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RESOLUTION NO. 13/2020
OF THE MONETARY POLICY COUNCIL

of 6 November 2020

on the accounting principles of Narodowy Bank Polski, the format of the balance sheet, the profit and loss account and the contents of notes

Pursuant to Article 68 paragraph 3 of the Act of 29 August 1997 on Narodowy Bank Polski (Journal of Laws of 2019, item 1810 and of 2020, item 568), the following has been resolved:

Chapter 1

General provisions

§ 1. The terms used in the Resolution shall have the following meaning:

1) assets – resources controlled by Narodowy Bank Polski, hereinafter referred to as "NBP", resulting from past events and from which future economic benefits are expected to flow to NBP;
2) financial assets – assets that take the form of cash; another entity's equity instrument; a contractual right to receive cash or other financial instruments from another entity or to exchange financial instruments with another entity under conditions that are potentially favourable;
3) automated security lending programme – a programme offered by a specialised institution, e.g. a bank which arranges and handles security lending between programme participants, in the form of repo, combined repo and reverse repo or bilateral security lending transactions;
4) clean price – the transaction price excluding any rebate and accrued interest, but including transaction costs that form part of the price;
5) issue price – the price set by NBP for debt securities issued by NBP;
6) market price – the price that is quoted for gold, debt securities or other financial instruments either on an organised market or an over-the-counter market;
7) transaction price – the price or rate agreed between the parties when a contract is made;
8) strike price – the specified price on a contract at which the financial instrument may be exercised;
9) purchase price – the amount due to the seller less deductible value added tax, rebates, discounts and other similar price reductions and, in the case of imports, increased by public law charges;

10) debt security – a security representing the issuer's liabilities for designated amounts, payable on indicated dates, either in domestic currency or in foreign currencies;

11) held-to-maturity debt security – a debt security with a fixed maturity date that NBP intends to hold until that date;

12) debt security held for monetary policy purposes – a debt security that NBP holds in connection with the implementation of monetary policy;

13) discount – the difference between the nominal value of a debt security and its price when this price is lower than the nominal value;

14) settlement date – the date on which the final and irrevocable settlement takes place;

15) spot settlement date – the date on which a spot transaction in a financial instrument is settled in accordance with prevailing market conventions for that financial instrument;

16) trade date – the date on which a transaction is made;

17) maturity date – the date on which the nominal value becomes due and payable in full to the holder;

18) FRA (forward rate agreement) – a forward interest rate transaction the object of which is to pay or receive, at the settlement date, the difference in interest, calculated at the contracted interest rate and the market interest rate on the date specified in the contract, on a specified amount of cash that could be deposited for a fixed period of time;

19) futures – a standardised forward transaction carried out on an organised market that guarantees the purchase or sale of a specific underlying instrument, at a fixed date in the future and at a transaction price;

20) internal operations – NBP's own activities other than directly related to the accomplishment of its statutory objective and tasks;

21) underlying instrument – the observable variable (e.g. share price, stock index value, foreign currency exchange rate, interest rate) on which the valuation of a derivative instrument depends;

22) financial instrument – financial assets and financial liabilities arising from a contract for the delivery of financial assets to one party, simultaneously giving rise to either a financial liability or an equity instrument for the other party;

23) equity instrument – the contractual right to assets of another entity remaining after deducting all its liabilities (e.g. shares, dividend-bearing participating interests) and investment funds participating interests;

24) derivative instrument – a financial instrument that will be settled in the future, with the value depending on the underlying instrument;

25) synthetic instrument – a financial instrument created artificially, including via a financial intermediary, by combining two or more financial instruments with the aim of replicating the cash flows and valuation patterns of another financial instrument;

26) credit institutions – banks, credit unions and the National Cooperative Savings and Credit Union obliged to maintain a required minimum reserve with NBP under the Act of 29 August 1997 on Narodowy Bank Polski;

27) costs – a probable reduction of economic benefits of a reliably determined value, either in the form of a decrease in the value of assets or an increase in the value of liabilities and provisions, leading to a decrease in the financial result;

28) unrealised losses – losses arising from currency or price revaluation, resulting from the difference between the average exchange rate or the market value, respectively, and the average cost;

29) realised losses – losses arising from operations reducing the holding, resulting from the currency or price revaluation difference between the transaction price and the average cost;

30) forward rate – the rate of foreign currency or gold, either in the domestic currency or in another foreign currency, offered by sellers and proposed by buyers in the market for forward transactions;

31) spot rate – the rate of foreign currency or gold, either in the domestic currency or in another foreign currency, offered by sellers and proposed by buyers in the market for spot transactions;

32) average exchange rate – the average exchange rate of foreign currency in the domestic currency calculated and announced by NBP according to separate regulations. If on a given day the average exchange rate has not yet been announced or was not announced, the last average exchange rate announced before that day shall apply;

33) straight-line method – the systematic and uniform spread of the value of an asset or a liability over a given period;

34) impairment loss – an amount that reduces the valuation of an asset in order to take into account the impairment of that asset;

35) option – a contract that provides the holder the right, but not the obligation, to buy or sell a specific amount of underlying instruments at the strike price during a specified period of time or on the date of expiration of the option;

36) futures-style option – an option that is available on an organised market under which a variation margin is paid or received on a daily basis;

37) premium – the difference between the nominal value of a debt security and its price when this price is higher than the nominal value;

38) income – a probable increase of economic benefits of a reliably determined value, either in the form of an increase in the value of assets or a decrease in the value of liabilities and provisions, leading to an increase in the financial result;

39) unrealised gains – gains arising from currency or price revaluation, resulting from the difference between the average exchange rate or the market value, respectively, and the average cost;

40) realised gains – gains arising from operations reducing the holding, resulting from the currency or price revaluation difference between the transaction price and the average cost;

41) provisions for liabilities – amounts set aside in order to provide for liabilities whose maturity date or amount is uncertain;

42) settlement – an act that fulfils obligations by way of transfers of assets or transfers of liabilities between parties to a contract on the terms agreed at the contract date;

43) tangible fixed assets – fixed assets with an expected useful life of more than one year that are held by NBP either for their use in its activities or for the purpose of their release for use by other undertakings under the contract;

44) interest rate swap – a transaction involving the exchange of payments of interest on specified amounts of cash, on contractually agreed dates, either in one currency or in two different currencies, or in gold. Interest is calculated at contractually agreed interest rates and paid in one currency or in two different currencies, or in gold;

45) foreign exchange swap – a transaction involving the simultaneous purchase or sale of a specific amount of cash in one currency or in gold in exchange for a specific amount of cash in another currency or gold, in accordance with the principles applicable to the foreign exchange spot transaction, and the resale or repurchase of the same amount of cash according to the principles applicable to the foreign exchange forward transaction;

46) average cost – the weighted average method, by which the cost of every purchase is added to the existing book value to produce a new weighted average cost of the holding of foreign currency, gold, or another financial instrument;

47) cash – domestic currency within the meaning of the Act of 27 July 2002 – Foreign Exchange Law (Journal of Laws of 2020, item 1708), gold and foreign currency;

48) forward transaction – a contract to buy, sell, transfer or receive financial assets on terms agreed on the contract date, with settlement occurring on a date later than the spot settlement date;

49) forward transaction in debt securities – a forward transaction in an over-the-counter market under which marketable debt securities are purchased or sold on a date agreed in the contract and at the transaction price;

50) repo transaction – a contract under which assets are sold to a buyer and, simultaneously, the seller undertakes to repurchase equivalent assets at a future date at the transaction price;

51) reverse repo transaction – a contract under which assets are purchased from a seller and, simultaneously, the buyer undertakes to resell the equivalent assets at a future date at the transaction price;

52) spot transaction – a contract to buy, sell, transfer or receive financial assets on terms agreed on the contract date, with settlement occurring on the spot settlement date;

53) impairment – a decline of the value of an asset, established by comparing the book value to the recoverable amount;

54) quoted currency – a currency in which the price of a unit of another currency is determined;

55) foreign exchange forward transaction – a forward transaction involving the purchase or sale on a contractually agreed date of a certain amount of cash in one currency or gold in exchange for an amount of cash in another currency or gold determined at a contractually agreed forward rate;

56) foreign exchange spot transaction – a spot transaction involving the purchase or sale on a spot settlement date of a certain amount of cash in one currency or in gold in exchange for an amount of cash in another currency or in gold determined at a contractually agreed spot rate;

57) intangible assets – identifiable non-monetary assets, without physical substance, with an expected useful life of more than one year;

58) book value – the value resulting from the accounts;

59) initial value – the purchase price increased by the costs directly attributable to the purchase and adaptation to usable condition, or the production cost of the item of tangible fixed assets or intangible assets or, if the purchase price or production cost cannot be determined, the market value;

60) market value – the average of the bid and offer prices based on quotations for transactions of standard volume on a given market by recognised operators, whether operating in an organised market or an over-the-counter market or, if prices are not available on the market, a value determined according to an accepted and consistently applied valuation model, including a value determined by reference to appropriate published yield curves;

61) internal rate of return – the discount rate at which the book value of a financial instrument is equal to the present value of the future cash flows;

62) hedging – the process of offsetting the risks on assets or liabilities against one another, so as to reduce the overall consequences of adverse movements in particular in prices, interest rates or exchange rates;

63) debt securities holding – the balance of debt securities of the same code against which NBP pursues a specific management intent;

64) foreign currency holding – the net position in the respective foreign currency, i.e. the difference between assets and liabilities in the respective foreign currency. A long currency position means a surplus of assets over liabilities in the respective foreign currency. A short currency position means a surplus of liabilities over assets in the respective foreign currency. For the purposes of this definition, special drawing rights (SDRs) are considered a separate currency; transactions that entail a change of the net position in SDRs are either transactions denominated in SDRs or transactions in foreign currencies replicating the basket composition of the SDRs (having regard to the relevant basket definition and weightings);

65) gold holding – the net position in gold, i.e. the difference between assets and liabilities in gold. A long gold position means a surplus of assets over liabilities in gold. A short gold position means a surplus of liabilities over assets in gold;

66) gold – gold, either in physical or non-physical form, conforming to international purity standards, meeting the London Good Delivery standard;

67) liabilities – present obligations of NBP arising from past events, the fulfilment of which is expected to result in an outflow of resources embodying economic benefits;

68) financial liabilities – any liability that is a legal obligation to deliver cash or other financial instruments to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavourable.

§ 2. 1. NBP shall apply accounting principles in a manner that ensures a true and fair view of the economic and financial position and the financial result, in accordance with the substance and economic meaning of economic events.

2. The valuation of assets and liabilities and income recognition in the financial result shall be carried out prudently.

3. The value of individual assets and liabilities as well as income and expenses shall be determined separately, without offsetting the values that differ in terms of the type of items.

4. Subject to subparagraph 5, the accounting principles shall be applied consistently in subsequent financial years, through identical grouping of accounting operations on the accounts, identical valuation of assets and liabilities and identical income and expenses recognition and preparation of financial statements, so that the information for subsequent financial years derived from them is comparable. The balances of assets and liabilities presented in the accounts at the end of the financial year shall be recognised in the same amount in the accounts opened for the following financial year.

5. A simplified method of grouping accounting operations on the accounts, valuation of assets and liabilities and income and expenses recognition may be applied, provided that it does not adversely affect the true and fair view of the economic and financial position and does not materially affect the financial result.

6. The accounts for the financial year shall present all economic operations that have occurred in the relevant financial year, subject to § 3 subparagraphs 3 and 4.

7. Deviations from the application of the accounting principles set out in the Resolution shall only be allowed if they can be reasonably considered immaterial in the overall context and presentation of the annual financial statements of NBP. Information recognised in the financial statements shall be considered material when its omission or misstatement could affect the judgements made or decisions taken by the users of these financial statements.

§ 3. 1. The financial statements shall be prepared on a going concern basis.

2. All income earned and expenses incurred referring to the relevant financial year shall be recognised in the financial result for the financial year, regardless of the period in which they were actually received or paid.

3. The balance sheet and the profit and loss account shall be adjusted for events the information on which was received after the balance sheet date and before the date on which the annual financial statements of NBP are approved if they materially affect their content and are events adjusting their balance at the balance sheet date. The effects of these events shall be recognised in the accounts of the financial year to which the financial statements relate.

4. Where events occurring after the balance sheet date and before the approval of the annual financial statements of NBP do not result in a change in the balance of the balance sheet and the profit and loss account at the balance sheet date, relevant explanations shall be provided in the notes if they are likely to be of importance for making proper evaluations or decisions by the users of these financial statements.

§ 4. 1. NBP shall use the economic approach of recognising financial instruments in foreign currency and gold on the trade date in the accounts, subject to subparagraphs 2 and 3, and, unless otherwise provided in the Resolution, accruing interest, discount and premium on these instruments on a daily basis starting from the spot settlement date.

2. Debt securities and equity instruments purchased or sold based on a spot transaction shall be recognised on the balance sheet accounts on the spot settlement date.

3. Debt securities issued by NBP shall be recognised on balance sheet accounts on the spot settlement date.

4. Accrued interest, discount and premium shall be recognised in the accounts separately from the value of assets or liabilities.

§ 5. Assets and liabilities shall be recognised in the accounts when:

1) it is probable that any future economic benefit associated with the asset or liability will flow to or from NBP;

2) substantial risks or rewards associated with the asset or liability have been transferred to NBP;

3) the value of the asset or liability can be measured reliably.

§ 6. 1. The accounting organisation rules at NBP, including the detailed procedure for determining the valuation of assets, liabilities and off-balance-sheet items and the financial result, keeping and reconciling accounts, documenting economic events, stocktaking of assets and liabilities and protecting accounting data, shall be defined by separate regulations.

2. Issues other than those regulated by the Resolution shall be resolved taking into account the provisions of other legal acts of the governing bodies of NBP, the guidelines of the European Central Bank (hereinafter referred to as the “ECB”), reports and decisions of the Accounting and Monetary Income Committee (AMICO), preparatory work on the ECB guidelines, practices of other central banks of the European System of Central Banks, international accounting standards, in force at the date of the preparation of the annual financial statements of NBP, in order to present truly and fairly the economic and financial position and the financial result in the financial statements.

Chapter 2
Balance sheet valuation rules

§ 7. 1. Financial instruments in gold shall be recognised in the accounts in ounces and in the domestic currency.

2. No later than at the end of the month, the market value of an ounce of gold in US dollars shall be converted into the domestic currency at the average US dollar exchange rate prevailing at that date.

3. No distinction shall be made between currency and price revaluation differences for gold but a single currency revaluation differences for gold shall be accounted for.

4. Financial instruments in foreign currency shall be recognised in the accounts in the foreign currency and in the domestic currency.

5. Price revaluation of financial instruments valued at market value shall be carried out no later than at the end of the month, before their currency revaluation.

6. Currency revaluation of financial instruments in foreign currency shall be carried out no later than at the end of the month at the average exchange rate prevailing at that date.

7. Unrealised losses resulting from the revaluation carried out during the financial year shall be recognised in the balance sheet assets as revaluation accounts and reversed before the next revaluation is carried out.

8. Unrealised gains resulting from the revaluation shall be recognised in the balance sheet liabilities as revaluation accounts and reversed before the next revaluation is carried out.

9. Gains and losses resulting from the currency revaluation of financial instruments in foreign currencies related to internal operations shall be included in the net result on financial operations.

§ 8. No later than at the balance sheet date, assets shall be reviewed for impairment, taking into account any guarantees, warranties or other collaterals of this type for these assets.

§ 9. If it is not possible to determine either the purchase price or the production cost, the following items shall be used for revaluation purposes:

1) the sale price of the same or a similar asset – instead of the purchase price;

2) the sale price of the same or a similar asset, less the average gain realised on the sale of the asset – in place of the production cost;

3) the estimated market value of the asset if it is not possible to determine the sale price referred to in subparagraphs 1 and 2.

§ 10. 1. Financial instruments in gold shall be recognised in the accounts at the transaction price.

2. The transaction price of an ounce of gold in US dollars shall be converted into the domestic currency at the average US dollar exchange rate prevailing at the transaction date.

3. The book value in the domestic currency of financial instruments in gold shall be regulated no later than at the end of the month to the value determined at the average cost of the gold holding.

4. Financial instruments in gold shall be valued at the balance sheet date at the market value of an ounce of gold in US dollars, converted into the domestic currency at the average US dollar exchange rate prevailing at the balance sheet date.

§ 11. 1. The average daily cost of gold shall be determined by dividing the value of gold in the domestic currency by the number of ounces of gold received on the current operating day.

2. The average cost of gold holding shall be determined by dividing the value of the gold holding in the domestic currency by the number of ounces of gold in the holding at the end of the current operating day.

3. The average cost of gold holding shall change if, on the current operating day, the inflow of gold is higher than its outflow (net inflow). In such a case, the excess of gold inflow over gold outflow shall be added at the end of the current operating day to the gold holding of the previous operating day and a new average cost of the gold holding shall be determined.

4. The average cost of gold holding shall not change if the gold inflow is lower than the gold outflow on the current operating day.

5. The unrealised losses included in the net result on financial operations at the balance sheet date shall change the average cost of gold holding.

6. The provisions of subparagraphs 1 to 5 shall apply in the case of a long position in gold. In the case of a short position in gold, the reverse approach shall apply, in particular the average cost of gold holding changes if the

gold outflow on the current operating day is higher than its inflow (net outflow), and it shall not change if the gold outflow on the current operating day is lower than its inflow.

§ 12. 1. Foreign currency purchased or sold for the domestic currency shall be recognised in the accounts at the transaction price, unless otherwise stated in separate regulations.

2. Foreign currency purchased or sold for another foreign currency shall be recognised in the accounts at the value of the quoted foreign currency, converted into the domestic currency at the average exchange rate prevailing at the transaction date.

3. Financial instruments in foreign currencies other than those listed in subparagraphs 1 and 2 shall be converted into the domestic currency at the average exchange rate prevailing at the transaction date or at the average exchange rate prevailing at the settlement date.

4. The book value in the domestic currency of assets and liabilities in foreign currencies, other than related to internal operations, shall be regulated to the value determined at the average cost of the foreign currency holding, subject to subparagraph 5, not later than at the end of the month.

5. Financial instruments in foreign currencies at the balance sheet date shall be translated into the domestic currency at the average exchange rate prevailing at the balance sheet date.

§ 13. 1. The average daily cost of foreign currency shall be determined by dividing the value in the domestic currency of the foreign currency flowing in on the current operating day by the number of units of that foreign currency.

2. The average cost of foreign currency holding shall be determined by dividing the value of the holding in the domestic currency by the number of foreign currency units in the holding at the end of the current operating day.

3. The average cost of foreign currency holding shall change if, on the current operating day, the inflow of foreign currency is higher than its outflow (net inflow). In such a case, the excess of foreign currency inflow over its outflow shall be added at the end of the current operating day to the foreign currency holding of the previous operating day and a new average cost of foreign currency holding shall be determined.

4. The average cost of foreign currency holding shall not change if the foreign currency inflow is lower than its outflow on the current operating day.

5. The unrealised losses included in the net result on financial operations at the balance sheet date shall change the average cost of foreign currency holding.

6. The provisions of subparagraphs 1 to 5 shall apply in the case of a long foreign currency position. In the case of a short foreign currency position, the reverse approach shall apply, in particular, the average cost of the foreign currency holding shall change if, on the current operating day, the outflow of foreign currency is higher than its inflow (net outflow) and it shall not change if, on the current operating day, the outflow of foreign currency is lower than its inflow.

§ 14. 1. Debt securities purchased in a spot transaction shall be recognised in the accounts at the clean price.

2. If the debt securities were purchased with interest, the value of such interest shall be recognised in the accounts separately from the value of the debt securities.

3. The value of the interest purchased shall not affect the average cost of the debt securities holding.

§ 15. 1. Marketable debt securities shall be valued at the market value at the balance sheet date.

2. Marketable debt securities shall be valued jointly for the entire holding of such securities.

§ 16. 1. Marketable debt securities held-to-maturity shall be valued at the balance sheet date at the clean price adjusted for accrued discount and premium, less the impairment loss.

2. Marketable debt securities held-to-maturity may be sold before their maturity date:

1) if the value of debt securities sold is considered not significant in comparison with the total amount of the held-to-maturity securities holding; or

2) if the securities are sold during one month before their maturity date; or

3) under exceptional circumstances, such as a significant deterioration of the issuer’s creditworthiness.

§ 17. 1. Debt securities held for monetary policy purposes shall be valued at the balance sheet date at the market value or at the clean price adjusted for accrued discount and premium, less the impairment loss.

2. Debt securities held for monetary policy purposes classified for valuation at market value shall be valued jointly for the entire holding of such securities.

§ 18. Non-marketable debt securities shall be valued at the balance sheet date at the clean price adjusted for accrued discount and premium, less the impairment loss.

§ 19. 1. The value of debt securities which are not valued at the market value at the date of their reclassification into the holding of debt securities valued at the market value shall be determined at the clean price adjusted for accrued discount and premium, less the impairment loss.

2. The value of debt securities valued at the market value at the date of their reclassification into the holding of debt securities valued at the clean price adjusted for accrued discount and premium, less the impairment loss, shall be determined at the average cost of the holding of such securities, subject to § 43 subparagraph 3.

§ 20. 1. The average cost of debt securities holding shall be determined by dividing the value of the holding including accrued discount and premium by the nominal value of the debt securities in this holding. The value of the holding on the current operating day shall be determined before taking into account sales on that day by adding the purchases of the current day to the holding of the previous operating day.

2. The average cost of the holding of debt securities valued at the market value shall be changed by unrealised losses included in the net result on financial operations at the balance sheet date.

§ 21. 1. Debt securities issued by NBP shall be recognised in the accounts at the issue price.

2. Debt securities issued by NBP shall be valued at the balance sheet date at the issue price adjusted for accrued discount and premium.

§ 22. 1. A repo transaction in either foreign currency or gold shall be recognised on off-balance-sheet accounts at the nominal value from the trade date to the spot settlement date.

2. A repo transaction shall be recognised on balance sheet accounts at the nominal value on the spot settlement date.

3. A repo transaction shall be recognised in the balance sheet liabilities as a deposit received, collateralised by the assets transferred. Securities provided as a collateral shall not reduce the holding of these securities and shall be recognised in the balance sheet assets.

4. A reverse repo transaction in either foreign currency or gold shall be recognised on off-balance-sheet accounts at the nominal value from the trade date to the spot settlement date.

5. A reverse repo transaction shall be recognised on balance sheet accounts at the nominal value on the spot settlement date.

6. A reverse repo transaction shall be recognised in the balance sheet assets as a loan granted, collateralised with assets received. Securities received as a collateral shall not increase the holding of these securities and shall not be recognised in the balance sheet assets. Securities received in the reverse repo transaction

shall not be subject to valuation, while the income and expenses arising from these securities shall not be included in the financial result.

7. Repo and reverse repo transactions shall be valued at the nominal value at the balance sheet date. The valuation of reverse repo transactions shall be reduced by the impairment loss.

8. Repo and reverse repo transactions in either foreign currency or gold shall not change the holding of foreign currency or gold.

9. A transaction collateralised by gold shall be treated as a repo or reverse transaction, as appropriate. Changes in the gold balance associated with such a transaction shall not be recognised in the accounts and the difference between the contractually agreed prices shall be settled at the end of each operating day in amounts accrued according to the straight-line method.

§ 23. 1. Bilateral securities lending transactions shall not change the balance of securities in the accounts.

2. Bilateral securities lending transactions for which cash collateral has been provided shall be recognised on off-balance-sheet accounts at the nominal value from the trade date to the spot settlement date.

3. Bilateral securities lending transactions for which cash collateral has been provided shall be recognised on balance sheet accounts at the nominal value on the spot settlement date.

4. Bilateral securities lending transactions for which collateral has been provided in the form of securities shall only be recognised in the accounts if the cash is exchanged as part of the settlement process and remains on the account of either the lender or the borrower. If NBP is the borrower and the securities are sold, the obligation to return the securities shall be recognised in the accounts.

5. § 22 subparagraph 9 shall apply accordingly to bilateral securities lending transactions.

6. Transactions carried out under the automated securities lending programme shall be recognised in the accounts no later than at the balance sheet date if collateral is provided in the form of cash on NBP's account and remains on this account.

§ 24. 1. Cash deposited or held on bank accounts as well as credits and loans shall be recognised in the accounts at nominal value.

2. Deposits made and received in foreign currency and gold shall be recognised on off-balance-sheet accounts at nominal value from the trade date to the spot settlement date and on the balance sheet accounts at the spot settlement date.

3. Cash deposited or held on bank accounts shall be valued at nominal value at the balance sheet date.

4. Credits and loans shall be valued at nominal value at the balance sheet date.

5. The financial assets referred to in subparagraphs 3 and 4 shall be valued at the balance sheet date, less the impairment loss.

§ 25. 1. Marketable equity shares shall be recognised in the accounts at the transaction price. At the balance sheet date, marketable equity shares shall be valued at market value, separately for each holding of marketable equity shares with the same code.

2. Commissions and fees related to marketable equity shares shall either be recognised in the accounts as part of the transaction price or included in the net result on commissions and fees.

3. The amount of dividends purchased shall be included in the transaction price of the marketable equity shares. After the ex-dividend date, the amount of the dividend purchased may be recognised as a separate asset in the accounts until the day on which the dividend is paid.

4. The dividend due, with the exception of the dividend for marketable equity shares after the ex-dividend date, shall make a component of the market value and is not separately valued at the balance sheet date.

5. Rights issue for new issue marketable equity shares shall be recognised as a separate asset on the date of its issue. The transaction price of the rights issue for new issue marketable equity shares shall be calculated on the basis of the average cost of the marketable equity shares holding, the strike price of the rights issue for new issue marketable equity shares and the proportion between the number of marketable equity shares held so far and the number of new issue marketable equity shares to be subscribed for, or on the basis of the market value of the rights issue, the average cost of the marketable equity shares holding and the market price of the shares before the issue of the rights to marketable equity shares.

6. The provisions of subparagraphs 1 to 5 shall not apply to NBP investments in subsidiaries, associates or jointly controlled entities.

§ 26. 1. Non-marketable shares and participating interests shall be recognised in the accounts at purchase price.

2. Non-marketable shares and participating interests shall be valued at the balance sheet date at the purchase price, less the impairment loss.

§ 27. 1. Transactions involving marketable investment funds participating interests shall be recognised in the accounts at the transaction price if the following criteria are met:

1) marketable participating interests are acquired for investment purposes only with no influence on day-to-day buy and sell decisions of the fund;

2) the investment strategy and the mandate of the fund have been determined in advance and all terms and conditions are contractually provided for;

3) the performance of the investment will be evaluated as a single investment in line with the investment strategy of the fund;

4) the fund is a separate entity, irrespective of its legal form, and is managed independently, including the day-to-day investment decisions.

2. At the balance sheet date, marketable investment funds participating interests shall be valued at the market value, separately for each holding of marketable investment funds participating interests.

3. The price revaluation of marketable investment funds participating interests shall be carried out on a net basis rather than on the basis of the underlying instrument.

4. Commissions and fees related to marketable investment funds participating interests shall either be recognised in the accounts as part of the transaction price or included in the net result on commissions and fees.

5. The amount of dividends purchased shall be included in the transaction price of marketable investment funds participating interests. After the ex-dividend date, the amount of the dividend purchased may be recognised in the accounts as a separate asset until the day on which the dividend is received.

6. The dividend due, with the exception of the dividend after the ex-dividend date, shall be a component of the market value of marketable investment funds participating interests and shall not be separately measured at the balance sheet date.

7. The rules set out in subparagraphs 2 to 6 shall apply to:

1) long-term employee benefit funds if the criteria set out in subparagraph 1 are met;

2) groups of equity instruments when managed by an external asset management institution and closely replicating the performance of an index fund if the criteria set out in subparagraphs 1 points 1 to 3 are fulfilled.

§ 28. 1. Hedging of interest rate risk on debt securities with a derivative shall mean designating a derivative so that the change in its market value offsets the expected change in the market value of the hedged debt security arising from interest rate movements.

2. Hedged and hedging instruments shall be recognised in the accounts and valued in accordance with the general provisions, balance sheet valuation rules, income and expenses recognition rules and specific requirements concerning financial instruments, including the accounting principles of off-balance-sheet financial instruments, set out in this Resolution.

3. In derogation from the rules referred to in subparagraph 2, the following alternative treatment may be applied to the recognition in the accounts and valuation of hedged and hedging instruments:

1) the debt security hedged and the hedging derivative shall both be revalued and presented at market value on the balance sheet as at the end of each month. The following approach shall be applied to the net amount of unrealised gains and losses on the hedged and hedging instruments:
   a) net unrealised losses shall be taken to the net result on financial operations at the balance sheet date and systematically included in the financial result at the end of each operating day over the remaining period to the maturity of the hedged debt security,
   b) net unrealised gains shall be recognised in the balance sheet liabilities as revaluation accounts and reversed before the next revaluation is carried out;
2) to hedge a debt security purchased, if the average cost of a hedged debt security is different from the market value of the security at the inception of the hedge, the following treatment shall be applied:
   a) unrealised gains of the debt security on that date shall be recognised in the balance sheet liabilities as revaluation accounts, while unrealised losses shall be taken to the net result on financial operations,
   b) the provisions of point 1 shall apply, accordingly, to the changes in the market value of the debt security following the inception date of the hedging relationship;
3) the balance of unaccrued premiums and discounts, as at the date when the hedge was set up, shall be systematically included at the end of each operating day in the financial result over the remaining period to the maturity of the hedged debt security.

4. The valuation rules specified in subparagraph 3 may only be applied if the following conditions are met:

1) at the inception of the hedge there is formal documentation of the hedging and hedged instrument relationship and the risk management objective and strategy for undertaking the hedge. The documentation shall include:
   a) identification of the derivative used as a hedging instrument;
   b) identification of the related hedged debt security;
   c) an assessment of the effectiveness of the hedging derivative in offsetting the exposure of the hedged debt security to changes in the market value attributable to the interest rate risk;
2) the hedge is expected to be highly effective and the effectiveness of the hedge can be reliably measured. Both prospective and retrospective effectiveness must be assessed, whereas:
   a) the prospective effectiveness shall be measured by comparing the past changes in the market value of the hedged instrument with past changes in the market value of the hedging instrument, or by demonstrating a high statistical correlation between the market value of the hedged instrument and the market value of the hedging instrument,
   b) the retrospective effectiveness shall be demonstrated if the ratio between the actual gain/loss on the hedged item and the actual gain/loss on the hedging instrument is within the range of 80%–125%.

5. Debt securities may be aggregated and hedged as a group only if all of the following conditions are met:

1) debt securities are classified in the same duration range;

2) the group of securities complies with the effectiveness test prospectively and retrospectively;

3) the change in market value attributable to the hedged risk for each debt security of the group is expected to be approximately proportional to the overall change in the market value attributable to the hedged risk of the group of debt securities.

6. Where valuation is discontinued in accordance with subparagraph 3, the hedged debt security and the hedging derivative that remained in the accounts shall be subject to valuation as single financial instruments in accordance with subparagraph 2.

§ 29. 1. Financial instruments combined to form a synthetic instrument shall be recognised in the accounts and valued separately from other financial instruments, in accordance with the general provisions, balance sheet valuation rules, income and expenses recognition rules and the accounting principles of off-balance-sheet financial instruments, set out in the Resolution.

2. In derogation from the rules referred to in subparagraph 1, the following alternative treatment may be applied to the recognition and valuation of a synthetic instrument:

1) unrealised gains and losses on the valuation of financial instruments combined to form a synthetic instrument shall be netted at the balance sheet date. In the event of:

   a) net unrealised gains, they shall be recognised in the balance sheet liabilities as revaluation accounts,

   b) net unrealised losses, they shall be recognised in the net result on financial operations;

2) debt securities recognised as part of a synthetic instrument shall form a separate holding of debt securities;

3) unrealised losses taken to the net result on financial operations at the balance sheet date and the corresponding unrealised gains on the valuation of financial instruments combined in order to form a synthetic instrument shall be systematically included in the financial result at the end of each operating day over the remaining period until the maturity date of the synthetic instrument.

3. The recognition and valuation rules specified in subparagraph 2 may only be applied if the following conditions are met:

1) the individual financial instruments are managed and their performance is evaluated as one combined financial instrument, based on either a risk management or investment strategy;

2) on initial recognition, the individual financial instruments are structured and designated as a synthetic instrument;

3) the application of the alternative rules of recognition in the accounts and valuation specified in subparagraph 2 eliminates or significantly reduces a valuation mismatch that would arise from applying the rules set out in subparagraph 1 at an individual financial instrument level;

4) the compliance with the conditions set out in subparagraphs 1 to 3 has been formally documented.

4. When one of the combined financial instruments expires, is sold, terminates early or is exercised, the recognition in the accounts and valuation rules set out in subparagraph 2 shall cease to apply. The unrealised gains referred to in subparagraph 2 point 3 shall be included in the financial result on a one-off basis.

§ 30. 1. Transactions with the International Monetary Fund, hereinafter referred to as the “IMF”, shall be recognised in the accounts at nominal value. In particular, the following items are recognised in the balance sheet:

1) a reserve tranche in SDRs, which corresponds to the membership interest of the Republic of Poland in the IMF, less liabilities due to the IMF No. 1 Account held in the domestic currency – as an item of assets;

2) SDR allocation – as an item of liabilities.

2. At the balance sheet date, the assets and liabilities referred to in subparagraph 1 shall be valued at the nominal value. The valuation of assets shall be reduced by the impairment loss.

§ 31. 1. Tangible fixed assets and intangible assets shall be recognised in the accounts at initial value or at the total costs and expenses constituting the expenditure on these assets, as appropriate. Low-value fixed assets shall be recognised in the accounts as administrative expenses in the month in which they are first put into use.

2. The initial value of tangible fixed assets and intangible assets, with the exception of those specified in the regulations on the accounting organisation rules at NBP, shall be reduced by depreciation and amortisation charges applied to take account of the systematic reduction in their value occurring in particular with use or the passage of time.

3. Depreciation and amortisation charges on tangible fixed assets and intangible assets with a unit initial value lower than the value specified in the regulations on the accounting organisation rules at NBP may be applied on a one-off basis at the end of the month in which they are put into use, in an amount equal to the initial value.

4. Tangible fixed assets and intangible assets shall be valued at the balance sheet date at initial value, less depreciation and amortisation charges and impairment losses.

§ 32. 1. Precious metals, including gold, that do not conform to international purity standards and do not meet the London Good Delivery standard shall be recognised in the accounts at the purchase price.

2. Precious metals, including gold, that do not conform to international purity standards and do not meet the London Good Delivery standard, shall be valued at the balance sheet date at the purchase price, less the impairment loss.

§ 33. 1. Goods and materials shall be recognised in the accounts at the purchase price.

2. Products shall be recognised in the accounts at the production cost.

3. The balance sheet valuation of assets referred to in subparagraphs 1 and 2 at the purchase price or production cost, respectively, shall be reduced by the impairment loss.

§ 34. 1. Banknotes and coins shall be recognised in the accounts at the nominal value.

2. The value of issued banknotes and coins in circulation denominated in the domestic currency less the nominal value of banknotes and coins in circulation denominated in the domestic currency held in the NBP cash desks and vaults or deposited in the vaults of other authorised entities and less the nominal value of banknotes and coins in circulation denominated in the domestic currency which have been withdrawn from circulation due to being worn or damaged, shall be recognised in the balance sheet as banknotes and coins in circulation.

§ 35. 1. Provisions for liabilities shall be recognised when:

1) NBP has a present obligation arising from past events;

2) it is likely that fulfilment of the obligation referred to in point 1 will reduce the economic benefits at NBP;

3) the amount of the obligation referred to in point 1 can be reliably estimated.

2. Provisions for liabilities shall be created in the amount that can be reliably estimated to be payable no later than at the balance sheet date in connection with the fulfilment of the obligation referred to in subparagraph 1 point 1.

3. The amount of the provision for liabilities shall be charged to the financial result no later than at the balance sheet date.

4. Provisions for liabilities unused due to the cessation, in whole or in part, of the obligation justifying their creation shall be released and included in the financial result no later than at the balance sheet date.

5. Provisions for liabilities may only be allocated for the purpose for which they were created.

§ 36. 1. The balance of the gold revaluation account shall be reduced by the amount of unrealised losses on the valuation of gold holding included in the net result on financial operations at the balance sheet date.

2. Income from the reduction of the gold revaluation account shall be included in the net result on financial operations at the balance sheet date.

§ 37. The principles for creating and releasing the provision against the foreign exchange rate risk of the zloty at NBP, hereinafter referred to as the “FX risk provision”, shall be set out in separate regulations.

§ 38. 1. Assets and liabilities other than specified in the Resolution shall be recognised in the accounts and valued at the balance sheet date at nominal value, transaction price or market value, in accordance with the regulations on the accounting organisation rules at NBP.

2. The assets referred to in subparagraph 1 shall be valued at the balance sheet date, less the impairment loss.

Chapter 3

Income and expenses recognition

§ 39. The following rules shall apply to income and expenses recognition:

1) realised gains and losses shall be recognised in the financial result;

2) unrealised gains shall not be recognised in the financial result;

3) unrealised losses shall be recognised in the financial result at the balance sheet date;

4) unrealised losses recognised in the financial result at the balance sheet date shall not be reversed in subsequent financial years against new unrealised gains, subject to § 56 subparagraph 5;

5) there shall be no netting of unrealised losses on revaluation of the specific holding of foreign currency, gold or another financial instrument against unrealised gains on another holding of foreign currency, gold or another financial instrument;

6) income shall be recognised in the accounts on a gross basis, while withholding tax and other taxes shall be recognised separately in the accounts insofar as they are refundable;

7) expenses and income relating to future periods shall be recognised in the accounts as an asset or liability item, as appropriate.

§ 40. 1. Interest, discount and premium arising on purchased debt securities shall be included in the net result on interest at the end of each operating day in amounts accrued according to the internal rate of return method.

2. Interest, discount and premium on debt securities issued by NBP shall be included in the net result on interest at the end of each operating day in amounts accrued according to the straight-line method.

3. Interest on cash in foreign currency or gold deposited or held on bank accounts shall be included in the net result on interest:

1) at the end of each operating day in amounts accrued according to the straight-line method, in the case of interest on deposits made and received;

2) on the payment date – in the case of other interest.

4. The difference between the agreed purchase and resale (sale and repurchase) prices of debt securities in repo and reverse repo transactions shall be included in the net result on interest at the end of each operating day in amounts accrued according to the straight-line method.

5. Income and expenses arising from a bilateral securities lending transaction shall be included in the net result on interest on the payment date.

6. Interest payable on account of the interest on the required minimum reserve funds shall be included in the net result on interest at the end of each month in the amounts calculated for the reserve period.

7. No later than at the end of the month, the following items shall be included in the net result on interest:

1) interest on assets recognised under the balance sheet item “Other assets”, in particular on claims relating to internal operations;

2) interest on liabilities recognised under the balance sheet item “Other liabilities”, in particular on liabilities relating to internal operations.

8. Interest, discount and premium on assets and liabilities other than specified in subparagraphs 1-7 shall be included in the net result on interest at the end of each operating day in amounts accrued according to the straight-line method.

9. Interest, discount and premium in foreign currencies or in gold shall be converted into the domestic currency at the average exchange rate. They shall be included in the foreign currency or gold holding and shall be taken into account in determining the average cost of the foreign currency holding or the average cost of the gold holding and in calculating income and expenses on currency revaluation.

§ 41. 1. Realised gains and losses from operations in gold shall be included in the net result on financial operations in the amount of:

1) the difference between the value in the domestic currency resulting from the reduction in the gold holding and the value determined at the average daily cost of gold – with reference to the inflow and outflow of gold on the current operating day;

2) the difference between the value in the domestic currency resulting from the reduction in the gold holding and the value determined at the average cost of the gold holding – with reference to the excess of gold outflow over inflow on the current operating day (net outflow).

2. The inflows referred to in subparagraph 1 shall include off-balance-sheet financial instruments, income and other operations if they increase the gold holding.

3. The outflows referred to in subparagraph 1 shall include off-balance-sheet financial instruments, expenses and other operations if they reduce the gold holding.

4. The provisions of subparagraphs 1 to 3 shall apply in the case of a long position in gold. For a short position in gold, the opposite approach applies.

5. The differences referred to in subparagraph 1, subject to subparagraph 4, shall be calculated at the end of each operating day and recognised in the financial result no later than at the end of the month.

§ 42. 1. Realised gains and losses on operations in foreign currencies, subject to subparagraph 4, shall be included in the net result on financial operations in the amount of:

1) the difference between the value in the domestic currency resulting from the reduction in the foreign currency holding and the value determined at the average daily cost of the foreign currency – with reference to the inflow and outflow of the foreign currency on the current operating day;

2) the difference between the value in the domestic currency resulting from a reduction in the foreign currency holding and the value determined at the average cost of the foreign currency holding – with reference to the excess of foreign currency outflow over inflow on the current operating day (net outflow).

2. The inflows referred to in subparagraph 1 shall include off-balance-sheet financial instruments, income and other operations if they increase the foreign currency holding.

3. The outflows referred to in subparagraph 1 shall include off-balance-sheet financial instruments, expenses and other operations if they reduce the foreign currency holding.

4. The provisions of subparagraphs 1 to 3 shall apply in the case of a long position in foreign currency. For a short position in foreign currency, the opposite approach shall apply.

5. The differences referred to in subparagraph 1, subject to subparagraph 4, shall be calculated at the end of each operating day and recognised in the financial result no later than at the end of the month.

6. Income and expenses arising from foreign currency operations related to internal operations shall be included in the net result on financial operations at the settlement date, in the amount of the difference between the value determined according to the transaction price and the value determined according to the average exchange rate applicable at the settlement date.

§ 43. 1. Realised gains and losses arising from the sale in a spot transaction of debt securities valued at market value shall be included in the net result on financial operations on the spot settlement date, in an amount of the difference between the value obtained from the sale and the value determined at the average cost of the holding of these securities at the end of the current operating day.

2 Realised gains and losses arising from the sale of debt securities valued at the clean price adjusted for accrued discount and premium, less the impairment loss, shall be included in the net result on financial operations on the settlement date in an amount of the difference between the value obtained from the sale and the value determined at the clean price adjusted for discount and premium, subject to § 44 subparagraph 3.

3 When debt securities are reclassified at the balance sheet date, the unrealised losses from price revaluation shall be included in the net result on financial operations.

§ 44. 1. No later than at the balance sheet date, impairment losses on financial assets other than related to internal operations shall be included in the net result on impairment losses on financial assets, while other impairment losses shall be included in other expenses.

2. If the reason for recognising the impairment loss ceases, the value of the whole or a part of the impairment loss shall be included in the net result on impairment losses on financial assets or in other income, as appropriate.

3. Impairment losses outstanding at the date of sale or redemption of assets shall be included in the financial result on the date of sale or redemption of these assets.

§ 45. Commissions and fees, including brokerage commissions, custody fees, management fees and bank account fees, shall be included in the net result on commissions and fees on the date the asset or the liability arises or on the payment date, unless they are a component of the price.

§ 46. 1. Realised gains and losses arising from the sale of marketable equity shares shall be included in the net result on financial operations on the settlement date, in an amount of the difference between the value obtained from the sale and the value determined at the average cost of the holding of these equity shares.

2. Realised gains and losses from the sale of non-marketable equity shares and participating interests shall be included in the net result on financial operations on the settlement date in an amount of the difference between the value obtained from the sale and the value determined according to the weighted average purchase price, subject to § 44 subparagraph 3.

3. Income from the dividend received shall be included in income on shares and participating interests on the date the asset arises.

§ 47. 1. Depreciation and amortisation charges on tangible fixed assets and intangible assets shall be included in the depreciation and amortisation expenses in amounts calculated using the straight-line method.

2. The value of tangible fixed assets and intangible assets received free of charge or disclosed, as referred to in § 31 subparagraph 2, shall be recognised in the accounts as accrued income and included in other income in parallel with the depreciation and amortisation charges applied to these assets.

3. The value of assets received free of charge or disclosed, other than those mentioned in subparagraph 2, shall be included in other income on a one-off basis.

§ 48. 1. Income and expenses from the sale of tangible fixed assets and intangible assets shall be included in other income or other expenses on the date of sale in the amount of the difference between the value obtained from the sale and the unamortised part of the initial value, less any impairment loss, costs of preparing the asset for sale and costs of completion of the sale.

2. Income and expenses from the sale of other assets valued at the purchase price or production cost shall be included in other income or expenses on the date of sale in the amount of the difference between the value obtained from the sale and the value determined according to the weighted average purchase price or production cost of the asset, subject to § 44 subparagraph 3.

§ 49. 1. Expenses on the issue of banknotes and coins shall be included in the financial result on the day the liability arises.

2. Income and expenses other than specified in the Resolution shall be included in the financial result on the date the asset or liability arises or on the payment date.

§ 50. 1. Expenses and income that relate wholly or partially to future financial years shall be recognised in the accounts as accruals or prepaid expenses, as appropriate, and included in the financial result of the financial year to which they relate.

2. Expenses relating to the current financial year for which the payment obligation will arise in the following financial year shall be included in the financial result in a reliably estimated amount, and the probable liability attributable to the current financial year shall be recognised in the accounts as accruals.

3. The expenses and income referred to in subparagraphs 1 and 2, in an amount lower than specified in the regulations on the accounting organisation rules at NBP, may be included in the financial result on a one-off basis.

Chapter 4
Accounting principles for off-balance-sheet financial instruments

§ 51. 1. Off-balance-sheet financial instruments in foreign currencies involving an exchange of one currency for another shall be included in the foreign currency holding and taken into account for determining the average cost of the foreign currency holding and for calculating gains and losses from currency revaluation.

2. Off-balance-sheet financial instruments in gold involving the exchange of gold into currency or vice versa shall be included in the gold holding and shall be taken into account when determining the average cost of the gold holding and calculating gains and losses from currency revaluation.

3. § 7 subparagraphs 1-8 shall apply to off-balance-sheet financial instruments.

4. The accounting treatment and price revaluation of off-balance sheet financial instruments, excluding options embedded in debt securities, shall be carried out separately for each instrument.

5. The rules set out in § 39 shall apply to income and expenses arising from off-balance-sheet financial instruments.

§ 52. 1. Cash purchased or sold in a foreign exchange spot transaction shall be recognised on off-balance-sheet accounts from the trade date to the spot settlement date, at the contractually agreed spot rate.

2. On the spot settlement date, the cash referred to in subparagraph 1 shall be derecognised from off-balance-sheet accounts and recognised on balance-sheet accounts.

3. Cash in foreign currencies or in gold referred to in subparagraph 1 shall be taken into account when determining the figures and values referred to in § 51 subparagraphs 1 and 2.

§ 53. 1. Cash purchased or sold in a foreign exchange forward transaction shall be recognised on off-balance-sheet accounts from the trade date to the settlement date, at the contractually agreed spot rate.

2. On the settlement date of the foreign exchange forward transaction, the cash shall be derecognised from off-balance-sheet accounts and recognised on balance-sheet accounts.

3. Interest receivable or payable, resulting from the difference between the contractually agreed spot and forward rates, shall be included in the net result on interest at the end of each operating day in amounts accrued according to the straight-line method.

4. Cash in foreign currencies or in gold referred to in subparagraph 1 and interest in foreign currencies or in gold referred to in subparagraph 3 shall be taken into account when determining the figures and values referred to in § 51 subparagraphs 1 and 2.

§ 54. 1. Cash purchased or sold (in a spot transaction) and resold or repurchased (in a forward transaction), respectively, under a foreign exchange swap shall be recognised on off-balance-sheet accounts at the contractually agreed spot rate from the trade date to the settlement date.

2. On the settlement date of the spot and forward transaction, the cash shall be derecognised from off-balance-sheet accounts and recognised on balance-sheet accounts.

3. Interest receivable or payable, resulting from the difference between the contractually agreed spot and forward rates, shall be included in the net result on interest at the end of each operating day in amounts accrued according to the straight-line method.

4. Cash in foreign currency or in gold referred to in subparagraph 1 shall not change the foreign currency or gold holding.

5. Interest in foreign currencies or in gold referred to in subparagraph 3 shall be taken into account when determining the figures and values referred to in § 51 subparagraphs 1 and 2.

§ 55. 1. Futures shall be recognised on off-balance-sheet accounts, from the trade date to the settlement date, at the nominal value of the purchased or sold underlying instrument.

2. The initial margin securing the execution of the futures, deposited in cash, shall be recognised on balance sheet accounts as an asset. The initial margin deposited in the form of debt securities shall not change the holding of these debt securities.

3. Futures shall be valued at market value.

4. Daily changes in the variation margins of futures shall be included in the net result on financial operations each day, including the closing day of the open futures position.

5. Daily changes in the variation margins of futures in foreign currencies or in gold shall be taken into account in determining the figures and values referred to in § 51 subparagraphs 1 and 2.

6. On the closing date of the open futures position, subparagraph 4 shall apply as appropriate, irrespective of the actual delivery of the underlying instrument. If delivery does take place, the purchase or sale of the underlying instrument shall be recognised in the accounts at the market price.

7. Income and expenses on the initial margin shall be included in net result on interest on the payment date.

8. Commissions and fees relating to futures shall be included in the net result on commissions and fees.

§ 56. 1. Interest rate swaps shall be recognised on off-balance-sheet accounts from the trade date to the settlement date at the contractually agreed nominal value.

2. Interest receivable and interest payable arising from an interest rate swap shall be recognised separately (on a gross basis) in the net result on interest at the end of each operating day in amounts accrued according to the straight-line method up to the date of the next interest payment. Interest payments may be settled on a net basis.

3. Interest in foreign currencies or in gold referred to in subparagraph 2 shall be taken into account when determining the figures and values referred to in § 51 subparagraphs 1 and 2.

4. Interest rate swaps shall be valued at market value.

5. Unrealised losses on the price revaluation included in the net result on financial operations at the balance sheet date in subsequent financial years shall be reversed through the financial result at the end of each operating day in amounts accrued according to the straight-line method.

6. For an interest rate swap cleared in an organised market:

1) the initial margin securing its execution, deposited in cash, shall be recognised on balance sheet accounts as an asset. The initial margin deposited in the form of debt securities shall not change the holding of these debt securities;

2) daily changes in the variation margins of the interest rate swap shall be included in the net result on financial operations;

3) daily changes in the variation margins of the interest rate swap in foreign currencies or in gold shall be taken into account in determining the figures and values referred to in § 51 subparagraphs 1 and 2;

4) the interest resulting from the interest rate swap shall be separated from daily changes in the variation margins of the interest rate swap.

7. Commissions and fees relating to interest rate swaps shall be included in the net result on commissions and fees.

§ 57. 1. FRAs shall be recognised on off-balance-sheet accounts from the trade date to the settlement date at the contractually agreed nominal value.

2. FRAs shall be valued at the market interest rate prevailing on the valuation date.

3. The amount of the difference in interest calculated at the contractually agreed interest rate and at the market interest rate on the amount referred to in subparagraph 1, adjusted for the unrealised losses on the price valuation included at the balance sheet date in the net result on financial operations, shall be recognised in the net result on financial operations on a one-off basis.

4. The amount in foreign currency or in gold referred to in subparagraph 3 shall be taken into account when determining the figures and values referred to in § 51 subparagraphs 1 and 2.

5. Commissions and fees relating to FRAs shall be included in the net result on commissions and fees.

§ 58. 1. Debt securities purchased or sold in a forward transaction shall be recognised on off-balance-sheet accounts from the trade date to the settlement date at the clean price. On the trade date, debt securities purchased or sold in a forward transaction shall not change the holding of debt securities.

2. Debt securities purchased and sold in a forward transaction shall be taken into account in determining the figures and values referred to in § 20 subparagraph 1 on the transaction settlement date.

3. Debt securities purchased or sold in a forward transaction shall be valued at market value.

4. Debt securities purchased in a forward transaction shall be recognised on balance-sheet accounts on the settlement date at the market price. Gains and losses equal to the difference between the market price and the transaction price, adjusted for unrealised losses on the price revaluation included in the net result on financial operations at the balance sheet date, shall be recognised in the net result on financial operations on the settlement date on a one-off basis.

5. Gains and losses arising from the sale of debt securities valued at market value shall be determined as the difference between the transaction price, adjusted for the unrealised losses on the price revaluation included in the net result on financial operations at the balance sheet date and the average cost of the holding of debt securities.

6. Gains and losses in foreign currencies referred to in subparagraphs 4 and 5 shall be taken into account when determining the figures and values referred to in § 51 subparagraph 1.

§ 59. 1. Options shall be recognised on off-balance-sheet accounts from the trade date to the exercise or expiry date at the option strike price.

2. The option premium paid shall be recognised as a separate asset and the option premium received shall be recognised as a separate liability. The option premium in foreign currency or in gold shall be converted into the domestic currency at the average exchange rate.

3. If the option is exercised, the underlying instrument shall be recognised in the accounts at the strike price plus or minus the original option premium value, adjusted for the unrealised losses on the price revaluation included in net the result on financial operations at the balance sheet date.

4. If the option expires, the amount of the option premium, adjusted for the unrealised losses on the price revaluation included in the net result on financial operations at the balance sheet date, shall be recognised in the net result on financial operations at the average exchange rate prevailing on the date of expiry of the option.

5. Options shall be valued at market value.

6. For future-style options, daily changes in the variation margins shall be included in the net result on financial operations.

7. The option premium, daily changes in the variation margins in foreign currency or in gold referred to in subparagraph 6, the values in foreign currency or in gold resulting from the delivery of the underlying instrument on the date of exercise or expiry of the option, as well as the unrealised losses on the price revaluation included at the balance sheet date in the net result on financial operations shall be taken into account when determining the figures and values referred to in § 51 subparagraphs 1 and 2.

8. Commissions and fees relating to options shall be included in the net result on commissions and fees.

Chapter 5
Annual financial statements of NBP

§ 60. 1. The financial year shall last from 1 January to 31 December.

2. The balance sheet date shall be 31 December.

§ 61. The annual financial statements of NBP shall comprise:

1) the balance sheet of NBP, the format of which is set out in Annex No. 1 to the Resolution;

2) the profit and loss account of NBP, the format of which is set out in Annex No. 2 to the Resolution;

3) notes.

§ 62. 1. The balance sheet of NBP shall present the balances of assets and liabilities at the balance sheet date of the current and previous financial year.

2. The profit and loss account of NBP shall present income and expenses or their net result relating to the current and previous financial year.

3. The notes shall contain the significant data and explanations necessary for the true and fair presentation of the economic and financial position and the financial result.

4. The notes shall comprise, in particular:

1) the legal basis and scope of NBP activities as well as data concerning the composition of the NBP governing bodies;

2) the legal basis of drawing up the annual financial statements of NBP;

3) indication of the period covered by the annual financial statements of NBP;

4) the name of the statutory auditor examining the annual financial statements of NBP and the manner of the auditor's selection;

5) information on the adoption and approval of the annual financial statements of NBP for the previous financial year;

6) the description of significant accounting principles, including the recognition in the accounts and valuation of assets, liabilities and off-balance-sheet financial instruments and the recognition of income and expenses in the financial result;

7) the description of the changes in the accounting principles implemented during the current financial year, the reasons for these changes and their effects on balance sheet, profit and loss account and off-balance sheet items;

8) information on the comparability of the financial data for the previous financial year with the financial data for the current financial year;

9) information concerning values based on professional judgement and estimates;

10) explanatory notes, including supplementary data to balance sheet items, off-balance sheet items and profit and loss account items;

11) information on financial and operational risks at NBP, including:

    a) the structure of the risk management system,

    b) the financial risk management method and the NBP exposure to credit, liquidity, interest rate, foreign exchange rate risk and the risk of gold price changes,

    c) the method of operating risk management;

12) components of the NBP capital.

5. The annual financial statements of NBP shall indicate the currency in which they are drawn up and the level of rounding of the figures.

6. If, in the current and previous financial year, an item in the format of the balance sheet of NBP or the profit and loss account of NBP is not used or presents a zero balance, it may be omitted in the preparation of the annual financial statements of NBP.

§ 63. The consolidated annual financial statements of NBP shall not be prepared.

§ 64. 1. The annual financial statements of NBP, together with the statutory auditor's report, shall be published on the NBP website within 14 days of their submission to the Council of Ministers for approval.

2. The balance sheet of NBP and the profit and loss account of NBP shall be published in the Official Journal of Narodowy Bank Polski no later than 30 days from the date of receipt by NBP of a resolution of the Council of Ministers approving the annual financial statements of NBP.

Chapter 6

Transitional and final provisions

§ 65. 1. As at 1 January 2021:

1) the nominal value of debt securities issued by NBP prior to the date of entry into force of the Resolution shall be adjusted for the unaccrued discount;

2) interest recognised in the accounts as deferred income shall be included in the net result on interest on a one-off basis and at the same time the claims on the interest shall be verified for impairment.

2. By 31 December 2021:

1) the discount and premium on purchased debt securities shall be included in the financial result at the end of each operating day in amounts accrued according to the internal rate of return;

2) interest on purchased debt securities shall be included in the financial result at the end of each operating day in amounts accrued according to the straight-line method.

§ 66. Resolution No. 16/2003 of the Monetary Policy Council of 16 December 2003 on the accounting principles, format of the balance sheet and the profit and loss account of Narodowy Bank Polski is repealed (Official Journal of NBP of 2020, item 15).

§ 67. The Resolution shall enter into force on 1 January 2021, with the exception of § 40 subparagraph 1, which shall enter into force on 1 January 2022.

Chairperson of the Monetary Policy Council: *A. Glapiński*

Members of the Monetary Policy Council:
G.M. Ancyparowicz, C. Kochalski, J.J. Kropiwnicki,
R. Sura, K. Zubelewicz, J. Żyżyński

FORMAT

Annex No. 1

Balance Sheet of Narodowy Bank Polski as at ………………………

Assets	Current year	Previous year	Liabilities	Current year	Previous year
1. Gold and gold receivables			1. Banknotes and coins in circulation		
2. Claims on non-residents denominated in foreign currency			2. Liabilities to credit institutions related to monetary policy operations denominated in domestic currency		
2.1. Receivables from the IMF			2.1. Current accounts (including the required minimum reserve accounts)		
2.2. Balances with foreign institutions, securities, loans granted and other foreign assets			2.2. Deposit facilities		
3. Claims on residents denominated in foreign currency			2.3. Other monetary policy operations		
4. Claims on non-residents denominated in domestic currency			3. Other liabilities to credit institutions denominated in domestic currency		
5. Claims on credit institutions related to monetary policy operations denominated in domestic currency			4. Liabilities due to issued securities denominated in domestic currency		
5.1. Main refinancing operations			5. Liabilities to other residents denominated in domestic currency		
5.2. Fine-tuning operations			5.1. Liabilities to general government		
5.3. Structural operations			5.2. Other liabilities		
5.4. Marginal lending facilities			6. Liabilities to non-residents denominated in domestic currency		
5.5. Other monetary policy operations			7. Liabilities to residents denominated in foreign currency		
6. Other claims on credit institutions denominated in domestic currency			8. Liabilities to non-residents denominated in foreign currency		
7. Securities of residents denominated in domestic currency			9. SDR allocation		
7.1. Securities held for monetary policy purposes			10. Items in course of settlement		
7.2. Other securities			11. Other liabilities		
8. Claims on general government denominated in domestic currency			11.1. Off-balance-sheet instruments revaluation differences		
9. Items in course of settlement			11.2. Accruals and deferred income		
10. Other assets			11.3. Sundry		
10.1. Tangible fixed assets and intangible assets			12. Provisions		
10.2. Other financial assets			12.1. FX risk provision		
10.3. Off-balance-sheet instruments revaluation differences			12.2. Provisions for liabilities		
10.4. Accruals and prepaid expenses			13. Revaluation accounts		
10.5. Sundry			14. Capital and reserves		
			14.1. Statutory fund		
			14.2. Reserve fund		
			15. Financial result		
			15.1. Financial result for the financial year		
			15.2. Loss of previous years		
Total assets			**Total liabilities**		

Annex No. 2

Profit and Loss Account of Narodowy Bank Polski
for the year ended on……………………….

	Current year	**Previous year**
1. Net result on interest		
1.1. Interest income		
1.2. Interest expenses		
2. Net result on financial operations		
2.1. Realised gains/losses		
2.2. Unrealised losses		
2.3. Net result on impairment losses on financial assets		
2.4. Net result on FX risk provision		
3. Net result on commissions and fees		
3.1. Commissions and fees income		
3.2. Commissions and fees expenses		
4. Income on shares and participating interests		
5. Other income		
A. Total net income		
6. Salaries		
7. Administrative expenses		
8. Depreciation and amortisation expenses		
9. Expenses on issue of banknotes and coins		
10. Other expenses		
B. Financial result for the financial year		