**4 349**	**1 053**	**8 256**	**7 994**
Deferred income tax assets/liabilities recognised in the statement of financial position	**12 605**	**9 047**	**4 349**	**1 053**	**8 256**	**7 994**

16. Trade and other receivables

	31/12/2018	**31/12/2017**
Trade receivables from related parties	98 867	57 547
*- of which: not invoiced as at the balance sheet date**	53 077	36 720
Other trade receivables	2	2
Receivables from taxes, subsidies, customs, social security, health insurance and other benefits	17 560	17 660
Other	3 250	4 026
	119 679	**79 235**

* receivables not invoiced as at the balance sheet date are the only assets under contracts with clients as defined by IFRS 15

17. Cash and cash equivalents

	31/12/2018	**31/12/2017**
Cash in hand and at bank	10 564	11 524
Cash and cash equivalents presented in the statement of cash flows	**10 564**	**11 524**

18. Long-term liabilities for settlements with the Branch Office

The Bank's branch does not have equity. Settlements with the Bank's Head Office generate profits or losses for the financial years and equity of Nordea IT Polska Sp. z o.o. acquired in 2016. In previous reporting periods, the Branch received funds to cover losses from Nordea Bank AB (publ) of PLN 5,444 thousand. The Branch's activity is funded through working capital facilities and overdrafts, as well as from the Branch's current assets. In 2016, after the Branch merged with Nordea IT Polska sp. z o.o., a decision was made to return part of the liability.

Long-term liabilities for settlements with the Bank's Head Office	**2018**	**2017**
opening balance	63 535	54 272
net profit/loss	22 417	9 263
closing balance	**85 952**	**63 535**

19. Liabilities related to loans, borrowings and other debt instruments

Terms and schedule for repayment of loans and borrowings

1. As at 31 December 2018, the Branch has a bank overdraft in PKO BP SA with an available debt limit of PLN 30,000,000. The use of the loan as at 31 December 2018 is PLN 0. The loan was granted for the period ending 22 November 2019.

2. The Branch also has a revolving credit facility at PKO BP SA The limit of this loan is PLN 70,000,000. The balance of debt in this respect as at 31 December 2018 is PLN 12,000,000. The repayment date is 14 March 2021.

3. In addition, the Branch has debt due to credit cards issued by PKO BP: PLN 48,088,28.48 as at 31 December 2018. The debt repayment date is 09 January 2019 and February 2019. The global limit allocated to the Branch is PLN 6,000,000.

According to the amended IAS 7, disclosures regarding reconciliation of changes in liabilities resulting from the financial situation are presented in the table below:

Item	as at 01/01/2018	incurred*	interest accrued	repayment*	as at 31/12/2018
Short-term bank loans	26 907	0	1 266	16 158	12 015
Credit card liabilities	180	309	0	0	489

* Incurring and repayment of loans and debt on credit cards are shown per balance

20. Contingent liabilities

Contingent liabilities

1. Bank overdraft at PKO BP SA referred to in note 19 point 1 gives the creditor the ability to issue an enforcement title under the Civil Procedure Code until 22 November 2021, in the amount of PLN 45,000,000.00

2. Bank overdraft at PKO BP SA referred to in note 19 point 2 gives the creditor the ability to issue an enforcement title under the Civil Procedure Code until 14/03/2023, in the amount of PLN 105.000.000,00

Bank guarantees

Bank guarantees were opened in connection with the Branch's lease contracts for office space. Guarantees were concluded between the landlords (beneficiaries) and the tenant (Branch) to secure claims in the event of damage caused by non-performance or improper performance of the lease contract. The security is the equivalent of a 3-month rent and the amount of rent VAT, down payment for the Maintenance Fee for 3 months and the amount of VAT on the fee.
Bank guarantees were granted by mBank SA

				31/12/2018	
Beneficiary	**Guarantee number**	**Currency**	**Expiry date**	**EUR**	**PLN**
Tensor Poland Sp. z o.o.	13039KPA17	EUR	2019-03-14	91	392
Tensor Poland Sp. z o.o.	13061KPA17	EUR	2019-04-30	54	234
Tensor Poland Sp. z o.o.	13086KPA17	EUR	2019-06-30	147	630
Tensor Poland Sp. z o.o.	13089KPA17	EUR	2019-07-31	88	379
Tensor Poland Sp. z o.o.	13097KPA17	EUR	2019-07-31	86	371
Łużycka Park Investment Sp. z o.o.	13127KPA17	PLN	2019-08-31	-	1 069
Łużycka Park Investment Sp. z o.o.	13128KPA17	PLN	2019-08-31	-	744
VIG Fund A.S.	13129ZPA17	EUR	2019-08-31	273	1 176
Tensor Poland Sp. z o.o.	13160KPA17	EUR	2019-10-31	1	5
Tensor Poland Sp. z o.o.	13090KPA17	EUR	2019-07-31	86	371
Łużycka Plus Investment Sp. z o.o.	13019KPA18	PLN	2020-02-20	-	276
Biała "OP3" Sp. z o.o. SKA	13085KPA18	PLN	2020-08-31	-	810
Flaxton Investments Sp. z o.o. Sp.k.	13042KPA18	EUR	2019-04-30	273	1 175
Artemis Aquisition Poland SARL	13130ZPA18	EUR	2021-04-11	161	694

21. Provisions

	2018	2017
Provision for pensions and related benefits - as at 01 January	**6 982**	**5 130**
Establishment	3 986	2 282
Use	(534)	(430)
Value at 31 December	**10 434**	**6 982**
Provision for pensions and related benefits:	**10 434**	**6 982**
short-term	432	473
long-term	10 002	6 509

22. Trade and other liabilities

	31/12/2018	31/12/2017
Long-term liabilities		
Other liabilities	**576**	**4 813**
Employee benefit liabilities	522	-
Rental liabilities	54	4 813
Short-term liabilities		
Trade payables	**5 981**	**13 034**
Trade payables from related parties	-	241
Trade payables from other parties	5 981	12 793
Other liabilities	**89 569**	**42 387**
Cost provision	38 492	19 047
Regulatory liabilities	26 548	10 247
Income tax liabilities	3 046	723
Other	21 483	12 370
Trade and other liabilities	**96 126**	**60 234**

23. Long-term regulatory liabilities

In accordance with the agreement of 4 July 2011, the Ministry of Economy granted the Branch a special-purpose subsidy of PLN 1,382 thousand for the creation of new jobs. The subsidy amount was paid in tranches in proportion to the fulfilled employment limits. Until 31 December 2014, The Branch received the full amount of subsidy: PLN 1,382 thousand. On 25 June 2014, the Branch signed another contract for the special-purpose subsidy for a project to expand the operations of Nordea Operations Centre in Łódź. In accordance with the agreement, part or all of the subsidy may be repaid by the Branch if it fails to meet the minimum employment level and investment expenditures or fails to maintain a new job for a period of 5 years from the date of its creation. The Ministry of Economy paid the granted amount of the second subsidy in tranches in proportion to the fulfilled employment limit. In 2014, the Branch received PLN 628.8 thousand and in 2015 it received PLN 681.2 thousand. The project was completed on 31 December 2015. As at 31 December 2018, the Branch Management is confident that the conditions of both the first and the second subsidies have been met and that they will be maintained until the end of the period specified as required in the subsidy agreements, which is why they are recognised in full in other revenues.

	31/12/2018	31/12/2017
Special-purpose subsidy	-	852

24. Operating lease

Operating lease contracts in which the entity is the lessee

The minimum payments for non-cancellable operating lease contracts are as follows:

	31/12/2018	31/12/2017
up to 1 year	41 375	26 846
2 to 5 years	125 639	92 492
above 5 years	3 768	13 320
Total	**170 782**	**132 658**

Lease contracts under which the lessor basically retains all the risks and benefits related to the ownership of the leased asset are classified as operating lease contracts. Lease payments for operating lease are recognised as operating costs in profit or loss on a straight line basis during the lease period.
Operating lease contracts in which the Branch acts as a lessee apply mainly to the rental of real estate (office space and parking spaces) used by the Branch as part of its standard operations.
Once a year, rental fees are adjusted.

In addition, the Branch concluded rental contracts for several means of transport and operating lease contracts for several dozen means of transport for a period of up to 36 months. The contracts do not meet the conditions for classifying them as finance leases.
The Branch also rents a data processing centre and also leases several dozen data transmission links.

For all of the above-mentioned contracts, PLN 43,954 thousand was recognised over the year as operating hire/rental/lease expenses (2017: PLN 22,110 thousand).

25. Transactions with related parties

The Branch provides its services to other entities of the Nordea Group, including its parent Bank, as well as to its other branches and to entities associated with the Bank and its joint ventures.

25. 1 Transactions with executives

Loans to the management of the Branch

No loans were granted to the Branch's Management.

Salaries of managerial staff

The costs of base salary paid out in 2018 to the Branch Management were PLN 774 thousand (2017: PLN 619 thousand). The cost of bonuses and prizes paid out to Managerial Staff in 2018 was PLN 138 thousand (2017: PLN 87 thousand). Employee pension plan contributions for 2018 for the Branch Management was PLN 29 thousand (2017: PLN 19 thousand).

25. 2 Transactions with related parties

	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Sales of services		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	215 303	146 363
Nordea Bank Abp Estonia branch (former Nordea Bank AB Estonia)	-	8 112
Nordea Bank AB Latvia Branch	-	8 733
Nordea Bank AB Lithuania Branch	-	4 848
Nodea Bank Abp, filial and Norge (former Nordea Bank AB (publ), filial and Norge)	70 362	40 935
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	108 642	52 855
Nordea Danmark, filial af Nordea Bank Abp (former Nordea Danmark, filial af Nordea Bank AB (publ))	93 848	48 096
Nordea Finance Finland Ltd	4 562	4 294
Nordea Finans Danmark A/S	810	769
Nordea Finans Norge AS	1 303	1 120
Nordea Finans Sverige AB (publ)	2 454	2 233
AS " Luminor Latvijas atklatais pensiju	4	4
Nordea Powszechne Towarzystwo Emerytalne S.A.*	-	6
IPAS Luminor Pensions Latvia	21	21
Luminor Bank AB (Lithuania)	8 818	1 627
Luminor Bank AS (Latvia)	15 174	2 935
Luminor Bank AS (Estonia)	15 049	2 984
Luminor Liising AS	566	274
Luminor Lizingas UAB	419	175
Luminor Lizings SIA	396	169
Luminor Pensions Estonia AS	196	30
Nordea Investment Funds S.A. (Luxembourg)	507	-
Nordea Bank Abp (publ) New York Branch	55	-
Nordea Bank Abp Frankfurt Branch	34	-
Nordea Bank Abp London Branch	65	-
Nordea Bank Abp Singapore Branch	34	-
Nordea Bank Abp Shanghai Branch	34	-
Total sales of services	**538 656**	**326 583**
Sales of products		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	39	-
Total sales of products	**39**	**-**

Other transactions	**01/01/2018-31/12/2018**	**01/01/2017-31/12/2017**
other operating revenue		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	211	(193)
Nordea Bank Abp Estonia branch (former Nordea Bank AB Estonia)	227	248
Nordea Bank AB Latvia Branch	-	166
Nordea Bank AB Lithuania Branch	-	166
Nodea Bank Abp, filial and Norge (former Nordea Bank AB (publ), filial and Norge)	35	8
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	100	39
Nordea Danmark, filial af Nordea Bank Abp (former Nordea Danmark, filial af Nordea Bank AB (publ))	114	57
Luminor Bank AB (Lithuania)	-	5
Luminor Bank AS (Latvia)	-	7
Luminor Bank AS (Estonia)	-	7
Joint Stock Company Nordea Bank (Russia)	2	-
Other operating revenue in total	**689**	**510**
costs of IT services		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	(32)	(72)
Nordea Danmark, filial af Nordea Bank Abp (former Nordea Danmark, filial af Nordea Bank AB (publ))	-	(5)
Costs of IT services in total	**(32)**	**(77)**
costs of IT TP services		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	(870)	(156)
Nordea Bank AB Latvia Branch	-	(1)
Nordea Danmark, filial af Nordea Bank Abp (former Nordea Danmark, filial af Nordea Bank AB (publ))	(669)	(688)
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	(1 398)	(279)
Nodea Bank Abp, filial and Norge (former Nordea Bank AB (publ), filial and Norge)	(16)	-
Total costs of IT TP services	**(2 953)**	**(1 124)**
costs of training services		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	(15)	(16)
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	(23)	(82)
Nordea Danmark, filial af Nordea Bank Abp (former Nordea Danmark, filial af Nordea	(720)	(10)
Nordea Finans Danmark A/S	-	(13)
Costs of training services in total	**(758)**	**(121)**
other costs		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	(498)	(329)
Nordea Danmark, filial af Nordea Bank Abp (former Nordea Danmark, filial af Nordea Bank AB (publ))	(2)	-
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	(114)	(231)
Nordea Vesterpost Branch	-	(1)

Other costs in total	**(614)**	**(561)**

other operating costs		
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	-	(70)
Nordea Bank Norge ASA IT Norge Essendrops	-	(6)
Other operating costs in total:	**-**	**(76)**
Total other transactions	**(3 668)**	**(1 449)**

Unsettled balances	**31/12/2018**	**31/12/2017**
Trade receivables (including non-invoiced)		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	35 395	28 539
Nordea Bank Abp Estonia branch (former Nordea Bank AB Estonia)	20	38
Nordea Danmark, filial af Nordea Bank Abp (former Nordea Danmark, filial af Nordea Bank AB (publ))	19 273	5 930
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	20 996	7 784
Nodea Bank Abp, filial and Norge (former Nordea Bank AB (publ), filial and Norge)	16 090	8 226
Nordea Finance Finland Ltd	420	422
Nordea Finans Danmark A/S	139	79
Nordea Finans Norge AS	113	118
Nordea Finans Sverige AB	222	233
Nordea Powszechne Towarzystwo Emerytalne S.A.*	-	2
Luminor Bank AS (Latvia)	2 329	2 341
Luminor Bank AS (Estonia)	2 228	2 384
Luminor Bank AB (Lithuania)	1 426	1 317
Luminor Pensions Estonia AS	33	7
Luminor Lizings SIA	26	27
Luminor Liising AS	6	43
Luminor Lizingas UAB	7	57
Nordea Investment Funds S.A. (Luxembourg)	110	-
Nordea Bank Abp Shanghai Branch	3	-
Nordea Bank Abp Singapore Branch	6	-
Nordea Bank Abp London Branch	12	-
Nordea Bank Abp (publ) New York Branch	10	-
Nordea Bank Abp Frankfurt Branch	3	-
	98 867	**57 547**
Trade payables		
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	-	(57)
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	-	(182)
Nordea Danmark, filial af Nordea Bank Abp (former Nordea Danmark, filial af Nordea Bank AB (publ))	-	(3)
	-	**(242)**
Other liabilities (cost provision)		
Nordea Bank Abp (former Nordea Bank AB (publ), Suomen sivuliike)	(78)	-
Nordea Bank Abp, filial and Sverige (former Nordea Bank AB (publ))	(288)	-
	(366)	**-**

All transactions with related parties took place under market conditions.
*Nordea Powszechne Towarzystwo Emerytalne S.A. was a related party until 31/10/2017.

26. Financial instruments - fair value and other disclosures

Breakdown of financial instruments into categories

The table below shows the Branch’s financial instruments by categories:

	31/12/2018	31/12/2017
Cash and cash equivalents	10 564	11 524
Total financial assets measured at fair value through profit or loss	**10 564**	**11 524**
Trade and other receivables*	47 946	24 459
Total financial assets measured at amortised cost	**47 946**	**24 459**
Loans and borrowings	12 504	27 087
Trade payables	5 981	13 034
Total financial liabilities measured at amortised cost	**18 485**	**40 121**

*The item includes invoiced trade receivables and deposits paid

Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or an obligation satisfied, between well-informed and interested parties in a direct transaction, other than forced sales or liquidation, best reflected by the market price, if available.

Financial instruments are measured at fair value broken down by individual measurement methods. Respective levels are defined as follows:

- quoted prices (unadjusted) from active markets for identical assets or liabilities (level 1)
- input data other than quotations included in level 1 that can be stated or observed for an asset or liability directly (prices) or indirectly (price-based calculations) (level 2)
- input data for the measurement of an asset or liability that is not based on observable market data (unobservable data) (level 3)

Below is a summary of the carrying amounts and fair values of each group of assets and liabilities.

Item		31/12/2018		31/12/2017	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets					
Cash and cash equivalents	level 1	10 564	10 564	11 524	11 524
Trade and other receivables	level 3	47 946	47 946	24 459	24 459
Financial liabilities					
Short-term loans and borrowings	level 3	12 504	12 504	27 087	27 087
Trade payables	level 3	5 981	5 981	13 034	13 034

Determining the fair value

Below is a summary of the main methods and assumptions used when estimating the fair value for financial instruments presented in the table above.

In the case of short-term financial assets and liabilities, it is assumed that the carrying amount of these instruments is approx. equal to their fair value.

Cash and cash equivalents: In the case of bank deposits and funds on the Branch's current accounts, it is assumed that their fair value does not significantly differ from the carrying amount due to their short maturity.

Trade and other receivables: They are disclosed in net value after taking into account impairment write-offs (currently there are no impairment write-offs). Due to the short maturity, it is assumed that the carrying amount is equal to fair value.

Liabilities related to loans and borrowings and trade payables: In the case of loans without established repayment schedules, the fair value is assumed to be the amount that would have been paid on demand on the balance sheet date.

In the case of liabilities to suppliers, it is assumed that their fair value does not significantly differ from the carrying amount - due to short maturity.

Other disclosures

The Branch did not reclassify financial instruments between categories in the current or previous period.

The Branch does not offset financial assets and liabilities.

No collateral for liabilities or contingent liabilities was established against the Branch's financial assets.

The Branch has no derivative instruments.
The only item in the statement of comprehensive income that relates to financial instruments is interest expenses on bank loans - disclosed in note 19.

27. Financial instruments - financial risk management

27. 1 Credit risk

The carrying amounts of financial assets correspond to the maximum exposure to credit risk. At the end of the reporting period, the maximum credit risk exposure is as follows:

	Note	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Receivables	16	119 679	79 235
Cash and cash equivalents	17	10 564	11 524
		130 243	90 759

The table above includes all receivables exposed to credit risk, including those that do not constitute financial assets.

By credit risk, the Branch understands the probability that the counterparty will meet the obligations untimely or will completely fail to meet them. Financial assets potentially exposing the Branch to concentration of credit risk include mainly trade receivables.

In the case of the Branch, almost all counterparties are units of the same group (or are associated with this group) and are financial institutions (banks) or leasing and factoring companies. In the opinion of the Branch Management, the financial performance of individual entities of the Nordea Group do not indicate a risk in connection with meeting the obligations to the Branch. What is more, as most of them are banks, they must have adequate liquidity and provisions to secure it.

The Branch does not believe that the current risk concentration is significant - counterparties are from several dozen different countries, the Branch defines its credit risk exposure as total unsettled receivables (including overdue balances) and monitors balances regularly for each counterparty. The adopted repayment period for receivables related to the normal sales of services is from 14 to 30 days.

The concentration of trade receivables expressed as a percentage of total trade receivables is presented below:

Trade receivables (net) without impairment	**31/12/2018**	**31/12/2017**
Sweden	38%	49%
Finland	22%	14%
Denmark	19%	12%
Norway	16%	14%
Estonia	2%	4%
Latvia	2%	4%
Lithuania	1%	3%
Total:	**100%**	**100%**

The above table includes both invoiced receivables (including disposal of PP&E) as well as non-invoiced receivables, without any deposit receivables.

Trade receivables without impairment according to the overdue period

	receivables not overdue	overdue receivables in days		
		1-30	31-90	more than 91
from related parties	94 557	1 058	3 252	-
from other entities	-	-	1	1
	94 557	1 058	3 253	1

The above table includes both invoiced receivables (including disposal of PP&E) as well as non-invoiced receivables, without any deposit receivables.

The credit quality of overdue receivables without impairment is satisfactory. These are mainly receivables from related entities - other banks of the Nordea Group that have liquidity at a safe level.
The expected credit losses as at the balance sheet date are PLN 0.

27. 2 Liquidity risk

The main task in the liquidity risk management process is ongoing control and planning of the liquidity level.

The liquidity level is controlled by preparing a cash flow forecast. The implementation of planned flows is periodically verified and includes analysis of unrealised cash flows, their causes and effects.

To secure against liquidity risk, as at 31 December 2018 the Branch received the overdraft facility limit up to PLN 30,000 thousand and the revolving credit facility limit of PLN 70,000 thousand.

Part of the obtained funds is deposited by the Branch in the form of a short-term deposit, which is taken into account when calculating the liquidity provision.

More detailed information is presented in note 19. In addition, Nordea Bank Abp, as a parent entity of the Branch, constantly monitors its liquidity and is prepared for financial support for its Branch.

27. 3 Market risk

Exchange rate risk

The revenue and expenses of the Branch are expressed mainly in the Polish currency. Some trade payables and receivables are expressed in foreign currencies: EUR, USD, DKK, SEK and NOK. The table below presents the main currency exposures of the Branch and potential foreign exchange profits/losses on these exposures resulting from a hypothetical 10% appreciation/depreciation of the PLN against other currencies.

Financial instrument (PLN thousand)	**Exposure influencing the as at 31/12/2018**		**Sensitivity to the exchange rate of as at 31/12/2018**	
			+10%	**-10%**
	Currency	**PLN**	**PLN**	**PLN**
Trade receivables (EUR)	5 360	23 050	2 305	(2 305)
Trade payables (SEK)	1	0	0	(0)
Trade payables (EUR)	518	2 226	223	(223)
Total:		**25 276**	**2 528**	**(2 528)**

The above table only includes invoiced receivables and liabilities, without any deposit receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will change as a result of changes in interest rates. The Branch is exposed to the interest rate risk resulting from possible liabilities related to overdraft and working capital loans based on a variable interest rate.

To measure the interest rate risk, the Branch uses the sensitivity analysis shown below.
The table presents Branch exposures for interest rate risk assuming a hypothetical one-percent decrease/increase in interest rates.

Financial instrument (PLN thousand)	Exposure influencing the as at 31/12/2018	Sensitivity to changes in loan as at 31/12/2018	
		+1%	**-1%**
	PLN	**PLN**	**PLN**
Working capital loan liabilities	12 015	120	(120)
Total:	**12 015**	**120**	**(120)**

Sensitivity analysis is based on the status of instruments held as at 31 December 2018, and the impact of changes in interest rates is presented on an annual basis.

28. Headcount

The average annual headcount at the Branch was 3,084 people in 2018 (in 2017: 2,136 people).
All persons employed are white-collar workers.

29. Remuneration of the entity authorised to audit financial reports

The entity auditing the financial report of the Branch is PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k.
The remuneration for this entity for 2018 is shown in the table below:

Financial report audit:	PLN 144000
Other services:	PLN 0

No other entity from the network to which the auditing company belongs provided services for the Branch in 2018.

30. Events after the end of the reporting period

There were no events requiring inclusion in the Financial Report for 2018 after the balance sheet date.

…………………………… ……………………………

Mikołaj Ługowski *Branch Director*	Vistra Corporate Services Sp. z o.o. *Person responsible for bookkeeping*

……………………………
Joanna Bielasiak-Stachowiak
Deputy Branch Director

Łódź, 18 March 2019

END OF TRANSLATION

This is to certify that the foregoing is a true translation of the copy of the document in the Polish language; in witnes whereof, I have subscribed my name and affixed my seal of office hereto.

Izabela Mazur, sworn translator of the English language entered in the list of sworn translators kept by the Minister of Justice of Poland; Entry No. TP/1885/06.

Records of Translation No. 273/2019
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