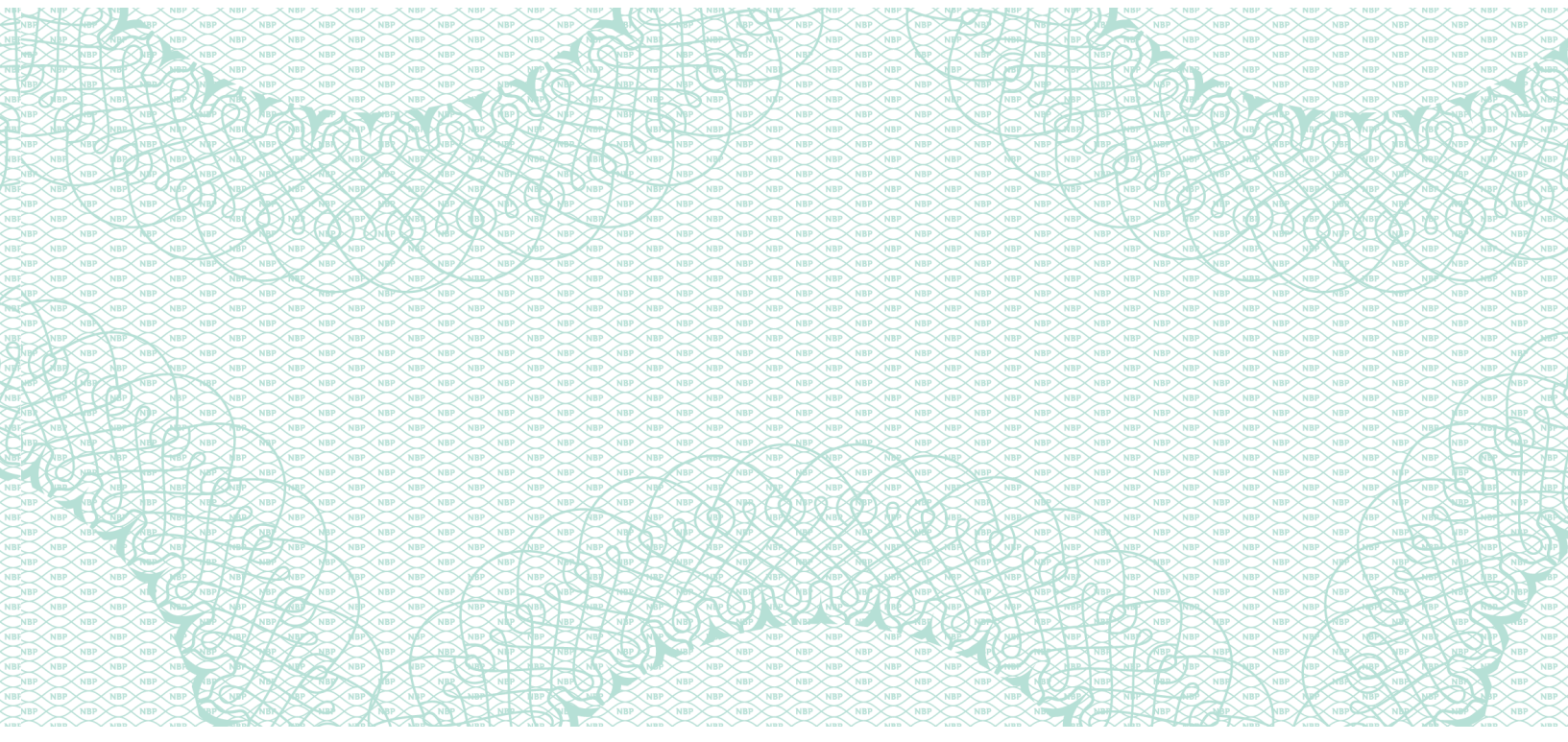




Narodowy Bank Polski

Annual Report 2013



Annual Report 2013

Warsaw 2014

Compiled on basis of NBP materials

Photo of the President of NBP
Agnieszka Deluga-Góra

Printing
Printshop NBP

Published by
Narodowy Bank Polski
Education and Publishing Department
00-919 Warszawa
ul. Świętokrzyska 11/21
phone 48 22 185 23 35
www.nbp.pl

ISSN 1427-0277

© Copyright Narodowy Bank Polski, 2014

Contents

Foreword by the President of Narodowy Bank Polski	7
Monetary Policy Council	9
Management Board of Narodowy Bank Polski	9
Organisation chart of Narodowy Bank Polski valid as at 31 December 2013	10
Summary	11
Chapter 1. Governing bodies of NBP	19
1.1. President of Narodowy Bank Polski	20
1.2. Monetary Policy Council	21
1.3. Management Board of Narodowy Bank Polski	22
1.4. Narodowy Bank Polski Plan of Activity	23
Chapter 2. Monetary policy	25
2.1. Monetary policy strategy in 2013	26
2.2. Monetary policy and macroeconomic developments in 2013	30
2.3. Monetary policy instruments in 2013	37
Chapter 3. Financial system	45
3.1. Cooperation with financial safety net institutions	46
3.2. Activities of the Systemic Risk Committee	47
3.3. Analyses and research for the needs of the financial system	47
3.4. International cooperation for financial stability	48
3.5. Participation of Narodowy Bank Polski in bank resolution programmes	48
Chapter 4. The issue of currency	49
4.1. Currency in circulation	50
4.2. Issue of collector coins	50
4.3. Arrangements for the introduction into circulation of modernized banknotes and coins of the lowest face values minted in brass-plated steel	51
4.4. Withdrawal of banknotes and coins from circulation due to wear and tear or damage	52
4.5. Counterfeit Polish currency	52
4.6. Supply of notes and coins to banks	52

Contents

Chapter 5. Foreign exchange reserves management	55
5.1. Level of the official reserve assets	56
5.2. Foreign currency reserves management strategy	57
5.3. Financial risk management in the foreign exchange reserves management process	58
5.4. Rate of return on foreign currency reserves	58
5.5. Investment income	61
Chapter 6. Foreign exchange activity	63
6.1. Register of bureaux de change	64
6.2. Foreign exchange related decisions	64
6.3. Foreign exchange regulation	64
Chapter 7. Payment system oriented activities	67
7.1. Performance of operational tasks	68
7.2. Policy measures and development of the payment system	69
7.3. Oversight of payment systems and securities settlement systems	71
Chapter 8. Services to the State Treasury	73
8.1. Bank accounts operated by NBP	74
8.2. Handling international liabilities and claims of the State Budget	75
8.3. Organization of trade in Treasury securities	75
8.4. Cooperation with the Ministry of Finance within the Public Debt Management Committee	76
Chapter 9. Research activity	77
9.1. Analytical and conceptual framework for the economic processes in the euro area	78
9.2. Studies of monetary policy, inflation processes and inflation expectations	79
9.3. Enterprise and household surveys	80
9.4. Other macroeconomic research	81
9.5. Forecasting and research work	83
9.6. Activity of NBP's Economic Research Committee	83
9.7. Conferences and seminars organised by NBP	83
Chapter 10. Statistics	85
10.1. Core tasks performed by NBP with respect to statistics	86
10.2. Statistical tasks deriving from NBP participation in the ESCB and in other international institutions	87

Chapter 11. Education and information	91
11.1. Education	92
11.2. Information and promotion	93
11.3. Publishing and Library	95
11.4. Petitions, complaints, requests and letters	95
Chapter 12. Legislative activity	97
12.1. Legislation by NBP governing bodies	98
12.2. NBP's contribution to legislative activity by state authorities with respect to normative and non-normative acts	98
12.3. Draft legislation related to the operation of the banking system	100
12.4. Consulting Community laws and draft national legislation of the EU Member States by NBP	100
12.5. Work related to the adoption of the euro by Poland	101
Chapter 13. International activity	103
13.1. Duties resulting from Poland's membership of the European Union	104
13.2. Collaboration with international economic and financial institutions	105
Chapter 14. Internal development of NBP	109
14.1. Human resources management	110
14.2. Organisational changes	110
14.3. Operational and compliance risk management	111
14.4. Investment and renovation	111
14.5. IT support for the banking system and NBP	112
14.6. Internal audit	112
14.7. Safety and security	113
14.8. Service support activities	113
Chapter 15. Condensed financial statements of NBP as at 31 December 2013 and independent auditor's opinion	115
Balance sheet of NBP as at 31 December 2013	116
Profit and loss account of NBP for the year ended 31 December 2013	118
Notes – general information	119
1. Introduction	119
2. Description of significant accounting principles	122
3. Changes in accounting principles	129
4. Values based on professional judgement and estimates	129

Contents

5. General overview of changes in and structure of NBP balance sheet and financial result	130
6. Explanatory notes to balance sheet	136
7. Explanatory notes to off-balance-sheet items	147
8. Explanatory notes to profit and loss account	149
9. Other explanatory notes	156
10. Financial and operational risk	157
Appendix 1. External environment of the Polish economy	163
Appendix 2. GDP and domestic demand	167
Appendix 3. Prices of consumer goods and services	171
Appendix 4. Balance of payments	177
Appendix 5. Money and credit	183
Appendix 6. List of open-to-public academic seminars and selected publications of NBP	187
Appendix 7. Voting records of MPC members on motions and resolutions	195
Statistical annex	201
Methodological notes	224
List of most important abbreviations	233



Marek Belka
President of Narodowy Bank Polski

Dear Readers,

I am pleased to present to you the Annual Report, which describes the most important activities of Narodowy Bank Polski in 2013. It discusses the most important statutory tasks performed by NBP and condensed financial statements for the previous year.

In 2013, Narodowy Bank Polski continued to act to maintain price stability, ensure the safety of the financial system and support sustainable economic growth. However, these actions were conducted in difficult and changing economic conditions. At the beginning of 2013, economic activity in developed economies, particularly in the euro area, remained weak, which had an adverse effect on the economic growth of developing countries. In the second quarter of 2013, the economic conditions of the developed countries began to improve. The Federal Reserve

announced at that time its intention to taper quantitative easing, which consists of the purchase of financial assets. This caused the mood to deteriorate in global financial markets and portfolio capital to flow out of many developing countries, including Poland. Due to the relatively slow pace of global economic growth, inflation in many countries has remained low (in most cases below the targets of the central banks of these countries). Besides low demand pressure, low inflation was also caused by the decline in energy commodity prices and food prices on world markets.

The downturn in Europe caused a slowdown in economic growth in Poland in the first half of 2013. Continuing uncertainty about the economic situation abroad restricted not only export growth, but also domestic demand, and in particular investments of enterprises operating in Poland. In addition, the decline in investment was also caused by continued efforts to reduce the growth of public sector expenditure. In turn, persistently high unemployment dampened wage growth and the growth of private consumption. As a result, in the first half of 2013, domestic demand continued to decline.

The second half of 2013 saw an improvement in the economic situation abroad, including in the euro area, which was conducive to an increase in Polish exports growth, an increase in investment of Polish companies, and a gradual improvement in the situation on the labour market. Along with the relaxation of criteria for granting consumer loans by banks, this supported the recovery in domestic demand, although at a slow pace.

The slow growth in domestic demand caused a fall in inflation, which after a period in which it remained at an

elevated level, dropped to 0.9% in 2013. As in many countries, the fall in inflation in Poland was also influenced by the decline in energy commodity prices on global markets and weak food price growth.

Due to the low economic growth and the fall in inflation below its target as well as the risk of it persisting at that level in the medium term, in 2013 the Monetary Policy Council continued to lower interest rates. In 2013, the Council lowered interest rates six times by a total of 1.75 percentage points. During the whole cycle of reductions, from November 2012 to July 2013, interest rates were lowered eight times, in total by 2.25 percentage points. As a result, since July 2013 NBP interest rates have stood at their lowest level historically. The substantial lowering and then stabilisation of interest rates was conducive to the economic recovery observed from the third quarter of 2013, and at the same time mitigated the risk of inflation persisting below target in the medium term.

Apart from monetary policy, another of the main tasks of NBP is to create conditions necessary for the development of the banking system and to conduct activities aimed at promoting stability of the country's financial system. NBP's analyses indicate that in 2013 the Polish financial system was stable and the situation of its most important segment – the banking sector – was developing favourably. This is evidenced by the increase in value and quality of banks' own funds, the improvement in

solvency ratios, and the good liquidity situation. Unlike in the case of some euro area countries, in Poland no banking institution required financial support from public funds. The banking sector in our country – among others thanks to the efforts of NBP – is characterised by high resistance to unexpected disturbances in the economy. The results of the stress tests showed that a large proportion of the country's commercial banks possess sufficient capital to cope with the effects of a strong economic downturn. The effectiveness of the activities conducted by Narodowy Bank Polski aimed at maintaining the stability of the Polish financial system was rated positively by the FSAP mission of the International Monetary Fund and the World Bank in the study on the condition of the financial system in Poland.

With the publication of the report, I would like to thank all the people and institutions involved in cooperation with Narodowy Banki Polski. Thanks to the smooth cooperation of the constitutional organs of the State, it is possible for us to realise our common goal, which is to achieve lasting and sustainable economic growth in conditions of low inflation and to maintain the stability of the financial system.

I hope that this Report will be a source of knowledge for you about the activities of Narodowy Bank Polski, while the information which it contains will allow you to discover the conditions under which the central bank operated last year.

MONETARY POLICY COUNCIL

Chairperson

Marek Belka

Members:

Andrzej Bratkowski

Elżbieta Chojna-Duch

Zyta Gilowska¹

Adam Glapiński

Jerzy Hausner

Andrzej Kaźmierczak

Jerzy Osiatyński²

Andrzej Rzońca

Jan Winiecki

Anna Zielińska-Głębocka

MANAGEMENT BOARD OF NARODOWY BANK POLSKI

President

Marek Belka

First Deputy President of NBP

Piotr Wiesiołek

Deputy President of NBP

Witold Koziński

Members:

Jacek Bartkiewicz³

Eugeniusz Gatnar

Andrzej Raczko

Jakub Skiba⁴

Zdzisław Sokal⁵

Katarzyna Zajdel-Kurowska⁶

Małgorzata Zaleska

¹ As of 3 October 2013, Zyta Gilowska ceased to act as MPC Member, having submitted her resignation.

² Jerzy Osiatyński was appointed MPC Member on 20 December 2013.

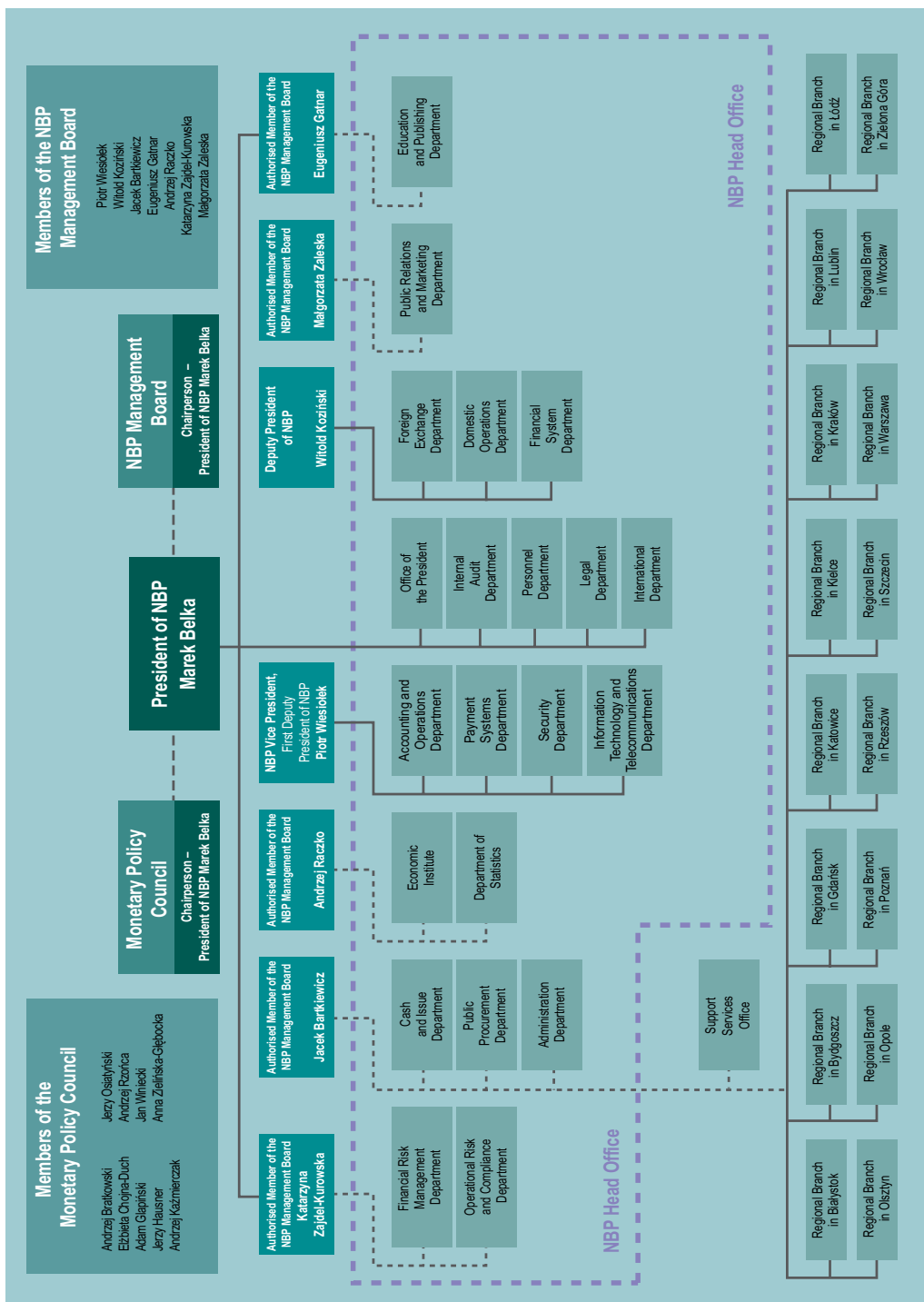
³ Jacek Bartkiewicz was appointed NBP Management Board Member on 2 April 2013.

⁴ The term of office of Jakub Skiba, MBP Management Board Member, expired on 2 November 2013.

⁵ The term of office of Zdzisław Sokal, NBP Management Board Member, expired on 13 March 2013.

⁶ Katarzyna Zajdel-Kurowska was appointed as NBP Management Board Member on 2 April 2013.

Organisation chart of Narodowy Bank Polski valid as at 31 December 2013



--- Day-to-day oversight exercised in accordance with authorisations granted by the NBP President to the Members of the Management Board, pursuant to § 12 of the NBP Organisational By-laws.
 — Day-to-day oversight exercised on the basis of the NBP reporting structure, according to the areas of work of organisational units assigned by the NBP President to be managed by the NBP Deputy Presidents.

Summary



Summary

1. Pursuant to Article 227 (1) of the Constitution of the Republic of Poland, “The central bank of the State shall be the National Bank of Poland. It shall have the exclusive right to issue money as well as to formulate and implement monetary policy. The National Bank of Poland shall be responsible for the value of Polish currency”. The basic responsibilities of NBP are stipulated in the Act on the National Bank of Poland (Narodowy Bank Polski) and in the Banking Act, as well as in the Treaty on the Functioning of the European Union and in the Statute of the ESCB and of the ECB. In 2013, NBP conducted its activities pursuant to the *Monetary Policy Guidelines for 2013 and Narodowy Bank Polski Plan of Activity 2013–2015*.
2. This *Report* describes the performance of the statutory responsibilities of NBP in 2013 with regard to the following areas: monetary policy, pursuit of the financial system stability, issue of currency, foreign exchange reserves management, foreign exchange activities, the payment system, services to the State Treasury, research, statistics, education and information and international co-operation. The *Report* also presents the Bank’s legislative activity and its internal development as well as the condensed financial statements of NBP as at 31 December 2013, together with the opinion of an independent certified auditor.
3. Pursuant to the Constitution of the Republic of Poland and the Act on the National Bank of Poland (Narodowy Bank Polski), the governing bodies of NBP comprise: the President of Narodowy Bank Polski, the Monetary Policy Council and the Management Board of Narodowy Bank Polski. In 2013, the organisational structure of NBP consisted of the Head Office and 17 organisational units.
4. In 2013, the monetary policy of NBP was conducted amidst low, albeit gradually accelerating, global economic growth, persistent expansionary monetary policy of the major central banks and continued fiscal tightening in many countries. These conditions were accompanied by a large volatility of sentiment on financial markets and the related changes in capital flows.

Low demand pressure and falling commodity prices in global markets favoured a decrease in inflation in a number of countries. In developed economies, inflation was lower than a year before, whereas in developing economies inflation went up slightly but remained relatively low in historical perspective. In some developing economies, depreciation of national currencies contributed to an increase in inflation.

In 2013, the major central banks continued to pursue strongly expansionary monetary policy. The Federal Reserve, the Bank of Japan and the Bank of England kept interest rates at their record low, while the European Central Bank cut its interest rates on two occasions (in May and November), including its main rate, which was lowered to 0.25%. The banks also signalled their intention to keep interest rates very low over the longer term. Furthermore, the Federal Reserve and the Bank of Japan carried out quantitative easing by purchasing financial assets, whereas the ECB upheld its readiness to launch the programme of buying Treasury bonds of the countries most affected by the debt crisis.

In the first months of 2013, continuation of highly expansive monetary policy by major central banks supported the prevailing low risk aversion and a price growth of most assets. Yet, in May, the Federal Reserve signalled a possibility of tapering its quantitative easing. As a result, an outflow of capital from emerging markets was observed and the exchange rates of many of those countries' currencies weakened substantially. Some investors also pulled out capital from Poland – non-residents' exposure to Treasury bond market diminished, yields on bonds increased and the zloty exchange rate depreciated, though the scale of the depreciation was far smaller than in the case of many other emerging economy currencies. In September, the Federal Reserve decided to maintain the existing scale of quantitative easing, which – alongside the publication of data indicating better global business conditions in the second half of 2013 – helped stabilise the sentiment in global financial markets in the months to follow. In Poland – besides those mentioned above – the factors helping improve the sentiment in the domestic financial markets also included signs of a gradual GDP recovery, as well as narrowing of the country's external imbalance.

In 2013, the annual GDP growth amounted to 1.6% (compared to 2.0% in 2012). A slowdown in the GDP growth stemmed from a protracted period of unfavourable business conditions abroad, primarily a prolonged recession in the euro area and a decline in GDP growth in Germany. Weak external demand and continued uncertainty as to the economic situation abroad limited exports growth and enterprise investment. At the same time – in the context of still excessive public finance deficit – activities were undertaken to reduce the growth of public sector spending, in particular public investment spending. The year 2013 also saw a heightened rate of unemployment, which hampered wage and private consumption growth. As a result, domestic demand stagnated, similarly to 2012. Net exports continued to positively contribute to GDP growth, which was a result of exports growth running higher than imports growth.

Following a period of a heightened level of inflation, the annual index of consumer goods and services (CPI) dropped markedly in 2013. Average annual inflation rate stood at 0.9%, i.e. below the NBP inflation target set at 2.5% +/- 1 percentage point. NBP interest rate cuts made in 2011–2012 were conducive to the lowering of inflation. However, the drop in inflation rate was higher-than-expected on the back of supply shocks (a decrease in commodity prices, in particular prices of energy and agricultural products) and lower-than-expected economic growth, which translated into low demand and cost pressures.

In 2013 – as in 2012 – growth in lending to the private sector remained slow. Amidst weak economic activity, including weak investment activity, growth in corporate lending decreased. At the same time, as a result of the gradual recovery in consumer credit combined with a stable – albeit low – increase in housing loans, the growth in household loan picked up somewhat.

Similarly to the previous years, in 2013 the monetary policy decisions of the Council were aimed at maintaining price stability, i.e. stabilising inflation at 2.5% in the medium term which is conducive to a balanced economic growth. At the same time, the monetary policy was aimed to contain the risks of growing imbalances in the economy.

From January to July 2013, the Council continued the cycle of interest rate cuts initiated in November 2012. In this period, NBP interest rates were lowered by 1.75 percentage

points. During the entire cycle, the Council lowered NBP interest rates by a total of 2.25 percentage points. As a result, NBP reference rate had been brought down from 4.75% to 2.50%, i.e. the lowest level on record. The substantial loosening of monetary policy – which was conducive to a fall in real interest rates – was related to a marked decline in inflation amidst slow economic growth and the risk of inflation running below the NBP inflation target (2.5%) in the medium term. From September to December 2013, the Council kept the interest rates unchanged. The Council judged that the prior significant interest rate cuts and the announcement of forward guidance would be conducive to economic recovery and would help bring inflation gradually back to the target. Moreover, in its forward guidance in September and October 2013, the Council hinted at a probability of keeping interest rates at an unchanged level until at least the end of 2013. At its meeting in November 2013, the Council extended forward guidance and said it would keep unchanged interest rates until at least the end of the first half of 2014.¹ Signalling the absence of the NBP interest rates change in the subsequent quarters was also conducive to economic recovery and furthermore – to stabilisation in the domestic financial market.

5. In 2013, NBP conducted its monetary policy according to the principles presented by the Monetary Policy Council in the *Monetary Policy Guidelines for 2013*. The short-term interest rate remained the main instrument employed. The NBP reference rate determined yields on main open market operations, while influencing, at the same time, the level of short-term market interest rates. The NBP deposit rate and lombard rate determined the profitability of standing facilities, constituting the band of fluctuations for the interbank overnight interest rates (represented by POLONIA index, among others).

In 2013, as in 2012, the key role in determining short-term market rates, especially the POLONIA rate, was played by open market operations. The main operations were carried out on a systematic basis, once a week, and took the form of the issue of NBP money market bills with 7-day maturity, which helped absorb a larger part of liquidity surplus from the banking sector.

Fine-tuning operations, applied both during and after the end of the reserve maintenance period, were used to balance liquidity conditions. The above use of open market operations by the central bank was bringing the POLONIA rate closer to NBP reference rate. In 2013, banks could replenish shortages and invest surplus funds at the central bank, by taking a recourse to lombard loan and overnight deposit offered by NBP.

6. The level of short-term liquidity in the banking sector, measured as average annualised balance of operations carried out by NBP (the total of money market bills issued by NBP and standing facilities) in 2013 amounted to PLN 126,541 million. Liquidity increased by PLN 30,235 million compared to 2012 average. In 2013, the increase in excess liquidity was primarily fuelled by the surplus of foreign currency purchase by NBP over its sale. NBP purchased foreign currencies from the Ministry of Finance coming from EU funds, i.e. from structural funds and Common Agricultural Policy. In mid-year, NBP transferred to the State budget funds in the amount of PLN 5,264 million representing disbursement of the part of NBP profit. Liquidity surplus was moderated primarily by an increased level of currency in circulation. NBP money market bills averaged PLN 126,780 million in 2013,

¹ At its February 2014 meeting, the Council extended the signaled period for maintaining interest rates unchanged to at least the end of the third quarter of 2014.

of which 98.5%, i.e. PLN 124,232 million, were bills sold as part of main operations, and PLN 1,846 million, were fine-tuning operations. The average level of standing facilities amounted to PLN 463 million.

7. Pursuant to Art. 3 para. 2 item 6 of the Act on the National Bank of Poland (Narodowy Bank Polski), the responsibilities of NBP shall include “laying down the necessary conditions for the development of the banking system”. The Polish central bank performs this responsibility on an ongoing basis by taking steps to maintain a stable and low level of inflation. In 2013, NBP also focused on cooperation with the financial safety net institutions, i.e. the Ministry of Finance (MF), the Polish Financial Supervision Authority (KNF) and the Bank Guarantee Fund, and activities aimed at enhancing the development of the payment system and safeguarding its smooth functioning. Moreover, the Bank participated in the development of legal provisions concerning the banking sector, conducted research on the stability of the financial system and cooperated with the Polish Bank Association.
8. Activities for the stability of the financial system in 2013 included primarily analyses of the stability and development of the domestic financial system and publishing related studies (*Financial Stability Reports, Senior Loan Officer Opinion Survey on Credit Market Conditions, Financial System Development in Poland in 2012, Turnover in the Domestic Foreign Exchange and OTC Derivatives Markets*). NBP participated in the meetings of the Financial Stability Committee and the work of financial supervision authorities institutions in the EU.
9. The main goal of currency issue by NBP was to ensure safety and liquidity of cash transactions. At the end of December 2013, the value of currency in circulation (including bank vault cash) was PLN 126,142.8 million, which represented an increase of 11% as compared to the end of 2012. NBP continued to issue collector items. The issue included 9.75 thousand pieces of gold coins and 356.0 thousand pieces of silver coins. Moreover, in 2013 NBP was making preparations to put into circulation banknotes with modernized security features. To reduce the costs of issuing coins, NBP decided to change the alloy used in the production of lowest denomination coins.
10. In the management of foreign exchange reserves, NBP seeks to maximise the return on the reserves while ensuring the safety and requisite liquidity of invested funds. In 2013, the process of currency structure diversification was continued and investments in the New Zealand market were launched. Owing partly to a drop in the prices of securities in 2013, the income from the management of foreign currency reserves was lower than in the previous years. Excluding the realized and unrealized exchange rate differences, it stood at PLN 1.2 billion.
11. As part of its foreign exchange activity NBP maintained a register of bureaux de change, controlled foreign exchange transactions and issued decisions on foreign exchange matters. The year 2013 saw a total of 1,977 inspections relating to foreign exchange trading and 22 decisions on foreign exchange matters. As at 31 December 2013, there were 4,601 bureaux de change operating in Poland. As from October 2013, data contained in the register of bureau de change are accessible at the NBP website.
12. The activities of Narodowy Bank Polski with respect to the payment system principally consisted in the operation and maintenance of the payment systems and the performance

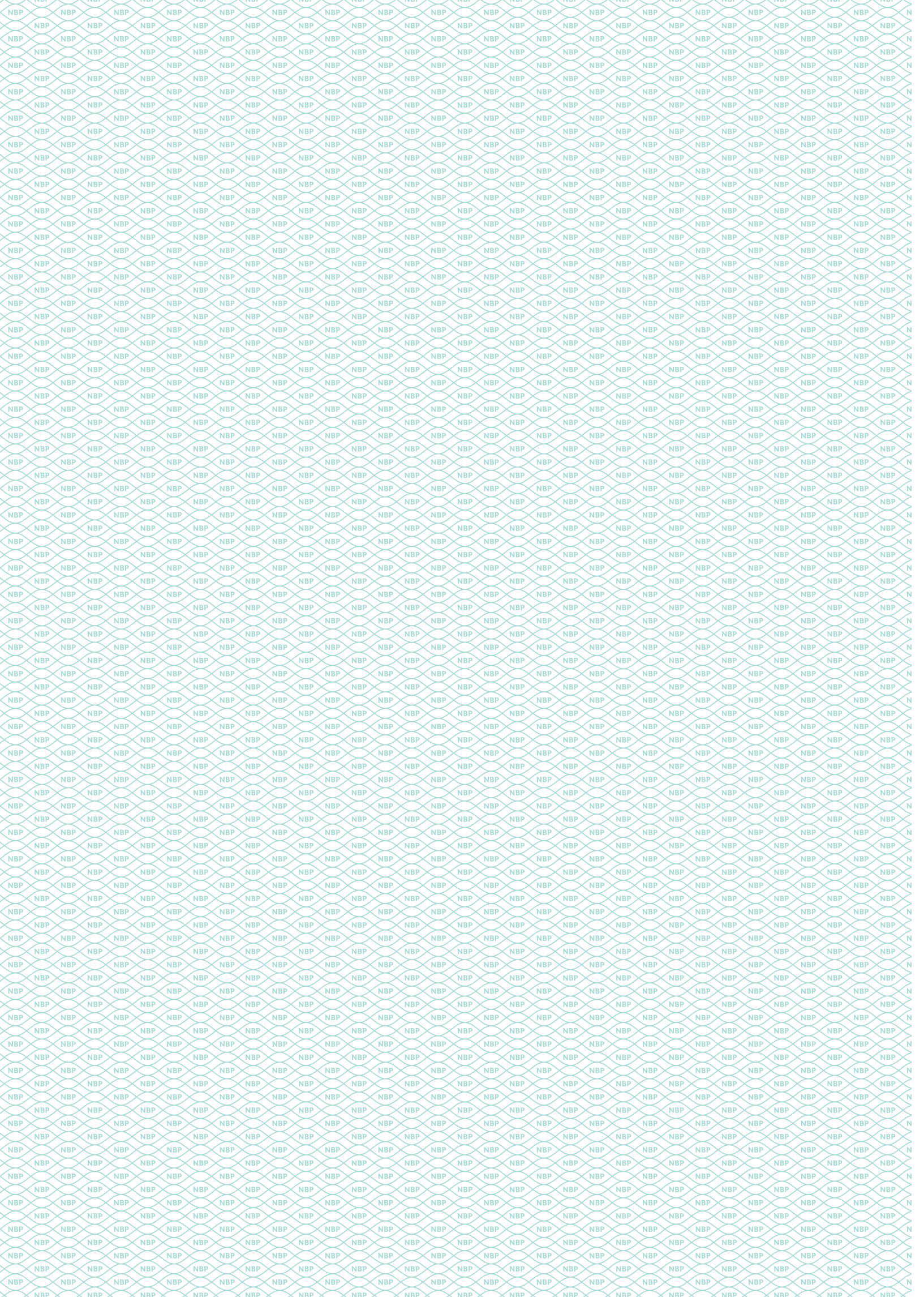
of interbank settlements, organisation of monetary settlements, oversight of payment systems, authorisation and clearing systems as well as securities settlement systems. In 2013, SORBNET2 payment system was launched. Narodowy Bank Polski was involved in the development of recommendations by the Payment System Council on the safety of contactless payment cards and took part in the work on the *Programme for non-cash payments development in Poland for the years 2014–2020*.

13. By maintaining central government accounts, Narodowy Bank Polski contributes to the safety and liquidity of public fund settlements. In 2013, NBP operated 15,690 accounts for 3,527 clients. NBP also organised Treasury bond and bill sale, swap and redemption auctions. Moreover, the central bank serviced foreign liabilities and receivables of the central government, and cooperated with the Ministry of Finance within the framework of the Public Debt Management Committee.
14. In 2013, research conducted at NBP addressed issues related to monetary policy – the policy transmission mechanism in particular – as well as macro-prudential policy, inflation processes, public finance, the economic condition of enterprises and households as well as the labour and property markets. Research covered the economic processes in EU economies as well as changes occurring in Poland's and international economic environment. Changes in prognosis tools and processes continued and the range of model and analytical-and-research works on the processes taking place in the Polish economy and in the world was expanded. A comprehensive report on monetary policy transmission mechanism was prepared. Twelve publications by NBP staff was placed on the so-called Philadelphia list.²
15. In 2013, NBP participated in work on statistics conducted by the ECB and other international institutions, including harmonisation of statistics with ESA 2010 and implementation of new standards for the balance of payments and international investment position (BPM6). NBP also conducted projects on the expansion of bank reporting for macro-prudential purposes, which aims at implementing harmonised standards of the European Banking Authority.
16. As a part of education and information activities carried out in 2013, NBP participated in developing 170 education projects for a wide audience. There were 3 information campaigns dedicated to: new security features of Polish banknotes, utilization of services of financial institutions that are not subject to special supervision by the state (the so-called quasi-banks or shadow banking) and combating financial exclusion. As part of contacts with the media and market analysts, meetings with NBP representatives were organised and over 500 press enquiries were answered.
17. In 2013, NBP representatives participated in the meetings of the Committee of the Council of Ministers and the Committee on European Affairs. NBP also participated in the work of numerous inter-departmental bodies and cooperated with state authorities, issuing opinions on draft legal acts relating to economic policy and the banking system. With regard to cooperation with the European Central Bank, NBP issued opinions on draft national legislation from EU Member States and draft community laws, including

² Philadelphia list (ISI Master Journal List) – a list of academic journals created and updated by the Institute for Scientific Information. The list includes titles of journals evaluated and included in ISI databases.

proposals on banking union in a broad sense. NBP representatives participated in the work of Cross-Institutional Task Forces for the Euro Adoption in Poland.

18. In 2013, NBP representatives participated in the work of the following EU bodies: the ECB General Council, the ESRB General Board, the ESCB and the ESRB committees and working groups, the ECOFIN Council (at informal meetings), the EU Council and the European Commission committees and working groups. These activities focused on the issues related to the single supervisory mechanism and the single resolution mechanism. Moreover, NBP cooperated with international institutions, i.e. OECD, the World Bank, IMF, EBRD and BIS. Narodowy Bank Polski signed a bilateral loan agreement with the IMF. In 2013, NBP President was elected the Chair of the Board of Governors of the EBRD and was reappointed the Chairman of the World Bank/IMF Development Committee. NBP President also chaired the work of the Vienna 2 Initiative Steering Committee.
19. In 2013, the average annual employment level at NBP remained unchanged compared to 2012 and was 3,642 full-time posts.
20. Pursuant to Article 69 (1) of the Act on the National Bank of Poland (Narodowy Bank Polski), the *NBP Financial Statements for 2013* have been reviewed by a certified auditor selected by the Monetary Policy Council. Chapter 15 contains the condensed financial statements as at 31 December 2013, together with the opinion of the independent certified auditor.
21. The financial result of NBP as at the end of 2013 amounted to zero.



Chapter 1

Governing bodies of NBP



Governing bodies of NBP

According to the Constitution of the Republic of Poland and the Act on the National Bank of Poland (Narodowy Bank Polski), the governing bodies of NBP comprise the President of Narodowy Bank Polski, the Monetary Policy Council and the Management Board of Narodowy Bank Polski.

1.1. President of Narodowy Bank Polski

In 2013 as part of his responsibilities, the President of Narodowy Bank Polski chaired the meetings of the Monetary Policy Council and the Management Board of NBP and also participated in the meetings of international banking and financial institutions. Additionally, while representing Narodowy Bank Polski and the Republic of Poland in liaising with foreign institutions, the President of NBP attended the following meetings:

- meetings of the General Council of the European Central Bank,
- the annual meeting of the Board of Governors of the European Bank for Reconstruction and Development;
- the annual meeting of the Board of Governors of the World Bank and the International Monetary Fund,
- informal sessions of the ECOFIN,
- meetings of the European Systemic Risk Board and the Steering Committee,
- meetings of Governors of the Bank for International Settlements in Basel,
- meetings of the Steering Committee and the Plenary Forum of the Vienna Initiative 2.

In 2013, the President of NBP issued:

- 32 ordinances, i.a., concerning: the method of conducting interbank settlements, detailed rules and mode of withdrawing currency, which as a result of wear and tear or damage ceases to be a legal tender in the Republic of Poland, amendments to the ordinance on the manner and procedure for counting, sorting, packaging and marking packages of banknotes and coins and activities related to supplying banknotes and coins to banks, as well as amendments to the ordinance on the determination of the method of conducting bureaux de change business register, the registry pattern and mode of making entries in the register;
- 2 announcements on the balance sheet and the profit and loss account of Narodowy Bank Polski for 2012 and on the the publication of the uniform text of the resolution of the Management Board of the Narodowy Bank Polski concerning the method of calculating and announcing the current foreign currency exchange rates.

Moreover, in his capacity as the head of staff, the President of NBP participated in developing and implementing the Bank's human resources policy and exercised supervision over compliance with work standards at NBP.

1.2. Monetary Policy Council

In 2013, the Monetary Policy Council acted in accordance with the *Monetary Policy Guidelines for 2013*.

In 2013, the MPC held 22 meetings (including 11 decision-making meetings) and adopted 16 normative resolutions and 1 non-normative resolution. The MPC resolutions were published in *Monitor Polski* (Official Gazette) and *Dziennik Urzędowy* (Official Journal of Narodowy Bank Polski). The MPC adopted 6 resolutions on the reference rate, the interest rate on refinancing loans, interest rate on term deposits and rediscount rate on the bills of exchange at Narodowy Bank Polski. Table 1.1 shows the level of interest rates at NBP at the end of 2012 and 2013.

Table 1.1. NBP interest rates as at the end of 2012 and 2013 (%)

Reference rate		Lombard loan		Deposit at NBP		Bill of exchange rediscount	
31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13
4.25	2.50	5.75	4.00	2.75	1.00	4.50	2.75

Source: NBP data.

The remaining MPC resolutions pertained to:

- approval of the *Report on Monetary Policy Implementation in 2012*;
- evaluation of the activities of NBP Management Board regarding the implementation of the *2012 Monetary Policy Guidelines*;
- determination of the monetary policy guidelines for 2014;
- approval of the *Annual Financial Statements* of NBP presented as at 31 December 2012;
- approval of the NBP financial plan for 2014;
- approval of the *Report on NBP Operations in 2012*;
- required reserve rates of banks, cooperative credit unions and National Association of Cooperative Savings and Credit Unions and the interest rates on the required reserve;
- interest rates on loans granted to the Bank Guarantee Fund, the National Association of Cooperative Savings and Credit Unions and cooperative credit unions by NBP;
- establishment of the ceiling for liabilities arising from loans and credits drawn by Narodowy Bank Polski at foreign banking and financial institutions;
- appointment of a certified auditor to audit the annual financial statements of NBP for the financial years 2013 and 2014;
- amendments to the resolution on the MPC rules.

As part of its responsibilities under Article 23 of the Act on the National Bank of Poland (Narodowy Bank Polski), the MPC adopted the following documents:

- *Balance of Payments of the Republic of Poland* for 2012 Q3 and Q4 and for 2013 Q1 and Q2,
- *International Investment Position of Poland in 2012*;
- *Forecast of Poland's Balance of Payments in 2014*;
- *Opinion on the 2014 Draft Budget Act*.

The Council also examined inflation projections and adopted 3 reports on inflation (in March, July and November).

In 2013, the MPC members participated in:

- the debate *Competitiveness and economic growth of Poland*, organized by the Chancellery of the President of the Republic of Poland within the Public Debate Forum;
- a meeting with the representatives of the Polish Financial Supervision Authority to discuss the situation in the banking sector – according to the *Report on the condition of Polish Banks in 2012*, compiled by the Polish Financial Supervision Authority;
- meetings with IMF and OECD missions visiting Poland;
- meetings with the presidents and governors of central banks of the countries holding the presidency in the Council of the European Union;
- conferences and international seminars organized by international institutions and central banks, inclusive of the annual meetings of the International Monetary Fund and the Institute of International Finance.

1.3. Management Board of Narodowy Bank Polski

Pursuant to the Act on the National Bank of Poland (Narodowy Bank Polski), the activities of NBP are directed by the Management Board. The NBP Management Board adopts resolutions on matters which are not the exclusive competence of other governing bodies of NBP and implements the resolutions of the MPC. The Management Board of NBP performed its basic responsibilities according to the *Monetary Policy Guidelines for 2013, Narodowy Bank Polski Plan of Activity 2013–2015* and the *Financial Plan of Narodowy Bank Polski for 2013*.

Pursuant to the Act on the National Bank of Poland (Narodowy Bank Polski), the Management Board examined draft resolutions and materials to be discussed at the MPC meetings, concerning in particular:

- inflation and GDP projections,
- current macroeconomic developments in the country, including the course of inflation processes, the position of public finance, the economic situation of enterprises and households, the developments in the labour as well as financial and credit markets,
- current developments in the world financial markets, including the euro area financial markets and the financial markets of Central and Eastern Europe countries,
- the stability of the financial system in Poland, including the assessment of the operation of the banking system and the perspectives for its development,
- the liquidity of the banking sector and monetary policy instruments,
- the situation in the interbank market and open market operations.

Moreover, the NBP Management Board discussed:

- the management of official reserves,
- the functioning of the Polish payment system, including the issues concerning the launch of the SORBNET2 system,
- research and development at NBP,
- information concerning the cooperation between the ECB and NBP, including issues related to the preparations for integration with the euro area.

In 2013, the NBP Management Board held 53 meetings. It adopted 48 normative resolutions, 36 non-normative resolutions, 207 decisions and 66 management resolutions.¹ The Management Board adopted resolutions primarily concerning amendments relative to:

- the procedure and detailed rules for banks submitting to Narodowy Bank Polski the data necessary for determining the monetary policy and the periodic assessments of the situation of the monetary situation of the state and the assessment of the financial situation of banks and the risks of the banking sector,
- the conditions of opening and operating bank accounts at Narodowy Bank Polski,
- the principles and procedures for calculating and maintaining of the required reserve,
- procedure for taking decisions concerning the granting by Narodowy Bank Polski of a refinancing loan to a bank which has lost payment liquidity, short-term loan to the Bank Guarantee Fund and a loan to the National Association of Cooperative Savings and Credit Unions,
- policy of issue of general circulation banknotes and coins at Narodowy Bank Polski,
- terms and conditions of sale by Narodowy Bank Polski of coins, banknotes and numismatic items for collection and other purposes,
- organizational rules of Narodowy Bank Polski,
- rules of the NBP Management Board.

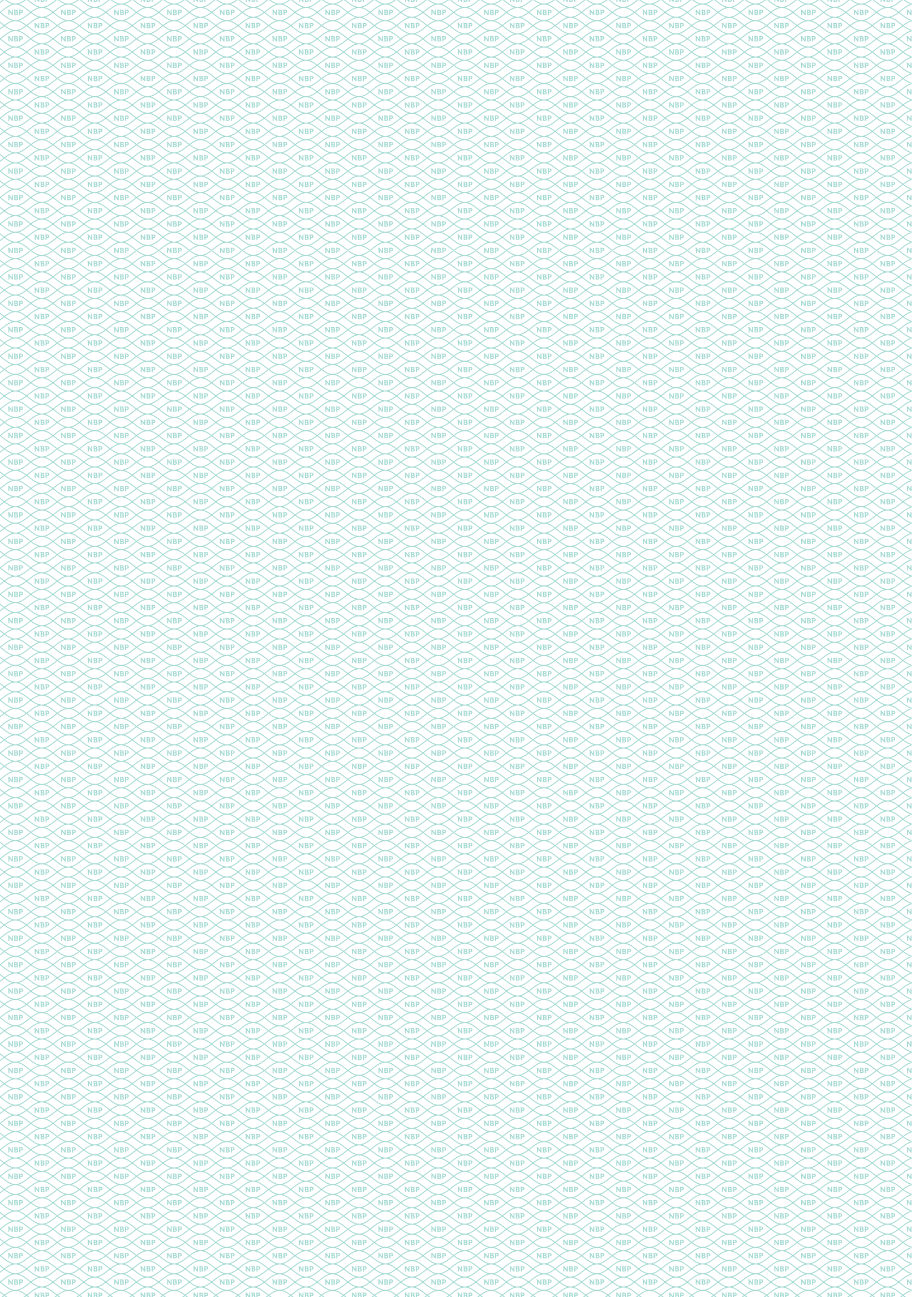
Moreover, the NBP Management Board took decisions concerning, among other things, the following matters:

- agreement for the conclusion of a bilateral loan arrangement between NBP and the IMF,
- introduction of changes to banks' access to the open market operations at NBP,
- commencement of the printing of modernized 10 zloty, 20 zloty, 50 zloty and 100 zloty banknotes from the Polish Sovereigns series,
- taking measures to change the alloy used to strike general circulation coins,
- the adoption of a new policy of issue and sale of collector items.

1.4. Narodowy Bank Polski Plan of Activity

In 2013, the *Narodowy Bank Polski Plan of Activity 2013–2015*, adopted by the NBP Management Board on 16 November 2012, was implemented. The *Plan* includes the NBP goals for the next three years and tasks aimed at their implementation. In accordance with the rules for planning activity at NBP adopted in 2013, the Management Board of NBP adopted the *Narodowy Bank Polski Plan of Activity 2014–2016*, effective from 1 January 2014.

¹ Further to an amendment to the Rules of the NBP Management Board decisions were replaced with executive resolutions.



Chapter 2

Monetary policy



Monetary policy¹

In presenting the *Report on monetary policy implementation*, the Monetary Policy Council acts in accordance with Article 227 of the Constitution of the Republic of Poland, which imposes an obligation on the Council to present a report on the implementation of monetary policy guidelines within 5 months following the end of the fiscal year. In accordance with Article 53 of the Act on the National Bank of Poland (Narodowy Bank Polski), the *Report on monetary policy implementation* is published in the Official Gazette of the Republic of Poland, the *Monitor Polski*.

The *Report* presents the main elements of the implemented strategy of monetary policy, a description of macroeconomic conditions and decisions taken with respect to monetary policy in the reported year, as well as a description of the applied monetary policy tools.

The *Report* is accompanied by appendices presenting the development of important macroeconomic variables, as well as *Minutes of the Monetary Policy Council decision-making meetings and the voting records of the Council members on motions and resolutions*.²

An *ex post* assessment of the conduct of monetary policy should take into account, above all, that the decisions of monetary authorities affect the economy with considerable lags, with the strongest impact being observed after several quarters. Moreover, the economy is subject to macroeconomic shocks, which, while remaining outside the control of the domestic monetary policy, may to a large extent affect the economic situation and domestic inflationary processes in the short, and sometimes in the medium term.

2.1. Monetary policy strategy in 2013

In 2013, the Monetary Policy Council pursued monetary policy according to the principles included in the *Monetary Policy Guidelines for 2013* adopted on 18 September 2012, whose main elements are quoted below.

According to Article 227 section 1 of the Constitution of the Republic of Poland “the National Bank of Poland shall be responsible for the value of Polish currency”. The Act on the National Bank of Poland (Narodowy Bank Polski) of 29 August 1997 states in Article 3 section 1 that “the basic objective of NBP activity shall be to maintain price stability, and it shall, at the same time, act in support of Government economic policies, insofar as this does not constrain the pursuit of the basic objective of the NBP”.

¹ The Chapter *Monetary policy* is the *Report on Monetary Policy Implementation*, which the Monetary Policy Council adopted at its meeting on 6 May 2014. The tasks in this area are implemented pursuant to Article 3 (2)(5), Article 12, Article 16, Article 17 (3) (1) and (4)(2), Article 23–24 and the provisions of Chapter 6 of the Act on the NBP.

² The appendix *Minutes from the Monetary Policy Council decision-making meetings* has not been attached to this *Report* due to its length. It is available in the source document and in *Inflation Reports* in printed version and on www.nbp.pl.

Nowadays central banks understand price stability as inflation so low as not to negatively affect decisions taken by economic agents, including investment and savings decisions. Ensuring price stability is a fundamental way in which the central bank contributes to high and sustainable economic growth. In pursuit of the task of maintaining price stability, central banks respond both to inflationary and deflationary threats.

Since 1998 the Monetary Policy Council has based its monetary policy on inflation targeting (IT). Beginning 2004, the Council adopted a permanent inflation target of 2.5% with a symmetrical tolerance band for deviations of ± 1 percentage point. The Council pursues the strategy under a floating exchange rate regime. However, the floating exchange rate regime does not rule out foreign exchange interventions should they turn out necessary to ensure domestic macroeconomic and financial stability, which is conducive to meeting the inflation target in the medium term.

The experience of NBP and other central banks shows that the IT strategy is an effective tool to ensure price stability in the medium term. It also allows central banks for a flexible response to external shocks.

The global financial crisis has shown that in order to ensure price stability in the longer term, monetary policy should be pursued in such a way as to – while striving to stabilise inflation at the target level in the medium term – limit the risk of accumulating imbalances in the economy, especially those resulting from the situation in the financial system. The possibility to flexibly set the parameters and adjust implementation of available monetary policy instruments according to the situation in the domestic financial system is a factor which may mitigate this risk. The IT strategy allows central banks for conducting such flexible monetary policy, especially if it is supported by macroprudential policy (treated as an additional instrument of the central bank's stabilization policy). In this context, it is particularly important that the recommendations issued by the European Systemic Risk Board regarding setting up national institutions responsible for macroprudential policy are implemented, and that the central bank's leading role in pursuing this policy is ensured.

In its *Guidelines* the Council stressed that in 2013 the NBP's monetary policy would remain focused on meeting inflation target in the medium term. At the same time the Council indicated that while pursuing monetary policy, it would be guided by the following principles:

- First, the notion of permanent inflation target means that it refers to inflation measured as a year-on-year change in prices of consumer goods and services in each month compared to the corresponding period of the preceding year. While analysing inflation developments the use of quarterly and annual inflation indices is also justified, such as those applied in the NBP's inflation projection, in the state budget and in the statistics of the European Union, hereinafter "the EU", including the harmonized index of consumer prices – HICP. An important role in the assessment of inflationary pressure is also played by core inflation indices which make it easier to distinguish between temporary changes in the consumer price index from more sustained changes in inflation pressure. Moreover, core inflation indices make it easier to distinguish between impacts of supply or demand shocks on inflation.
- Second, monetary policy is unequivocally focused on maintaining inflation as close as possible to the target of 2.5% and not just within the tolerance band. This is to facilitate the

anchoring of inflation expectations and thus to allow the central bank to change monetary policy parameters less frequently in response to potential shocks affecting current inflation. It may also lead to lower volatility of long-term interest rates.

- Third, the occurrence of shocks in the economy is inevitable. Depending on the strength and the direction of the shock and the degree of inertia of inflation expectations, the scale and the duration of inflation deviation from the adopted target may differ. In countries with sustained low inflation, the central bank usually does not respond to deviations from the inflation target if it deems them temporary, even when inflation leaves the tolerance band. In its *Guidelines* the Council indicated that when assessing the need for response, the Council would, however, take into account the fact that in Poland low inflation expectations had not been sufficiently anchored. The extent to which inflation expectations are anchored affects the scale and persistence of the impact of supply and demand shocks on inflation. The Council also underlined that in the case of shocks which, in the Council's opinion, might lead to a relatively permanent increase in inflation expectations and, as a result, to a rise in inflation due to the emergence of the so-called second-round effects, the central bank would adjust its monetary policy parameters accordingly.
- Fourth, the monetary policy response to shocks also depends on their causes and nature. In the case of demand shocks inflation and output move in the same direction. An interest rate increase weakens economic activity in the short term and, subsequently, inflationary pressure.

In the case of supply shocks output and inflation move in opposite directions. The dilemmas of monetary policy in such a case are as follows:

- an attempt to neutralise the impact of a supply shock on inflation using monetary policy instruments may lead to an even deeper plunge in output growth resulting from supply shock's negative impact on consumption and investment;
- on the other hand, an attempt to accommodate – by pursuing expansionary monetary policy – the real effects of a supply shock resulting in a rise in inflation and a decline in output growth usually leads to persistently higher inflation. This, in turn, requires far more restrictive monetary policy in subsequent periods. This leads to a stronger deceleration in economic growth than the monetary tightening that prevents inflation from being sustained at a heightened level.

In the case of shocks resulting from shifts in risk aversion (variable factor), a premature response of monetary policy to the shock may – following their abrupt reversal – lead to excessive interest rate volatility, and consequently to inflation and economic growth rate volatility.

The central bank's response to a shock depends on the assessment of the persistence of its consequences, including the assessment of the risk of the so-called second-round effects. Therefore, when assessing the risk of inflation stabilizing at a heightened level the important factors to be considered include the degree to which inflation expectations have been anchored and the overall macroeconomic conditions, which might either support or mitigate a rise in wage pressures.

As far as its response to shocks is concerned, it is of particular importance that the central bank may specify the time horizon of inflation returning to the target flexibly, i.e. conditional on the nature of the shock.

- Fifth, because of the lags in the response of output and inflation to the monetary policy, the impact of monetary policy on the current inflation is limited. Current decisions of the monetary authorities affect price developments in the future, just as the current inflation is influenced by interest rate changes made several quarters before. However, the time lag between an interest rate decision and its strongest impact on real variables (output, employment) and then on inflation is not constant. It depends, to a large extent, on structural and institutional changes in the economy. Those changes mean that central banks can only approximately assess this time lag. Turmoil in the domestic and international financial system may constitute an additional factor disrupting the monetary transmission mechanism.
- Sixth, monetary policy should take into account the need to maintain financial stability, which is indispensable to ensure price stability in the longer term and which enables effective functioning of the monetary policy transmission mechanism. In this context, when assessing the balance of risks to future inflation and economic growth, asset price developments are of particular importance. Excessive interest rate cuts and long-lasting maintenance of depressed interest rates amidst low inflation and simultaneous fast economic growth may lead to rapid asset price growth, thus increasing the risk of the so-called speculative bubbles. Rapid asset price growth is accompanied by growing likelihood of asset price deviation from the levels justified by fundamentals, which increases the risk of an abrupt and significant decline in asset prices in the future. A rapid increase in asset prices, especially if accompanied by a fast rise in lending, poses a threat to the stability of the financial system, and consequently – in the longer term – to sustainable economic growth and price stability. Monetary policy supporting financial system stability is thus consistent, in the longer term, with the achievement of the basic objective of the central bank's activity i.e. ensuring price stability, although it may occasionally pose a risk of temporary deviation of inflation from the target. In order to maintain consistency between attempting to keep inflation on target and supporting financial system stability, under certain conditions it may be necessary to lengthen the inflation target horizon.
- Seventh, in assessing the risk of turmoil in the financial system and the inflation outlook in the longer run, it is useful to analyse monetary and credit aggregates. A fast increase in these aggregates may lead to growing macroeconomic imbalances in the economy, including imbalances in the asset markets. Monetary policy decisions should take into account the risk connected with excessive increase in these aggregates. Regulatory and supervisory policies in the financial sector that have an impact on credit growth and its structure are an important factor influencing monetary policy.
- Eighth, in assessing the degree of monetary policy restrictiveness, not only should the level of real interest rates be considered but also the level of the real exchange rate. Thus understood restrictiveness of monetary policy impacts, along with the implemented fiscal policy, the total restrictiveness of macroeconomic policy. Ensuring price stability amidst an overly expansionary fiscal policy may require a tight monetary policy, including keeping interest rates at a higher level.

- Ninth, monetary policy is pursued under uncertainty, which excludes strict control of economic processes. This natural uncertainty means that while taking decisions related to monetary policy it is necessary to take into account all available information relevant for inflation developments, rather than the results of inflation projection only. Models used by central banks to forecast inflation may be imperfect in adequately reproducing the behaviour of the economy, if only because of its ongoing structural changes. In addition, it is not possible to adopt a simple policy rule which could be known *ex ante* to market participants.
- Tenth, an important input into the monetary policy decision-making process is the balance of factors affecting the probabilities of future inflation running above or below the target. This balance is based on the assessment of the economic developments, including the inflation projection. While assessing the factors affecting future inflation, the Council takes into consideration past inflation developments since they have a bearing on the anchoring of inflation expectations at the inflation target. In particular, the Council takes into account the length of the period in which inflation remained close to the target and the length of the period in which it deviated from the target.

Moreover, in its *Guidelines*, the Council indicated that the situation of public finances was an important factor affecting the monetary policy. The Council stressed that in order to maintain macroeconomic stability, including price stability, it was necessary to conduct fiscal policy ensuring the long-term stability of public finances. The Council pointed out that monetary policy focused on price stability also supported public finance stability.

2.2. Monetary policy and macroeconomic developments in 2013

In making monetary policy decisions in 2013, the Council strived – as it had in previous years – to maintain price stability, i.e. to stabilise inflation at 2.5% in the medium-term, which supported balanced economic growth. At the same time, monetary policy was conducted in such a manner so as to contain the risk of imbalances accumulating in the economy.

In its decisions, the Council primarily took into account the changing assessment of the factors influencing inflationary processes over the monetary policy transmission horizon. This assessment was based on the data concerning economic developments available at the time of the decision-making, including macroeconomic forecasts drawn up by NBP and external institutions.

From January to July 2013, the Council continued the cycle of interest rate cuts initiated in November 2012. In this period, the NBP interest rates were reduced by 1.75 percentage points (Table 1). During the entire cycle, the Council decreased the NBP interest rates by a total of 2.25 percentage points. As a result, the NBP reference rate had been brought down from 4.75% to 2.50%, i.e. the lowest level on record.³ This substantial loosening of monetary policy – which was conducive to a fall in real interest rates – was related to a marked decline

³ Between November 2012 and July 2013, the remaining NBP interest rates were reduced in the same measure as the reference rate: the lombard rate from 6.25% to 4.00%, the deposit rate from 3.25% to 1.00% and the rediscount rate from 5.00% to 2.75%.

in inflation amidst slow economic growth and the risk of inflation running before the NBP inflation target (2.5%) in the medium term.

From September to December 2013, the Council kept the interest rates unchanged. The Council judged that prior significant interest rate cuts and their maintenance at an unchanged level would be conducive to economic recovery and would help bring inflation gradually back to the target. Moreover, in September and October 2013 the Council hinted at a probability of keeping interest rates at an unchanged level until at least the end of 2013. At its meeting in November 2013, the Council extended the indicated period for probable interest rate maintenance at unchanged level until at least the end of the first half of 2014.⁴ Signalling the absence of the NBP interest rates change in the subsequent quarters was also conducive to economic recovery and furthermore – to stabilisation in the domestic financial market.

Table 2.1. Key NBP rates at 2012 year-end and at the end of the subsequent months of 2013 (%)

	Reference rate	Lombard rate	Deposit rate	Rediscount rate
December 2012	4.25	5.75	2.75	4.50
January 2013	4.00	5.50	2.50	4.25
February 2013	3.75	5.25	2.25	4.00
March 2013	3.25	4.75	1.75	3.50
April 2013	3.25	4.75	1.75	3.50
May 2013	3.00	4.50	1.50	3.25
June 2013	2.75	4.25	1.25	3.00
July 2013	2.50	4.00	1.00	2.75
August 2013	2.50	4.00	1.00	2.75
September 2013	2.50	4.00	1.00	2.75
October 2013	2.50	4.00	1.00	2.75
November 2013	2.50	4.00	1.00	2.75
December 2013	2.50	4.00	1.00	2.75

Source: NBP data.

The Council’s decisions in 2013 were based on the following circumstances:

Data incoming in the first half of 2013 pointed to slow economic growth in the global economy. In particular, the economy of the United States stalled in 2012 Q4, and posted merely a slight growth in 2013 Q1. At the same time, the euro area experienced recession and persistent uncertainty about the time and scale of the expected recovery. In the largest economy of the area – Germany, which is also Poland’s main trading partner – in 2012 Q4 and 2013 Q1, recessionary and stagnation trends continued. Sluggish activity in developed economies had an adverse effect on key emerging economies, where GDP growth remained slow compared to their previous performance. At the same time, business climate data released in the first half of 2013 presaged further merely moderate growth in the global economy in the subsequent quarters.

⁴ At the meeting in February 2014, the Council extended the period for the likely interest rate maintenance at an unchanged level until at least 2014 Q3.

Owing to low demand pressure which was accompanied by a decline in global commodity prices, in the first half of 2013 inflation was on a downward slope in many countries, particularly in developed ones, and remained below its long-term average.

Major central banks continued a strongly expansionary monetary policy in the first half of 2013. The Fed maintained its declaration to leave the short-term interest rates at near-zero levels for a longer period while continuing its asset purchases. Yet, the Fed signalled a possibility of tapering its quantitative easing activity as of May – i.e. earlier than expected. The ECB, in turn, decreased the rate on the main refinancing operations by 0.25 percentage point in May and reaffirmed its willingness to purchase the Treasury bonds of the countries most heavily stricken by the debt crisis. In April, the Bank of Japan announced a new asset purchase programme, under which the Bank obliged to double the monetary base by increasing its holdings of Treasury bonds and of financial assets of the private sector.

The strongly expansionary monetary policy of the major central banks helped ease the sentiment in the financial markets in the first months of 2013. Yet, in May and June, after the Fed's signals that it might embark on a process of quantitative easing tapering, risk aversion in the global financial markets mounted substantially. As a result, an outflow of capital from emerging markets was observed, and the exchange rates of many of those countries' currencies weakened substantially. The slump in sentiment in the global financial markets resulted also in an outflow of capital from Poland – non-residents' holdings of Treasury bonds diminished, yields on those bonds increased and the zloty exchange rate depreciated (yet the scale of the depreciation was far smaller than in the case of many other emerging economy currencies). In June 2013, NBP sold a certain amount of foreign currencies against the zloty.

Data on the Polish economy incoming in the first half of 2013 pointed to a further and a sharper-than-expected slowdown in GDP growth. Domestic demand growth was negative in 2012 Q4 and 2013 Q1, which was related to sinking investment and stagnating consumption. Economic growth continued to be driven mainly by net exports, a product of a decline in imports amidst a slight increase in exports.

Also the monthly data available in the first half of 2013 pointed to slow economic growth. The annual industrial output growth was negative in 2013 Q1, followed by positive – if slight – growth recorded in the subsequent months. Throughout the entire first half of 2013, construction and assembly output decreased substantially. Weak consumer demand was reflected in stalling retail sales.

Slow economic activity growth led to a deterioration in labour market conditions. Data received in the first half of 2013 indicated that after the deceleration in growth of the number of persons working in the economy in 2012 Q4, this number decreased in 2013 Q1 (in annual terms). Monthly data on employment in enterprises incoming in the subsequent months suggested that the number of persons working in the economy had continued to shrink. The decline in this number boosted the unemployment rate further. Consequently, the unemployment rate remained elevated throughout the entire first half of 2013. This weighed on wage and unit labour cost growth.

Lending to the private sector expanded slowly in the successive months of the first half of 2013 comparing to previous years. In particular, growth in lending to households slowed

down at the beginning of 2013, to remain weak onwards. This was a combined effect of slow growth in housing loans and a decline in consumer credit. At the same time, corporate lending decelerated gradually, hitting near-zero levels in 2013 Q2.

CPI inflation, following a decline to the levels close to the inflation target at the end of 2012, continued to fall substantially in the subsequent months. The fall in inflation was sharper than expected. In 2013 Q1, CPI inflation amounted to 1.3% on average, and in 2013 Q2 to 0.5%, i.e. markedly below the NBP inflation target (2.5%). The substantial and deeper-than-anticipated decline in inflation was primarily the effect of factors beyond the direct influence of domestic monetary policy. In particular, energy prices had fallen (which was related to a reduction in natural gas prices at the beginning of the year and a decline in global prices of energy commodities) and food price growth had slowed down (to a large extent, due to higher domestic supply of most agricultural products). The drop in inflation below the target was also supported by slower-than-expected GDP growth, which helped bring core inflation down. Weak cost pressure in the economy was in turn manifested in declining producer prices. In tandem with a fall in current inflation, economic agents' inflation expectations decreased, as did inflation forecasts. Furthermore, the March NBP projection indicated a possibility of inflation turning out lower in the subsequent quarters than previously expected and possibly running below the NBP inflation target in the medium term.

Given the above conditions, in the first half of 2013 the Council continued the cycle of the NBP interest rate cuts, which had been launched in November 2012. Both in January and February, the Council cut the NBP interest rates by 0.25 percentage point. In the assessment of the Council, incoming data confirmed a considerable economic slowdown in Poland accompanied by absence of wage pressure and weak inflation pressure. At the same time, the Council judged that GDP growth would remain moderate in the subsequent quarters, generating a risk of inflation hovering below the NBP inflation target in the medium term. After perusing the March projection of inflation and GDP, which corroborated this assessment, the Council decreased the NBP interest rates by 0.50 percentage point. In May, June and July 2013, the Council cut the NBP interest rates again, by 0.25 percentage point on each occasion. Incoming data indicated a sharper-than-expected deceleration in GDP growth and a decline in inflation. In effect, despite the previous interest rate reductions, the risk that inflation would run below the inflation target in the medium term persisted.⁵ At the same time, there was further substantial uncertainty about the scale and timing of the expected recovery in the euro area, which could negatively impact economic activity in Poland.

At its July meeting, the Council announced the end of the interest rate cut cycle, deeming that the significant reduction of the NBP interest rates implemented since November 2012 was conducive to economic recovery and limited the risk of inflation running below the inflation target in the medium term. By July 2013, the NBP reference rate had been reduced from 4.75% (in October 2012) to 2.50% (in July 2013). As a result, real interest rate (the NBP

⁵ The risk of inflation running below the NBP inflation target in the medium run – in spite of the recovery expected in the subsequent quarters – was also indicated by the July projection of inflation and GDP, prepared under the assumption of unchanged interest rates (i.e. without taking into account the July interest rate cut of 0.25 percentage point).

reference rate deflated by financial sector analyst forecasts of inflation in 12 months horizon) decreased from 2.1% in October 2012 to 0.5% in July 2013.⁶

Data incoming in the second half of 2013 pointed to global activity growth gaining momentum. In 2013 Q2 and Q3, GDP growth in the United States accelerated. At the same time, output in the euro area – following several quarters of decline – picked up slightly. In particular, there was an activity revival in Germany. The indicators published in the first half of 2013 signalled that the global recovery – while still moderate – would gradually gain ground, and specifically the euro area would post positive GDP growth. Despite a certain activity rebound in the global economy, growth in the major emerging economies remained relatively slow in the second half of 2013.

Inflation in the global economy rose temporarily in mid-2013, to fall back to levels below the long-term average in the second half of 2013. Sustained low levels of inflation were supported by moderate GDP growth in the world and a decline in the prices of many commodities in the global markets.

In the second half of 2013, monetary policy pursued by key central banks remained highly expansionary. During this period, the Fed continued its quantitative easing programme, yet in December it announced the beginning asset purchase tapering.⁷ The Fed upheld its declaration that it would keep the interest rates unchanged for a longer period. The ECB, in turn, announced in July 2013 that the interest rates would remain at the then-current level – or below it – for an extended period of time. In November 2013, the Bank proceeded to cut the rates by 0.25 percentage point. Throughout the second half of 2013, the ECB reaffirmed its preparedness to launch a programme of purchase of Treasury bonds of countries most gravely affected by the debt crisis.

Expectations about the Fed embarking on the tapering process had a material impact on the situation in the financial markets in mid-2013. These expectations contributed – especially until early September 2013 – to an outflow of capital from the riskier markets, a higher volatility of the exchange rates of emerging economy currencies and a rise in yields on Treasury securities of many countries. As a result also in Poland, yields on Treasury securities were on an upward slope until mid-September, which was accompanied by shrinking non-resident holdings of Polish government debt. Notwithstanding a certain volatility, the zloty exchange rate remained more stable than the exchange rates of many other emerging economies.

The Fed's September decision to maintain the scale of quantitative easing helped stabilise the sentiment in the global financial markets. In the second half of 2013, asset prices were additionally supported by the publication of data indicating better global business conditions. In Poland – besides those mentioned above – the factors helping improve the sentiment in the domestic financial market also included signs of a gradual GDP recovery, as well as a narrowing of the country's external imbalance.

⁶ A considerable fall in the real interest rate occurred despite a decrease in bank analysts forecasts of inflation in 12 months. A considerable fall in the real interest rate occurred despite a decrease in bank analysts forecasts of inflation in a 12-month horizon.

⁷ The tapering of the quantitative easing programme was bound to take place – in line with Fed announcements – in January 2014.

The data on the Polish economy available in the second half of 2013 pointed to a gradual improvement in business conditions. Following a period of a substantial slowdown, the annual GDP growth stabilised in 2013 Q2, to accelerate somewhat in 2013 Q3. However, output growth in the analysed period remained slow. Recovery in 2013 Q2 and Q3 was supported primarily by accelerating exports, as business conditions abroad gradually improved. Combined with developments in imports, which shrank in 2013 Q2 and expanded merely slightly in 2013 Q3 (in annual terms), net exports constituted the key demand driver of economic growth. At the same time, domestic demand was gradually restored in the second half of the year, driven by a gradual rise in both consumption and investment.

A gradual improvement in business conditions in Poland was also confirmed by incoming monthly data in the second half of 2013. Industrial output growth, while remaining moderate, accelerated gradually, and the decline in the construction and assembly output was increasingly smaller. At the same time – following a stagnation in the first half of 2013 – retail sales picked up (in annual terms), which testified to a revival in consumer demand. There was a consistent improvement in all business climate indicators, which indicated a possible activity increase in the subsequent quarters. A further gradual recovery was also suggested by market forecasts, which had been revised upwards since September 2013. Also the November NBP projection envisaged that economic growth in the subsequent quarters might be higher than assumed in the July projection.

Data available in the second half of 2013 showed that labour market conditions remained adverse, although towards the end of the year, signs of a slight improvement were observed. In 2013 Q2, the number of persons working in the economy continued to fall, yet in 2013 Q3 the decline flattened. Similar trends were observed in the corporate sector, where at the end of 2013 a slight increase in employment was recorded.⁸ At the same time, the unemployment rate according to LFS stabilised in 2013 Q2, to slide a little in the following quarter (after seasonal adjustment). The gradual decline in the unemployment rate (after seasonal adjustment) was also confirmed by monthly data from labour offices. However, unemployment persisted at elevated levels in the second half of 2013, which constrained wage pressure. Wage and unit labour cost growth remained weaker than its long-term average.

Lending growth picked up a little in the second half of 2013, yet remained limited. In particular, following a prior decrease, consumer loans started to expand in mid-2013. Simultaneously, incoming data showed that the growth in housing loans to households, after a few quarters of decline, stagnated at low levels. On the other hand, lending to corporates continued to contract.

Following a sharp decrease in the first half of 2013, CPI inflation rose somewhat in the subsequent months, while remaining significantly below the NBP inflation target. In 2013 Q3, the annual CPI index amounted to 1.1% on average, and in Q4 – to 0.7%. Low inflation

⁸ Although, according to the monthly corporate sector data, employment in annual terms was decreasing trend, the decline became less steep over time. In November, employment was observe to rise by 0.1% y/y, and in December by 0.3% y/y.

continued to be supported by a prior decline in energy prices and a slow food price growth.⁹ Core inflation, in turn – notwithstanding a slight increase resulting from a rise in waste removal charges from July 2013 – remained low and indicated absence of demand pressure in the economy. Against the background of low current inflation, inflation expectations of households and enterprises persisted at a level significantly below the inflation target. Yet, inflation expectations of financial sector analysts (in the 12-month horizon), which tend to be more stable, remained only slightly below 2.5%. Similarly, the November NBP projection suggested that inflation would rise in the subsequent quarters, running higher than anticipated in the July projection. This expected rise in inflation – according to the November projection – would not be strong enough to jeopardise the attainment of the NBP inflation target in the medium term.

Between September and December 2013 the Council kept the interest rates unchanged, which supported low real interest rates.¹⁰ The Council judged that prior significant interest rate cuts and the maintenance of the rates at an unchanged level would be conducive to economic recovery and would support a gradual return of inflation to the target. Moreover, in September and October 2013 the Council hinted at a probability of interest rates remaining unchanged until at least the end of 2013. At its meeting in November 2013, the Council extended the indicated period for probable interest rate maintenance at unchanged level until at least the end of the first half of 2014.¹¹ Signalling the absence of the NBP interest rates change in the subsequent quarters was also conducive to economic recovery and furthermore – to stabilisation in the domestic financial market.

* * *

An important element in the implementation of monetary policy based on the direct inflation targeting strategy in 2013 was – like in the previous years – communication with the external environment, which consisted in the Council presenting the information on the current and probable future decisions, along with an assessment of economic processes which underpinned these decisions. The key communication instruments in 2013 continued to include the cyclical publications: *Information from the meeting of the Monetary Policy Council* (and the accompanying press conferences after the Council's meetings), *Minutes from the Monetary Policy Council decision-making meetings*,¹² *Inflation Reports*, as well as the annual publications: *Report on monetary policy implementation in 2012* and *Monetary Policy Guidelines for 2014*.

⁹ Food price growth, following a temporary rise at mid-year, dropped again in the subsequent months as supply conditions in the markets for agricultural produce had improved. The sharper rise in food prices in mid-year was related to unfavourable weather conditions, rendering limited domestic supply of vegetables. The spike in inflation in this period also resulted from the changed pattern of vegetable price seasonality applied by GUS in computing the consumer price index.

¹⁰ Real interest rate (i.e. the NBP reference rate deflated by financial sector analysts forecasts of inflation in 12-month horizon) was running in the range of 0.3–0.4% (in the period of September–December 2013).

¹¹ At its meeting in February 2014, the Council extended the indicated period for probable interest rate maintenance at an unchanged level until at least the end of the first half of 2014.

¹² The *Minutes from the Monetary Policy Council decision-making meetings* contain a more detailed discussion of issues and arguments which underpinned the decisions taken by the Monetary Policy Council in 2013.

2.3. Monetary policy instruments in 2013

In pursuing its monetary policy in 2013, the Council strived to attain such a level of interest rates in the economy as would support the achievement of the adopted inflation target in the medium term.

The monetary policy instrument directly affected by the Council were NBP interest rates. The level of the reference rate determined the yields on open market operations. The deposit rate and the lombard rate, in turn, set the interest rate on standing facilities. The rediscount rate indirectly determined the interest rate on the required reserve holdings.

The set of policy instruments applied by NBP was consistent with the adopted monetary policy strategy as well as with the persistent surplus liquidity in the domestic banking sector.

Developments in the domestic and foreign financial markets did not call for any substantial changes in NBP's monetary policy implementation in 2013.

Liquidity of the banking sector in 2013

In 2013, NBP pursued its monetary policy amidst liquidity surplus prevailing¹³ in the banking sector. The amount of the surplus averaged PLN 126,541 million in 2013, i.e. PLN 30,235 million (31.4%) more than in 2012.¹⁴

The excess liquidity of the banking sector was relatively stable throughout 2013. In the respective months of the year its level ranged from PLN 123,485 million to PLN 129,048 million. In December 2013, the average level of excess liquidity amounted to PLN 123,485 million and was higher by PLN 6,562 million (or 5.6%) as compared with the December 2012 level. In 2013, the increase in the banking sector liquidity was mainly driven by foreign currency purchases by NBP obtained from the EU budget funds (Structural Funds, Common Agricultural Policy) and funds from the foreign currency account of the Ministry of Finance held at NBP. The net effect of purchases and sales of currencies effected by NBP was an increase in the level of liquidity in the banking sector by PLN 12,077 million. The increase of the banking sector liquidity was also driven by the following factors: disbursement of the part of NBP profit to the State Budget (PLN 5,264 million), disbursement of the discount on NBP bills (PLN 3,843 million), payment of interest on the required reserve holdings (PLN 921 million) and a lower level of the public sector's deposits at NBP (PLN 921 million).

The key factors limiting the level of liquidity in the banking sector was the increase in the volume of currency in circulation, which amounted to PLN 12,414 million. Another important factor diminishing the volume of funds available to the banking sector was the increase in the level of reserve requirements (PLN 1,550 million).

¹³ The liquidity surplus in the banking sector is the surplus of funds held by the banking sector in excess of the required reserve level during the reserve maintenance period. Liquidity surplus is measured by the total balance of the NBP open market operations and standing facility operations.

¹⁴ The data on excess liquidity quoted as averages in the required reserve maintenance periods.

NBP interest rates

An instrument of key significance to the conduct of the monetary policy in 2013 was NBP reference rate. Changes in the level of this rate set the direction of the monetary policy pursued by NBP. By determining the yields on open market operations, the level of this rate influenced the interest on the short-term money market instruments, including unsecured interbank deposits.

The band of fluctuations of interbank overnight interest rates was set by NBP deposit and lombard rates. The rediscount rate, in turn, indirectly determined the interest on required reserve holdings.¹⁵

Open market operations

In 2013, NBP conducted its monetary policy in a way to allow the POLONIA rate¹⁶ to run close to the NBP reference rate. This was achieved by means of open market operations used to manage liquidity in the banking sector.

The main open market operations were executed on a regular basis, once a week, in the form of issue of NBP bills with 7-day maturity (these operations were aimed to absorb liquidity surplus from the banking sector). The same yield equalling NBP reference rate was offered at all tenders. In 2013, the average daily volume of bills issued under the main open market operations amounted to PLN 124,232 million, exceeding the average 2012 level by PLN 29,901 million.

The central bank also issued NBP bills as part of its fine-tuning operations. The maturity of these operations was shorter than that of the main open market operations. They were conducted on an ad-hoc basis within the required reserve maintenance periods, whenever liquidity conditions in the banking sector were substantially out of balance, as well as on a regular basis on the last business day of the above mentioned reserve maintenance periods. Altogether twenty five fine-tuning operations were conducted in 2013, i.e. two more than in the previous year. The average daily issue of NBP bills under these operations amounted to PLN 1,846 million and exceeded the 2012 level by PLN 264 million.

In 2013, as in the previous year, the average absolute spread between the POLONIA rate and NBP reference rate remained at a low level and amounted to 18 basis points (as compared to 21 basis points in 2012).¹⁷ Also the volatility of that index was low – the standard deviation of the POLONIA rate over the last year was 20 basis points (as compared to 21 basis points in 2012).

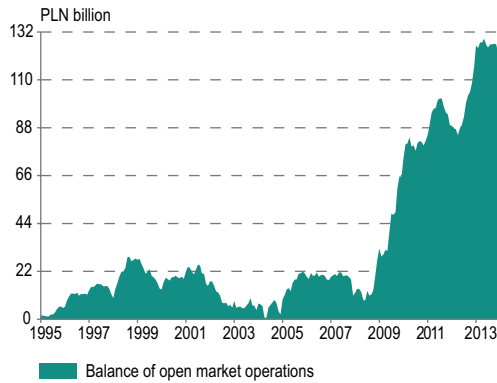
It should be emphasized that the level of volatility of the POLONIA rate in 2013 and the scale of its deviations from NBP reference rate are close to the corresponding values recorded in

¹⁵ Interest on the required reserve balances held by banks in 2013 was at the level of 0.9 of the rediscount rate.

¹⁶ POLONIA (Polish Overnight Index Average) – the average overnight rate weighted by the value of transactions on the unsecured interbank deposit market. NBP publishes the levels of this rate on the Reuters information site (NBPS) every day at 5.00 p.m.

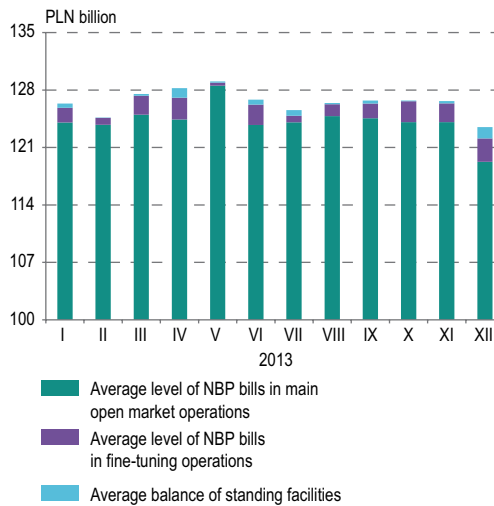
¹⁷ The average deviation of the POLONIA rate was calculated according to the uniform basis of 365 days in the year.

Figure 2.1. Average monthly balance of open market operations 1995–2013



Source: NBP data.

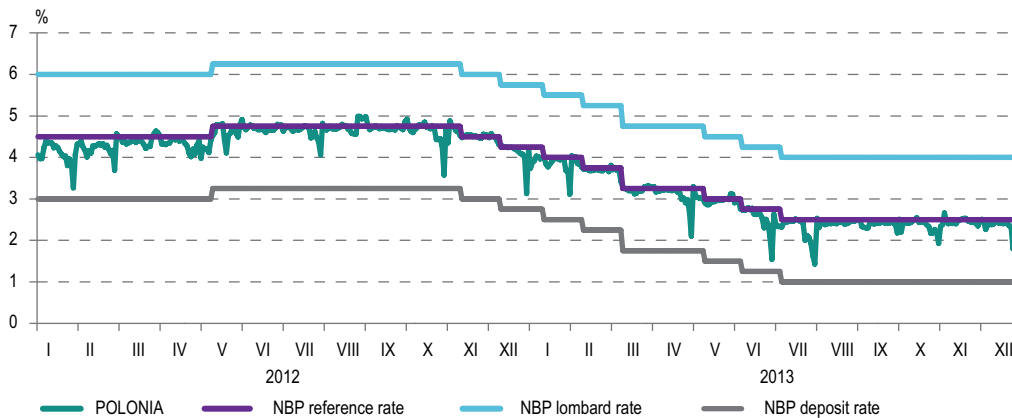
Figure 2.2. Liquidity absorbing instruments in the respective months of 2013



Source: NBP data.

the domestic interbank market before the outset of the crisis in the global financial markets. The average value of the difference between the mentioned rates was 24 basis points in 2007 and 19 basis points in the period January-September 2008 (i.e. before the bankruptcy of Lehman Brothers). In turn, the volatility of the POLONIA rate, as measured by the standard deviation, amounted to 45 basis points and 33 basis points respectively. To compare, the average values of these indicators in the years 2010 and 2011 were as follows: absolute deviation of the POLONIA rate from NBP reference rate was 69 basis points and 43 basis points respectively, standard deviation of the POLONIA rate was 38 basis points and 34 basis points respectively. This means that the scale of deviations of the POLONIA rate from NBP reference rate decreased more than threefold in the recent years.

Figure 2.3. NBP interest rates and the POLONIA rate in 2012–2013



Source: NBP data.

The launch of short-term open market fine-tuning operations (performed on an ad-hoc basis, during the reserve maintenance period and on a regular basis on its last business day) considerably limited the deviations of the POLONIA rate from NBP reference rate and its volatility. As a result of those operations, the average liquidity conditions in the required reserve maintenance period gradually balanced, which limited the need for banks to recourse to standing facility operations offered by NBP.

NBP's continuation of the above described method of managing the banking sector liquidity resulted in increased confidence of commercial banks in the central bank's operations aimed to balance the liquidity conditions in the banking sector. Banks could assume that, if necessary, NBP would intervene in the money market, conducting a fine-tuning operation on an appropriate scale. This helped to stabilize the expectations of the interbank market participants with regard to the developments in the banking sector liquidity and diminish banks' propensity to invest their liquidity buffers in instruments yielding substantially lower than NBP open market operations.

Improvement in the way NBP affected the POLONIA rate can be partially attributed to a gradual stabilization of the situation in the interbank market. It should be noted, however, that this market has not yet reached full efficiency (observed before the crisis), which continues to limit NBP's effectiveness in the implementation of its monetary policy. Such an observation was evidenced, among others, by limited confidence between participants in the interbank market, reflected in low levels of credit limits imposed on mutual transactions concluded between banks, as well as in the term structure of unsecured deposits, among which the vast majority were conducted for overnight maturity. In 2013, the monthly average turnover in the unsecured interbank deposit market amounted to PLN 116.0 billion, while in 2012, stood at PLN 120.6 billion.¹⁸

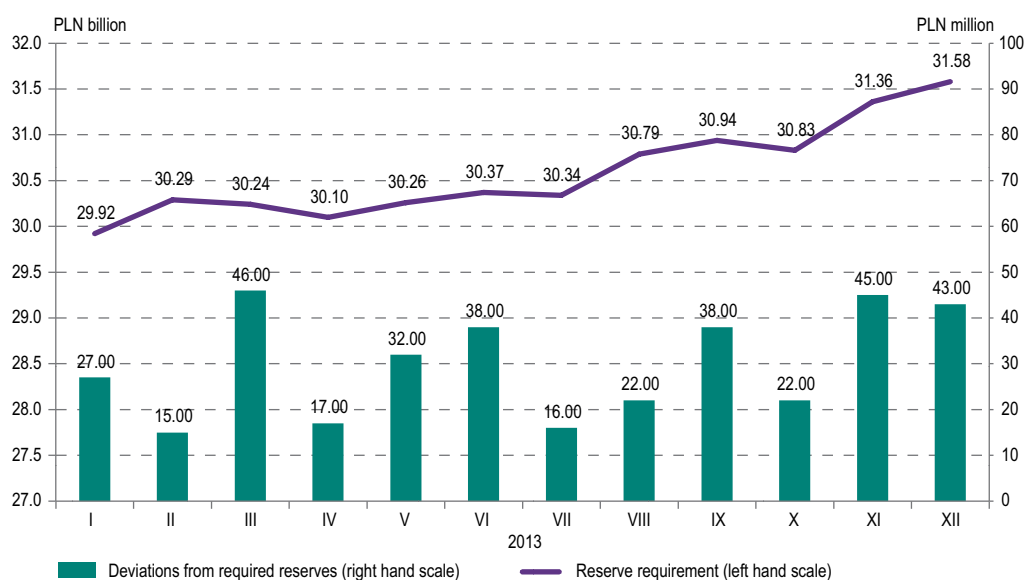
Reserve requirement

The system of required reserves contributed to the stability of short-term market interest rates. This results from its averaged basis, according to which banks can freely determine the amount of holdings at the central bank during the reserve maintenance period, provided that the average balances held at NBP in the reserve maintenance period are at least equal to the required reserve level.

Moreover, the obligation to maintain the required reserve limited the amount of surplus funds at the disposal of banks. Thus, amidst the prevailing liquidity surplus, the reserve requirement system enabled the central bank to reduce the scale of its liquidity-absorbing open market operations.

In 2013, the requirement to maintain obligatory reserve levels on NBP accounts applied to banks, branches of credit institutions and branches of foreign banks operating in Poland. The required reserves were calculated on the basis of banks' collected deposits on bank accounts and funds obtained from the sale of securities. Excluded from reserve calculation were funds received from another domestic bank, funds acquired from foreign sources for

¹⁸ Data from the NBP's payment system SORBNET2 (until May 2013 – SORBNET).

Figure 2.4. Changes in required reserves level and deviations from the reserve requirement in 2013


Source: NBP data.

the period of at least two years and funds deposited in credit and savings accounts of building societies, in individual retirement accounts (IKE) and individual pension security accounts (IKZE).

The required reserves were calculated and maintained in the Polish zloty. Banks reduced the amount of the calculated reserve requirement by the PLN equivalent of maximum EUR 500 thousand. In 2013, the basic reserve requirement ratio amounted to 3.5% on all liabilities, except for funds received in respect of the sale of securities in repo and sell-buy-back, in which case the reserve requirement stood at 0.0%. The amount of required reserves as at 31 December 2013 stood at PLN 31,876 million, posting an increase of PLN 1,957 million on the corresponding figure recorded on 31 December 2012 (an increase of 6.5%).

The remuneration on the required reserve balances held by banks on accounts with NBP was equivalent to 0.9% of the rediscount rate. In 2013 the average interest on the required reserve funds amounted to 2.87% as compared to 4.37% in 2012. This decrease was the effect of the change in the rediscount rate, whose average level declined from 4.86% in 2012 to 3.19% in 2013.

In 2013, in all the reserve maintenance periods, the average balances held by banks at NBP remained slightly in excess of the required reserve level. The surplus ranged from the lowest point of PLN 14.8 million observed in February to the peak value of PLN 46.1 million in March. The average excess reserves on banks' accounts in 2013 amounted to PLN 30.1 million, i.e. 0.1% of the average required reserve level.

A factor conducive to minimizing the difference between the reserve holdings and the required reserve level in the respective reserve maintenance periods was the availability of a range of instruments facilitating the management of funds on accounts with NBP (open

market operations, in particular, fine-tuning operations offered at the end of the reserve maintenance period, overnight deposit and lombard credit) and the fact that remuneration on the reserve holdings was paid only up to the amount of the required reserve level.

In 2013 (in November), two instances of failing to maintain the required reserve level occurred. All cooperative banks maintained the obligatory level of the required reserve in 2013.

Standing facilities

Standing facilities (overnight deposit facility and lombard credit) were used to stabilize the liquidity level in the interbank market and curb the scale of overnight market rate fluctuations. These operations were conducted at the initiative of commercial banks and were designed primarily to provide the short-term liquidity of the banking system or enable banks to deposit excess free funds with NBP for one-day periods.

In 2013, as in the previous years, banks' use of lombard credit was very limited. The total drawing on the lombard credit amounted to PLN 163 million, as compared with PLN 21 million in 2012. The average daily drawing on the lombard credit amounted to PLN 448 thousand.

In 2013, banks placed overnight deposits at NBP totalling PLN 169 billion, i.e. 18.2% more than in the previous year. The average daily overnight deposit amounted to PLN 463 million, as against PLN 393 million in 2012. Banks deposited the highest amounts with NBP on the last days of the reserve requirement maintenance period.

Foreign exchange swaps

By using a foreign exchange swap, NBP could purchase (or sell) the Polish zloty against foreign currency in the spot market, with a simultaneous sale (repurchase) in a fixed-date forward transaction.

In 2013, the central bank did not conclude any such transactions.

Currency interventions

Under the existing monetary policy strategy, NBP may purchase or sell foreign currency in the foreign currency market against the Polish zloty.

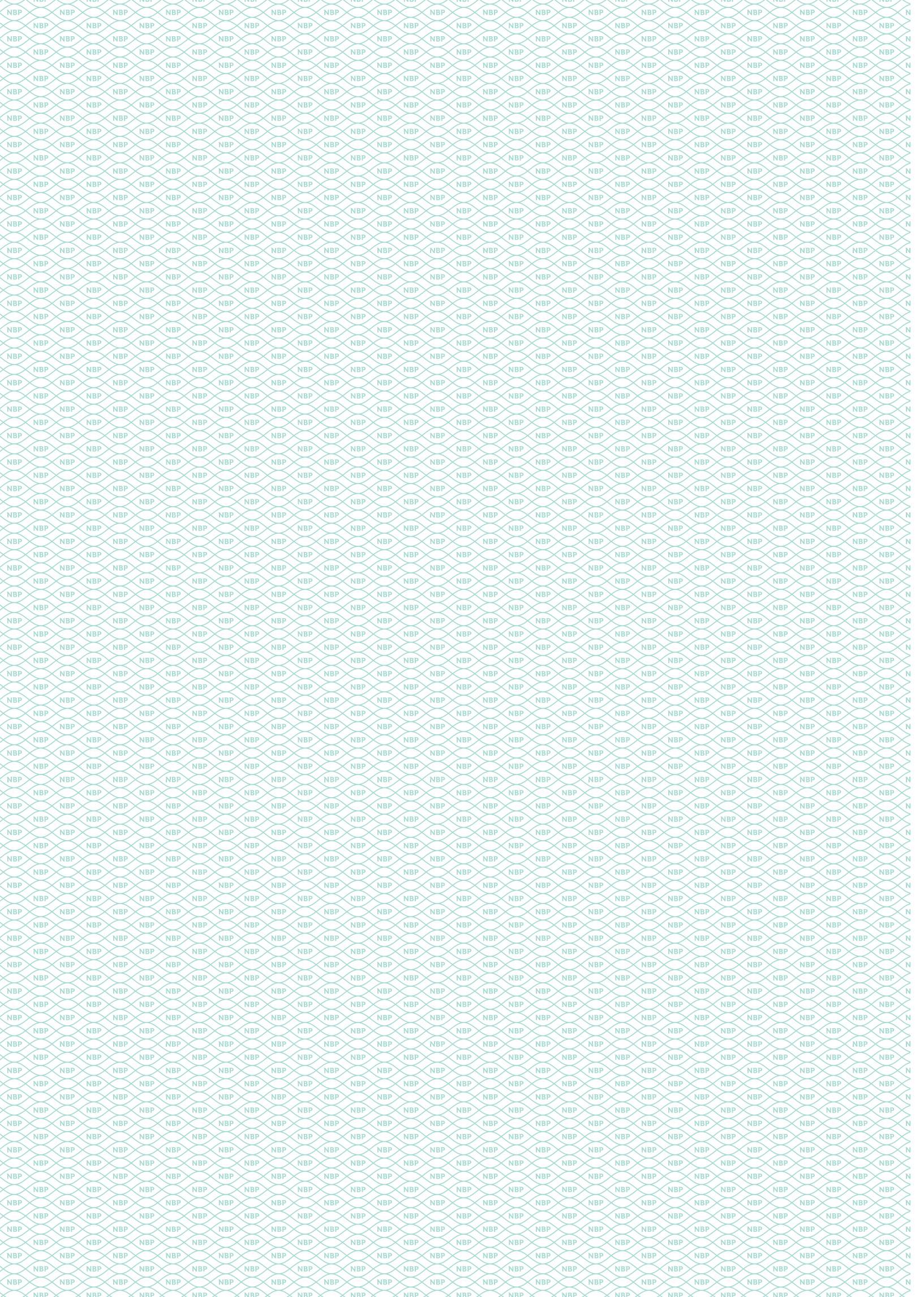
Such operations were carried out by the central bank in June 2013 when NBP sold a certain amount of foreign currencies.

Other operations

Intra-day credit facility helped banks to manage their liquidity position during the business day, while at the same time ensuring the liquidity of interbank settlements at NBP. It is a non-interest bearing loan secured with debt instruments, incurred and repaid on the same business day. In 2013, the daily provision of operating liquidity to banks in the form of intra-day credit ranged from PLN 33.9 billion to PLN 57.1 billion. In 2013, the total drawing on intra-day credit facility amounted to PLN 10,058 billion, posting a slight, 1.3% decrease on its 2012 level when it stood at PLN 10,191 billion.

Intra-day credit facility in the euro ensured liquidity of banks' settlements within the TARGET2-NBP system. This credit facility, incurred and repaid on the same business day, was collateralized with Treasury securities.¹⁹ In 2013, the total drawing on this facility remained at the previous year's level, i.e. EUR 2.6 billion. The average daily euro liquidity provision to banks amounted to approx. EUR 10 million.

¹⁹ The rules of acceptance of a specific class of securities as a collateral for intra-day credit facility in the euro were subject to approval by the ECB.



Chapter 3

Financial system



Financial system¹

Promoting financial stability is one of the tasks carried out by central banks of the EU Member States and is one of the core objectives of Narodowy Bank Polski. Preserving the stability of the financial system is essential for the implementation of the NBP's basic goal, i.e. maintaining price stability.

3.1. Cooperation with financial safety net institutions

In 2013, NBP participated in the work of the Financial Stability Committee. Six meetings of the Committee were held in this period. They addressed the following issues:

- draft of legal arrangements related to bank resolution,
- the issue of shadow banking and proposals for actions aimed at overseeing financial institutions that are not subject to special public oversight more effectively,
- legal regulations on the restructuring of the credit union sector and the present situation of credit unions,
- a bill on macro-prudential oversight of the financial system.

In 2013, amendments to the by-laws of the Financial Stability Committee were adopted and the National Contingency Plan was updated in connection with inclusion of the President of the Bank Guarantee Fund to the Committee membership.

Moreover, in 2013 Narodowy Bank Polski:

- cooperated with the Polish Financial Supervision Authority (KNF), including via the membership of the NBP Vice President in the KNF;²
- cooperated with the KNF Office, in accordance with the statutory authorisation concerning the rules for the submission of information;
- participated in the work of the inter-institutional task force for the revision of the Act on the Operation of Cooperative Banks, their Associations and Associating Banks and Certain Other Acts; the meetings were attended by representatives of the Ministry of Finance, KNF Office, NBP, the Polish Bank Association, the National Association of Cooperative Banks, revisory unions, law firms, associating and cooperative banks;
- participated in the work of the team for the interbank market, established at the KNF initiative. The team developed solutions aimed at improving the functioning of WIBID/WIBOR reference rates and maintaining their representative character. The solutions were included in the new *Rules for fixing WIBID/WIBOR reference rates*, which entered into force on 1 July 2013.

¹ Tasks in this field are fulfilled pursuant to Article 3 section 2 para. 6 and para. 6a of the Act on the NBP.

² Pursuant to Article 5 section 2 para. 3 of the Act of 21 July 2006 on Financial Market Supervision (Journal of Laws 2012, item 1149, as amended).

3.2. Activities of the Systemic Risk Committee

In 2013, two meetings of the Systemic Risk Committee were held in NBP. The following issues were discussed, in particular: macroeconomic balance of the Polish economy, taking into account criteria arising from the excessive imbalance procedure (EIP), risks to financial system stability, the situation in the insurance sector and the property market, methods of identifying systemically important banks, methods of assessing stock market bubbles in Poland, and progress of the work on a bill on macro-prudential oversight.

3.3. Analyses and research for the needs of the financial system

Narodowy Bank Polski regularly analyses each financial market sector in Poland, and the results are presented in cyclical studies. In 2013, the following publications were released:

- *Financial Stability Report* (in July and December). The documents addressed the main risk areas in the operation of the financial system in Poland, with particular emphasis on the banking sector. The analyses demonstrated that the situation of the banking sector remained good in 2013, and the capacity to absorb shocks increased. The high resilience of Polish banks was confirmed by stress tests. The banks' resilience to liquidity shocks also improved. In the second half of the year, the prospects for the environment of the Polish economy were also better, which had an impact on the improvement of the synthetic assessment of the outlook for domestic financial system stability. In the December edition of the *Report*, NBP presented recommendations for the Polish financial system, including establishment of the Systemic Risk Board, increasing capital and buffers of liquid assets by banks exhibiting lower resilience, the need for banks to take into account the risk arising from a part of housing loans with high LTV,³ closer integration of the cooperative banking sector, continuation of restructuring actions in credit unions.
- *Bank lending practices and credit conditions* (quarterly senior loan officer opinion surveys). The surveys addressed banks' lending policy, the demand for main loan categories, and banks' expectations for subsequent quarters. It was demonstrated that banks' lending policy did not change considerably in respect of corporate loans and housing loans in the course of the first three quarters of 2013. On the other hand, the standards of granting consumer loans to households were eased; the banks explained that the move was prompted by amendments to KNF's Recommendation T.
- *Financial System Development in Poland 2012*. This report describes major developments in the operation of domestic financial institutions and markets against the background of the trends in the European financial system. The *Report* pointed out that the importance of the financial system in the Polish economy continued to grow. The ratio of financial system assets to GDP increased by 4.7 percentage points from 2011 and amounted to 123.0%. The financial sector assets' growth was primarily driven by the increase in the value of assets of the banking sector and open pension funds. Investment funds achieved the highest growth rate of net assets among all categories of financial institutions in Poland. In 2012,

³ The value of the loan to the value of collateral.

the stock market capitalisation of the Warsaw Stock Exchange also increased substantially together with the size of the domestic government bond market, where the exposure of non-residents grew.

- *Turnover in the Domestic Foreign Exchange and OTC Derivatives Markets.* In 2013, NBP again participated in the survey on the development of the world and domestic foreign exchange and over-the-counter derivatives markets. The study is coordinated by the Bank for International Settlements (BIS) and is aimed at collecting comprehensive and internationally comparable statistical information on the liquidity and structure of the FX and OTC interest rate derivatives market. The results of the survey are available at the NBP website: *Turnover in the Domestic Foreign Exchange and OTC Derivatives Markets in April 2013.*

3.4. International cooperation for financial stability

In 2013, Narodowy Bank Polski participated in the work of European institutions established to protect financial system stability, which included in particular:

- participation of NBP representatives in the work of the European Systemic Risk Board, (ESRB)⁴ which dealt in particular with developing an ESRB report on the use of supervisory tools for macroeconomic purposes; the tool can be used by national authorities pursuant to the capital requirements directive CRD IV/CRR;
- participation of NBP representatives (on a non-voting basis) in the work of the Board of Supervisors of the European Banking Authority.

3.5. Participation of Narodowy Bank Polski in bank resolution programmes

In 2013, no funds of NBP were involved in the implementation of bank resolution programmes. As at 31 December 2013, no bank was exempt from maintaining the reserve requirement.

Highlights of 2013:

- participation in meetings of Financial Stability Committee, KNF and ESRB;
- participation in drafting legal acts on bank resolution, the restructuring of credit unions and macro-prudential oversight of the financial system.

⁴ The NBP President participated in the meetings of the General Board and the Steering Committee, and NBP representatives – in the work of the Advisory Technical Committee and its committees and working groups.

Chapter 4

The issue of currency



The issue of currency¹

Narodowy Bank Polski holds the exclusive right to issue the currency of the Republic of Poland. By introducing into circulation banknotes and coins in full nominal structure, NBP guarantees smooth cash settlements and the adequate quality of currency in circulation.

4.1. Currency in circulation

The value of currency in circulation (including bank vault cash) as at 31 December 2013 amounted to PLN 126,142.8 million. This represents an increase in the value of currency by PLN 12,476.0 million, i.e. 11.0% more compared to 31 December 2012.

In 2013, manufacturers of legal tender delivered to NBP 319,000,000 pieces of notes, including 249,000,000 modernized and 799,693,800 pieces of coins (in 2012 they delivered respectively 255,000,000 pieces and 734,090,600 pieces).

As at 31 December 2013, notes accounted for 97.1% of all zloty-denominated currency in circulation by value, while coins represented 2.9% (in 2012 – 96.9% and 3.1%, respectively). In terms of volume, notes accounted for 9.2% of all currency in circulation, whilst coins represented 90.8%.

In terms of face value of notes in circulation at the end of 2013, 100 zloty and 200 zloty notes accounted for the largest share of all notes, totaling 66.6% and 23.1%, respectively (67.3% and 22.1% in 2012). In the case of coins, 5 zloty and 2 zloty coins held the largest share of all coins in circulation, accounting for 33.2% and 31.4% of the overall value of coins, respectively (32.7% and 31.7% in 2012).

In terms of volume, 100 zloty and 50 zloty notes held the largest share in the notes in circulation at the end of 2013, amounting to 59.5% and 13.9% respectively (59.2% and 14.1% in 2012). With regard to coins, 1 grosz and 2 grosz denominated coins prevailed, with their respective shares at 37.1% and 18.1% (36.7% and 18.2% in 2012, respectively).

4.2. Issue of collector coins

Narodowy Bank Polski issues collector coins and notes, commemorating national or international events, important historical anniversaries and famous Poles. In 2013, 9,750 pieces of gold collector coins and 356,000 pieces of silver collector coins were issued (in 2012, respectively: 17,000 and 485,000). The design elements covered 16 themes.

In 2013, 24 types of collector coins were issued (7 gold coins with face values of 500 and 200 zloty and 17 silver coins with face values of 50, 20, 10 and 5 zloty).

¹ Tasks in this field are performed pursuant to Article 4 and Articles 31–37 of the Act on the NBP.

In 2013 the issue of coins from the following new series was commenced:

- History of Polish Coin – commemorating the history of Polish coinage; the Denar of Boleslaw I the Brave and the Denar of Boleslaw II the Bold were issued;
- Treasures of King Stanislaw August – replica of a famous 18 c. series of medals with portraits of Polish kings, created at the request of King Stanislaw August; coins depicting Boleslaw I the Brave, Venceslaus II of Bohemia and Wladyslaw the Short were issued.

In 2013, NBP issued a total of 14 types of occasional general circulation coins struck in the Nordic Gold alloy. This series will be replaced in 2014 with occasional general circulation coins of the face value of 5 zloty. Narodowy Bank Polski also continued to issue gold bullion *White-tailed eagle coins* with the face values of 50, 100, 200 and 500 zloty.

Moreover, in 2013 the NBP Management Board adopted a resolution introducing new terms and conditions of the sale of coins, banknotes and numismatic items for collectors by NBP. Whereby, from 1 March 2014 NBP has ceased the auctioning of coins.

4.3. Arrangements for the introduction into circulation of modernized banknotes and coins of the lowest face values minted in brass-plated steel

In 2013 NBP pursued tasks related to the introduction into circulation in 2014 of modernized general circulation banknotes with the face values of 10 zloty, 20 zloty, 50 zloty and 100 zloty. Notes are modernized by improving their security features against counterfeiting. NBP examined the new security features in order to determine the machine-readable parameters (characteristics enabling the verification of banknotes by sorters, cash receiving devices such as a cash deposit machines, automatic ticket counters, etc.). The results of the examination helped develop procedures of quality control of the new banknotes at NBP. At the same time activities were carried out aimed at preparing the participants of the cash transactions market to the changes: free training on the safeguards of modernized banknotes was organized and the Bank cooperated with the market participants in adapting equipment to handling the upgraded banknotes.

In order to reduce the issue cost, a decision was taken to change the alloy of coins in the denominations of 1, 2, 5 grosz to brass plated steel and the supplier for the years 2014–2016 was selected. The selection of the supplier took place after a competitive tendering procedure attended by: Mennica Polska S.A., Royal Canadian Mint, The Royal Mint and Mint of Finland Ltd. The production and supply of the coins of the lowest denominations was awarded to the company which placed the most advantageous bid – The Royal Mint of the United Kingdom. The coins made of the changed alloy were introduced into circulation in 2014.

In 2013 the Management Board of NBP adopted new rules for the creation and maintaining of stocks of banknotes and coins of general circulation, determined in the updated *Policy of issue of general circulation banknotes and coins at NBP*.

4.4. Withdrawal of banknotes and coins from circulation due to wear and tear or damage

In 2013, 241.0 million pieces of notes and coins were withdrawn, including 236.4 million pieces of notes and 4.6 million pieces of coins (292.7 million pieces in 2012, including 290.1 million of notes and 2.6 million of coins) due to wear and tear or damage or loss of counterfeit protection features.

4.5. Counterfeit Polish currency

The number of counterfeit Polish currency notes and coins increased by 2.01% as compared to 2012. Table 4.1 presents the number of counterfeits reported in the years 2010–2013.

Table 4.1. The number of counterfeit Polish notes and coins in the years 2010–2013

Counterfeit	2010	2011	2012	2013
Banknotes of the 1994 "Polish Sovereigns" issue	15,944	9,353	10,410	10,076
Coins of the current issue	8,519	6,519	6,778	7,458
Total	24,463	15,872	17,188	17,534

Source: NBP data.

4.6. Supply of notes and coins to banks

In 2013, commercial banks and an entity with statutory authority to flow Polish currency notes and coins from / to NBP, purchased at NBP Polish notes and coins worth PLN 189.4 billion (PLN 178.0 billion in 2012), of which:

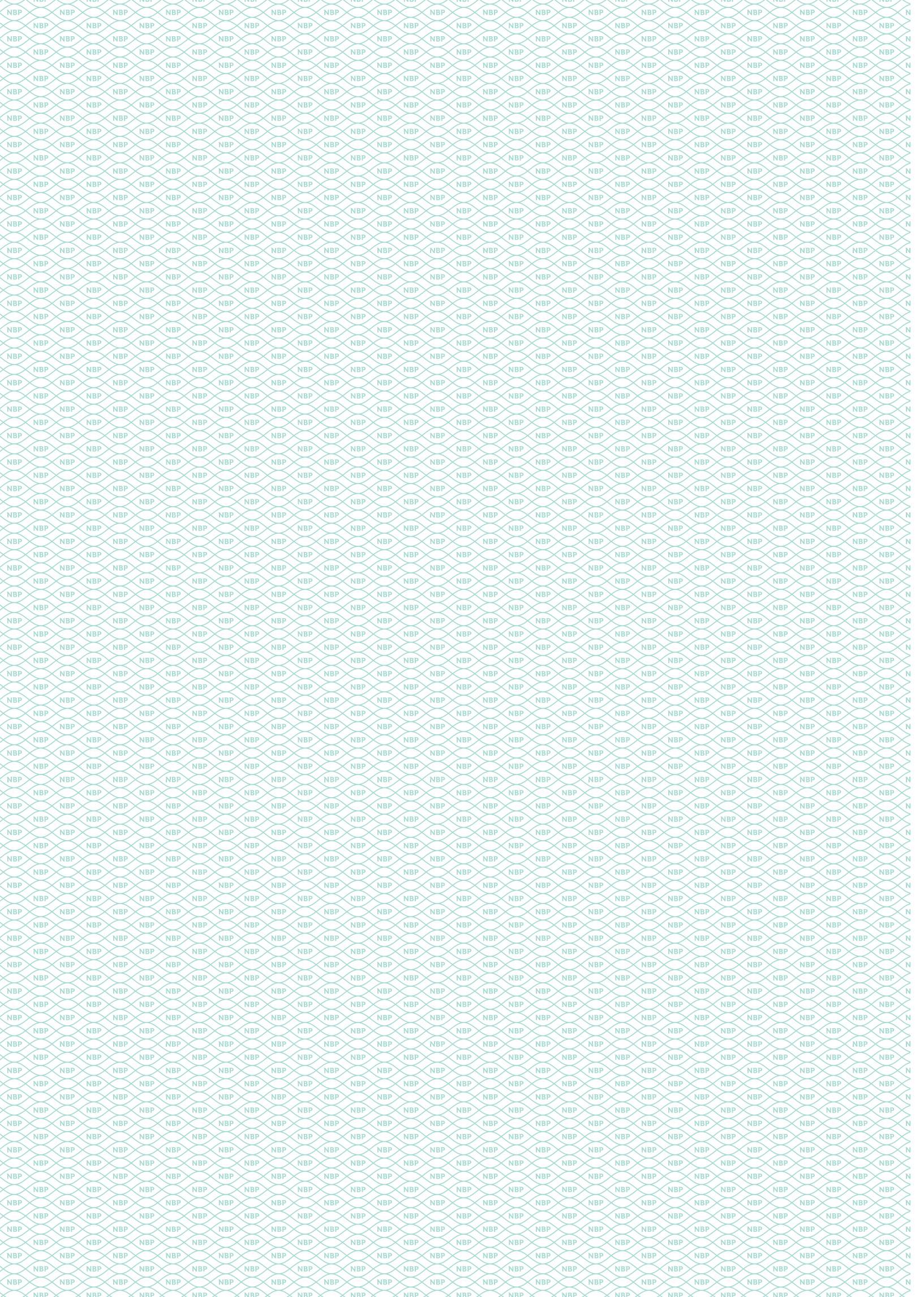
- PLN 94.8 billion under agreements on storing and purchasing notes and coins deposited at NBP² (PLN 91.3 billion in 2012),
- PLN 94.6 billion under agreements on the flow of Polish currency notes and coins and thereto-related activities³ (PLN 86.7 billion in 2012).

² Pursuant to the said agreement, banks keep in their vaults notes and coins which are the property of NBP, with the option to purchase them.

³ These agreements regulate the flow of notes and coins to/from banks from/to NBP.

Highlights of 2013:

- adoption of a new *Policy of issue of general circulation banknotes and coins* at NBP;
- arrangements for the introduction into circulation of modernized banknotes in 2014, development of new rules of sale of collector coins, decision to change the alloy of the coins with the lowest face value and select a new supplier in order to reduce the cost of issue in the coming years.



Chapter 5

Foreign exchange reserves management



Foreign exchange reserves management¹

Pursuant to Article 52 section 1 of the Act on the National Bank of Poland (Narodowy Bank Polski), NBP holds and manages foreign exchange reserves and takes measures to ensure the safety of Poland's foreign exchange operations and the payment liquidity of the country. In the context of a floating exchange rate, the role of foreign exchange reserves is primarily to enhance the country's financial credibility and thereby to reduce the costs of financing in the global markets and the volatility of the zloty exchange rate, as well as to mitigate the risk of a sudden outflow of capital. They can also be used to support the stability of financial markets and the banking sector, in particular by supplying liquidity in foreign currency in the event of disturbances in the financial markets.

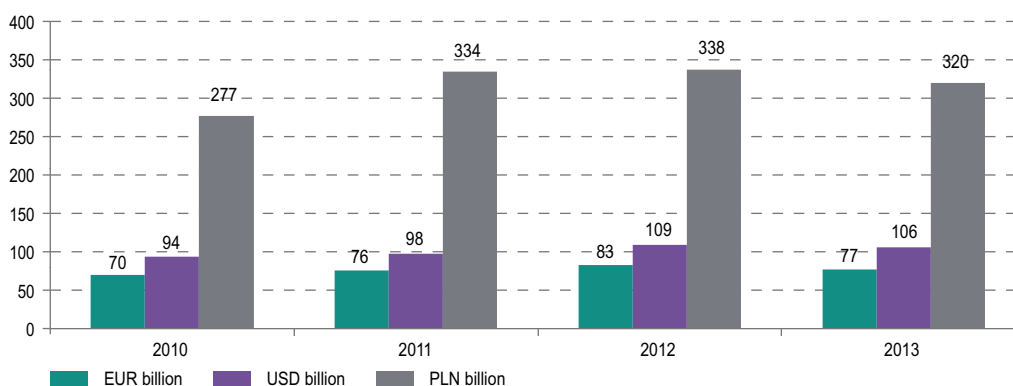
5.1. Level of the official reserve assets²

In 2013, the NBP official reserve assets decreased:

- in euro terms – by EUR 5.4 billion, to EUR 77.1 billion (-6.6%),
- in US dollar terms – by USD 2.7 billion, to USD 106.2 billion (-2.5%),
- in zloty terms – by PLN 17.7 billion, to PLN 319.9 billion (-5.2%).

This stemmed from the decrease of the value of securities and gold as well as external flows.

Figure 5.1. Official reserve assets (as at the end of the year)



Source: NBP data.

¹ Tasks in this field are performed pursuant to Article 3 section 2 para. 2 and Article 52 of the Act on the NBP.

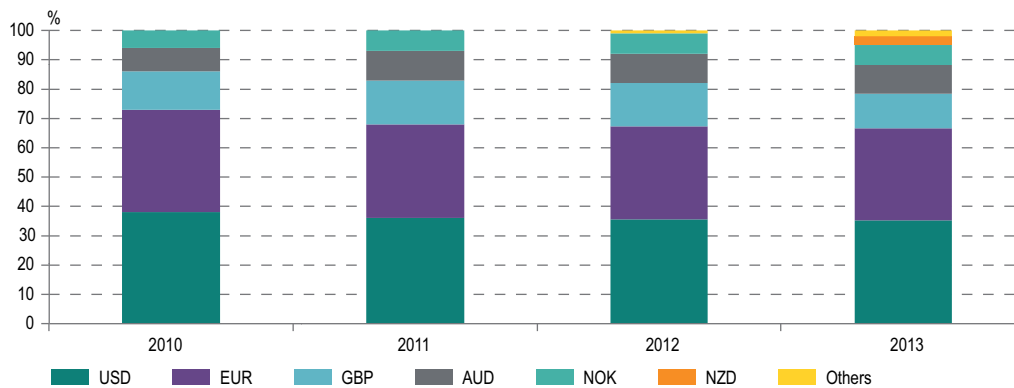
² According to the definition of the International Monetary Fund (IMF), the official reserve assets include readily available, liquid foreign assets held by the central bank. This category includes monetary gold, special drawing rights (SDR), IMF reserve position and foreign currency assets, mainly in the form of securities, deposits and cash.

5.2. Foreign currency reserves management strategy

The priority in the foreign exchange reserves management to ensure the safety of the invested funds and their adequate liquidity. While meeting these criteria, NBP seeks to maximise the yield on the reserves.

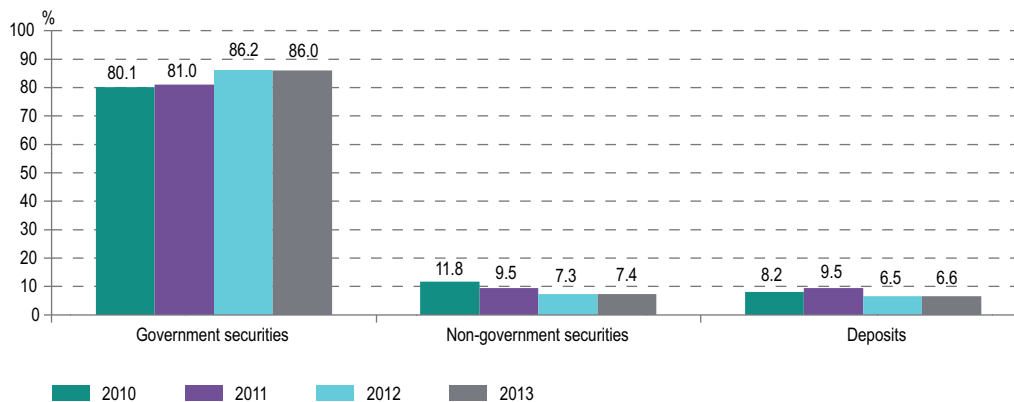
The NBP Management Board determines, on an annual basis, the Strategic Asset Allocation, through its decisions regarding the currency and investment composition and the level of modified duration³ of the reserves.

Figure 5.2. Currency composition of reserves in 2010–2013



Source: NBP data.

Figure 5.3. Share of investment instruments in the NBP foreign currency reserves



Source: NBP data.

In 2013, while continuing the diversification of foreign exchange reserves, NBP started to invest in assets denominated in New Zealand dollars, reducing at the same time the share

³ Modified duration is a measure of interest rate risk defining the sensitivity of investment portfolios to fluctuations in yields on financial instruments.

of assets in pound sterling (by 3 percentage points). The exposure to markets in developing countries was also increased, however its scale is still small. Bearing in mind the probability of an increase in the profitability of securities, the modified duration of reserves was kept at a low level (2.0).

Narodowy Bank Polski invests the majority of foreign currency reserves in government securities with the highest rating, i.e. securities characterised by the highest degree of security and liquidity. The non-government securities held in the investment portfolios are in the majority issued by international institutions and government agencies. A small part of the reserves is held in short-term deposits at banks with high creditworthiness and in corporate bonds in USD.

5.3. Financial risk management in the foreign exchange reserves management process

The management of investment risk is one of the key elements in the management of foreign exchange reserves. It is based on a system of investment limits and restrictions.

Table 5.1. Investment limits and restrictions applicable at NBP in the financial risk management

Risk	Mitigation methods
Credit risk	Limited share of deposit transactions and non-government securities Counterparty selection criteria and ongoing monitoring of their creditworthiness Counterparty limits on deposit transactions and foreign exchange transactions Limited maturity term of deposit transactions Minimum rating of securities Limits for issuers of securities Collateral in reverse repo deposit transactions
Foreign exchange risk	Currency composition of the Strategic Asset Allocation along with fluctuation ranges determining the scope of active investment policy
Interest rate risk	Level of modified duration of the Strategic Asset Allocation along with fluctuation ranges determining the scope of active investment policy
Liquidity risk	Investments in the most liquid financial markets Limited share of deposit transactions Securities selection criteria

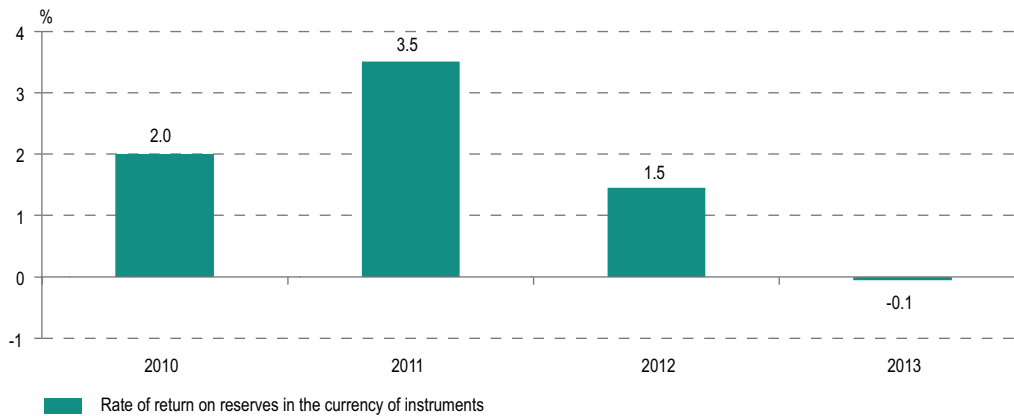
Source: NBP data.

5.4. Rate of return on foreign currency reserves

The level of the rate of return on the invested foreign currency reserves depends on market conditions: profitability level, changes in the prices of investment instruments and foreign exchange rates. In 2013, the decrease in the prices of securities and smaller interest

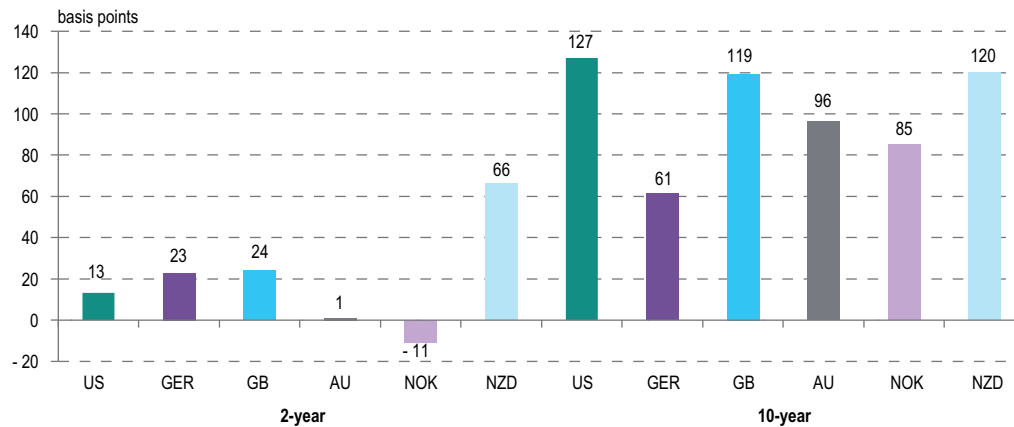
income resulted in a lower rate of return on foreign currency reserves than in recent years. Determined in the currency of instruments⁴ it amounted to -0.1%.

Figure 5.4. Rate of return on the NBP foreign currency reserves (excluding the impact of exchange rate fluctuations)



Source: NBP data.

Figure 5.5. Changes in the profitability of 2- and 10-year government securities in 2013

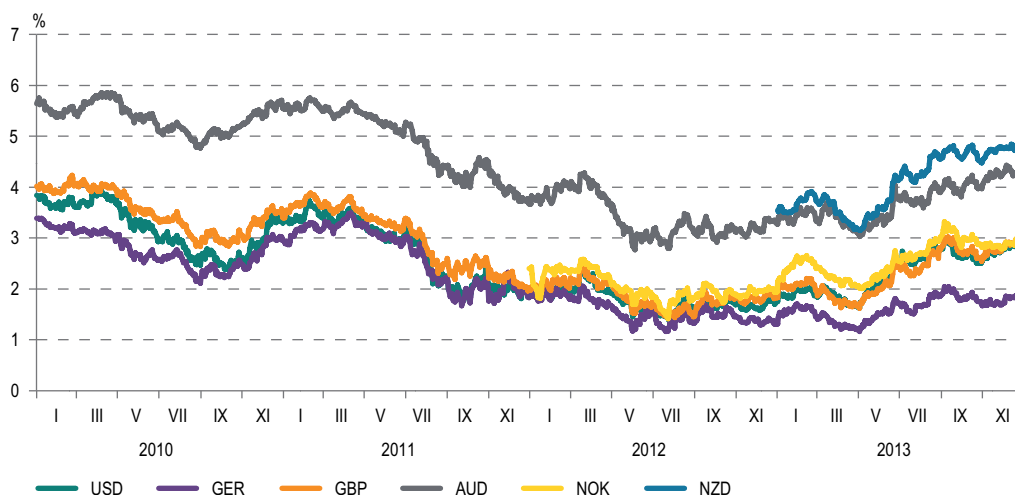


Source: compiled based on Bloomberg data.

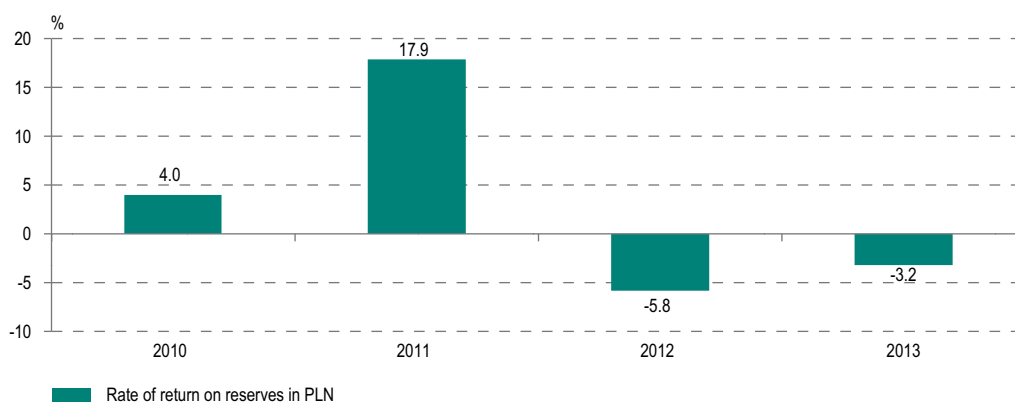
The strong increase in the profitability of government bonds from the historically low levels was a reaction to the announcement the Federal Reserve Bank (Fed) would start tapering the scale of its securities-buying program given a gradual improvement in the US economy and, notably, in the labour market situation. This announcement came earlier than expected by the markets.

The largest increase in the profitability was recorded for bonds with a longer maturity. In the markets for 10-year bonds in the United States, United Kingdom and New Zealand

⁴ The rate of return on foreign currency reserves in the currency of individual investment portfolios is calculated on a basis of daily fluctuations in the market value of instruments.

Figure 5.6. Profitability of 10-year government securities in the main markets

Source: compiled based on Bloomberg data.

Figure 5.7. Rate of return on the NBP foreign currency reserves (including the impact of exchange rate fluctuations)

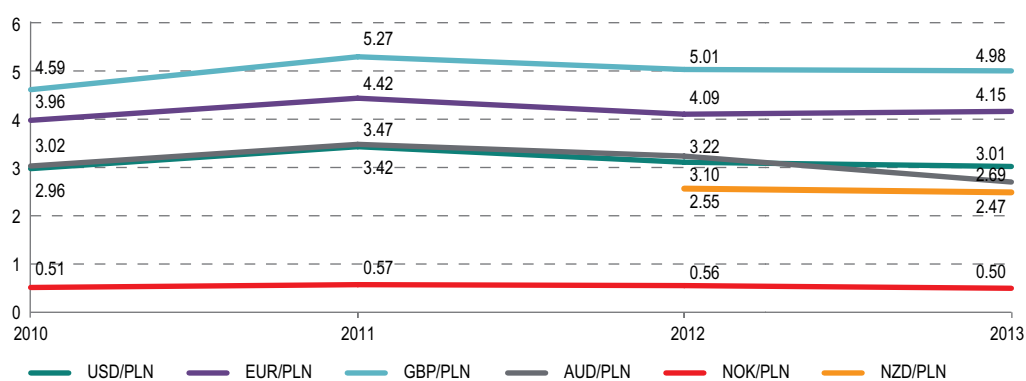
Source: NBP data.

it amounted to approximately 120 basis points. In the case of securities with a shorter maturities, the increase in the profitability was limited by: the lack of expectations of increases in official interest rates by the Fed and the Bank of England, putting off the prospect of monetary policy tightening by Norges Bank as well as the reductions in the refinancing rate of the ECB and the cash rate of the Reserve Bank of Australia (in both cases two reduction by 25 basis points).

In 2013, the rate of return on the reserves, calculated in PLN⁵ amounted to -3.2%. This was a result of appreciation of the zloty against all reserve currencies, except the euro.

⁵ The rate of return on foreign currency reserves in PLN also includes the impact of fluctuations in the exchange rates of reserve currencies in relation to PLN.

Figure 5.8. Exchange rates of major reserve currencies in relation to the PLN (levels as at the end of periods)



Source: NBP data.

The strengthening of the economic foundations of the euro area and the UK in the second half of 2013 led to the appreciation of the euro and the pound sterling against the US dollar. This occurred despite periodic strong support for the USD, resulting from market expectations of the commencement of tapering the scale of bond-buying program by the Fed. At the same time, the approaching phasing out of the program of quantitative easing in the United States strengthened the depreciation trend of the Australian dollar and the Norwegian krone against the US dollar, caused by the deterioration in the outlook for economic growth in Australia and Norway.

5.5. Investment income

In 2013, the decrease in securities prices also led to lower income from investment activity related to the management of foreign currency reserves than in recent years. Excluding the realised and unrealised exchange rate gains, it amounted to PLN 1.2 billion (as compared to PLN 5.8 billion in 2012).⁶

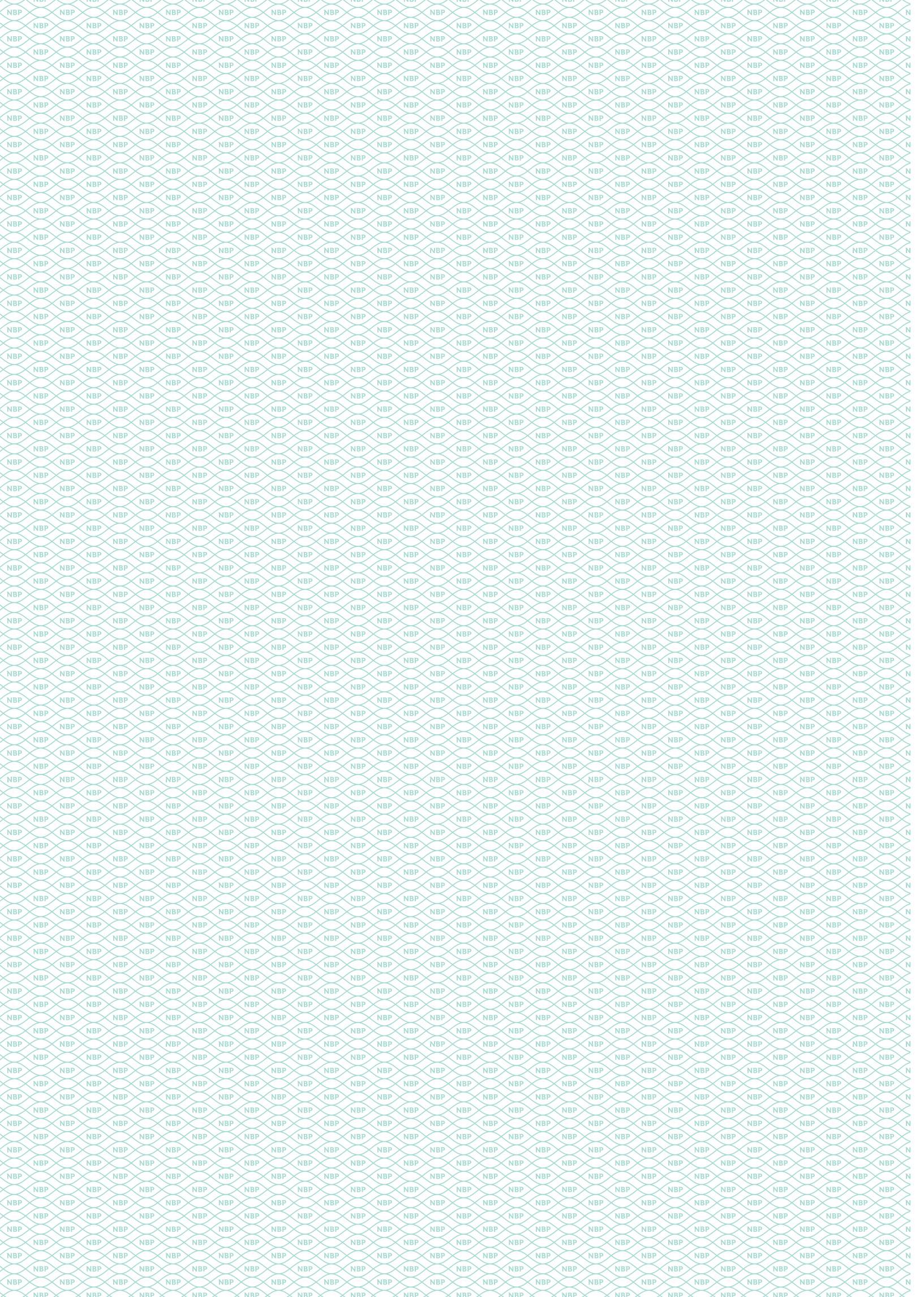
The result on foreign exchange gains in 2013 amounted to PLN 4.5 billion, whereas foreign exchange losses amounted to PLN 6.8 billion.⁷

Highlights of 2013:

- the continuation of currency diversification of the foreign exchange reserves.

⁶ To calculate the income on investment activity currency revaluation gains (unrealised gains) are not taken into account. Under the NBP accounting principles, these are recognised as liabilities on the NBP balance sheet.

⁷ Under the NBP accounting principles, unrealised foreign exchange gains do not affect the NBP profit and loss account but are recognised as liabilities on the NBP balance sheet, whereas unrealised foreign exchange losses diminish the NBP financial result (similarly as realised foreign exchange losses).



Chapter 6

Foreign exchange activity



Foreign exchange activity¹

Foreign exchange activity primarily involves maintaining a register of bureaux de change, issuing decisions on foreign exchange matters and foreign exchange control. The purpose of this activity is to ensure security of foreign exchange transactions.

6.1. Register of bureaux de change

In 2013, 1,131 entries were made to the register of bureaux de change (as compared to 1,064 in 2012), of which 244 entries concerned new entities (as compared to 280 in 2012) and the remainder regarded the deletion of entities or data updates. As at 31 December 2013, 4,601 bureaux de change were operating in Poland (as compared to 4,558 as at 31 December 2012).

Since October 2013 the data included in the register of bureaux de change is available at the NBP website.

6.2. Foreign exchange related decisions

In 2013, a total of 22 decisions on foreign exchange were issued, including 16 permits and 6 other decisions (in 2012 – 14 decisions were issued).

6.3. Foreign exchange regulation

Foreign exchange regulation in 2013 included inspections of residents subject to mandatory transfer to NBP data necessary for the compilation of the balance of payments and the international investment position, inspections of operators of bureaux de change. In 2013, a total of 1,977 inspections were carried out (in comparison to 2,026 in the year 2012), including:

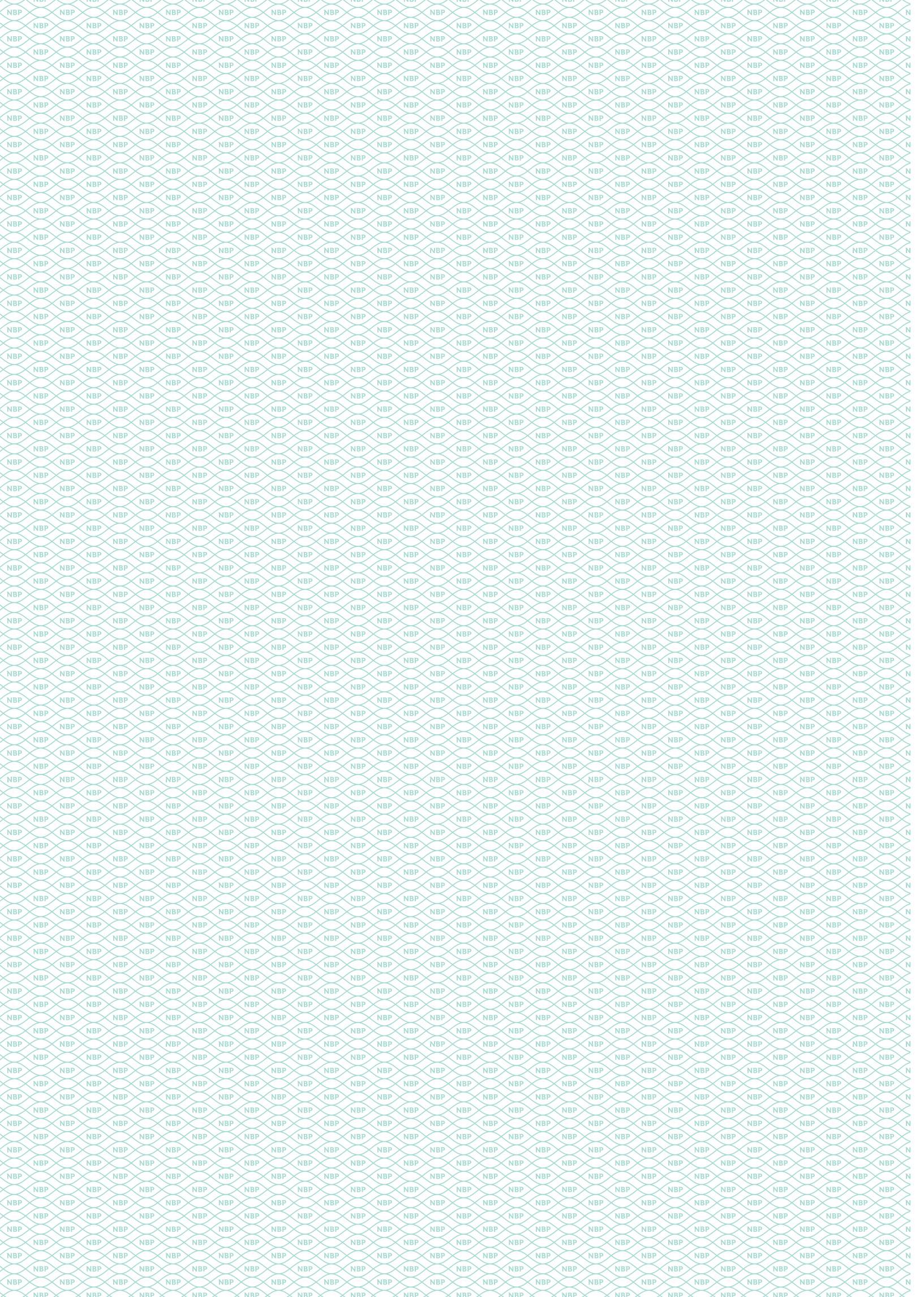
- 752 inspections concerning the performance of the reporting responsibilities (in 2012 – 1,384),
- 1,225 inspections regarding bureaux de change activity (in 2012 – 642).

891 inspections detected irregularities, i.e. 45% of all the conducted inspections (in 2012 – 44%). If such irregularities occurred, post-inspection recommendations were submitted to the managers of the inspected units.

¹ Tasks in this field are performed pursuant to Article 3 section 2 para. 3 and Article 52 section 2 of the Act on NBP, Article 21 section 3 para. 1 of the Act on counteracting money laundering and terrorism financing and the provisions of the Foreign Exchange Act.

Highlights of 2013:

- 1,977 inspections and 22 decisions concerning foreign exchange issues;
- making data about all entrepreneurs registered in the register of bureaux de change available at the NBP Internet website.



Chapter 7

Payment system oriented activities



Payment system oriented activities¹

The activities of Narodowy Bank Polski with respect to the payment system include:

- operational tasks, including the operation of the payment systems and performance of interbank settlements,
- activities relating to the payment system policy and development, including organisation of monetary settlements and development of relevant legal regulations,
- oversight of the payment systems, authorisation and clearing systems as well as securities settlement systems.

7.1. Performance of operational tasks

7.1.1. Operation of accounts in the SORBNET and SORBNET2 systems

On 10 June 2013 the SORBNET2 payment system was launched, which replaced the previously existing SORBNET system (see point 7.2.2).

As at 31 December 2013, accounts operated by the SORBNET2 system included current accounts in PLN for 48 banks (in 2012 – 51) as well as accounts for the National Clearing House (KIR SA) and the National Depository for Securities (KDPW SA). In 2013 two current PLN accounts were opened² and five current PLN accounts were closed.³

In 2013, about 3,075,000 operations were performed in the banks' current accounts in PLN held with the NBP Head Office (2,962,000 in 2012), totalling PLN 46.7 trillion (PLN 46.4 trillion in 2012). This translates into an increase in the number of operations by 113,000 (3.8%) and an increase in their total value by PLN 0.3 trillion (0.6%) as compared to 2012. The average value of a transaction in 2013 fell by about 3.2% to reach PLN 15.2 million (PLN 15.7 million in 2012).

7.1.2. Operation of accounts in EUR in the TARGET2-NBP system

The TARGET2-NBP system constitutes the Polish part of the TARGET2 system – the pan-European system for the settlement of payments in euro.

¹ Tasks in this field are performed pursuant to Article 3 section 2 para. 1 and 6 of the Act on NBP as well as pursuant to the Act on the Finality of Settlement in Payment Systems, Securities Settlement Systems and Principles of Oversight of These Systems.

² For Skandinaviska Enskilda Banken AB (SA) Oddział w Polsce and for CAIXABANK SA Oddział w Polsce.

³ This applied to:

- Polbank EFG SA – on 23 January because of the merger with Raiffeisen Bank Polska SA,
- Kredyt Bank SA – on 28 February because of the merger with Bank Zachodni WBK SA,
- Credit Agricole Corporate and Investment Bank SA Oddział w Polsce – on 2 April due to the sale of the banking enterprise,
- BPI Bank Polskich Inwestycji SA – on 7 June due to a termination of the bank account operating agreement,
- FM Bank SA – on 1 July because of the merger with Polski Bank Przedsiębiorczości SA.

As at 31 December 2013, the TARGET2-NBP system operated accounts in EUR for 23 participants: NBP, 20 commercial banks and KIR SA and KDPW SA (no change y/y).

In 2013, over 1.5 million operations were performed in the TARGET2-NBP system for the total amount of EUR 555.0 billion. This translates into a slight increase in the number of operations, by about 34,600 (2.3%) and an increase in their value by EUR 17.5 billion (3.2%) as compared to 2012. The average value of transactions amounted to about EUR 365,600 and stayed at a level similar to the year before (EUR 362,300 in 2012).

7.2. Policy measures and development of the payment system

7.2.1. Regulatory activities

In 2013 as part of the regulatory action NBP:

- Issued opinions with respect to draft legislation⁴ on reducing the interchange fee for all types of payment cards (issued to individual and business clients) to 0.5% of the value of a single transaction. The amended legal provisions came into effect on 1 January 2014, and provide six months for the adjustment of the contracts concluded on the payment cards market. The introduced legal provisions go further than the proposals contained in the *Programme of reductions of card fees*, which assumed a gradual (until 2017) reduction of the interchange fee to the level of 0.7% and 0.84% of the transaction value for respectively, debit and credit products.
- Introduced legislation concerning the launch of the SORBNET2 system.⁵
- Participated in the working group for the revision of provisions insofar as trade in financial instruments. During the works, the following issues were mainly discussed: the organization of the capital market, the institutions and infrastructure of the financial market and strengthening of the supervision carried out by the Polish Financial Supervision Authority.

7.2.2. Development of the functionalities of domestic large value payment systems and adjusting them to the payment systems operated in the EU countries

On 10 June 2013 NBP launched the SORBNET2 payment system, which replaced the SORBNET system which operated since 1996. The current accounts of banks and the interbank settlement of payments in PLN are carried out in the new system. In particular, the system concentrates settlements of operations associated with the implementation of monetary policy, interbank transactions from the financial market and large value customer orders. In addition the system also settles ancillary systems conducted by the Krajowa Izba

⁴ Act of 20 August 2013 on the Amendment of the Act on Payment Services (Journal of Laws of 30 November 2013, item 1271).

⁵ These were: the ordinance of the President of NBP No. 13/2013 of 24 May 2013 on the method of conducting interbank settlements (NBP Official Journal 2013, item 9) and Resolution of the NBP Management Board No. 9/2013 of 24 May 2013 on the conditions for opening and operation of bank accounts by Narodowy Bank Polski (NBP Official Journal 2013, item 8).

Rozliczeniowa SA (National Clearing House) and Krajowy Depozyt Papierów Wartościowych SA (National Depository for Securities). The SORBNET2 system, like its predecessor is a RTGS type system (Real-Time Gross Settlement).⁶

The launch of the SORBNET2 system increased the security and effectiveness of the interbank exchange. The SORBNET2 system is consistent with the standards effectively implemented on the global interbank market, which enables the participation of foreign entities in it.

Additionally in 2013 NBP:

- continued the analysis concerning the merits and the possibility of the participation of the zloty in the CLS system (Continuous Linked Settlement),⁷
- conducted works associated with the adaptation of the TARGET2-NBP system to the TARGET2-Securities system.⁸

7.2.3. Popularisation of non-cash transactions

In 2013, as part of popularisation of non-cash transactions in Poland, NBP undertook the following activities:

- Continued the implementation of the promotional and educational programme called “Accessible Finance” Academy (*Akademia Dostępne Finanse*), to popularise non-cash transactions and reduce financial exclusion. Activities under the programme, similarly to 2012, were addressed in particular to elderly people – the group with the lowest use of banking services in the Polish society.
- Participated in the work of the Coalition for Non-Cash Payments and Micropayments. In 2013 the Coalition approved the *Programme for non-cash payments development in Poland for the years 2014–2020*. The programme includes the objectives and recommendations of activities directed to entities which have an influence on the non-cash transactions in Poland.

7.2.4. Actions for the development of SEPA

NBP continued efforts to implement Single Euro Payments Area – SEPA, namely:

- Continued to provide banks interested in the participation in the pan-European STEP2 clearing house with the intermediation services enabling them to clear credit transfers in

⁶ The RTGS system is a system in which payment orders are executed in accordance with the principle of gross settlement (processing orders individually, without their mutual offsetting) and the principle of real-time settlement (processing orders on an ongoing basis throughout the day and not at designated times of the day).

⁷ CLS (Continuous Linked Settlement) is a global system created to settle currency transactions, carried out continuously and simultaneously for both parties of the transaction on the basis of PVP (payment versus payment). This system significantly reduces the settlement risk arising from the execution of payments on different dates, in which the RTGS systems of individual currencies are functioning. Currently the CLS settles 17 currencies.

⁸ TARGET2-Securities (T2S) is a project of creating a pan-European platform for the settlement of securities transactions carried out at the initiative of the central banks of the Eurozone, in cooperation with central securities depositories of the EU countries. The aim of the work on T2S is to streamline and reduce the cost of cross-border settlement, the subject of which are transactions concerning securities.

Euro in the SEPA Credit Transfer (SCT) system. As at 31 December 2013, 20 banks took recourse to these intermediation services.

- Participated in consultations concerning the new version of the SEPA Migration Plan and new SEPA management structure – projects developed by SEPA Polska, the body responsible for the implementation of SEPA in Poland. These works are associated with the European regulations that impose on Poland an obligation to replace all credit transfers and direct debits in euro with SEPA standards not later than on 31 October 2016.⁹

7.2.5. Payment System Council activity

The Payment System Council analyses and evaluates the Polish payment system on an on-going basis and promotes the development of the system. In 2013 the Council primarily discussed:

- the functioning of the payment cards market, in particular the security of proximity cards; recommendations were issued for issuers of payment cards relating to the implementation systemic solutions to increase the security of their use, including solutions limiting the liability of users for unauthorized transactions carried out with proximity cards;
- the *Programme for non-cash payments development in Poland for the years 2014–2020*, developed and approved by the Coalition for Non-Cash Payments and Micropayments;
- the functioning of the system of clearing OTC derivatives,¹⁰ operating at KDPW_CCP and the selected initiatives of the KDPW SA group, enhancing the quality of the infrastructure and security of the Polish financial market;
- issues concerning the merits and the possibility of the participation of zloty in the CLS system;
- the validity of the reduction of amount thresholds in cash transactions carried out between entities conducting business activity in Poland;
- results of the examinations of costs of cash transactions and non-cash payment instruments, conducted by the central banks of the European Union.

7.3. Oversight of payment systems and securities settlement systems

Oversight of payment systems, authorisation and securities settlement systems seeks to minimise the risk related to the possible disruptions in the operations of those systems, in the settlements conducted by national payment institutions and to maintain financial stability.

7.3.1. Oversight of payment systems

In 2013, NBP analyzed the statistical data and information on the overseen systems on an on-going basis. NBP also assessed incidents disruptive to their operations and undertook actions

⁹ Regulation of the European Parliament and of the Council (EU) establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No. 924/2009.

¹⁰ OTC – over-the-counter sales.

aimed at ensuring their secure and efficient functioning. As part of the oversight exercised over the payment systems:

- The President of NBP issued 2 decisions concerning an approval of modifications to the operation of Express ELIXIR and EuroELIXIR systems.
- NBP conducted the survey *Concentration of risk, structure of links and the contagion effect in the SORBNET payment system*. The obtained results demonstrated the resilience of the SORBNET payment system and its participants to unanticipated disruptions, causing an abrupt reduction in the liquidity of the system.
- Laws amending the scope of supervision of the President of NBP on the authorization and settlement systems were introduced.¹¹ The current regulation commits the Polish Financial Supervision Authority to consult the President of NBP on the occasion of granting permits to conduct activities in the *acquiring* service.¹² In 2013 the President of NBP issued one opinion in this regard.

7.3.2. Oversight of securities settlement systems

As the authority conducting oversight over the settlement of securities, NBP developed 12 opinions for the Polish Financial Supervision Authority. They concerned the request for a permit to conduct the clearing house filed by the PRT Clearing House (Izba Rozrachunkowa Polskiego Rynku Terminowego SA) and amendments to the rules of the Warsaw Commodity Clearing House (Izba Rozliczeniowa Giełd Towarowych SA), KDPW SA and KDPW_CCP SA.

Highlights of 2013:

- launch of the SORBNET2 system;
- preparation of recommendations for reinforcing the security of proximity cards;
- participation in the works on the *Programme for non-cash payments development in Poland for the years 2014–2020*.

¹¹ On 7 October 2013 law of 12 July 2013 amending the Law on Payment Services and Certain Other Laws (Journal of Laws 2013, item 1036) came into force.

¹² Service of intermediation in the authorization of cashless payments, described in detail in the Law on payment services.

Chapter 8

Services to the State Treasury



Services to the State Treasury¹

Tasks fulfilled by Narodowy Bank Polski as a part of services to the State Treasury include: operating accounts of the State Budget, handling international liabilities and claims of the State Budget, trading in Treasury securities and public debt management, in particular, with regard to the State Treasury debt.

8.1. Bank accounts operated by NBP

In 2013, NBP operated bank accounts referred to in Article 196 of the Act on Public Finance of 27 August 2009, primarily including the central current account of the State Budget, current accounts of the budgetary entities, including offices providing services for tax authorities, as well as accounts of funds for permanent appropriations of the budgetary entities. NBP also maintained term deposit accounts in PLN and foreign currencies for entities authorised to hold accounts with NBP.

Moreover, pursuant to Article 51 section 1 para. 4 of the Act on the National Bank of Poland (Narodowy Bank Polski), NBP operated accounts of other legal persons, primarily, the Demographic Reserve Fund, the Social Insurance Institution, Export Credit Insurance Corporation Joint Stock Company, Agricultural Market Agency, agricultural consultancy entities, trade unions of the NBP employees, the Bank for International Settlements in Basel, the European Commission, as well as central banks of: France, Hungary, Germany, and the Czech Republic.

8.1.1. Operating bank accounts

Narodowy Bank Polski performed operations on State Budget bank accounts – in non-cash form, mainly in the *enbepe* Electronic Banking system, as well as in cash form. A B2B interface was used for operating bank accounts of the State Budget Department and the Paying Authority Department in the Ministry of Finance, the Agency for Restructuring and Modernisation of Agriculture and the Main Inspectorate of Road Transport.

8.1.2. Categories of accounts operated by NBP

Narodowy Bank Polski operates accounts in PLN and in foreign currencies, including accounts for handling funds coming from the EU budget. As at 31 December 2013, NBP provided services for 3,527 customers (in 2012 – 3,717), for whom regional branches operated 15,690 accounts (in 2012 – 16,232), of which 7,887 accounts were operated as part of a third-party external cashier service (in 2012 – 8,358).²

¹ Tasks in this area are fulfilled, among others, pursuant to Article 3 section 2 para. 4 and Articles 49, 51, 52 of the Act on the National Bank of Poland (Narodowy Bank Polski), the Act on Public Finance and the Banking Law.

² Third-party external cashier service is provided to those account holders whose registered offices are located outside the city in which the NBP regional branch is located.

8.2. Handling international liabilities and claims of the State Budget

Pursuant to the contracts of agency signed in previous years with the Minister of Finance, NBP handled the State Budget liabilities and claims arising from:

- 61 loans granted by international institutions and financial organisations to the government of the Republic of Poland,
- 68 foreign loans guaranteed by the government of the Republic of Poland, granted to domestic entities,
- 1 agreement on making funds available to a domestic entity under the loan granted.

While acting as a depository for the World Bank and its agents NBP administered 14 promissory notes issued by the government of the Republic of Poland in connection with Poland's membership in those organisations.

8.3. Organization of trade in Treasury securities

8.3.1. Treasury securities auctions

Narodowy Bank Polski acts as the issuing agent for Treasury securities. Therefore, it is committed to organise the sale and redemption auctions of Treasury bills and the sale, redemption and swap auctions of Treasury bonds. In 2013, the following auctions were organised:

- 6 Treasury bill sale auctions (including three non-competitive complimentary auctions); the total supply amounted to PLN 9.2 billion, the total amount bid to PLN 26.0 billion, bills worth PLN 8.4 billion were sold.
- 18 Treasury bond sale auctions, including three non-competitive complimentary auctions. The total supply amounted to PLN 101.1 billion, the total amount bid to PLN 177.4 billion, bonds worth 103.6 billion were allotted. The majority of bonds offered by the Ministry of Finance were fixed-rate bonds; their amount allotted constituted 64.2% of the total amount allotted.
- 5 Treasury bond swap auctions, where the Ministry of Finance redeemed bonds worth PLN 23.8 billion, and allotted bonds worth PLN 24.7 billion. In 2013, the Ministry of Finance changed the rules on conducting the swap actions, introducing a possibility of additional purchase of bonds for cash. Two swap auctions according to the new rules were organised, with the total value of bonds purchased at these auctions amounting to PLN 4.21 million. Fixed-rate bonds represented the majority of bonds allotted (39.4%).
- 1 euro-denominated Treasury bond redemption auction: the total supply amounted to PLN 500 million, the total amount bid to PLN 445.0 million and redemption to PLN 445.0 million.
- 1 US dollar-denominated Treasury bond redemption auction: the total supply amounted to PLN 100 million, the total amount bid to PLN 132.2 million and redemption to PLN 132.2 million.

- One zloty-denominated Treasury bond redemption auction: the total supply amounted to PLN 9.0 million, the total amount bid to PLN 9.7 million and redemption to PLN 7.7 million.

In 2013 no bill and bond redemption auctions were held of bonds issued by BGK (Bank Gospodarstwa Krajowego), and secured and guaranteed by the State Treasury.

8.3.2. Treasury Securities Dealer System (DSPW)

In 2013, similarly to previous years, NBP implemented tasks associated with the Treasury Securities Dealer System (DSPW).³ In accordance with the Agreement concluded with the Ministry of Finance, NBP performed the following duties:

- submitted to the Ministry of Finance monthly and quarterly assessments of the activities of the DSPW banks and candidates to perform this function on the Treasury bill and bond primary and secondary markets,
- acted as the organiser of Treasury securities fixing,⁴
- participated in periodic meetings of the Council of Market Participants – the opinion-making and advisory group acting under the Minister of Finance.

In addition, within the framework of cooperation with the Ministry of Finance, NBP examined and reviewed banks whose accounts and Treasury securities deposit accounts are maintained in the Securities Register.

8.4. Cooperation with the Ministry of Finance within the Public Debt Management Committee

In 2013, Narodowy Bank Polski cooperated with the Ministry of Finance within the Public Debt Management Committee. The objective of the cooperation is to exchange information in order to coordinate the public debt management policy of the Ministry of Finance with the monetary and foreign exchange policy of NBP.

Highlights of 2013:

- operation of 15,690 accounts for 3,527 customers;
- organization of the total of 32 Treasury bill sale and redemption auctions and Treasury bond sale, swap and redemption auctions.

³ The main aim of the system is to distinguish a group of banks (the so-called primary dealers) which, in return for the privilege of exclusive submission of bids to the Treasury securities auctions (SPW), and exclusive right or privilege with regard to the conduct of individual operations with the Ministry of Finance, are obliged to participate in SPW sale auctions, SPW fixings, SPW quotations (in particular, the baseline issues on the electronic market), undertake measures for the expansion of the SPW investor base, fulfil the obligations arising from their participation in deposit systems in a reliable manner, and promote the SPW market. Such measures are meant to support the implementation of the public finance sector debt management strategy, in particular, the enhancement of the liquidity, efficiency and transparency of the SPW market.

⁴ Acting as the organiser of SPW fixing, NBP defines its rules, in agreement with the Ministry of Finance (the issuer) and BondSpot SA (the proxy), as well as provides the general supervision over the fixing performance (para. 2 item 3 of the fixing regulations).

Chapter 9

Research activity



Research activity¹

In 2013, analytical and research activities of NBP related mainly to monetary policy, in particular its impulse transmission mechanism, macroprudential policy, inflation processes, public finance, financial situation of enterprises and households as well as the labour and real estate markets. Economic processes occurring in the euro area were examined, as well as the changes in the economic environment in Poland and abroad. Forecasting and modelling work focused mainly on the structural causes of inflation processes in Poland and involved an analysis of supply factors affecting the country's potential output. The findings of the research provided background information for the decision-making process of the NBP Management Board and the Monetary Policy Council.

In 2013, well-renowned national and international scientific journals published 114 academic papers by NBP employees, including 51 in Polish and 63 in English. 12 publications were posted on the so-called Philadelphia list (see Appendix 6).

9.1. Analytical and conceptual framework for the economic processes in the euro area

9.1.1. Study of business cycle synchronicity

Sources of differences in the business cycles between the countries of Central and Eastern Europe and those of the euro area were investigated.

9.1.2. Analysis of sources of differences in economic conditions in euro area countries

- Accumulation or reduction of external imbalances and changes in the competitiveness of the euro area and its Member States were analysed.
- The causes of the different path of developments in the real estate, labour and product markets in particular euro area countries were investigated.
- Aspects of institutional changes in the euro area were examined.

¹ Tasks in this respect are performed pursuant to Article 59 of the Act on the NBP.

9.2. Studies of monetary policy, inflation processes and inflation expectations

9.2.1. Analytical and conceptual framework for the monetary policy strategy and its implementation at other central banks

- Monetary policy of central banks and their communication with the environment were monitored.
- Changes in the monetary policy strategy of central banks were analysed, especially in terms of modifications in the inflation targeting strategy.

9.2.2. Analysis of threats to macroeconomic equilibrium

- Potential adverse impact of financial distress of global banks on lending by their Polish subsidiaries was considered.
- The level of foreign debt incurred by Polish companies was analysed.
- Trends in economic agents' credit standing were monitored, as well as corporates' problems with bank debt service.

9.2.3. Measurement and analysis of inflation expectations in Poland

A research project was completed addressing the impact of prices of frequently purchased goods on consumers' perceptions of inflation. Under the project, new measures of consumer inflation expectations were introduced; the conclusions resulting from observation of how inflation expectations are formed in Poland were updated and the mechanism of inflation expectation formation by consumers was analysed using adaptive learning models.

9.2.4. Analytical, research and modelling work on the monetary policy transmission mechanism and its changes (including work related to the financial crisis)

A report entitled *Monetary Policy Transmission Mechanism in Poland. What do we know in 2013?* was published. The report featured the following key components: simulations of the transmission mechanism, allowing to draw conclusions as to its strength and lags in its operation; an in-depth analysis of the functioning of the interest rate channel (in particular, the difference in the adjustment of interest rates on deposits and loans, respectively, to the money market interest rates before and after the crisis); an analysis of how the characteristics of individual banks affect the interest rate pass-through at this stage of the transmission; an identification of credit supply and demand functions.

9.2.5. Construction of macroeconomic models with the financial sector

- Work commenced on modelling long-term mortgage loans, aiming to investigate their effects on monetary and macrostability policy.
- Work commenced on modelling the impact of the currency structure of mortgage loans on the transmission of monetary and macrostability policy.
- The influence of financial frictions on the estimation of cost of inflation was analysed.

9.2.6. Analyses and research of the prices of consumer goods and services

- Analyses and studies addressed inflation processes in the national economy; short-term forecasts of the index of consumer goods and services prices and its components were drawn up.
- Analytical and research work on the measures of core inflation was carried out.
- The frequency of price changes in the Polish economy was studied. The analyses addressed the magnitude of price changes depending on the sector of the economy and the role of promotions in the price-setting process.

9.3. Enterprise and household surveys

9.3.1. Surveys of the condition of households

- In cooperation with GUS (Central Statistical Office), a pilot study was completed on assets and liabilities of households in Poland. The study aimed to verify the current survey method (the survey questionnaire, the sample drawing procedure and the interview survey method).
- Regular analyses of the financial situation of the household sector were performed. They addressed such issues as sources of income and decisions affecting the level of savings (including voluntary ones) and accumulation of financial assets and of liabilities of households.
- Comparative analysis was completed involving key aggregates of the household sector in Poland (including the savings and investment rate and the structure of disposable income) against the background of selected EU countries and the USA.
- The impact of interest rate on the level of household savings was analysed.

9.3.2. Surveys of financial situation in the corporate sector

- Quarterly surveys of the business climate in the corporate sector were conducted, taking into account, among others, decisions concerning production, employment, investment, finance and prices made by firms as well as their relations with the banking system. The impact and effects of the *de minimis*² guarantee scheme and the effectiveness of the government's anti-crisis package were analysed.
- The *Annual NBP Survey* was completed, focusing on long-term development trends in the corporate sector. As part of the study, the following was analysed: causes of low propensity to borrow observed in the enterprise sector, penetration of internet access and its impact on prices, and potential impact of euro area accession.
- Regular analyses of the financial performance of enterprises were carried out, comprising investment and employment activity, sources of changes in profitability, sources of funding as well as solvency and liquidity.

9.4. Other macroeconomic research

9.4.1. Labour market research

- Regular analyses of labour market developments were continued. In particular, the impact of the following issues on the labour market was analysed: the type of work contract, the number of persons working part-time, improvement of qualifications and skills of the staff, unemployment among the young and among people at the pre-retirement age. Furthermore, a study was completed addressing the relationship between the intensity of flows in the labour market, unemployment and employment growth at an early stage of recovery.
- Another round of the *Labour Market Survey* was completed. The following labour market issues were addressed: workforce turnover and new job creation, factors determining labour supply, the skill mismatch in the labour market, determinants of wage pressure, wage expectations of the jobless and the impact of institutional changes (the limitation of the bridging pensions) on the occupational activity of persons at pre-retirement age.
- Under an international ECB research project, work started on the differences in firms' adjustment of employment and wages in response to an economic crisis, depending on its nature and institutional environment.

9.4.2. Analysis of real estate prices in Poland

- Collection of data on residential and commercial property continued. The analyses covered prices, rents and other factors of relevance to those assets.

² The *de minimis* guarantee is granted under the programme of allowable public aid aimed at securing the repayment of a working capital or investment loan to a micro-, small or medium-sized enterprise (SMEs).

- Work related to the application of spatial regression in the construction of hedonic indices for the secondary residential market continued.
- The survey of the behaviour of consumers, developers and the banking sector in the real estate market was continued. The analyses focused on cycles in the residential property markets.
- The *Report on the situation in the Polish residential and commercial real estate market in 2012* was drawn up, and quarterly releases on the subject were posted at the Bank's website.

9.4.3. Analyses and research of the public finance sector

- Analyses and forecasts of the situation of the state budget and the general government sector entities were performed (including those relating to the impact of the changes in the pension system and the introduction of the new expenditure rule on the general government sector).
- Studies of the situation of the public finance in the EU countries, especially in Central and Eastern Europe were carried out.
- Fiscal aspects of the functioning of the euro area, and the convergence of the Polish economy, were investigated.
- A SVAR model-based study of the impact of monetary and fiscal policy in Poland was conducted.

9.4.4. Analyses and research on the external sector of the Polish economy

- Factors determining the growth and the structure of Poland's external trade, as well as the determinants of foreign capital flows to Poland, were examined.
- Alternative methods of forecasting capital flows to and from Poland were designed.
- Forecasts of Poland's balance of payments were drawn up on a regular basis (thrice yearly), along with an assessment of the stability of external balance indicators for the Polish economy.
- Trends in the real effective exchange rate of the zloty were monitored.

9.4.5. Analyses and studies of the global economy

- In cooperation with the World Economic Forum, analyses of the competitiveness of the Polish economy (also against the background of other post-communist countries) were carried out.

- Developments in global economic conditions, including current and forecast situation in major developed economies and trends in the commodity and financial markets were analysed.
- Analyses were carried out in relation to the forecasting of long-term interest rates in the United States and other developed economies.

9.5. Forecasting and research work

- Structural conditions of inflation processes in Poland were analysed. The relevant study addressed the short- and long-term impact of the following factors on inflation: the degree of monopolisation and concentration, the role of trade unions and the openness of the production sectors.
- Supply factors affecting the level of the potential output in Poland were examined. The analysis covered the valuation of the utilisation of production factors, which varies over time, and their changing structure as well as the role of the total factor productivity in development processes.
- Work on the reconstruction of the DSGE SoePL model was carried out, aiming for a more comprehensive analysis of the impact fiscal factors on inflation processes and business conditions in Poland.
- The range of indices used in the compilation of estimates and short-term forecasts of the national accounts was extended.
- A new specification of selected equations of the main forecasting model (NECMOD), and a re-estimation of its parameters was performed.

9.6. Activity of NBP's Economic Research Committee

- In 2013, the implementation of the *Economic Research Framework of NBP for 2013–2016* commenced. The priority areas of research include: macroeconomic stability, financial stability and quantitative research methods.
- In 2013, eight reports on projects implemented under the NBP research project competition were approved. Furthermore, a new edition of the research competition was held, and 11 projects were selected for implementation in 2014.

9.7. Conferences and seminars organised by NBP

In 2013, NBP organised, among others, the following international conferences:

- 7 June 2013: *Heterogeneity and multi-country modelling*. The conference was co-organised with the ECB and addressed the modelling of the differences and links between various economies, sectors and markets.
- 1–5 July 2013: *2nd Summer Workshop*. The conference was devoted to the most recent trends in macroeconomics and finance, with a particular focus on the role of the financial markets in the economy.
- 18 October 2013: *The Future of the European Economy. Unions in the Making*. It was the third conference in a cycle devoted to the future of the European economy. The conference was attended by central bank governors from several EU countries, economists, heads of commercial banks and representatives of financial and government institutions. The conference comprised four panels dealing with the chances for implementation of the concept of four unions: a banking, fiscal, economic and political union, and their potential impact on the situation in Europe.
- 14–15 November 2013: *Recent trends in the real estate market and its analysis*. The conference addressed the latest research of the global real estate market.
- 6 December 2013: *Monetary transmission mechanism in diverse economies*. The meeting was devoted to the findings of the latest research of the monetary policy transmission mechanism in different economies.

Furthermore, 31 open-to-public academic seminars were organised, addressing a wide range of views on the functioning of the economy, the financial system and the conduct of economic policy. Their list is presented in Appendix 6.

Highlights of 2013:

- further adjustment of forecasting instruments and processes;
- extension of the scope of modelling and research work on the processes observed in the national and global economy;
- submission of a comprehensive report on the monetary policy transmission mechanism;
- publication of 12 academic papers by NBP staff in journals of the so-called Philadelphia list;
- organisation of 5 international conferences and 31 open scientific seminars.

Chapter 10

Statistics



Statistics¹

NBP statistical research focuses on data concerning the financial sector and broadly understood statistics of international relations. The data are used in the conduct of monetary policy, financial sector risk monitoring, financial stability reports and macro-prudential analyses. NBP systematically publishes a broad range of statistical data and also submits reports to international institutions, including, in particular, the European Central Bank.

10.1. Core tasks performed by NBP with respect to statistics

NBP's core tasks relating to statistics include the collection, processing and ongoing analysis of statistical data and the development of methodology for compiling and presenting the data.

In 2013, NBP continued the ongoing development and provision of statistical compilations, analytical materials and publications addressed to both internal and external recipients. The most important of these included:

- quarterly reports on the balance of payments and the annual *International Investment Position of Poland* report,
- quarterly data on Poland's external debt and international investment position,
- monthly balance of payments data,
- monthly consolidated balance sheet of MFIs, including key monetary aggregates (M3 money supply and its counterparts),
- monthly data on average interest rate of bank deposits and loans,
- monthly financial data of the financial sector (assets, liabilities, profit and loss account),
- monthly data on the capital adequacy of the banking sector,
- quarterly data on domestic investment funds,
- quarterly and annual financial accounts, by institutional sectors.

Statistical information was submitted to national institutions such as: the Sejm, the Council of Ministers, the Central Statistical Office, the Bank Guarantee Fund, the Polish Financial Supervision Authority, the Polish Bank Association, academic establishments. Information was also submitted to the ECB and other international organisations, such as: the IMF, the World Bank, the OECD, the BIS and the Eurostat.

Additionally in 2013 NBP:

- commenced works on the construction of an MFIs reporting system for the purposes of monetary policy,
- implemented a new format and new informational scope of reporting on banks' large exposure (NB300 package),
- participated in the works of the Seasonal Adjustment Steering Group and the Seasonal Adjustment User Group, operating under the auspices of the ECB and Eurostat,

¹ Tasks in this area are performed pursuant to Article 3 section 2 para. 7, Article 17 section 4 para. 13 and Article 23 of the Act on NBP and the Act on Public Statistics.

- in cooperation with the University of Freiburg conducted research on long-term stability of the national pension system in Poland,
- continued works on the development of a bankruptcy prediction indicator of non-financial enterprises and the identification of the sources of their internal and external financing.

10.2. Statistical tasks deriving from NBP participation in the ESCB and in other international institutions

In 2013, NBP continued cooperation in statistics with international institutions, predominantly with the ECB, Eurostat, and the Committee on Monetary, Financial and Balance of Payments statistics (CMFB), the Committee of European Banking Authority (EBA), European Systemic Risk Board (ESRB) and the European Commission.

10.2.1. Monetary and financial statistics

In 2013, NBP provided the ECB with cyclical harmonised data on the consolidated balance sheet of monetary financial institutions (MFIs), as well as interest rate statistics and investment funds statistics. Additionally in 2013 NBP performed the following:

- Participated in the activities of the Working Group on Monetary and Financial Statistics of the ECB. As a result of these activities, ECB regulations with regard to key monetary and financial statistics (MFIs, investment funds, securitisation companies) were amended. These changes were primarily aimed at introducing the principles of ESA 2010. Works on insurance institutions statistics were continued. The concept of an individual credit database and draft projects of legislation in this regard were developed. Works on the adoption of a regulation concerning money market statistics were commenced in cooperation with the Working Group on Monetary and Financial Statistics.
- Launched a new module of the INTER-FIN system used for reporting data to the Register of Institutions and Affiliates Database (RIAD).

10.2.2. Prudential statistics

In 2013 the banks' prudential reporting system was developed as part of preparations for the implementation of harmonised EBA reporting principles in 2014.² The new regulations will change the scope of reporting data submitted to NBP (in the area of capital adequacy, large exposures and financial reporting) and will introduce new reporting responsibilities (in the area of liquidity, financial leverage, stable funding ratio, encumbered assets and losses on mortgage-backed exposures).

² New reporting was defined in the Implementing Technical Standard (ITS). The introduction of ITS results from the adoption of Regulation No. 575/2013 (known as CRR – Capital Requirements Regulation) by the European Parliament.

NBP also participated in the work of the Standing Committee on Accounting, Reporting and Auditing (SCARA) operating within the EBA, and its subgroups: FINREP ON, COREP ON, XBRL ON.³

In addition, NBP provided the ECB with banking sector data concerning financial reporting and capital adequacy (Consolidated Banking Data).

10.2.3. Statistics of the balance of payments and the international investment position

In 2013, NBP continued preparations for the introduction of new standards developed by international organisations, i.e. the principles of the Balance of Payments Manual 6th ed. (BPM6 – IMF document) and Benchmark Definition of FDI 4th ed. (OECD document) which will come into force in Poland in 2014.

10.2.4. Other statistics

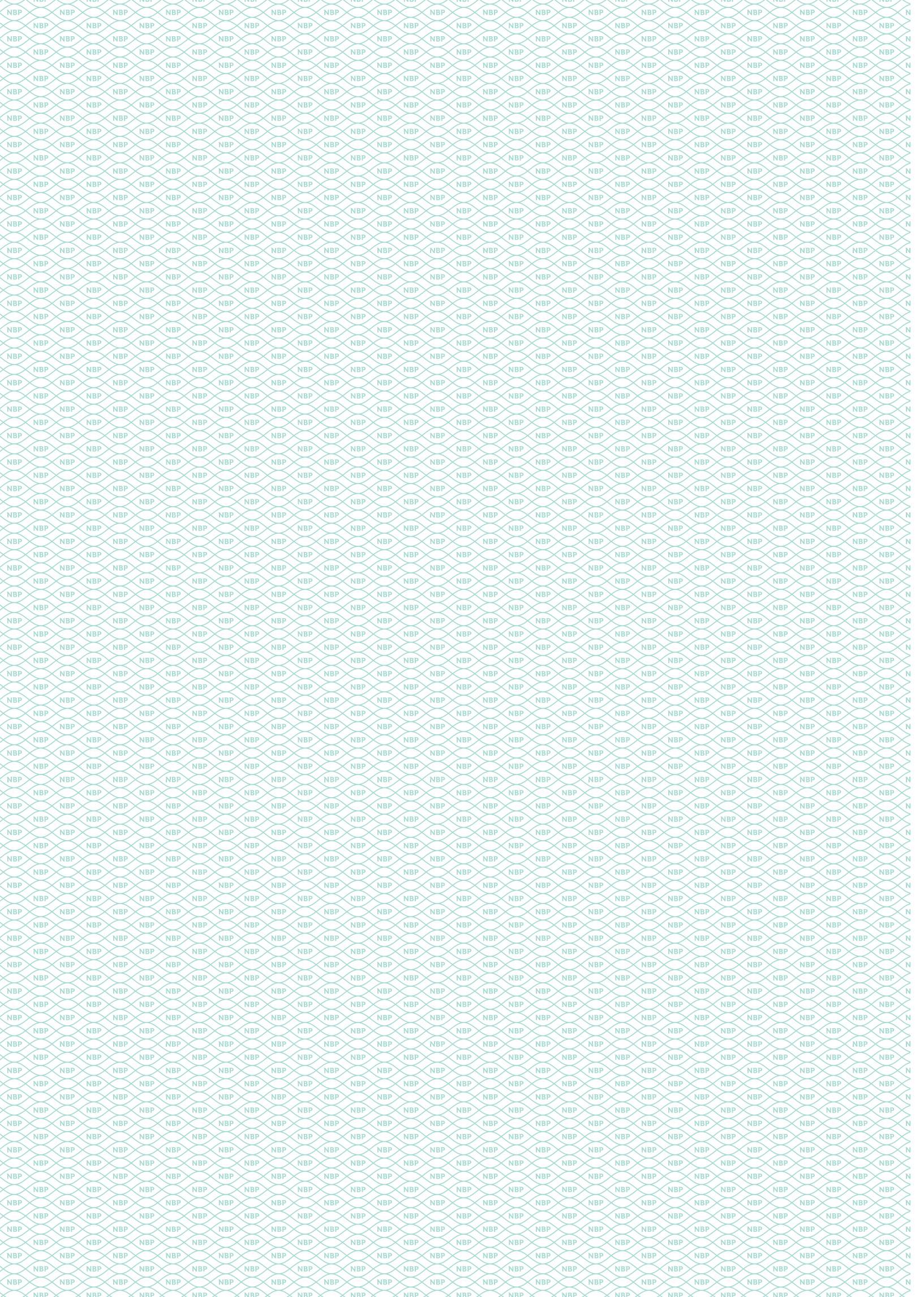
Other key statistical activities covered the following areas:

- Financial accounts statistics. NBP participated in the activities of the Working Group on Euro Area Accounts aimed at introducing the ESA 2010 standards.
- General government sector statistics. NBP participated in the activities of the Working Group on General Government Statistics appointed by the President of the Central Statistical Office.
- Real sector statistics. NBP organized a meeting of the European Committee of Central Balance Sheet Data Offices (ECCBSO). As a result of the meeting NBP representatives were included in the works of two working groups: the group conducting research on the application of enterprise operation risk assessment methods and the group conducting analytical research on the efficiency of enterprises in an international setting.
- Continued work in the Working Group on Bank for the Accounts of Companies Harmonised, operating within the European Committee of Central Balance Sheet Data Offices (ECCBSO). The works concerned the preparation of a new version of the database (BACH3), containing data from annual corporate financial statements in accordance with the new structure and requirements in an international setting.

³ FINREP ON – FINREP Operational Network, a working sub-group within SCARA, operating at the European Banking Authority, responsible for financial reporting in FINREP package; COREPON – FINREP Operational Network, a working sub-group within SCARA, operating at the European Banking Authority, responsible for supervisory and prudential reporting in COREP package; XBRL ON – XBRL Operational Network, a working sub-group within SCARA, operating at the European Banking Authority, responsible for the creation and development of the XBRL standard and its use for taxonomy in the uniform reporting standards draft prepared by the EBA.

Highlights of 2013:

- works on the implementation of new reporting standards, in particular specified by ESA 2010 and BPM6;
- works on the development of the banks' prudential reporting systems as part of preparations for the implementation of harmonised EBA principles.



Chapter 11

Education and information



Education and information

Pursuant to Article 59 of the Act on the National Bank of Poland (Narodowy Bank Polski), the central bank conducts publishing and promotional activities. The Bank also implements educational and information projects aimed at increasing the transparency of NBP activity and familiarizing the general public with the principles of operation of the central bank, the banking system and the market economy. It also strives to disseminate knowledge about the Economic and Monetary Union (EMU) and the euro amongst the public.

11.1. Education

11.1.1. Economic Education Programme

Economic education is an important instrument supporting the performance of the central bank's basic tasks. It contributes to the development of stable behaviour patterns in the financial markets and mature use of its instruments, spurs the development of the financial systems and boosts social capital which influences economic development. In 2013 the educational projects were related to the main tasks of the central bank – inflation prevention and supporting the stability of the financial system, Economic and Monetary Union issues, tax systems, popularisation of non-cash transactions and combating financial exclusion. An important area of NBP information activities was related to the risks of using the services of financial institutions that are not subject to special state supervision. The mechanism of planning educational activities and qualifying individual projects provided for the participation of external experts within the framework of the Council for Economic Education and took into account the results of own research on the state of knowledge and economic awareness of the public. All educational activities were subject to evaluation.

In 2013, NBP partially funded a total number of 170 educational projects of varying scale, including 65 national and 105 local and regional projects. These undertakings were addressed to various social and professional communities, including school and university students, journalists and people from rural areas and small towns. In cooperation with external entities the following projects were carried out: *Moje Finanse* (“My Finances”; over 120,000 students of upper secondary schools and 1,600 teachers), *Ekonomia na co dzień* (“Day-to-day Economics”; over 120,000 lower secondary school students and 3,000 teachers), *Na własne konto* („On My Own Account”; over 2,200 lower secondary school students from rural areas), *Entrepreneurship Olympics* (over 23,000 students), *Olympics of Economic Knowledge* (about 14,000 students), *The Polish financial system and the basics and practice of the monetary and fiscal policy* postgraduate studies, *The mechanisms of functioning of the euro area* postgraduate studies, bridge scholarship programme for youth from rural areas and small towns who take up studies related to banking, finance or economics, and the *Ekonomiczny Uniwersytet Dziecięcy* programme (“Children’s Economic University”; with the participation of about 1,500 primary school students).

Educational projects were also carried out in cooperation with the media. In 2013 NBP co-financed 20 such projects. One of them was the *Wielki Test Wiedzy Ekonomicznej* (“National Test of Economic Knowledge”) implemented in collaboration with TVP SA, which

was viewed by over 1.6 million people. The *Relax, It's Just Economics* mini-series which aired at the same time had a similar viewership.

In addition:

- As part of the IMPULS Club of Resourceful Teachers gathering approximately 1,100 teachers from over 900 lower and upper secondary schools from all over Poland, many educational projects, educational competitions and training sessions were implemented.
- NBP conducted its own educational projects, such as: Competition for the NBP President Award for the best MA dissertation, Essay competition, or Competition for the NBP President Award for remarkable book publications in the field of banking and finance.

11.1.2. Economic Education Portal – NBPortal.pl

In 2013, NBPortal.pl was visited by 670,753 users, approximately 10,500 new accounts were opened and e-learning courses were completed by 1,855 people. The editorial part of the portal was developed and works on the new contents of NBPortal.pl were launched.

11.1.3. Narodowy Bank Polski Money Centre in memory of Sławomir S. Skrzypek

In 2013 preparations to establish the NBP Money Centre were continued. They included, in particular: the preparation and initiation of the procurement procedure for the implementation of the investment, description and cataloging of the collection and the development of internal regulations concerning collecting, storing and sharing of exhibits. Two international conferences on the history of finance and an exhibition dedicated to the 185th anniversary of the Polish central bank were also organized.

11.2. Information and promotion

11.2.1. Information and promotion campaigns

In 2013, NBP carried out the following information and promotion campaigns:

- *Safe money.* In connection with the introduction into circulation (from April 2014) of banknotes with modernized security features NBP prepared a nationwide information campaign. In September 2013 a presentation of the modernized banknotes took place. The changes were promoted by the media and state institutions, including the Polish Security Printing Works as the technology partner.
- *Don't be cheated. Check before you sign.* In 2013 NBP continued information activities aimed at drawing public attention to the risks of using the services of financial institutions that are not subject to special state supervision. In addition to NBP, the following public institutions are partnering in the campaign: the BGF, the Polish Financial Supervision

Authority, the Ministry of Finance, the Ministry of Justice, the Police and the Office for Competition and Consumer Protection.

- *NBP does not exclude*. In 2013, radio and television spots were aired, aimed at raising public awareness on the issue of financial exclusion.

11.2.2. Presentation of NBP's activity on the Internet

In 2013, seeking to present NBP's activity on the Internet, the following was provided:

- the live broadcasting (streaming with simultaneous interpretation) of the press conferences of the MPC and international conferences organized by NBP was continued,
- a website for the “NBP does not exclude” project was launched, containing information in the sign language, movies with audio description for visually impaired people and information for people with intellectual impairment in a format accessible for them,
- the ObserwatorFinansowy.pl financial portal was maintained; collaboration with university circles (competition for economics undergraduates entitled *Gdyby to zależało ode mnie* (“If it were up to me...”) and the community of economic experts was continued; the *Spot On* free app for tablets, containing the most interesting publications from the ObserwatorFinansowy.pl portal was made available.

In 2013, the NBP.pl website was visited by more than 1.7 million users per month.

11.2.3. Liaising with the media and market analysts

In liaising with the media and market analysts in 2013, NBP:

- disseminated reports and analyses prepared by NBP among journalists, especially reports on the financial system and monetary policy,
- carried out the eleventh edition of the Władysław Grabski Competition, and the fifth edition of the Best Macroeconomic Analyst competition,
- responded to more than 500 press enquiries,
- organized a study visit for journalists from regional media, dedicated to the issues of monetary policy, stability of the financial system and cash transactions,
- organised meetings with journalists and press conferences concerning MPC meetings and the publication of the most important NBP reports.

11.2.4. Other information and promotion activities

Other information and promotion activities of NBP in 2013 included the following:

- A new comprehensive NBP visual identity system was introduced, including a new NBP logo.
- The exhibition entitled *Euro, the European currency*, organised together with the European Commission was continued. It was accompanied by debates on the euro with the participation of economists from universities and NBP experts. The exhibit was visited by approximately 43,000 people.

- Collector coins and notes were promoted: a nationwide campaign was carried out promoting the new *History of Polish coin* series and the *Agnieszka Osiecka* coin from the *History of Polish Popular Music* series.
- Open Days were organised in six NBP regional branches which were visited by approximately 20,000 visitors. The open days were organised under the motto: *NBP – a treasury of knowledge of money*.
- Operating the Euro Information Centre with the aim of enhancing the public's knowledge about the Economic and Monetary Union and the consequences of Poland's adoption of the euro.

11.3. Publishing and Library

In 2013, NBP's publishing activity included the following periodic publications: *Annual Report 2012*, *Report on NBP Operations in 2012*, *Monetary Policy Guidelines for 2014*, *Report on Monetary Policy Implementation in 2013*, *NBP Plan of Activity for 2014–2016*, *Financial System Development in Poland in 2012*, *Report on the stability of the financial system - July 2013*, *Banking Sector Liquidity Report*, *Monetary Policy Instruments*, *Inflation Reports – March, July, November 2013*, *Balance of Payments of the Republic of Poland – 1st and 2nd quarter of 2013*, *International Investment Position of Poland in 2012*, *Information Bulletin*, *Preliminary Information*, and *Bank i Kredyt (Bank and Credit)*. As part of cooperation with the European Central Bank, NBP published summaries of the *ECB Monthly Bulletin* on the NBP website.

NBP continued its *Materiały i Studia* series as well as NBP Working Papers publications (for a detailed list of publications in 2013, see Appendix 6).

The NBP Central Library, which has the status of a scientific library, collects publications on economics, with particular emphasis on banking and money. In 2013, approximately 11,000 readers borrowed 25,936 books.

11.4. Petitions, complaints, requests and letters

In 2013, NBP dealt with 4,974 queries (5,575 in 2012), of which 4,820 came in the form of letters (5,448 in 2012) and 154 as complaints and applications (127 in 2012). Out of these 4,642 were dealt with directly at NBP, whilst 332 were handed over, according to subject-matter, to banks and other institutions (mainly to the Polish Financial Supervision Authority, PKO BP and the Ministry of Finance). Issues handled at NBP included in particular: the availability of collector coins, job offers, internship and apprenticeship offers, granting financial support, provision of NBP patronage, information on banks' operations and the banking law, foreign exchange issues, as well as other issues such as details of legal successors of liquidated banks, Treasury securities, information related to undergraduate dissertations, transfer of publications to NBP and information concerning currency exchange rates.

Highlights of 2013:

- participation in 170 educational projects, including *National Test of Economic Knowledge* and the *Relax, It's Just Economics* educational mini-series;
- preparation of 3 information campaigns concerning: new security features of the banknotes, using the services of financial entities not subject to financial supervision of the state and combating financial exclusion.

Chapter 12

Legislative activity



Legislative activity¹

12.1. Legislation by NBP governing bodies

In 2013, the governing bodies of NBP issued 135 legal acts, including 34 by the President of NBP, 17 by the MPC, and 84 by the Management Board of NBP. 27 legal acts issued by the governing bodies of NBP were published in Monitor Polski (the Official Gazette of the Republic of Poland) and 24 in the Official Journal of Narodowy Bank Polski.

12.2. NBP's contribution to legislative activity by state authorities with respect to normative and non-normative acts

In accordance with the Act on Narodowy Bank Polski, NBP cooperated with the state authorities by issuing opinions on draft normative and non-normative acts regarding economic policy and with relevance for the banking system. Through these activities NBP sought to ensure the stability of the financial system and the safety and development of the banking system.

In 2013, NBP received:

- 193 documents as part of inter-ministerial consultations,
- 1,398 documents as part of the work of the Committee of the Council of Ministers,
- 1,200 documents as part of the work of the Committee for European Affairs,
- 68 draft acts from the Chancellery of the Sejm, the Chancellery of the Senate and the Chancellery of the President of the Republic of Poland.

In 2013, NBP employees participated in 20 consultative conferences, 10 legal committees, as well as in 86 meetings of Sejm and Senate committees and subcommittees.

The most important draft legal acts on which NBP issued opinions in 2013, which do not directly regard the banking sector (the most important legal acts on the banking sector are discussed in detail in Section 12.3), include:

- bills which subsequently became:
 - Act of 20 February 2013 on the Ratification of Treaty on Stability, Coordination and Governance in the Economic and Monetary Union between the Kingdom of Belgium, the Republic of Bulgaria, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Hungary, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese

¹ Tasks in this field are performed pursuant to Article 7, Article 12, Article 16 section 3, Article 17 section 3 item 2 and section 4, and Article 21 item 3 of the Act on NBP and pursuant to the provisions of other acts in compliance with delegations included therein, for NBP governing bodies to adopt legal acts.

Republic, Romania, the Republic of Slovenia, the Slovak Republic, the Republic of Finland and the Kingdom of Sweden, done at Brussels on 2 March 2012 (Journal of Laws of 4 March 2013, item 283),

- Act of 19 April 2013 Amending the Act on Credit Unions and Some Other Acts (Journal of Laws of 28 May 2013, item 613),
- Act of 26 July 2013 Amending the Act on Public Finance (Journal of Laws of 19 August 2013, item 938),
- Act of 23 October 2013 Amending the Act on Financial Market Supervision and Some Other Acts Finance (Journal of Laws of 17 December 2013, item 1567),
- Act of 6 December 2013 Amending Certain Acts in Connection with Determination of the Principles for Old-age Pension Payments from Funds Collected in Open Pension Funds (Journal of Laws of 31 December 2013, item 1717),

▪ bills:

- five Bills (four by the Sejm and one by the Senate) Amending the Act on Payment Services,
- government Bill Amending the Act on Trading in Financial Instruments,
- government Bill on Macro-prudential Supervision over the Financial System,
- government draft assumptions for the Bonds Act.

Narodowy Bank Polski also issued opinions, with the view to developing the official position of the Government of the Republic of Poland, on draft legislation of the European Parliament and of the Council regarding the financial system. The key opinions included:

- draft official position of the Government on a deep and genuine economic and monetary union,
- draft official position of the Government on addressing new sources of risk in the banking sector,
- draft official position of the Government on Regulation of the European Parliament and of the Council on Money Market Funds.

Furthermore, as part of the work of the Committee for European Affairs, NBP presented its opinion concerning a document of the Government i.e. draft assumptions for the Bill Amending the Act on Public Finance and referred to the President of the Council of Ministers its opinion to the document *Convergence Programme*.

Narodowy Bank Polski also contributed to developing solutions in the major areas of the functioning of the state by participating in the activities of the following bodies:

- the Bank Guarantee Fund,
- the Polish Financial Supervision Authority,
- the Financial Stability Committee,
- the Polish Accounting Standards Committee;
- the Export Insurance Policy Committee;
- the Financial Market Development Council,
- the Trilateral Commission for Social and Economic Affairs.

12.3. Draft legislation related to the operation of the banking system

Narodowy Bank Polski issued opinions on:

- bills which subsequently became:
 - Act of 19 April 2013 Amending the Banking Act and the Act on Investment Funds (Journal of Laws of 5 July 2013, item 777),
 - Act of 26 July 2013 Amending the Act on the Bank Guarantee Fund (Journal of Laws of 3 September 2013, item 1012),
 - Act of 30 August 2013 Amending the Act on Payment Services (Journal of Laws of 30 October 2013, item 1271);

- bills:
 - parliamentary Bill Amending the Banking Act,
 - parliamentary Bill on Reverse Mortgage,
 - parliamentary Bill on Building Societies and State Support for Home Saving Schemes,
 - government Bill on the Bank Guarantee Fund, Bank Resolution and Amending Some Other Acts;

- government draft assumptions for bills:
 - Bill Amending the Act on Narodowy Bank Polski and Some Other Acts,
 - Bill on Reverse Mortgage.

12.4. Consulting Community laws and draft national legislation of the EU Member States by NBP

In 2013, NBP participated in assessing 96 proposals for legislative acts on which the ECB issued opinions.² The key opinions included:

- draft regulation of the European Parliament and of the Council on the Single Resolution Mechanism (SRM),³
- draft directive of the European Parliament and of the Council on the comparability of fees related to payment accounts,
- draft regulation on statistics for the macroeconomic imbalances procedure,
- draft regulation of the Council establishing an instrument of financial support for Member States whose currency is not the euro,
- draft directive of the European Parliament and of the Council amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions,
- draft directive on prevention of the use of the financial system for the purpose of money laundering and a draft regulation on information accompanying transfers of funds,

² According to the provisions of the Treaty on the Functioning of the European Union and the Statutes of the ESCB and the ECB, the ECB is entrusted with the task of issuing opinions on Member State and Community level draft legislative acts concerning the issue of currency, legal tenders, the status and activities of national central banks, the monetary statistics, payment systems and financial institutions.

³ The proposed regulation will be one of the legal acts for the creation of the banking union.

- draft regulation of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts.

The consultations also concerned numerous national draft acts, i.e. Cypriot, Greek, Spanish, Romanian and Slovenian legislation, passed in response to the financial crisis and designed to restore or reinforce financial stability in the respective countries. As regards domestic legislation, opinions concerned also Polish draft acts set out in items 12.2 and 12.3.⁴

12.5. Work related to the adoption of the euro by Poland

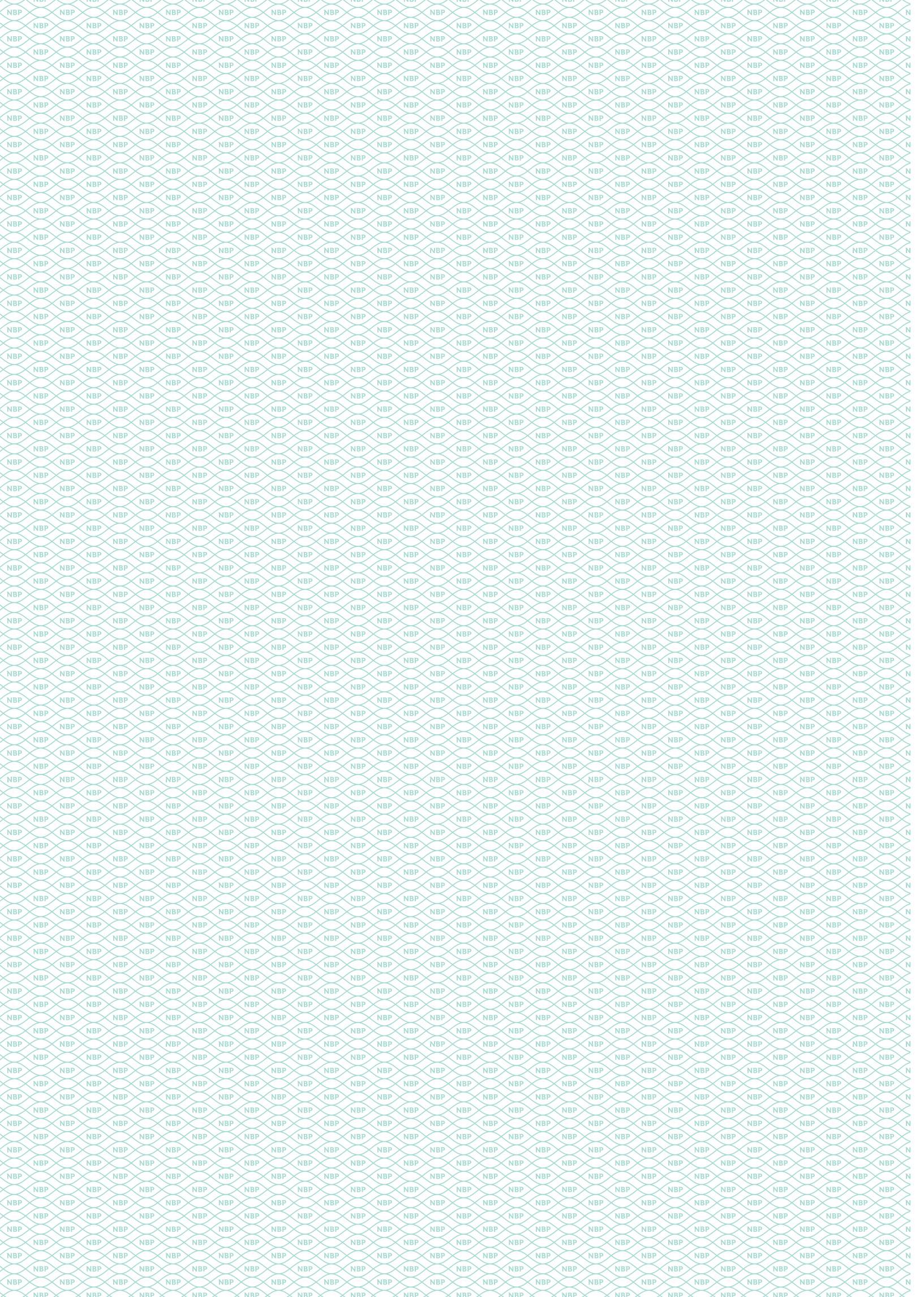
Narodowy Bank Polski continued the work of Cross-Institutional Task Forces for the Euro Adoption by the Republic of Poland.⁵ The plenipotentiary of the Management Board of NBP for euro introduction co-chaired the National Euro Coordination Committee and the Coordination Council. NBP representatives chaired the Task Force on Financial Stability and working teams (Working Team for the Implementation of the Euro Banknotes and Coins and Working Team for Communication Strategy). They also participated in the work of other working teams (Working Team for Macroeconomics, Working Team for Legislative Alignment, Working Team for the Financial Sector, Working Team for Non-financial Enterprises and Working Team for Consumer Protection). In 2013 work concentrated on analysing the impact of institutional changes in the euro area on the balance of benefits and costs connected with the adoption of the single currency in Poland.

Highlights in 2013:

- issuing opinions on draft acts from EU Member States and proposals of EU legislation, including legal acts connected with a broadly defined monetary union;
- participation in work of Cross-Institutional Task Forces for the Euro Adoption in Poland.

⁴ Titles of opinions to individual draft Polish legal acts, available at the ECB website, refer to the technical content of a given draft and differ from the titles of the source drafts.

⁵ Regulation of the Council of Ministers of 3 November 2009 on the Establishment of the National Coordination Committee for Euro, Coordination Council and Cross-Institutional Working Teams for Preparation for Introduction of Euro Currency by the Republic of Poland (Journal of Laws No. 195/2009, item 1505, as amended).



Chapter 13

International activity



International activity¹

13.1. Duties resulting from Poland's membership of the European Union

In 2013, NBP representatives participated in the work of European bodies, including the General Council of the ESBC, the General Council of the ESRB, committees and working groups of the ESBC, ESRB, the Council of ECOFIN, and committees and working groups of the Council of the European Union and the European Commission. The focus was on issues of financial stability, including the banking union. The work conducted was mainly related to reaching agreement on and implementing the Single Supervisory Mechanism (SSM) and negotiating the principles of bank recovery and resolution.

13.1.1. Cooperation within the European System of Central Banks

NBP representatives participated in the work of the ESCB to the extent resulting from the status of the central bank of a Member State which remains outside the euro area.

In 2013, the President of NBP participated in quarterly meetings of the ECB General Council (the decision-making body of the ECB). As part of its remit, the General Council issues opinions on legislative acts adopted by the ECB Governing Council, contributes to the performance of statistical reporting responsibilities and participates in determining irrevocable exchange rates in countries joining the euro area.

The ECB General Council's meetings primarily addressed issues relating to the macroeconomic situation of the EU Member States, financial stability, assessment of the degree of convergence of countries joining the euro area, and monitoring of central bank activities with regard to the prohibition of monetary financing of the public sector with central bank funds (which follows from Article 123 of the Treaty on the Functioning of the European Union) and prohibition of privileged access (which follows from Article 124 of the Treaty on the Functioning of the European Union).

NBP representatives sat on 12 ESCB Committees as well as numerous working groups and task forces of the ESCB. During these meetings, the following issues were discussed:

- financial stability, including issues related to corrective action and bank recovery and resolution, as well as the Single Supervisory Mechanism,
- Croatia's accession to the European Union and Latvia's accession to the euro area,
- cooperation between the European Securities and Market Authority (ESMA) and the corresponding authorities supervising trade repositories,
- national rules on the maintenance of budgetary discipline,
- management of foreign reserves,
- accounting and financial reporting of central banks of the ESCB,
- euro banknote counterfeiting,
- amendment of the regulations on monetary and financial statistics and payment statistics.

¹ Tasks in this field are performed pursuant to Article 5, Article 11 sections 2 and 3, Articles 23 section 7 of the Act on NBP and the Statutes of the ECB and the ESCB.

13.1.2. Collaboration with other Community bodies

In 2013, NBP representatives participated in activities of the following EU bodies:

- Council of ECOFIN (informal meetings),
- committees of the Council of the EU, including the Economic and Financial Committee (EFC),
- committees and working groups of the European Commission,
- the Committee for Monetary, Financial and Balance of Payments Statistics (CMFB) and working groups of Eurostat.

13.2. Collaboration with international economic and financial institutions

13.2.1. The Organisation for Economic Co-operation and Development

In 2013, as part of cooperation with the OECD, NBP experts participated in:

- the meetings of committees and working groups of the OECD,
- meetings of the Working Group under the OECD International Network on Financial Education initiative,
- meetings of the Inter-Ministerial Team for the OECD at the Ministry of the Economy.

In June and December 2013, missions of the OECD Secretariat visited Warsaw to prepare the 13th Review of the Polish Economy. The review centred around the issues of the labour market and competition.

13.2.2. The World Bank Group

In 2013, NBP cooperated with representatives of the World Bank Group in the preparation of *The World Bank Group Strategy for Poland* for the next three years. In the document – adopted in August 2013 – it was indicated that the World Bank Group's cooperation with Poland will focus on supporting sustainable income growth for the less affluent part of Polish society and on the role of Poland as a partner in global development activities.

In addition, in cooperation with the World Bank Group, in 2013 the representatives of NBP participated in the following activities:

- Spring meetings of the Board of Governors of the World Bank and the International Monetary Fund (in April in Washington). The result of the meetings was the adoption by the Development Committee (under the chairmanship of the President of NBP) of two of the main goals constituting the basis of the World Bank Group's future strategy. These goals are as follows: a radical reduction in the level of poverty in the world up to 2030 and a reduction in differences between the income of the poorest and richest social groups in individual countries (promoting shared prosperity).
- Annual Meetings of the Boards of Governors of the World Bank and the International Monetary Fund (in October in Washington). The aim of the meetings was to complete work on the new global *Strategy of the World Bank Group*. The President of NBP chaired

the meeting of the Development Committee of the World Bank and the International Monetary Fund in October 2013, after he was reselected for the position of Chairman of the Committee in September 2013. The President of NBP is the fifth chairman (out of 21 so far) to be elected for a second term of office.²

In connection with the duties of the Chairman of the Development Committee of the World Bank and the IMF, the President of NBP participated in meetings of ministers of finance and the governors of the central banks of the G20.

In 2013, NBP representatives also participated in negotiating the 17th replenishment of funds of the International Development Association. As a result of the agreement, Poland received a percentage of the financial commitment (0.03%).

13.2.3. The International Monetary Fund

As part of cooperation with the IMF, the representatives of NBP participated primarily in the following:

- work which resulted in the IMF granting Poland access to the IMF's Flexible Credit Line (FCL) in January 2013 to the amount of SDR 22 billion (approximately USD 33.8 billion) for the next two years,³
- meetings of IMF representatives during the IMF's mission to Poland, held pursuant to article IV of the Agreement of the IMF and as part of the review of fulfilment of the conditions of Poland's access to FCL,
- meetings with representatives of the Fund in connection with the joint mission of the IMF and World Bank in Poland, the aim of which was to carry out the Financial System Stability Assessment.⁴

Narodowy Bank Polski, having participated since November 2011 in the temporary increase of financial resources of the IMF as part of New Arrangements to Borrow (NAB), stands ready to extend to the IMF an interest-bearing loan of up to the equivalent of SDR 2.53 billion. At the end of 2013, the IMF had drawn on an amount corresponding to SDR 322.9 million under NAB.⁵

Apart from participating in NAB, Narodowy Bank Polski has also been involved in activities aimed at increasing the IMF's financial resources under a temporary bilateral loan arrangement. A bilateral loan agreement between NBP and the IMF was signed in March 2013.⁶ The maximum amount of the loan is EUR 6.27 billion. As in the case of funds paid to

² The President of NBP Marek Belka was the first representative of Europe to be elected for a first term of office as Chairman of the Development Committee in autumn 2011. The Committee plays the role of advisory forum for the Council of Governors of the World Bank and the IMF on matters relating to development policy. It is composed of 25 members, representing almost 190 states belonging to both institutions.

³ As in the case of the FCL extended to Poland on 2 July 2010 and 21 January 2011, NBP currently also serves the FCL as the Government's financial agent under Article 52 section 3 of the Act on NBP.

⁴ This comprehensive assessment of the financial sector of member states is conducted periodically (usually every five years) by the IMF and the World Bank. It covers the following subject areas: financial stability, the banking sector, the enterprise sector, the insurance sector, the pension fund sector, and the capital market.

⁵ In the years 2011–2013, NBP granted the IMF a loan under NAB to the sum of SDR 352.6 million and received a total repayment of the loan in the amount of SDR 29.7 million (27.2 million in 2013).

⁶ On 11 February 2013, the Management Board of NBP accepted the bilateral loan agreement between NBP and the IMF.

the IMF under NAB, the funds paid to the IMF by NBP under the bilateral loan agreement will also retain their status as foreign reserves. The agreement and the procedures in force in the IMF specify that the IMF may use the funds provided under the loan only on condition that the IMF has exhausted all other available financial resources originating from members' quotas and NAB.⁷

13.2.4. The European Bank for Reconstruction and Development

In May 2013, the 22nd Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development was held in Istanbul. During the meeting, the President of NBP was elected to the post of Chairman of the Board of Governors of the EBRD for the years 2013–2014.

Furthermore, in 2013 the following took place:

- Work was underway on the *EBRD Strategy for Poland for 2014–2017*, which was approved by the Board of Directors of the EBRD in December. The document assessed the results achieved so far by the EBRD's activities in Poland and defined priority areas for the coming years. These are as follows: supporting a low-carbon economy, increasing the role of the private sector and supporting the development of financial markets.
- The EBRD's periodical *Transition Report 2013* titled *Stuck in Transition?* was presented during the conference organised by NBP.

13.2.5. The Bank for International Settlements

In 2013, NBP representatives participated in six meetings of the BIS Governors. The annual General Meeting of BIS Shareholders on 23 June 2013 adopted the 83rd *Annual Report* and approved the balance sheet of the Bank as at 31 March 2013. The profit and loss account posted a net profit of SDR 898.2 million, of which SDR 175.8 million was allocated for payment of dividend. NBP received a dividend amounting to SDR 2.52 million.

13.2.6. The International Bank for Economic Cooperation

In 2013, representatives of NBP, together with representatives of the Ministry of Finance, participated in meetings of the IBEC Council and working meetings, and took part in developing a stance on issues related to the operation of the Bank.

13.2.7. The Vienna Initiative

In 2013, the President of NBP was elected for the second time in a row as Chairman of the Steering Committee of the Vienna 2 Initiative, which aims to support stable cross-border

⁷ As of 5 February 2014, the IMF has not drawn on the funds available under the bilateral loan agreement signed with NBP.

banking in the countries of Central, Eastern and Southeastern Europe (CESEE) and guard against disorderly deleveraging. In 2013, the influence of the banking union on the CESEE region was discussed in particular.

13.2.8. Technical and training assistance

In 2013, NBP organised a total of 72 assistance projects (study visits, expert visits, internships, seminars and workshops), in which 412 people from 31 central banks participated (excluding study visits of NBP experts to beneficiary countries). NBP also took part in international assistance projects (the twinning project with Banque de France for the benefit of the Central Bank of Tunisia).

Highlights of 2013:

- participation in work related to the creation of a single supervisory mechanism and a single mechanism for bank recovery and resolution;
- signing of the bilateral loan agreement between NBP and the IMF.

Chapter 14

Internal development of NBP



Internal development of NBP

14.1. Human resources management

14.1.1. NBP employment level

In 2013, the average employment at Narodowy Bank Polski did not change compared to 2012 and there were 3,642 full-time posts. Changes in the NBP average employment level in 2010–2013 are presented in Table 14.1.

Table 14.1. Change in the NBP average employment level in 2010–2013

Item	2010	2011	2011–2010	2012	2012–2011	2013	2013–2012	2013–2010
Total	3,666	3,642	-24	3,642	0	3,642	0	-24
Head Office	1,690	1,702	12	1,700	-2	1,728	28	38
Regional branches	1,720	1,716	-4	1,715	-1	1,709	-6	-11
Support Services Office	256	224	-32	227	3	205	-22	-51

Source: NBP data.

Remuneration expenses of NBP employees, along with the related provisions and payroll tax expenses increased by 4.3% in 2013, reaching the level higher by 4.3% than in 2012, and, including gross of provisions for future liabilities to employees, they went up by 4.5%.

14.1.2. Developing NBP staff qualifications

The purpose of the NBP training activity is to ensure competence and reliability of the staff. In 2013, every employee participated, on average, in 3.1 training events (3.5 in 2012). The evaluation of the effectiveness of training sessions continued to be very high and reached 4.8 (on a 1 to 5 scale).

Moreover, in 2013:

- the second edition of the *Development of the NBP Management Programme* was performed;
- five international training seminars were conducted under the ESBC programme, and one workshop in cooperation with Deutsche Bundesbank was held;
- internships for people who prepare dissertations on finance and banking were organised; 56 undergraduates of national universities and 20 of foreign universities participated in the internships.

14.2. Organisational changes

In 2013, the following organisational changes were adopted in Narodowy Bank Polski:

- As at 1 April 2013, new rules on implementation of activities under a project or a project undertaking were introduced.
- As at 13 June 2013, the NBP President decided to authorise Members of the NBP Management Board to supervise on his behalf the departments and organisational units indicated in the powers of attorney.
- On 12 November 2013, the NBP Management Board decided to:
 - establish the following new departments as at 1 January 2014: Internal Operations Settlement Department, Financial Transactions Settlement Department, Regional Branches Department, and to transform the Accounting and Operations Department into Accounting and Finance Department,
 - establish the Controlling Department as at 1 March 2014.

14.3. Operational and compliance risk management

In 2013, further actions aimed at operational risk mitigation were pursued by NBP, consisting in minimising the probability of adverse events arising from poor management and unreliable operation of the Bank's resources or caused by external events. Cyclical evaluations and analyses of operational risk were conducted, including the assessment of new areas. Moreover, within the development of the risk management system, a member of the NBP Management Board was appointed to supervise the overall risk area in NBP, i.e. to act in the capacity of the so-called chief risk officer.

14.4. Investment and renovation

In 2013, expenditure on investment purchases amounted to PLN 124.4 million (as compared to PLN 96.1 million in 2012).

The amount of PLN 56.1 million (45.1% of the total expenditure incurred) was spent on IT and communication projects. The costs incurred were mainly related to:

- storage memory and SAN (Storage Area Network) – PLN 13.4 million,
- tools and administration software – PLN 11.3 million,
- modernisation of the structural network and server rooms – PLN 4.5 million,
- servers – PLN 4.4 million,
- building of the New Electronic Banking System – PLN 3.2 million,
- modernisation of network infrastructure of CISCO equipment in the NBP Head Office – PLN 3.0 million.

The investment in ICT enabled NBP to ensure a requisite level of system security, replace depreciated IT and communications infrastructure, and maintain a high level of the NBP customer service.

The purchases of off-the-shelf tangible assets and intangible assets represented the next group of investments, with PLN 50.3 million of expenditure incurred (40.4% of the total

expenditure). The biggest expenditure was the purchase of banknote processing machines (PLN 35.7 million).

The amount of PLN 18.0 million (14.5% of the total expenditure incurred) was spent on construction investment projects. The highest expenditure was incurred on modernisation of technical and ICT security systems (PLN 6.6 million) as well as on improvement of premises and building installations in the NBP Head Office (PLN 6.2 million).

In 2013, the amount of PLN 41.6 million (PLN 47.6 million in 2012) was spent on renovation and maintenance of NBP property. The costs incurred covered:

- facility renovations – PLN 9.3 million,
- maintenance – PLN 32.3 million (including: facility and utility maintenance – PLN 8.6 million, maintenance of equipment and cash-and-vault facilities as well as cash-in-transit vehicles – PLN 6.4 million, maintenance of IT and communications equipment – PLN 13.9 million, maintenance of security systems – PLN 1.6 million, other machinery and equipment maintenance – PLN 1.8 million).

14.5. IT support for the banking system and NBP

In 2012, the following IT activities were carried out in NBP:

- the back-up centre to the Data Processing Centre of the Ministry of Finance in Radom was launched,
- new systems were implemented: SORBNET2 system, a message exchange platform for SOA (Service Oriented Architecture), an extended version of the SIS system (Reporting Information System) and the KANTOR system (designed for maintaining the register of bureaux de change),
- the telephone services provider was changed – the change influenced the modernisation of fixed voice and mobile telephony and enabled to achieve substantial cost savings,
- the NBP PKI system, used for electronic signature, was adjusted to the requirements of the European System of Central Banks and the accreditation of the ECB was received.

14.6. Internal audit

In 2013, 41 audits were conducted, including two advisory tasks commissioned by the ESBC Internal Auditors Committee (in 2012 – 37 audits and five advisory tasks). The audits focused on treasury and currency issue activities, IT and functioning of the security system. The audits also covered foreign exchange activities, accounting, education, statistical activity and foreign exchange reserves management. At the NBP Head Office, 19 departments and the Support Services Office, as well as 11 NBP regional branches were inspected. The audits resulted in findings, instructions and recommendations aimed at improvement of the organisational solutions used.

14.7. Safety and security

In 2013, work was continued on security systems at NBP, including, in particular: ensuring business continuity, protection of information, personal data and ICT systems, security of facilities, persons and money, and provision of cryptographic and certification services.

In particular:

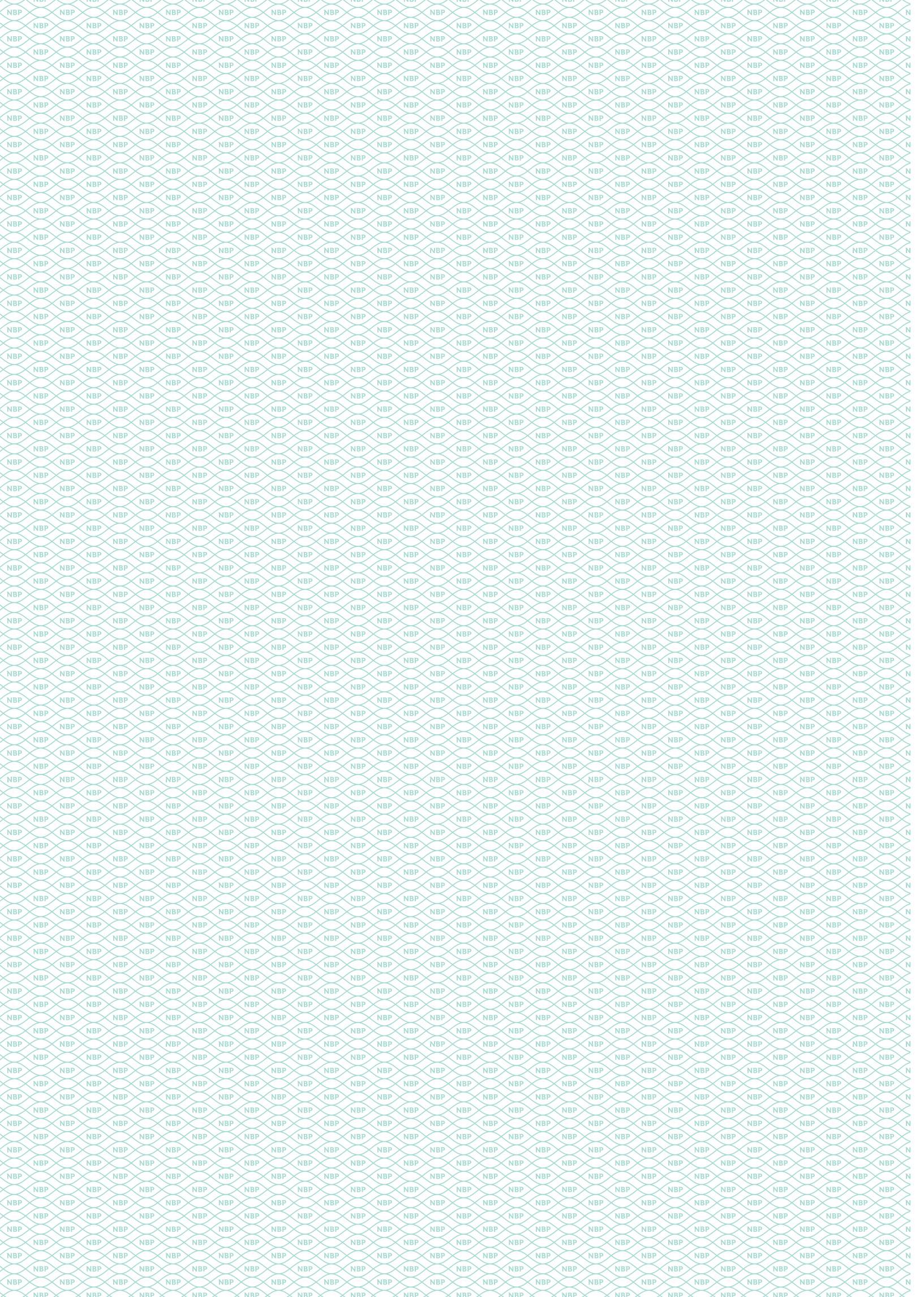
- Narodowy Bank Polski as the sixth central bank in Europe, received the accreditation of the European System of Central Banks for the public-key infrastructure (the NBP PKI system). Since August 2013, the cryptographic keys and certificates issued by NBP may be used in all ESBC IT systems.
- A CATEL system of classified communication was introduced in order to enhance the level of cash transport and the cash transport groups of the NBP Bank Guards were provided with the top class machine pistols.
- In agreement with the Ministry of National Defence, operational planning was introduced for central bank functioning under circumstances of external threat to the state and war.
- In cooperation with the Polish Bank Association, two conferences were organised for the banking community concerning the security and protection of banks.

14.8. Service support activities

Tasks in the scope of services performed by the Support Services Office included in particular: printing service and transport service, including transport of cash. Since 1 October 2013, the clerical services have been provided by Administration Department.

Highlights in 2013:

- adopting the organisational changes related to the new distribution of tasks in the area of service support, controlling and coordination of Regional Branches activities;
- obtaining the accreditation of the European System of Central Banks for the NBP public-key infrastructure.



Chapter 15

**Condensed financial statements
of NBP as at 31 December 2013
and independent auditor's opinion**



Condensed financial statements of NBP as at 31 December 2013

Balance sheet of NBP as at 31 December 2013

Assets		Note	31.12.2012	31.12.2013
			PLN thousand	
1.	Gold and gold receivables	1	17,066,498.7	11,974,687.8
2.	Claims on non-residents denominated in foreign currency		320,541,064.4	307,978,156.0
2.1.	<i>Receivables from the IMF</i>	2	9,584,003.4	8,757,032.0
2.2.	<i>Balances with foreign institutions, securities, loans granted and other foreign assets</i>	3	310,957,061.0	299,221,124.0
3.	Claims on residents denominated in foreign currency		0.0	0.0
4.	Claims on non-residents denominated in domestic currency		0.0	0.0
5.	Claims on other domestic monetary financial institutions related to monetary policy operations denominated in domestic currency		0.0	0.0
5.1.	<i>Main refinancing operations</i>		0.0	0.0
5.2.	<i>Long-term refinancing operations</i>		0.0	0.0
5.3.	<i>Fine-tuning operations</i>		0.0	0.0
5.4.	<i>Structural operations</i>		0.0	0.0
5.5.	<i>Marginal lending facilities</i>		0.0	0.0
6.	Other claims on other domestic monetary financial institutions denominated in domestic currency	4	0.7	1.6
7.	Securities of residents denominated in domestic currency		0.0	0.0
8.	Claims on general government denominated in domestic currency		0.0	0.0
9.	Items in course of settlement		0.0	0.0
10.	Other assets		1,311,880.9	1,302,579.2
10.1.	<i>Tangible and intangible fixed assets</i>	5	896,858.6	915,051.9
10.2.	<i>Other financial assets</i>	6	182,496.9	182,202.7
10.3.	<i>Off-balance-sheet instruments revaluation differences</i>	7	5,971.9	460.4
10.4.	<i>Accruals and prepaid expenses</i>	8	49,400.0	31,990.2
10.5.	<i>Sundry</i>	9	177,153.5	172,874.0
Total assets			338,919,444.7	321,255,424.6

Condensed financial statements of NBP as at 31 December 2013

Liabilities	Note	31.12.2012	31.12.2013
		PLN thousand	
1. Banknotes and coins in circulation	10	113,666,844.1	126,142,763.3
2. Liabilities to other domestic monetary financial institutions related to monetary policy operations denominated in domestic currency	11	153,632,729.7	155,466,510.1
2.1. Current accounts (including the required minimum reserve accounts)		48,815,544.9	38,125,710.1
2.2. Deposit facilities		4,975,374.8	0.0
2.3. Fixed-interest deposits		0.0	0.0
2.4. Other monetary policy operations		99,841,810.0	117,340,800.0
3. Other liabilities to other domestic monetary financial institutions denominated in domestic currency	12	229,233.6	157,721.9
4. Liabilities to other residents denominated in domestic currency	13	4,797,701.0	3,553,663.8
4.1. Liabilities to general government		4,742,282.3	3,484,639.9
4.2. Other liabilities		55,418.7	69,023.9
5. Liabilities to non-residents denominated in domestic currency	14	149,356.3	517,006.3
6. Liabilities to residents denominated in foreign currency	15	15,819,629.3	5,928,209.0
7. Liabilities to non-residents denominated in foreign currency	16	10,864,085.8	16,341,845.1
8. Liabilities to the IMF	17	6,218,885.5	6,046,345.7
9. Items in course of settlement		0.0	0.0
10. Other liabilities		262,126.6	256,533.4
10.1. Off-balance-sheet instruments revaluation differences	18	2,815.7	4,208.5
10.2. Accruals and deferred income	19	202,447.2	199,558.3
10.3. Sundry	20	56,863.7	52,766.6
11. Provisions for future liabilities	21	113,734.8	123,579.7
12. Revaluation accounts	22	25,157,432.7	10,739,224.9
13. Capital and reserves	23	13,924,502.4	7,439,933.1
13.1. Statutory fund		1,500,000.0	1,500,000.0
13.2. Reserve fund		966,590.7	1,243,645.5
13.3. Reserves		11,457,911.7	4,696,287.6
14. Financial result	24	-5,916,817.1	-11,457,911.7
14.1. Financial result for the current year		5,541,094.6	0.0
14.2. Loss of previous years		-11,457,911.7	-11,457,911.7
Total liabilities		338,919,444.7	321,255,424.6

Director of the
Accounting and Finance Department
of Narodowy Bank Polski:

/-/ Grażyna Gielecińska

Management Board
of Narodowy Bank Polski:

/-/ Marek Belka
/-/ Piotr Wiesiołek
/-/ Witold Koziński
/-/ Jacek Bartkiewicz
/-/ Eugeniusz Gatnar
/-/ Andrzej Raczko
/-/ Paweł Samecki
/-/ Katarzyna Zajdel-Kurowska
/-/ Małgorzata Zaleska

Warsaw, 28 March 2014

Profit and loss account of NBP for the year ended 31 December 2013

	Note	2012	2013
		PLN thousand	
1. Net result on interest, discount and premium		-3,164,885.1	-1,926,742.9
1.1. <i>Interest, discount and premium income</i>	29	6,314,610.7	6,112,240.2
1.2. <i>Interest, discount and premium expenses</i>	30	9,479,495.8	8,038,983.1
2. Net result on financial operations		9,724,521.0	2,851,648.4
2.1. <i>Income on financial operations</i>	31	10,676,334.2	6,889,069.6
2.2. <i>Expenses on financial operations</i>	32	493,100.8	2,525,194.1
2.3. <i>Unrealised losses</i>	33	834,826.7	8,273,851.2
2.4. <i>Income on transfers from risk provisions and on reversal of write-downs of financial assets</i>	34	376,114.3	6,761,624.1
2.5. <i>Expenses on transfers to risk provisions and on write-downs of financial assets</i>		0.0	0.0
3. Net result on fees and commissions		-109,484.2	-3,840.9
3.1. <i>Fees and commissions income</i>	35	34,626.1	33,736.1
3.2. <i>Fees and commissions expenses</i>	36	144,110.3	37,577.0
4. Income on shares and equities	37	21,226.6	17,742.9
5. Other income	38	148,958.2	176,782.0
A. Total net income [1+2+3+4+5]		6,620,336.5	1,115,589.5
6. Salaries and social contributions	39	457,198.0	477,628.0
7. Administrative expenses	40	269,259.1	260,282.6
8. Depreciation and amortization expenses	41	68,848.3	79,520.8
9. Expenses on issue of banknotes and coins	42	267,436.2	268,792.1
10. Other expenses	43	16,500.3	29,366.0
B. Financial result for the current year [A-6-7-8-9-10]	44	5,541,094.6	0.0

Director of the
Accounting and Finance Department
of Narodowy Bank Polski:

/-/ Grażyna Gielecińska

Management Board
of Narodowy Bank Polski:

/-/ Marek Belka
/-/ Piotr Wiesiołek
/-/ Witold Koziański
/-/ Jacek Bartkiewicz
/-/ Eugeniusz Gatnar
/-/ Andrzej Raczko
/-/ Paweł Samecki
/-/ Katarzyna Zajdel-Kurowska
/-/ Małgorzata Zaleska

Warsaw, 28 March 2014

Notes – general information

1. Introduction

1.1. Legal basis, scope of activities and bodies of NBP

In accordance with Article 227 of the Constitution of the Republic of Poland, “the central bank of the State shall be the National Bank of Poland”, hereinafter referred to as “NBP”. “It shall have the exclusive right to issue money as well as to formulate and implement monetary policy. The NBP shall be responsible for the value of Polish currency”.

NBP has a legal personality and is not subject to entry into the register of state enterprises. NBP performs its activities in the territory of the Republic of Poland, and its registered office is in Warsaw.

The role, functions and tasks of NBP are set forth in the following acts and regulations:

- the Act of 29 August 1997 on Narodowy Bank Polski (consolidated text: Journal of Laws of 2013, item 908, as amended), hereinafter referred to as the “Act on the NBP”,
- the Act of 29 August 1997 – Banking Law (consolidated text: Journal of Laws of 2012, item 1376, as amended),
- the Treaty on European Union (Journal of Laws of 2004, No. 90, item 864/30, as amended) and the Treaty on the Functioning of the European Union (Journal of Laws of 2004, No. 90, item 864/2, as amended).

The basic objective of the activity of NBP is to maintain price stability, while supporting the economic policies of the government, insofar as it does not constrain the basic objective of NBP. The tasks of NBP also include:

- organising monetary clearing,
- managing the foreign exchange reserves,
- conducting foreign exchange activities within the bounds stipulated by relevant laws,
- providing banking services to the State budget,
- regulating the liquidity of banks and providing them with refinancing facilities,
- establishing the necessary conditions for the development of the banking system,
- acting in favour of the stability of the domestic financial system,
- compiling monetary and banking statistics, the balance of payments and the international investment position,
- performing other tasks as specified by laws.

In accordance with the Constitution of the Republic of Poland and the Act on the NBP, the bodies of NBP are:

1. President of Narodowy Bank Polski (appointed for a six-year term of office),
2. Monetary Policy Council (its members are appointed for a six-year non-renewable term of office),
3. Management Board of Narodowy Bank Polski (its members are appointed for a six-year term of office).

1.2. Legal basis of preparation of the financial statements

The financial statements of NBP as at 31 December 2013 were prepared on the basis of the following provisions:

- the Act on the NBP,
- 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 (NBP Official Journal of 2003 No. 22, item 38, as amended),
- Resolution No. 12/2010 of the Monetary Policy Council of 14 December 2010 on the principles for creating and releasing the provision against the foreign exchange rate risk of the zloty at Narodowy Bank Polski (NBP Official Journal of 2010 No. 17, item 19), hereinafter referred to as “Resolution No. 12/2010”,
- Resolution No. 63/2008 of the Management Board of Narodowy Bank Polski of 11 December 2008 on performing tasks in the area of accounting at Narodowy Bank Polski, as amended,
- Resolution No. 29/2007 of the Management Board of Narodowy Bank Polski of 25 October 2007 on the management of fixed assets in Narodowy Bank Polski, as amended.

1.3. Period covered by the financial statements

The financial statements cover the calendar year from 1 January to 31 December 2013.

1.4. Certified auditor and its selection

The annual financial statements of Narodowy Bank Polski drawn up as at 31 December 2013 are subject to examination and evaluation by certified auditor PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw. The certified auditor was appointed by the Monetary Policy Council, hereinafter referred to as the “MPC”, in 2013 in accordance with Article 69 para. 1 of the Act on the NBP. The selection was made following an open tendering, pursuant to the Act of 29 January 2004 – Public Procurement Law (consolidated text: Journal of Laws of 2010 No. 113, item 759, as amended), for a period of two years (audit of the financial statements for the years 2013–2014).

1.5. Information on the adoption and approval of NBP financial statements for 2012

The annual financial statements of NBP drawn up as at 31 December 2012 were adopted by the MPC by Resolution No. 4/2013 on 9 April 2013 and approved by the Council of Ministers by Resolution No. 106/2013 on 21 June 2013. The certified auditor in charge of auditing the financial statements – PricewaterhouseCoopers Sp. z o.o. – issued an unqualified opinion on the audited financial statements.

In the financial statements drawn up as at 31 December 2012, NBP recorded a financial result in the amount of PLN 5,541,094.6 thousand. Consequently, in 2013 NBP paid a contribution from profit to the State budget in the amount of PLN 5,264,039.9 thousand. In accordance with Article 62 of the Act on the NBP, 5% of the annual profit, i.e. the amount of PLN 277,054.7 thousand, was allocated to the reserve fund.

2. Description of significant accounting principles

2.1. Basic accounting principles

The accounting principles of NBP conform to the standards applied in the European System of Central Banks, the basis of which is the Guideline of the European Central Bank of 11 November 2010 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2010/20, as amended), hereinafter referred to as “the ECB Guideline”.

The following accounting principles are applied during the preparation of NBP financial statements:

- true and fair view,
- going concern,
- prudence,
- materiality,
- comparability,
- accrual.

2.2. Going concern

NBP financial statements were drawn up under the assumption of the going concern principle. In accordance with Article 58 of the Act on the NBP, NBP cannot be declared bankrupt.

2.3. Recognition of transactions in the accounting books

All economic events of a given financial year are recognised in the accounting books for that year.

Assets and liabilities, income and expenses are recognised in the accounting books when:

- it is likely that any future economic benefits will flow in or obligations will be settled,
- risks or rewards related to an asset or a liability were transferred to NBP,
- the value of an asset or a liability, and of income or expense can be measured reliably.

When recognising transactions in the accounting books, NBP follows the so called economic approach as laid down in the ECB Guideline. Consequently, NBP applies the following rules:

- foreign currencies and gold purchased or sold in a spot transaction or a forward transaction are recognised in the accounting books (on off-balance-sheet accounts) on the trade date,
- interest, discount and premium on assets and liabilities as well as on off-balance-sheet instruments are taken to the profit and loss account at the end of each operating day.¹

¹ Except for:

- interest on nostro accounts balances, which is recognised as at the payment date,
- interest payable on the required minimum reserve and interest on assets and liabilities related to own administrative activities, which is recognised at the month-end.

Securities purchased or sold in a spot transaction are recognised in NBP accounting books in accordance with the so called cash approach, i.e. on the settlement date.

2.4. Valuation as at the balance sheet date

In financial statements, for gold, foreign currencies, securities purchased by NBP (except for securities held to maturity and non-marketable securities) and off-balance sheet financial instruments the principle of balance sheet valuation at market prices/exchange rates is applied. The results of the assets and liabilities valuation at market prices/exchange rates effective as at the balance sheet date are recognised in accordance with the following rules:

- unrealised losses (revaluation losses) are recognised in the financial result,
- unrealised gains (revaluation gains) are not recognised in the financial result – they are recognised on the liabilities side of the balance sheet as *Revaluation accounts*.

The remaining assets and liabilities are valued on the basis of historical cost.

2.5. Principles for recognition and valuation of assets, liabilities and off-balance-sheet financial instruments and for recognition of income and expenses in the financial result

2.5.1. Gold

Gold purchased is recognised in the accounting books at purchase price while gold receivables and liabilities – at the average market price of gold as at the date of recognition of the economic event in the accounting books. Gold prices expressed in USD are translated into domestic currency according to the NBP average USD exchange rate effective as at the date of recognition of the economic event in the accounting books.

Assets and liabilities in gold, including spot transactions recognised on off-balance-sheet accounts and off-balance-sheet financial instruments in gold, constitute a holding of gold, for which the average cost is calculated. The average cost of gold holding which is the average cost of purchasing an ounce of gold by NBP is used to calculate income and expenses arising from the sale of gold (realised foreign exchange gains or losses) and determine the results of balance sheet valuation. At the end of the operating day, the value in domestic currency of positions in gold is adjusted to the average cost of gold holding.

At the balance sheet date, gold is valued according to the average market price of gold, translated into domestic currency according to the NBP average USD exchange rate effective as at the balance sheet date. No distinction is made between the results of currency and price valuation of gold – they are treated jointly as currency revaluation differences. Unrealised losses, recognised in the financial result on the balance sheet date, change the average cost of gold holding.

2.5.2. *Foreign currency*

Foreign currency purchased or sold by NBP for:

- domestic currency – is recognised in the accounting books at the exchange rate specified in an agreement or in a separate regulation,
- other foreign currency – is recognised in the accounting books in the amount of quoted foreign currency, which was translated into domestic currency at the average exchange rate effective as at the date of recognition of the economic event in the accounting books.

In other cases foreign currency is translated into domestic currency at the NBP average exchange rate effective as at the date of the economic event or at the NBP average exchange rate effective as at the date of recognition of the economic event in the accounting books.

Assets and liabilities in a foreign currency, including spot transactions recognised on off-balance-sheet accounts and off-balance-sheet financial instruments in that foreign currency, constitute a holding of foreign currency, for which the average cost is calculated. A holding of foreign currency is formed for each foreign currency separately. The average cost of foreign currency holding which is the averaged cost of purchasing a unit of foreign currency by NBP is used to calculate income and expenses arising from the sale of foreign currency (realised foreign exchange gains or losses) and determine the results of balance sheet valuation. At the end of the operating day, the value in domestic currency of positions in foreign currency is adjusted to the average cost of foreign currency holding.

At the balance sheet date, foreign currencies are valued at the average NBP exchange rates effective as at the balance sheet date. Unrealised losses related to a given holding of foreign currency (gold) are not netted with unrealised gains on any other holding of foreign currency (gold). Unrealised losses recognised in the financial result on the balance sheet date change the average cost of a foreign currency holding.

Special Drawing Rights (SDR) are treated as a separate foreign currency. Transactions that entail a change of the SDR position are either transactions denominated in SDR, or transactions in foreign currencies replicating the basket composition of SDR (according to the respective basket definition and weightings). When recognising unrealised gains and losses at the balance sheet date, it is assumed that a holding of SDR includes individual designated foreign currency holdings underlying the SDR basket.

2.5.3. *Securities purchased by NBP*

Securities purchased in a spot transaction are recognised in the accounting books at purchase price.

Discount and premium on securities purchased are recognised in the financial result at the end of each operating day in amounts calculated according to the internal rate of return. Interest on securities purchased is recognised in the financial result at the end of each operating day in amounts calculated pro-rata to the time elapsed between the purchase date and the end of each day.

Securities with the same code (ISIN), in relation to which NBP has a defined business intention, constitute a holding of securities.

For marketable securities not classified as securities held to maturity the average cost of holding is calculated. The average cost of securities holding which is the average cost of purchasing by NBP a security of a given code (adjusted for the amortised discount and premium) is used to calculate income and expenses arising from the sale of securities (realised price gains or losses) and to determine the results of balance sheet valuation.

At the balance sheet date, marketable securities not classified as securities held to maturity are valued at the average market price effective as at the balance sheet date. Unrealised losses related to a given holding of securities are not netted with unrealised gains on any other holding of securities. Unrealised losses recognised in the financial result on the balance sheet date change the average cost of a securities holding.

Marketable securities held to maturity and non-marketable securities are valued as at the balance sheet date at purchase price, adjusted for the amortised discount/premium, less impairment.

2.5.4. Shares and equities

Shares and equities are recognised in NBP accounting books at purchase price. As at the balance sheet date, the following are valued:

- non-marketable shares and equities – at purchase price less impairment,
- marketable shares – at average market price.

2.5.5. Repo / reverse repo transactions

A repo transaction is a contract under which an entity agrees to sell securities and, simultaneously, agrees to re-purchase these securities after a stated time, for an agreed price. This transaction is recognised in NBP balance sheet liabilities as a received deposit collateralised with securities whose holding is not decreased on the trade date.

A reverse repo transaction is a contract under which an entity agrees to purchase securities and, simultaneously, agrees to re-sell these securities after a stated time, for an agreed price. This transaction is recognised in NBP balance sheet assets as a loan granted, collateralised with securities whose holding is not increased on the trade date. Securities purchased in reverse repo transactions are not subject to valuation and no income or expense on these securities is recognised in the financial result.

The difference between the agreed selling and re-purchasing (purchasing and re-selling) price of securities that constitute a collateral of the repo / reverse repo transactions is taken to the profit and loss account at the end of each operating day in amounts calculated pro-rata to the time elapsed between the date of asset or liability recognition and the end of each day.

2.5.6. Banknotes and coins in circulation

Banknotes and coins in circulation are recognised in NBP balance sheet liabilities at nominal value of banknotes and coins issued, decreased by nominal value of banknotes and coins:

- at NBP cash points and vaults,
- deposited in vaults of other banks,
- that have been withdrawn from circulation due to being worn out or damaged.

Expenses on issue of banknotes and coins are recognised in the financial result on the date they are incurred, regardless of the date banknotes and coins are put into circulation.

2.5.7. Securities issued by NBP

Securities issued by NBP are recognised in NBP balance sheet liabilities at nominal value.

Discount and premium on securities issued by NBP are recorded as accruals and recognised in the financial result at the end of each operating day in the amounts calculated for the period for which a given security was issued, pro-rata to the time elapsed between the date of liability recognition and the end of each day.

Interest on securities issued by NBP is recognised in the financial result at the end of each operating day in the amount calculated for the period for which a given security was issued, pro-rata to the time elapsed between the date of liability recognition and the end of each day.

2.5.8. Tangible and intangible fixed assets

Tangible and intangible fixed assets are recognised in NBP balance sheet assets at:

- purchase price, increased by costs directly related to the purchase and adaptation of an asset to the condition enabling its use, or
- production cost.

Tangible and intangible fixed assets are depreciated/amortized according to the straight-line method beginning from the month which follows the month when the asset was made available for use. The table below presents the estimated depreciation/amortization period for particular groups of tangible and intangible fixed assets prevailing as at 31 December 2013.

In specific cases, individual depreciation/amortization periods are adopted for tangible and intangible fixed assets.

In the case of tangible and intangible fixed assets with a low initial value, i.e. below PLN 3,500, depreciation/amortization may be made on a one-off basis at the end of the month when the assets were made available for use.

As at the balance sheet date, tangible and intangible fixed assets are valued at initial value less depreciation/amortization and impairment.

Fixed assets	Depreciation period (months)
Land	<i>Unlimited</i>
<i>including: right of perpetual usufruct of land</i>	800
Buildings and premises	480–780
Land and water engineering objects	267–480
Boilers and energy machinery	86–300
General application machines, devices and appliances	48–144
Specialist machines, devices and appliances	86–192
Technical devices	36–240
Vehicles	78–180
Tools, technical instruments, movables and equipment	60–240
<i>including: objects of art, museum exhibits, collector objects</i>	<i>Unlimited</i>
Intangible assets	Amortization period (months)
Copyrights, including the rights related to inventions, patents, trademarks, and utility and ornamental patterns	120
IT software licences	72 or 144
IT software developed by NBP	120

2.5.9. Inventories

Inventories are recognised in NBP balance sheet assets at:

- purchase price – materials and goods, gold not conforming to international standards of purity and other precious metals,
- production cost – products,
- nominal value – collector valuables (banknotes and coins) not in circulation.

As at the balance sheet date, inventories are valued at purchase price/production cost, less impairment; in the case of collector valuables (banknotes and coins) not in circulation – at nominal value.

2.5.10. Impairment of assets

Impairment of assets is determined on the balance sheet date by comparing the book value of assets with their value in use or market value, or if it is highly probable that a given asset will not generate expected economic benefits in the future.

2.5.11. Provisions for future liabilities

Provisions for future liabilities are recognised in the accounting books of NBP when NBP is under obligation arising from past events or from identified risk and when it is probable that the fulfilment of the obligation or the materialisation of the identified risk will reduce the economic benefits of NBP, and the amount of this obligation and the amount adequate to cover the identified risk can be measured reliably. Provisions are created and recognised as expense in the amount that would have to be paid not later than on the balance sheet date to fulfil the above mentioned obligation or would be sufficient to cover the identified risk mentioned above.

As at the balance sheet date, provisions for future liabilities are adjusted. Provisions for future liabilities unused due to partial or full cessation of obligation or risk justifying their creation are released as income.

2.5.12. Provision against the foreign exchange rate risk of the zloty

The provision against the foreign exchange rate risk of the zloty is estimated on the basis of financial risk assessment methods which are generally accepted and consistently applied by NBP (see Section 4).

The provision is created, used and released on the balance sheet date.

The provision is created and recognised as expense and must not lead to a negative financial result of the current year for NBP.

The provision is used – by recognising it as income – exclusively to cover unrealised losses arising from changes in the foreign exchange rate of the zloty in the amount that could result in a loss.

The surplus of provision is released and recognised as income.

2.5.13. Gold revaluation account

Gold revaluation account is released as income in the amount:

- of unrealised gold revaluation losses taken to the profit and loss account on the balance sheet date,
- corresponding to the pro-rata decrease in gold holding as compared with its holding at the balance sheet date of the previous financial year.

2.5.14. Foreign exchange forward

Currency purchased or sold in a foreign exchange forward transaction is recognised from the trade date to the settlement date on off-balance-sheet accounts at the agreed spot exchange rate. The difference between the agreed forward exchange rate and the spot rate is recognised in the financial result at the end of each operating day in the amounts calculated pro-rata to the time elapsed between the date commonly adopted for the settlement of a spot transaction and the settlement date of a foreign exchange forward transaction.

2.5.15. Foreign exchange swap

Currency purchased or sold and, respectively, re-sold or re-purchased in a foreign exchange swap transaction is recognised from the trade date to the settlement date on off-balance-sheet accounts at the agreed spot exchange rate. The difference between the agreed forward exchange rate and the spot rate is recognised in the financial result at the end of each operating

day in the amounts calculated pro-rata to the time elapsed between the settlement date of the spot transaction and the settlement date of the foreign exchange forward transaction.

2.5.16. Forward transactions in securities

Securities purchased or sold in a forward transaction are recognised from the trade date to the settlement date on off-balance-sheet accounts at an agreed price. On the trade date, securities purchased or sold in a forward transaction do not change the holding of securities.

Securities purchased or sold in a forward transaction are valued at the balance sheet date at the market price of such transactions effective as at the valuation date. The rules for recognition of unrealised gains and losses are applied to income and expenses arising from this valuation.

On the transaction settlement date, securities purchased in a forward transaction increase the holding of securities, while securities sold in a forward transaction decrease the holding of securities.

The result of transaction settlement is calculated:

- for securities purchased in a forward transaction – as the difference between the market price and the agreed price, adjusted for revaluation losses recognised at the balance sheet date,
- for securities sold in a forward transaction – as the difference between the agreed price and the average cost of securities holding, adjusted for revaluation losses recognised at the balance sheet date.

If more than one transaction for the forward purchase or sale of securities has been entered into, valuation and settlement of these transactions are carried out separately.

2.6. Events after the balance sheet date

The balance sheet and the profit and loss account contain the events about which information was obtained after the balance sheet date and prior to the approval of the annual financial statements, if such events materially influence their content.

3. Changes in accounting principles

In 2013 NBP did not change the accounting principles.

4. Values based on professional judgement and estimates

When preparing financial statements, NBP makes specific estimates and assumptions that affect the amounts recognised in the financial statements. The estimates and assumptions

are based, among others, on historical data and expectations about future events that are believed to be reasonable at the date of the financial statements preparation. As the existing circumstances and expectations about future events may change as a result of market changes or an occurrence of factors beyond NBP's control, the estimates made by NBP are reviewed on a regular basis.

The key area where NBP makes estimates is the calculation of the amount of the provision against the foreign exchange rate risk of the zloty.

In accordance with Resolution No. 12/2010, the estimated provision against the foreign exchange rate risk of the zloty is equal to the amount that would cover the potential change in the value of foreign currency holdings due to identified foreign exchange rate risk of the zloty, decreased by estimated unrealised gains arising from changes in the foreign exchange rate of the zloty. The estimated provision must not be lower than the amount of uncovered accumulated loss from previous years, that has arisen from changes in the foreign exchange rate of the zloty.

At NBP, the Value at Risk (VaR) methodology is used to perform the analysis of changes in the foreign exchange rate risk of the zloty. It estimates the loss expected due to fluctuations of the foreign exchange rate of the zloty, which in normal conditions and with an assumed probability should not be exceeded within the adopted time horizon. The Value at Risk is then decreased by the estimated unrealised gains on changes in the foreign exchange rate of the zloty. The unrealised gains are estimated based on their statistical distribution, which is determined by taking into account the foreign currency holdings in the structure of foreign exchange reserves as at the balance sheet date and historical time series of the average cost of currency holdings and of the average NBP exchange rates for these currencies. Such an approach makes it possible to determine a stable level of unrealised gains and thus limits volatility of the provision.

Other areas in which NBP makes estimates relate, in particular, to:

- setting the amount of provisions for liabilities due to retirement and disability severance payments and jubilee awards (provisions are estimated on the basis of actuarial assessment carried out periodically by an independent actuary),
- setting the periods of use of tangible and intangible assets,
- setting the amount of asset impairment.

5. General overview of changes in and structure of NBP balance sheet and financial result

NBP balance sheet

The balance sheet total of NBP as at 31 December 2013 amounted to PLN 321,255,424.6 thousand, which represents a decrease by PLN 17,664,020.1 thousand (5.2%) as compared with 31 December 2012.

On the assets side, the decrease was mainly related to the official reserve assets which amounted to PLN 319,933,015.9 thousand as at 31 December 2013 and decreased by PLN 17,658,703.8 thousand as compared with 31 December 2012.² The official reserve assets comprise: monetary gold, reserve tranche in the IMF, loans extended to the IMF,³ current accounts and term deposits abroad in foreign currency, foreign securities, reverse repo transactions in foreign currency and foreign currency in stock. NBP actively manages most of the above mentioned instruments under the foreign exchange reserve management. The change in the balance of official reserve assets expressed in foreign currencies was, in particular, due to:

- transactions executed for NBP clients, including those related to:
 - flows of funds from/to the European Union,
 - servicing State Treasury foreign debt,
 - transfer by the Ministry of Finance of funds in foreign currency to the account in Bank Gospodarstwa Krajowego in connection with a change in methods of managing funds in foreign currency by the Ministry of Finance;
- inflows of foreign currency from NBP investment activities;
- change in the value of foreign securities due to price revaluation.

The change in the PLN equivalent of the official reserve assets was also affected by currency revaluation (including gold) carried out as at 31 December 2013.

On the liabilities side, currency revaluation (including gold) resulted in lower currency revaluation gains which amounted to PLN 8,776,418.2 thousand as at 31 December 2013 and decreased by PLN 12,922,548.8 thousand as compared with 31 December 2012.

The decrease of the balance sheet total on the liabilities side was also affected by:

- liabilities to residents denominated in foreign currency which were lower by PLN 9,891,420.3 thousand and amounted to PLN 5,928,209.0 thousand as at 31 December 2013,
- reduction by PLN 6,761,624.1 thousand of the provision for foreign exchange risk of the zloty, which amounted to PLN 4,696,287.6 thousand as at 31 December 2013; the provision was partly used to cover unrealised foreign exchange revaluation losses that could result in a NBP loss for 2013,
- zero financial result for the current year as compared with a positive financial result for 2012 in the amount of PLN 5,541,094.6 thousand.

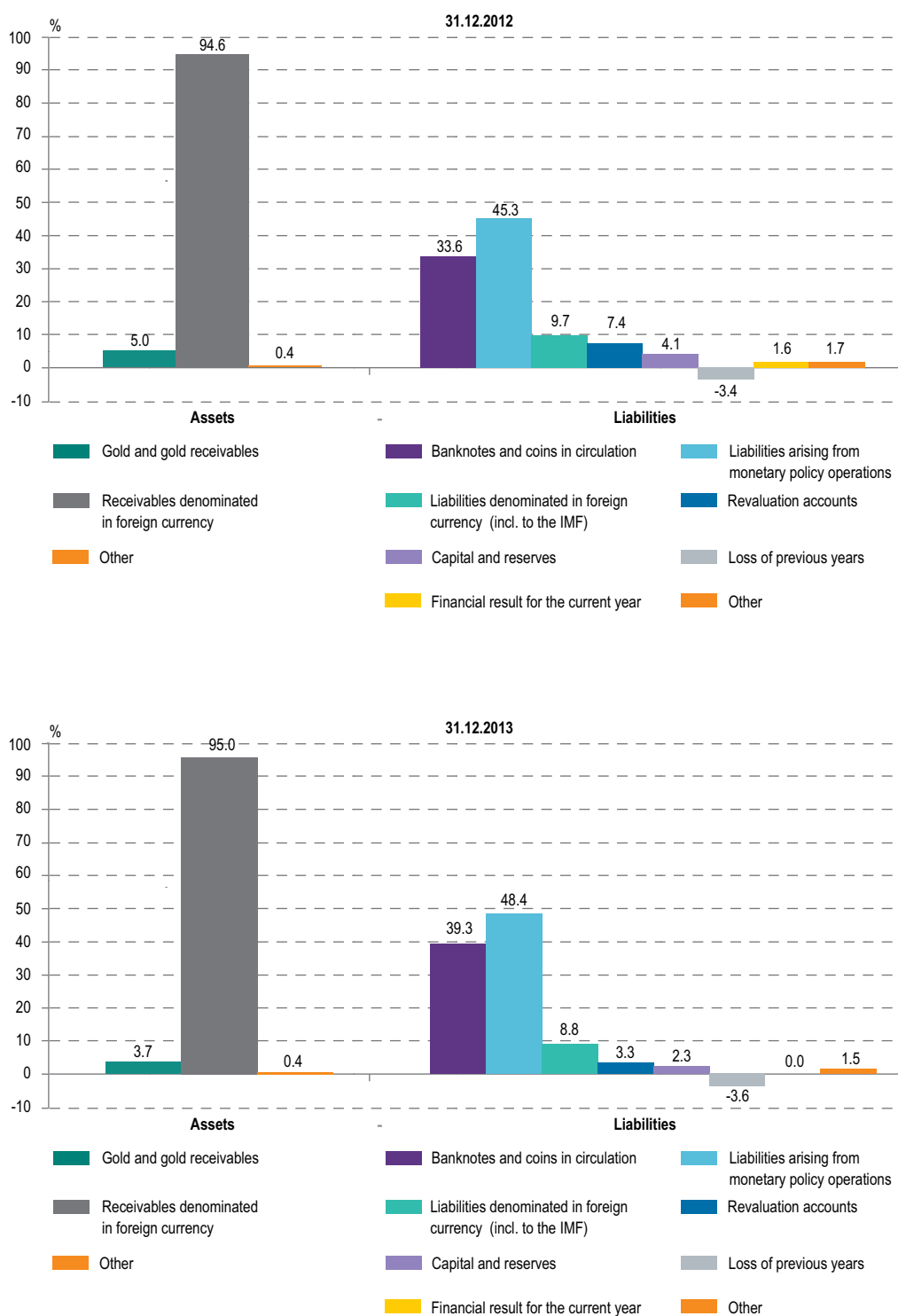
The decrease in the balance sheet total on the liabilities side was partly offset by:

- liabilities related to banknotes and coins in circulation which were higher by PLN 12,475,919.2 thousand and amounted to PLN 126,142,763.3 thousand as at 31 December 2013,
- liabilities to non-residents denominated in foreign currency which were higher by PLN 5,477,759.3 thousand and amounted to PLN 16,341,845.1 thousand as at 31 December 2013,
- liabilities related to monetary policy operations which were higher by PLN 1,833,780.4 thousand and amounted to PLN 155,466,510.1 thousand as at 31 December 2013.

The dominant items on the assets side of the NBP balance sheet are those in foreign currencies and gold. As at 31 December 2013, their combined share in the balance sheet total amounted to 99.6% and did not change when compared with 31 December 2012. On the liabilities side,

² Expressed in EUR, the official reserve assets amounted to EUR 77,144,342.2 thousand as at 31 December 2013, compared with EUR 82,577,104.8 thousand as at 31 December 2012.

³ For statistical purposes, these loans are treated as part of the reserve tranche in the IMF.

Figure 15.1. NBP balance sheet structure as at 31 December 2012 and 31 December 2013

the share of liabilities in foreign currencies in the balance sheet total amounted to 8.8% as at 31 December 2013, as compared with 9.7% as at 31 December 2012. The main elements of the liabilities are liabilities related to monetary policy operations and banknotes and coins in circulation whose combined share in the balance sheet total amounted to 87.7% as at 31 December 2013, as compared with 78.9% as at 31 December 2012 (see Figure 15.1).

NBP financial result

NBP financial result for 2013 amounted to zero and was lower by PLN 5,541,094.6 thousand (100.0%) compared with 2012.

The decrease in the financial result was mainly due to a lower net result on financial operations and a simultaneous reduction of the negative result on interest, discount and premium.

The structure of NBP financial result for 2012 and 2013 is presented in Figure 15.2.

Net result on interest, discount and premium comprises mainly:

- interest, discount and premium income and expenses on investment instruments used for foreign exchange reserves management. These income and expenses are affected by: the level of foreign exchange reserves, their investment and currency structure, changes in interest on and prices of investment instruments and changes in foreign exchange rates,
- interest and discount income and expenses on instruments used by NBP under monetary policy operations (mainly expenses related to the issue of monetary bills),
- interest expenses on bank accounts operated by NBP for the government sector.

Figure 15.2. Structure of financial result, 2012–2013

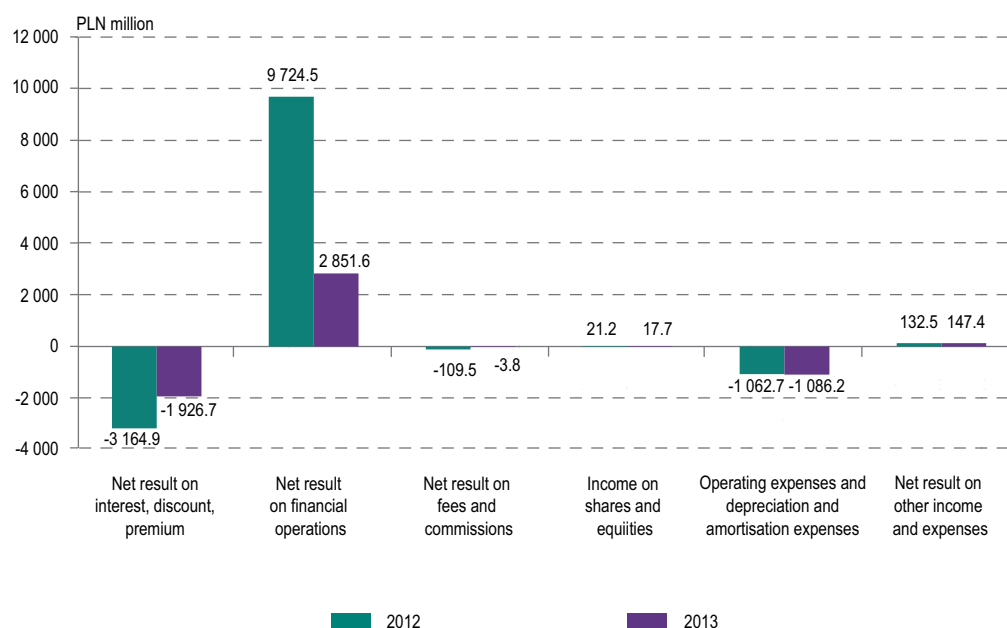
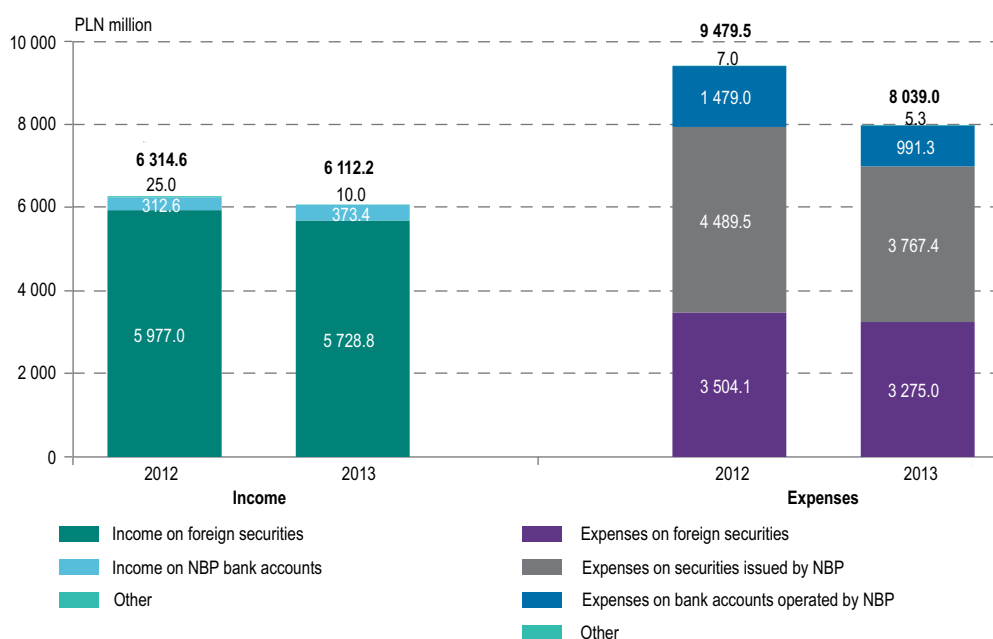
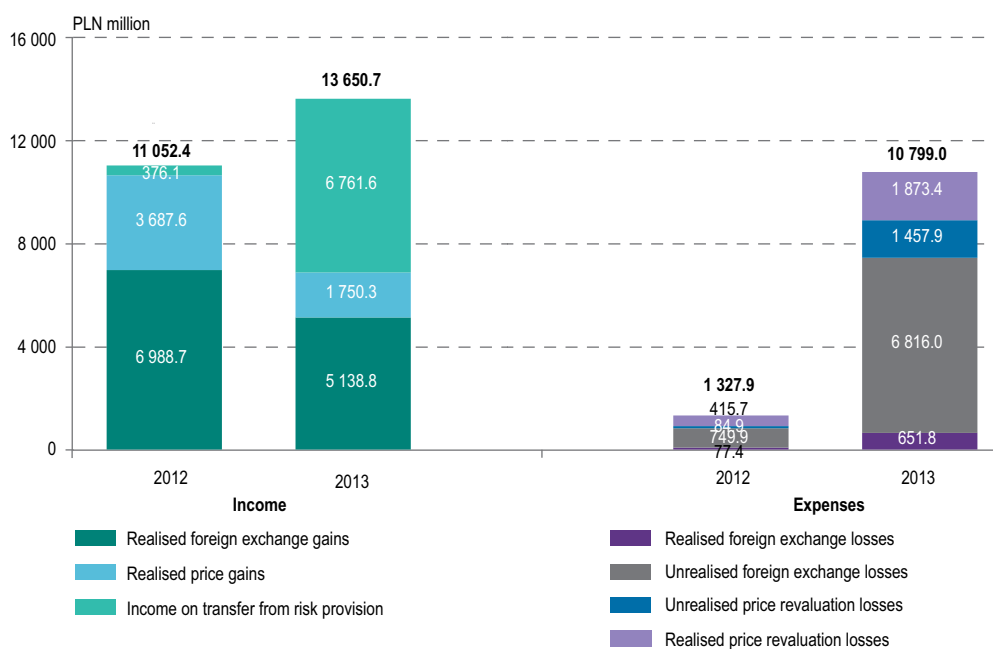


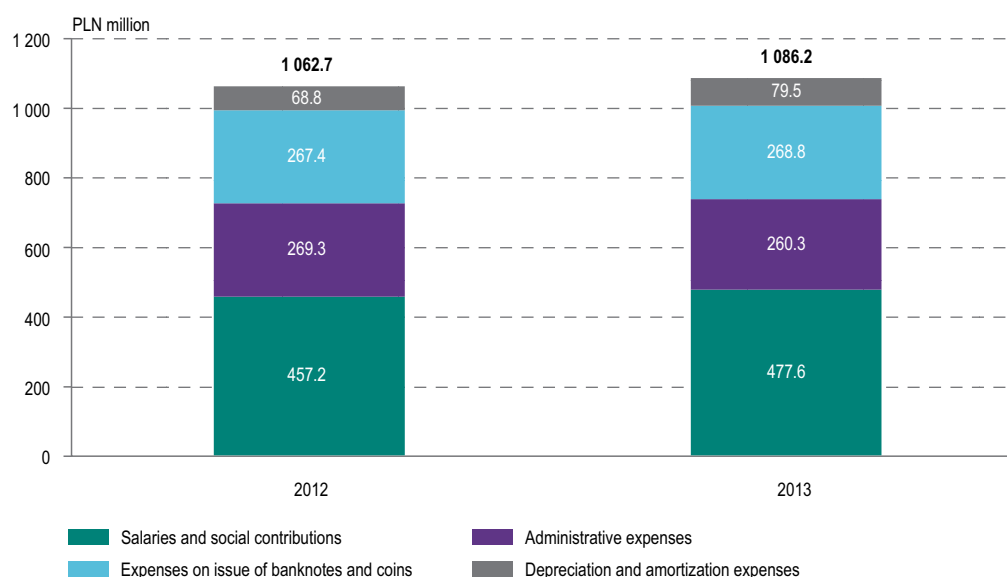
Figure 15.3. Structure of interest, discount and premium income and expenses, 2012–2013*

* Due to rounding, individual values may not add up to totals.

Figure 15.4. Structure of income and expenses included in net result on financial operations, 2012–2013*

* Due to rounding, individual values may not add up to totals.

Figure 15.5. Structure of operating expenses and depreciation and amortization expenses, 2012–2013*



* Due to rounding, individual values may not add up to totals.

As in the previous year, net result on interest, discount and premium was negative and was higher by PLN 1,238,142.2 thousand as compared with 2012. The increase in the result was mainly driven by a decrease in discount expenses on monetary bills of NBP by PLN 722,095.7 thousand and a decrease in interest expenses on bank accounts operated by NBP by PLN 487,741.7 thousand (see Figure 15.3).

Net result on financial operations comprises mainly: realised foreign exchange and price gains and losses, foreign exchange and price revaluation losses, and the effects of changes in the amount of provision against the foreign exchange rate risk of the zloty.

The decrease in the net result on financial operations by PLN 6,872,872.6 thousand was mainly driven by foreign exchange and price revaluation losses which were higher by PLN 7,439,024.5 thousand and a higher, by PLN 6,385,509.8 thousand, income on the release of the provision against the foreign exchange rate risk. The decrease in the result on financial operations also resulted from realised foreign exchange and price gains and losses: lower gains by PLN 3,787,254.6 thousand with a simultaneous increase in losses by PLN 2,032,092.5 (see Figure 15.4).

NBP operating expenses include: salaries, administrative expenses and expenses on issue of banknotes and coins.

In 2013 operating expenses and depreciation and amortization expenses increased by a total of PLN 23,481.9 thousand as compared with 2012. The increase in operating expenses resulted mainly from higher salaries and social contributions, with simultaneously lower administrative expenses (see Figure 15.5).

6. Explanatory notes to balance sheet

Note 1. Gold and gold receivables

The item comprises gold stored at NBP and deposited in a foreign bank account. As at 31 December 2013, NBP held 3,308.9 thousand ounces of gold (102.9 tonnes). The gold holding of NBP remained unchanged as compared with the holding as at 31 December 2012.

The decrease in the item resulted from the currency revaluation of gold (see Note 22).

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Gold and gold receivables	17,066,498.7	11,974,687.8	-5,091,810.9	-29.8
<i>of which currency revaluation differences</i>	<i>12,730,499.2</i>	<i>7,638,688.3</i>	<i>-5,091,810.9</i>	<i>-40.0</i>

Note 2. Receivables from the IMF

The item comprises SDR-denominated:

- reserve tranche corresponding to the Republic of Poland's member quota in the IMF amounting to SDR 1,688,400.0 thousand reduced by liabilities due to the account in domestic currency operated by NBP for the IMF (so-called No. 1 Account) whose balance as at 31 December 2013 was PLN 5,585,609.7 thousand,
- current account of NBP with the IMF on which, among others, funds received by NBP under SDR allocation are recorded (see Note 17),
- term deposit of NBP with the IMF,
- loans in foreign currency extended to the IMF under the New Arrangements to Borrow (NAB) (see Note 27).

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
SDR under the reserve tranche	2,759,364.9	2,300,493.0	-458,871.9	-16.6
Current accounts with the IMF	5,368,053.3	4,927,287.5	-440,765.8	-8.2
Term deposits with the IMF	33,715.1	32,777.8	-937.3	-2.8
Loans extended to the IMF	1,422,870.1	1,496,473.7	73,603.6	5.2
Total	9,584,003.4	8,757,032.0	-826,971.4	-8.6
<i>of which currency revaluation differences</i>	<i>-13,624.5</i>	<i>-257,821.8</i>	<i>-244,197.3</i>	<i>1,792.3</i>

The decrease in the item was mainly due to a reduction of the reserve tranche and of the balance of funds denominated in SDR on the current account with the IMF as well as due to the currency revaluation of SDR. At the same time, there was an increase in receivables on the loans extended to the IMF as in 2013 NBP made subsequent payments under NAB along with receiving a partial repayment of loans extended in previous years.

Note 3. Balances with foreign institutions, securities, loans granted and other foreign assets

The item comprises assets denominated in foreign currency, mostly in USD, EUR, GBP, AUD, NOK, and from 2013 – in NZD. Securities, term deposit accounts, reverse repo transactions presented in this item are the main investment instruments of foreign exchange reserves.⁴

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Current accounts in foreign currency	3,867,549.1	2,582,073.1	-1,285,476.0	-33.2
Term deposits in foreign currency	16,971,321.4	20,404,028.6	3,432,707.2	20.2
Reverse repo transactions in foreign currency	13,075,900.2	16,196,929.1	3,121,028.9	23.9
Securities in foreign currency (marketable securities other than held-to-maturity)	276,880,850.6	259,924,722.6	-16,956,128.0	-6.1
Foreign banknotes and coins in stock	161,439.7	113,370.6	-48,069.1	-29.8
Total	310,957,061.0	299,221,124.0	-11,735,937.0	-3.8
<i>of which</i>				
- currency revaluation differences	8,747,413.4	-5,093,486.9	-13,840,900.3	-158.2
- price revaluation differences	1,755,094.6	-1,113,427.9	-2,868,522.5	-163.4

In addition, in 2013 NBP continued investing in government securities denominated in the currencies of developing countries (Brazilian real – BRL, Mexican peso – MXN).

The decrease in this item resulted mainly from foreign exchange and price revaluation (see Note 22 and Note 33).

Note 4. Other claims on other domestic monetary financial institutions denominated in domestic currency

The item comprises NBP's claims on domestic banks unrelated to monetary policy operations.

As at 31 December 2013, the item amounted to PLN 1.6 thousand and was by PLN 0.9 thousand (128.6%) higher as compared with 31 December 2012. Both as at 31 December 2013 and 31 December 2012 the item was related to the settlements with banks due to purchase transactions of domestic banknotes and coins.

⁴ Foreign exchange reserves are the main component of official reserve assets (see Section 5).

Note 5. Tangible and intangible fixed assets

The item comprises tangible fixed assets (including tangible fixed assets under construction) and intangible fixed assets (including intangible fixed assets under construction).

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Gross tangible fixed assets	1,899,667.7	1,912,999.9	13,332.2	0.7
Depreciation	-1,063,513.3	-1,056,414.7	7,098.6	-0.7
Impairment	-16,137.8	-26,985.9	-10,848.1	67.2
<i>Net tangible fixed assets</i>	<i>820,016.6</i>	<i>829,599.3</i>	<i>9,582.7</i>	<i>1.2</i>
Gross intangible fixed assets	352,579.3	376,423.7	23,844.4	6.8
Amortisation	-275,728.4	-290,962.2	-15,233.8	5.5
Impairment	-8.9	-8.9	0.0	0.0
<i>Net intangible fixed assets</i>	<i>76,842.0</i>	<i>85,452.6</i>	<i>8,610.6</i>	<i>11.2</i>
Total	896,858.6	915,051.9	18,193.3	2.0

As at 31 December 2013, the balance-sheet value of the item comprised mainly real estates, machines, devices and IT software.

Note 6. Other financial assets

The item comprises shares and equities that NBP holds in domestic entities (including National Depository for Securities – KDPW S.A., National Clearing House – KIR S.A., Bazy i Systemy Bankowe Sp. z o.o.) and in foreign entities (Bank for International Settlements in Basel, S.W.I.F.T., European Central Bank).

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Shares and equities in domestic entities	53,848.9	53,848.9	0.0	0.0
Shares and equities in foreign entities	128,648.0	128,353.8	-294.2	-0.2
Total	182,496.9	182,202.7	-294.2	-0.2

The decrease in the item resulted mainly from the currency revaluation of shares and equities in foreign entities and a change in NBP's participating interest in the ECB's capital.

Since 1 May 2004, i.e. the day Poland joined the European Union, NBP has had participating interest in the ECB's capital. As at 31 December 2013, the amount of the capital paid up by NBP to the ECB was PLN 81,786.3 thousand (EUR 19,720.9 thousand).

Condensed financial statements of NBP as at 31 December 2013

	Capital subscription key		Subscribed capital		Paid-up capital		
	from 01.01.2012 to 30.06.2013	from 01.07.2013 to 31.12.2013	from 01.01.2012 to 30.06.2013	from 01.07.2013 to 31.12.2013	from 01.01.2012 to 26.12.2012*	from 27.12.2012* to 30.06.2013	from 01.07.2013 to 31.12.2013
	%		EUR				
Oesterreichische Nationalbank	1.9417	1.9370	208,939,587.70	209,680,386.94	176,577,921.04	208,939,587.70	209,680,386.94
Nationale Bank van België	2.4256	2.4176	261,010,384.68	261,705,370.91	220,583,718.02	261,010,384.68	261,705,370.91
Central Bank of Cyprus	0.1369	0.1333	14,731,333.14	14,429,734.42	12,449,666.48	14,731,333.14	14,429,734.42
Eesti Pank/Bank of Estonia	0.1790	0.1780	19,261,567.80	19,268,512.58	16,278,234.47	19,261,567.80	19,268,512.58
Suomen Pankki/Finlands Bank	1.2539	1.2456	134,927,820.48	134,836,288.06	114,029,487.14	134,927,820.48	134,836,288.06
Banque de France	14.2212	14.1342	1,530,293,899.48	1,530,028,149.23	1,293,273,899.48	1,530,293,899.48	1,530,028,149.23
Bank of Greece	1.9649	1.9483	211,436,059.06	210,903,612.74	178,687,725.72	211,436,059.06	210,903,612.74
Banco de España	8.3040	8.2533	893,564,575.51	893,420,308.48	755,164,575.51	893,564,575.51	893,420,308.48
De Nederlandsche Bank	3.9882	3.9663	429,156,339.12	429,352,255.40	362,686,339.12	429,156,339.12	429,352,255.40
Central Bank of Ireland	1.1107	1.1111	119,518,566.24	120,276,653.55	101,006,899.58	119,518,566.24	120,276,653.55
Banque centrale du Luxembourg	0.1747	0.1739	18,798,859.75	18,824,687.29	15,887,193.09	18,798,859.75	18,824,687.29
Central Bank of Malta	0.0632	0.0635	6,800,732.32	6,873,879.49	5,747,398.98	6,800,732.32	6,873,879.49
Deutsche Bundesbank	18.9373	18.7603	2,037,777,027.43	2,030,803,801.28	1,722,155,360.77	2,037,777,027.43	2,030,803,801.28
Banco de Portugal	1.7504	1.7636	188,354,459.65	190,909,824.68	159,181,126.31	188,354,459.65	190,909,824.68
Národná banka Slovenska	0.6934	0.6881	74,614,363.76	74,486,873.65	63,057,697.10	74,614,363.76	74,486,873.65
Banka Slovenije	0.3288	0.3270	35,381,025.10	35,397,773.12	29,901,025.10	35,381,025.10	35,397,773.12
Banca d'Italia	12.4966	12.4570	1,344,715,688.14	1,348,471,130.66	1,136,439,021.48	1,344,715,688.14	1,348,471,130.66
<i>National central banks in euro area total</i>	<i>69.9705</i>	<i>69.5581</i>	<i>7,529,282,289.35</i>	<i>7,529,669,242.48</i>	<i>6,363,107,289.36</i>	<i>7,529,282,289.35</i>	<i>7,529,669,242.48</i>
Българска народна банка	0.8686	0.8644	93,467,026.77	93,571,361.11	3,505,013.50	3,505,013.50	3,508,926.04
Croatian National Bank	-	0.5945	-	64,354,667.03	-	-	2,413,300.01
Česka národní banka	1.4472	1.4539	155,728,161.57	157,384,777.79	5,839,806.06	5,839,806.06	5,901,929.17
Danmarks Nationalbank	1.4835	1.4754	159,634,278.39	159,712,154.31	5,986,285.44	5,986,285.44	5,989,205.79
Lietuvos bankas	0.4256	0.4093	45,797,336.63	44,306,753.94	1,717,400.12	1,717,400.12	1,661,503.27
Latvijas Banka	0.2837	0.2742	30,527,970.87	29,682,169.38	1,144,798.91	1,144,798.91	1,113,081.35
Narodowy Bank Polski	4.8954	4.8581	526,776,977.72	525,889,668.45	19,754,136.66	19,754,136.66	19,720,862.57
Banca Națională a României	2.4645	2.4449	265,196,278.46	264,660,597.84	9,944,860.44	9,944,860.44	9,924,772.42
Sveriges Riksbank	2.2582	2.2612	242,997,052.56	244,775,059.86	9,112,389.47	9,112,389.47	9,179,064.74
Magyar Nemzeti Bank	1.3856	1.3740	149,099,599.69	148,735,597.14	5,591,234.99	5,591,234.99	5,577,584.89
Bank of England	14.5172	14.4320	1,562,145,430.59	1,562,265,020.29	58,580,453.65	58,580,453.65	58,584,938.26
<i>National central banks outside euro area total euro</i>	<i>30.0295</i>	<i>30.4419</i>	<i>3,231,370,113.23</i>	<i>3,295,337,827.14</i>	<i>121,176,379.25</i>	<i>121,176,379.25</i>	<i>123,575,168.51</i>
Total	100	100	10,760,652,402.58	10,825,007,069.61	6,484,283,668.61	7,650,458,668.60	7,653,244,410.99

* On 29 December 2010, ECB's subscribed capital was increased by EUR 5,000,000.0 thousand, from EUR 5,760,652.4 thousand to EUR 10,760,652.4 thousand. Eurosystem central banks were required to make payments to ECB capital in three instalments. On 27 December 2012, the third instalment was paid in the amount of EUR 1,166,175.0 thousand.

In accordance with Article 28 of the Statute of the European System of Central Banks and the European Central Bank, hereinafter referred to as the "Statute of the ESCB and the ECB", only the national central banks of the ESCB are entitled to subscribe the ECB's capital. The ECB's capital is subscribed according to the key determined in Article 29 of the Statute of the ESCB and ECB, i.e. shares of national central banks in the ECB's capital are expressed in percentage and correspond to the shares of individual member states in the population and the combined gross domestic product of EU states (in equal consideration). As at 31 December 2013, the share of NBP in the ECB's subscribed capital amounted to 4.8581%, which corresponded to the amount of EUR 525,889.7 thousand.

NBP, as a central bank from outside the euro area, is required to pay up the minimum percentage of the ECB's capital subscribed by it, which was specified by the ECB General Council (pursuant to Article 47 of the Statute of the ESCB and the ECB) and constitutes NBP's contribution to the operational costs of the ECB. The percentage has amounted to 3.75% since 29 December 2010. Unlike euro area central banks, NBP has no right to participate in the ECB's profits nor is required to cover its losses. Upon entry into the euro area, NBP will be required to pay up the remaining 96.25% of the ECB's capital subscribed by it, i.e. EUR 506,168.8 thousand.

Following Croatia's entry into the European Union on 1 July 2013, there was a change in NBP's share of the ECB's subscribed capital. As a consequence NBP received a refund amounting to EUR 33.3 thousand of the ECB's paid up capital.

The weightings in the key for capital subscription and the amounts of capital subscribed and paid up by individual national central banks of the ESCB are presented in the table above.

Note 7. Off-balance-sheet instruments revaluation differences

The item comprises currency revaluation differences on spot transactions recognised on off-balance-sheet accounts (see Note 25) and price revaluation differences on forward transactions in securities (see Note 22 and Note 26).

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Currency revaluation differences	5,248.6	73.9	-5,174.7	-98.6
Price revaluation differences	723.3	386.5	-336.8	-46.6
Total	5,971.9	460.4	-5,511.5	-92.3

Note 8. Accruals and prepaid expenses

The item comprises accruals relating to securities issued in domestic currency and prepaid expenses relating to services.

As at 31 December 2013, the item amounted to PLN 31,990.2 thousand and was by PLN 17,409.8 thousand (35.2%) lower as compared with 31 December 2012. The decrease in the item resulted mainly from lower amount of discount to be amortized on monetary bills issued by NBP (see Note 11) and a simultaneous increase in prepaid expenses concerning NBP's own administrative activities.

Note 9. Sundry

The item comprises mainly current assets (including precious metals), loans to employees, balances arising from the adjustment of off-balance-sheet items in foreign currency to the average cost of foreign currency holding and other receivables.

As at 31 December 2013, the item amounted to PLN 172,874.0 thousand and was by PLN 4,279.5 thousand (2.4%) lower as compared with 31 December 2012. The decrease in the item resulted mainly from lower current assets and a simultaneous increase in receivables from suppliers.

Note 10. Banknotes and coins in circulation

The item comprises banknotes and coins in circulation issued by NBP, including collector banknotes and coins, whose value as at 31 December 2013 amounted to PLN 258,932.3 thousand as compared with PLN 252,197.8 thousand as at 31 December 2012.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Domestic banknotes in circulation	110,186,242.4	122,450,701.2	12,264,458.8	11.1
Domestic coins in circulation	3,480,601.7	3,692,062.1	211,460.4	6.1
Total	113,666,844.1	126,142,763.3	12,475,919.2	11.0

The average level of banknotes and coins in circulation throughout 2013 amounted to PLN 120,083.2 million as compared with PLN 112,274.5 million in 2012.

Note 11. Liabilities to other domestic monetary financial institutions related to monetary policy operations denominated in domestic currency

The item comprises liabilities to domestic banks related to monetary policy operations conducted by NBP. They include:

- liabilities due to issue of securities – monetary bills issued by NBP under open market operations (shown in the item *Other monetary policy operations*),
- balances on current accounts of domestic banks, used to make interbank settlements in zloty and to hold funds that correspond to the required minimum reserve,
- liabilities due to deposit facilities.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Current accounts (incl. the required minimum reserve accounts)	48,815,544.9	38,125,710.1	-10,689,834.8	-21.9
Deposit facilities	4,975,374.8	0.0	-4,975,374.8	-100.0
Other monetary policy operations	99,841,810.0	117,340,800.0	17,498,990.0	17.5
Total	153,632,729.7	155,466,510.1	1,833,780.4	1.2

The increase in the item resulted mainly from the increase in liabilities due to issue of monetary bills, with a simultaneous decrease in liabilities due to current accounts and deposit facilities.

Note 12. Other liabilities to other domestic monetary financial institutions denominated in domestic currency

The item comprises liabilities to domestic banks due to operations unrelated to monetary policy. Its main component are liabilities resulting from:

- payment orders of NBP's customers submitted for settlement in the domestic payment system ELIXIR via KIR S.A., which were unsettled as at 31 December 2013,
- funds in the trust account operated by NBP for KIR S.A., which is used to settle payments in Express ELIXIR.⁵

As at 31 December 2013 the item amounted to PLN 157,721.9 thousand and was by PLN 71,511.7 thousand (31.2%) lower as compared with 31 December 2012. The decrease in the item resulted mainly from the decrease in liabilities due to unsettled payment orders of NBP's customers in ELIXIR, with a simultaneous increase in funds on the account used to settle payments in Express ELIXIR.

Note 13. Liabilities to other residents denominated in domestic currency

The item comprises mainly current accounts, auxiliary accounts and term deposit accounts in domestic currency operated by NBP for the general government sector, including the State budget and social insurance funds.

The decrease in the item resulted mainly from the decrease in the balance of funds on State budget accounts.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Liabilities to general government	4,742,282.3	3,484,639.9	-1,257,642.4	-26.5
Other liabilities	55,418.7	69,023.9	13,605.2	24.5
Total	4,797,701.0	3,553,663.8	-1,244,037.2	-25.9

Note 14. Liabilities to non-residents denominated in domestic currency

The item comprises current accounts in domestic currency operated by NBP for international financial and non-financial organisations and central banks, including the account in domestic currency operated by NBP for the IMF, which is used for the Fund's administrative expenditures (so-called No. 2 Account).

As at 31 December 2013, the item amounted to PLN 517,006.3 thousand and was by PLN 367,650.0 thousand (246.2%) higher as compared with 31 December 2012. The increase in the item resulted mainly from the increase in funds held on the account of the European Commission.

⁵ Express ELIXIR was launched on 12 June 2012.

Note 15. Liabilities to residents denominated in foreign currency

The item comprises mainly funds held on accounts in foreign currency operated by NBP for:

- the State budget – current, auxiliary and term deposit accounts,
- domestic banks – current accounts in EUR used for settlements in the TARGET2 system.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
State budget accounts	12,455,989.2	4,203,008.0	-8,252,981.2	-66.3
Accounts of domestic banks for settlements in TARGET2 system	2,788,043.4	1,530,042.7	-1,258,000.7	-45.1
Other	575,596.7	195,158.3	-380,438.4	-66.1
Total	15,819,629.3	5,928,209.0	-9,891,420.3	-62.5
<i>of which currency revaluation differences</i>	<i>-22,592.5</i>	<i>-4,545.9</i>	<i>18,046.6</i>	<i>-79.9</i>

The decrease in the item resulted mainly from the decrease in funds in foreign currency held on the current accounts of the State budget in connection with a change in methods of managing funds in euro by the Ministry of Finance, as a result of which part of the funds is transferred to the account operated by Bank Gospodarstwa Krajowego. At the same time, there was a decrease in the balance of funds on the accounts of domestic banks used for settlements in the TARGET2 system.

Note 16. Liabilities to non-residents denominated in foreign currency

The item comprises mainly repo transactions in foreign currency carried out with foreign financial institutions. Under NBP's investment policies, these transactions are usually executed simultaneously with reverse repo transactions in foreign currency (see Note 3).

The increase in the item resulted mainly from NBP's higher involvement in these transactions. Moreover, the value of this item was affected by currency revaluation.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Repo transactions in foreign currency	10,711,629.5	16,195,752.7	5,484,123.2	51.2
Other	152,456.3	146,092.4	-6,363.9	-4.2
Total	10,864,085.8	16,341,845.1	5,477,759.3	50.4
<i>of which currency revaluation differences</i>	<i>548,980.9</i>	<i>504,086.4</i>	<i>-44,894.5</i>	<i>-8.2</i>

Note 17. Liabilities to the IMF

The item comprises liabilities due to the funds received by NBP under the SDR allocation, including interest accrued thereon. SDR allocation was conducted in the second half of 2009.

Under the general and special allocation, the Republic of Poland received a total of SDR 1,304,639.7 thousand.

The decrease in the item resulted mainly from SDR currency revaluation.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Liabilities to the IMF	6,218,885.5	6,046,345.7	-172,539.8	-2.8
<i>of which currency revaluation differences</i>	-8,840.7	-178,014.6	-169,173.9	1,913.6

Note 18. Off-balance-sheet instruments revaluation differences

The item comprises currency revaluation differences on spot transactions recognised on off-balance-sheet accounts (see Note 25) and price revaluation differences on forward transactions in securities (see Note 26 and Note 33).

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Currency revaluation differences	2,541.8	4,155.1	1,613.3	63.5
Price revaluation differences	273.9	53.4	-220.5	-80.5
Total	2,815.7	4,208.5	1,392.8	49.5

Note 19. Accruals and deferred income

The item comprises accruals (including accruals in foreign currency) and deferred income.

As at 31 December 2013, the item amounted to PLN 199,558.3 thousand and was by PLN 2,888.9 thousand (1.4%) lower as compared with 31 December 2012. The decrease in the item resulted from the decrease in the balance of accruals and deferred income.

Note 20. Sundry

The item comprises mainly liabilities to public authorities, liabilities to suppliers, funds of the Employee Benefit Fund and balances arising from the adjustment of off-balance-sheet items in foreign currency to the average cost of foreign currency holding.

As at 31 December 2013, the item amounted to PLN 52,766.6 thousand and was by PLN 4,097.1 thousand (7.2%) lower as compared with 31 December 2012. The decrease in the item resulted mainly from lower balances arising from the adjustment of off-balance-sheet items in foreign currency to the average cost of foreign currency holding (see Note 25).

Note 21. Provisions for future liabilities

The item comprises mainly provisions for future liabilities to employees due to retirement severance payments, disability severance payments, jubilee awards and untaken leaves.

As at 31 December 2013, the item amounted to PLN 123,579.7 thousand and was by PLN 9,844.9 thousand (8.7%) higher as compared with 31 December 2012. The increase in the item resulted mainly from the increase in provisions for future liabilities to employees due to retirement severance payments.

Note 22. Revaluation accounts

As at 31 December 2013, the value of the item resulted mainly from currency revaluation gains on gold and on the following foreign currencies: GBP and EUR.

Currency revaluation gains are determined for:

- gold – by comparing the average cost of gold holding with the average market price of gold expressed in PLN, which is higher than the average cost,
- foreign currencies – by comparing the average cost of foreign currency holding with the average NBP exchange rate, which is higher than the average cost.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Gold revaluation account	1,618,023.2	1,618,023.2	0.0	0.0
Currency revaluation gains, of which	21,698,967.0	8,776,418.2	-12,922,548.8	-59.6
– on gold	12,730,499.2	7,638,688.3	-5,091,810.9	-40.0
– on foreign currencies	8,968,467.8	1,137,729.9	-7,830,737.9	-87.3
Price revaluation gains, of which	1,840,442.5	344,783.5	-1,495,659.0	-81.3
– on securities	1,839,719.2	344,397.0	-1,495,322.2	-81.3
– on off-balance-sheet financial instruments	723.3	386.5	-336.8	-46.6
Total	25,157,432.7	10,739,224.9	-14,418,207.8	-57.3

The average costs of holdings of individual foreign currencies and gold, the average NBP exchange rates and the average market price of gold are presented in the table below.

Price revaluation gains on securities are determined by comparing the average cost of securities holding with the average market price of these securities, which is higher than the average cost. As at 31 December 2013, price revaluation gains related mainly to interest-bearing securities in AUD, USD, GBP and MXN.

Price revaluation gains on off-balance-sheet instruments related to forward transactions in securities (see Note 26).

Because of the fact that as at 31 December 2013 there were:

- no unrealised gold revaluation losses,

– no decrease in gold holding as compared with the holding at the balance-sheet date of the previous financial year,
NBP did not release the gold revaluation account.

	Average cost of holding	Average NBP exchange rate / Average price of gold	Average cost of holding	Average NBP exchange rate / Average price of gold
	31.12.2012		31.12.2013	
PLN				
AUD	2.9296905375	3.2183	2.9664699547	2.6864
BRL	1.8802178382	1.5138	1.5097846268	1.2753
CAD	3.2109572868	3.1172	3.0279148071	2.8297
CHF	3.4056860912	3.3868	3.4035020298	3.3816
CZK	0.1603999993	0.1630	0.1606971177	0.1513
DKK	0.5596031137	0.5480	0.5564783132	0.5560
EUR	4.1048445547	4.0882	4.1447379246	4.1472
GBP	4.7494707457	5.0119	4.8180689389	4.9828
HUF	0.0136803907	0.0140	0.0141905208	0.0140
JPY	0.0401640074	0.0360	0.0304371447	0.0287
MXN	0.2463190782	0.2380	0.2497819256	0.2302
NOK	0.5161671035	0.5552	0.5252774756	0.4953
NZD	–	2.5488	2.5826789367	2.4741
SEK	0.4768318808	0.4757	0.4781631214	0.4694
USD	3.0205903233	3.0996	3.0693482142	3.0120
SDR	4.7729755923	4.7662	4.7701239618	4.6337
Ounce of gold*	1,310.3996257646	5,157.7344	1,310.3996257646	3,618.9180

* Price of an ounce of gold, expressed in USD, was USD 1,664.00 as at 31 December 2012 and USD 1,201.50 as at 31 December 2013.

Note 23. Capital and reserves

The item comprises:

- the statutory fund, whose amount is determined by Article 61 of the Act on the NBP,
- the reserve fund which, in accordance with Article 62 of the Act on the NBP, is created from the transfer of 5% of NBP's annual profit until it reaches the amount equivalent to the statutory fund. Reserve fund may only be used to cover NBP's balance-sheet losses,
- the provision against the foreign exchange rate risk of the zloty, created as provided for in Article 65 of the Act on the NBP.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Statutory fund	1,500,000.0	1,500,000.0	0.0	0.0
Reserve fund	966,590.7	1,243,645.5	277,054.8	28.7
Reserves	11,457,911.7	4,696,287.6	-6,761,624.1	-59.0
Total	13,924,502.4	7,439,933.1	-6,484,569.3	-46.6

The decrease in the item resulted from a partial use of the provision against the foreign exchange rate risk of the zloty, in the amount of PLN 6,761,624.1 thousand, in connection

with the unrealised losses which incurred as at the end of 2013 resulting from changes in the exchange rate of the zloty in the amount that could lead to a loss.

At the same time, the value of the item was affected by the increase in the reserve fund due to the transfer from profit for 2012 in the amount of PLN 277,054.8 thousand.

Note 24. Financial result

The item comprises:

- financial result for the current year, which was zero (see Note 44),
- portion of NBP's loss for the year 2007, which was not covered by the reserve fund; as at 31 December 2013 the item amounted to PLN 11,457,911.7 thousand and remained unchanged as compared with 31 December 2012.

7. Explanatory notes to off-balance-sheet items

Note 25. Spot transactions recognised on off-balance-sheet accounts

The decrease in the above items resulted from a lower volume of spot foreign exchange transactions carried out by NBP towards the end of the year, mainly with banks.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Receivables arising from spot transactions, of which	299,559.7	127,080.5	-172,479.2	-57.6
– <i>receivables denominated in foreign currency</i>	299,559.7	127,080.5	-172,479.2	-57.6
Liabilities arising from spot transactions, of which	299,559.7	127,080.5	-172,479.2	-57.6
– <i>liabilities denominated in domestic currency</i>	0.0	965.2	965.2	–
– <i>liabilities denominated in foreign currency</i>	299,559.7	126,115.3	-173,444.4	-57.9

Note 26. Off-balance-sheet financial instruments

The decrease in the item as at 31 December 2013 was related to a lower volume of forward transactions in securities carried out by NBP towards the end of the year.

	31.12.2012	31.12.2013	Change	
	PLN thousand			%
Securities denominated in foreign currency purchased in forward transactions	1,254,158.7	369,883.9	-884,274.8	-70.5
Securities denominated in foreign currency sold in forward transactions	5,435,135.7	0.0	-5,435,135.7	-100.0

Note 27. Limits on loans in foreign currency extended to the IMF

As of 15 November 2011, NBP became a participant in the New Arrangements to Borrow (NAB), which can be joined by member states of the IMF or their central banks. As a participant in the NAB, NBP has made a commitment to grant to the IMF an interest-bearing loan of up to SDR 2,528,590.0 thousand. The funds are transferred by NBP at the request of the IMF.

As at 31 December 2013, NBP's commitment to the NAB amounted to SDR 2,205,690.0 thousand (PLN 10,220,505.8 thousand according to the NBP average exchange rate as at the balance sheet date) as a result of:

- transferring SDR 352,600.0 thousand by NBP to the IMF in the years 2011–2013 (in 2011: SDR 174,000.0 thousand; in 2012: SDR 127,000.0 thousand and in 2013: SDR 51,600.0 thousand, respectively),
- receiving a loan repayment of SDR 29,700.0 thousand by NBP in the years 2012–2013 (in 2012: SDR 2,500.0 thousand and in 2013: SDR 27,200.0 thousand, respectively).

On 15 March 2013, NBP and the IMF concluded a bilateral loan agreement, in accordance with which NBP committed to extend an interest-bearing loan to the IMF amounting to the SDR equivalent of EUR 6,270,000.0 thousand. The funds are to be transferred by NBP at the request of the IMF. The IMF will be able to use these funds provided that it exhausts other available resources originating from member countries' quotas and loans under the NAB.

As at 31 December 2013, NBP's commitment to the bilateral loan agreement with the IMF amounted to EUR 6,270,000.0 thousand (PLN 26,002,944.0 thousand according to NBP average exchange rate as at the balance-sheet date) as the IMF did not use any of these funds in 2013.

Note 28. Other items recognised on off-balance-sheet accounts

As at 31 December 2013, other items recognised on off-balance-sheet accounts mainly related to:

- collateral received by NBP, related to NBP's own administrative activities, in the amount of PLN 27,961.8 thousand (as at 31 December 2012 – PLN 21,760.3 thousand),
- contingent assets claimed by NBP in the amount of PLN 126.5 thousand (as at 31 December 2012 – PLN 219.4 thousand).

Interest due from Bank Handlowo-Kredytowy S.A. under liquidation accrued after the date of its liquidation (i.e. from 1 April 1992) amounted to PLN 1,183,103.7 thousand; its amount did not change as compared with 31 December 2012.

8. Explanatory notes to profit and loss account

Note 29. Interest, discount and premium income

The item comprises mainly interest and discount income on the main investment instruments of foreign exchange reserves (see Note 3).

	2012	2013	Change	
	PLN thousand			%
Interest and discount income on securities denominated in foreign currency	5,976,974.8	5,728,837.3	-248,137.5	-4.2
Interest income on the NBP's bank accounts denominated in foreign currency	312,588.0	373,436.1	60,848.1	19.5
Interest income on credits and loans, of which	15,411.9	1,854.6	-13,557.3	-88.0
– in foreign currency	1,252.9	1,219.4	-33.5	-2.7
– in domestic currency	14,159.0	635.2	-13,523.8	-95.5
Other income	9,636.0	8,112.2	-1,523.8	-15.8
Total	6,314,610.7	6,112,240.2	-202,370.5	-3.2

In 2013 the decrease in the item resulted mainly from:

- lower by PLN 248,137.5 thousand income from interest and discount income on securities denominated in foreign currency, which resulted mainly from lower average annual interest rate on securities denominated in EUR, GBP, NOK, AUD and USD,

and:

- higher by PLN 60,848.1 thousand interest income on NBP's bank accounts denominated in foreign currency, which resulted mainly from an increase in the share of term deposits in foreign currency in the investment structure of foreign exchange reserves (primarily due to starting investment in term deposits in NZD).

At the same time, the change in income from interest, discount and premium on investment instruments of foreign exchange reserves was affected by:

- an increase in the average annual level of foreign exchange reserves (their average level amounted to EUR 69,759.4 million in 2013 as compared with EUR 66,384.8 million in 2012),
- a change in average annual exchange rates of the zloty – appreciation of the zloty against USD, GBP, AUD, NOK, BRL, and a simultaneous depreciation of the zloty against EUR and MXN (see table below presenting the average annual exchange rates).

The lower, by PLN 13,523.8 thousand, interest income on credits and loans in domestic currency, resulted mainly from the full repayment of receivables on the refinancing loan for central investments in 2012.

Moreover, in 2013 there was a decrease in interest income on the current account with the IMF and on the reserve tranche by PLN 2,809.2 thousand recognised in the item *Other income*, as well as a decrease in interest income on the loans extended to the IMF under the NAB, by PLN 33.5 thousand, recognised in the item *Interest income on credits and loans* (see Note 2).

The average annual exchange rates of the zloty in 2012–2013 are presented below.

	2012	2013	Change	
	PLN			%
USD	3.2570	3.1608	-0.0962	-3.0
EUR	4.1850	4.1975	0.0125	0.3
GBP	5.1597	4.9437	-0.2160	-4.2
AUD	3.3712	3.0587	-0.3125	-9.3
NOK	0.5597	0.5383	-0.0214	-3.8
NZD	2.6365	2.5914	-0.0451	-1.7
BRL	1.6734	1.4711	-0.2023	-12.1
MXN	0.2474	0.2478	0.0004	0.2

Note 30. Interest, discount and premium expenses

The item comprises mainly interest, discount and premium expenses on instruments used by NBP under monetary policy operations (see Note 11), on the main investment instruments of foreign exchange reserves (see Note 3 and Note 16) and on other bank accounts operated by NBP.

	2012	2013	Change	
	PLN thousand			%
Premium expenses on securities denominated in foreign currency	3,504,051.9	3,275,046.9	-229,005.0	-6.5
Interest and discount expenses on issued securities denominated in domestic currency	4,489,497.3	3,767,401.6	-722,095.7	-16.1
Interest expenses on bank accounts operated by NBP, of which	1,478,994.2	991,252.5	-487,741.7	-33.0
- on accounts in foreign currency	82,694.1	52,752.7	-29,941.4	-36.2
- on accounts in domestic currency	1,396,300.1	938,499.8	-457,800.3	-32.8
Other expenses	6,952.4	5,282.1	-1,670.3	-24.0
Total	9,479,495.8	8,038,983.1	-1,440,512.7	-15.2

In 2013 the decrease in the item resulted mainly from:

- lower by PLN 722,095.7 thousand discount expenses on issued securities denominated in domestic currency, primarily due to a decrease in the average annual level of reference rate that determines the yield on monetary bills, from 4.61% in 2012 to 2.94% in 2013, with a simultaneous increase in the issue of NBP's monetary bills under open market operations; the level of main operations in average annual terms⁶ amounted to PLN 124,280.4 million in 2013 as compared with PLN 94,343.4 million in 2012 and the level of fine-tuning operations amounted to PLN 1,845.9 million in 2013 as compared with PLN 1,626.8 million in 2012,
- lower by PLN 487,741.7 thousand interest expenses on bank accounts operated by NBP. This change stemmed mainly from lower interest expenses on the required minimum reserves of banks, and lower interest expenses on term deposits of the government sector denominated in domestic currency,

⁶ To calculate average annual values, all calendar days from 1 January to 31 December of each year were taken into account.

- lower by PLN 229,005.0 thousand premium expense on securities denominated in foreign currency, mainly due to higher yields on securities that translated into lower prices, and a simultaneous increase in:
 - the share of fixed-interest rate securities in the structure of foreign exchange reserves, and
 - the level of foreign exchange reserves in average annual terms (see Note 29).

At the same time, the premium expenses were affected by the change in the average annual exchange rates of the zloty – appreciation against USD, GBP, AUD, NOK, BRL and depreciation against EUR and MXN (see Note 29 – the list of average annual exchange rates of the zloty).

Moreover, in 2013 there was a decrease by PLN 1,917.0 thousand in interest expenses on liabilities towards the IMF due to the SDR allocation recognised in the item *Other expenses* (see Note 17).

Note 31. Income on financial operations

The item comprises mainly:

- realised foreign exchange gains on foreign currency transactions,
- realised price gains on the sale of securities in spot transactions,
- realised price gains on the settlement of forward transactions in securities.

	2012	2013	Change	
	PLN thousand			%
Realised foreign exchange gains	6,988,671.8	5,138,756.2	-1,849,915.6	-26.5
Realised price gains, of which	3,687,649.7	1,750,310.7	-1,937,339.0	-52.5
- on spot transactions in securities	3,152,671.4	1,502,492.0	-1,650,179.4	-52.3
- on off-balance-sheet financial instruments	534,978.3	247,818.7	-287,159.6	-53.7
Other income on financial operations	12.7	2.7	-10.0	-78.7
Total	10,676,334.2	6,889,069.6	-3,787,264.6	-35.5

In 2013 the decrease in the item resulted mainly from:

- lower realised foreign exchange gains on transactions in USD, AUD and NOK, with simultaneously higher gains on transactions in EUR and GBP,
- lower realised price gains on the spot sale transactions of interest-bearing securities denominated in USD, GBP, EUR and AUD,
- lower realised price gains on forward transactions in securities denominated in AUD and EUR.

Note 32. Expenses on financial operations

The item comprises mainly:

- realised foreign exchange losses on foreign currency transactions,
- realised price losses on the sale of securities in spot transactions,
- realised price losses on the settlement of forward transactions in securities.

	2012	2013	Change	
	PLN thousand			%
Realised foreign exchange losses	77,392.3	651,799.9	574,407.6	742.2
Realised price losses, of which	415,706.5	1,873,391.4	1,457,684.9	350.7
– on spot transactions in securities	333,059.2	1,627,679.8	1,294,620.6	388.7
– on off-balance-sheet financial instruments	82,647.3	245,711.6	163,064.3	197.3
Other expenses on financial operations	2.0	2.8	0.8	40.0
Total	493,100.8	2,525,194.1	2,032,093.3	412.1

In 2013 the increase in this position resulted mainly from:

- higher realised price losses on the spot sale transactions of securities denominated in EUR, GBP, USD and AUD,
- higher realised foreign exchange losses on transactions in AUD, NOK and USD; moreover, in 2013 there were realised foreign exchange losses on transactions in NZD,
- higher realised price losses on forward transactions in securities denominated in AUD and GBP, with simultaneously lower price losses on transactions denominated in EUR.

Note 33. Unrealised losses

In 2013 the amount of losses was mainly the effect of foreign currency revaluation losses and price revaluation losses on securities, as at 31 December 2013.

	2012	2013	Change	
	PLN thousand			%
Foreign currency revaluation losses	749,928.2	6,815,972.9	6,066,044.7	808.9
Price revaluation losses, of which	84,898.5	1,457,878.3	1,372,979.8	1,617.2
– revaluation losses on securities	84,624.6	1,457,824.9	1,373,200.3	1,622.7
– revaluation losses on off-balance-sheet instruments	273.9	53.4	-220.5	-80.5
Total	834,826.7	8,273,851.2	7,439,024.5	891.1

Foreign currency revaluation losses are determined by comparing the average cost of foreign currency holding with the average NBP exchange rate, which is lower than the average cost (see Note 22). In 2013 currency revaluation losses mainly related to the following currencies: AUD, USD, NOK, NZD, BRL, MXN and SDR.

Price revaluation losses on securities are determined by comparing the average cost of securities holding with the average market price of these securities, which is lower than the average cost. As at 31 December 2013, price revaluation losses mainly related to interest-bearing securities denominated in USD, GBP, EUR, NZD and NOK.

Price revaluation losses on off-balance-sheet instruments related to forward transactions in securities (see Note 26).

Note 34. Income on transfers from risk provisions and on reversal of write-downs of financial assets

In 2013 income in the amount of PLN 6,761,624.1 thousand resulted from a partial use of the provision against the foreign exchange rate risk of the zloty (see Note 23). In 2012, the income amounted to PLN 376,114.3 thousand and was related to the adjustment of the amount of the provision.

Note 35. Fees and commissions income

The item comprises mainly fees and commissions income on execution of payment orders by NBP, on operation of bank accounts and participation in the TARGET2 system.

In 2013 the item amounted to PLN 33,736.1 thousand and was by PLN 890.0 thousand (2.6%) lower as compared with 2012.

Note 36. Fees and commissions expenses

The item comprises fees and commissions expensed by NBP due to:

- substitution cash services provided by other banks to the State budget on behalf of NBP (in cities and towns in which NBP does not have its own branches),
- participation in the TARGET2 system,
- maintenance of NBP's accounts in foreign currency abroad,
- execution of own payment orders.

In 2013 the item amounted to PLN 37,577.0 thousand and was by PLN 106,533.3 thousand (73.9%) lower as compared with 2012. The decrease in the item resulted mainly from the fact that in 2013 there were no expenses on fees charged on the financial markets of developing countries.

Note 37. Income on shares and equities

The item comprises mainly income on dividends from shares and equities held by NBP in domestic and foreign entities (see Note 6).

	2012	2013	Change	
	PLN thousand			%
Income on shares and equities in domestic entities	8,673.0	5,159.9	-3,513.1	-40.5
Income on shares and equities in foreign entities	12,553.6	12,583.0	29.4	0.2
Total	21,226.6	17,742.9	-3,483.7	-16.4

In 2013 the income comprised the total of dividend proceeds from shares in National Depository for Securities, National Clearing House and in the Bank for International Settlements in Basel.

Note 38. Other income

The item comprises mainly income on the sale of collector coins and banknotes, rental of office premises and sale of IT services. Moreover, income on the due share of the profit from sale of a portion of gold holdings by the IMF was recognized in this item.

In 2013 the item amounted to PLN 176,782.0 thousand and was by PLN 27,823.8 thousand (18.7%) higher as compared with 2012. The increase in the item resulted mainly from the income on the sale of gold holdings by the IMF, which was higher than in the previous year. At the same time, there was a decrease in the income on the sale of collector coins and banknotes.

Note 39. Salaries and social contributions

The item comprises expenses on salaries, social contributions as well as on provisions for future liabilities to employees due to retirement and disability severance payments, jubilee awards and untaken leaves.

In 2013 the item amounted to PLN 477,628.0 thousand and was by PLN 20,430.0 thousand (4.5%) higher as compared with 2012. The increase in the item resulted mainly from higher, by PLN 16,213.1 thousand, expenses on salaries (including expenses on provisions for future liabilities to employees), as well as higher, by PLN 4,216.9 thousand, expenses on social contributions, in line with the adopted Human Resources and payroll policy.

Note 40. Administrative expenses

The decrease in the item resulted mainly from lower expenses on services from third parties and expenses on materials and energy with a simultaneous increase in expenses on benefits for employees and other eligible persons.

	2012	2013	Change	
	PLN thousand			%
Materials and energy	34,593.2	33,552.7	-1,040.5	-3.0
Benefits for employees and other eligible persons	13,812.6	16,283.1	2,470.5	17.9
Business travels	7,430.9	7,612.6	181.7	2.4
Services from third parties	158,082.9	145,882.2	-12,200.7	-7.7
Taxes and fees	20,985.4	21,586.9	601.5	2.9
Transfers to special funds	4,723.9	4,726.2	2.3	0.0
Other administrative expenses	29,630.2	30,638.9	1,008.7	3.4
Total	269,259.1	260,282.6	-8,976.5	-3.3

Note 41. Depreciation and amortization expenses

In 2013 fixed assets depreciation expenses related mainly to the depreciation of machines and devices as well as buildings and premises, while intangible assets amortization expenses related to computer software.

	2012	2013	Change	
	PLN thousand			%
Fixed assets depreciation expenses	56,259.8	63,988.2	7,728.4	13.7
Intangible assets amortization expenses	12,588.5	15,532.6	2,944.1	23.4
Total	68,848.3	79,520.8	10,672.5	15.5

Note 42. Expenses on issue of banknotes and coins

The item comprises the expenses on issue of banknotes and coins, including collector banknotes and coins.

In 2013 the item amounted to PLN 268,792.1 thousand and was by PLN 1,355.9 thousand (0.5%) higher as compared with 2012. The increase in the item resulted mainly from:

- higher expenses on issuing banknotes due to an increase in orders for general circulation banknotes arising primarily from the planned introduction of banknotes with modernised security features to circulation in 2014,

with a simultaneous:

- reduction of the expenses on issuing coins, mainly as a result of a decrease in the number of orders for collector coins and lower expenses on the consumption of gold and silver used to mint them.

Note 43. Other expenses

The item comprises mainly expenses corresponding to the nominal value of collector coins and banknotes sold, expenses on increasing provisions for future liabilities and expenses due to write-downs of other assets.

In 2013 the item amounted to PLN 29,366.0 thousand and was by PLN 12,865.7 thousand (78.0%) higher as compared with 2012. The increase in the item was mainly the result of the write-down of tangible fixed assets effected in 2013. At the same time expenses corresponding to the nominal value of collector coins and banknotes sold decreased.

Note 44. Financial result for the current year and its allocation

The financial result of NBP for 2013 amounted to zero and was lower by PLN 5,541,094.6 thousand (100.0%) as compared with 2012.

In accordance with Article 62 and Article 69 of the Act on the National Bank of Poland, NBP's profit shall be allocated (within 14 days following the approval of the annual financial statements of NBP by the Council of Ministers) to:

- NBP reserve fund (5% of profit),
- the State budget, as NBP's contribution from profit.

As the financial result of NBP for 2013 was zero, there will be no contribution to the State budget, nor allocation to NBP reserve fund in 2014.

9. Other explanatory notes

Note 45. Flexible Credit Line

The Flexible Credit Line (FCL) is an IMF instrument intended for countries with sound fundamentals and positive macroeconomic outlook. In the case of Poland, it is a precautionary facility.

The current Flexible Credit Line of SDR 22,000,000.0 thousand as at 31 December 2013 was granted to Poland on 18 January 2013 by the Executive Board of the IMF for two years (i.e. until 17 January 2015). The Government of the Republic of Poland was the authorising entity of the FCL, while NBP serviced it as the fiscal agency of the Government.

Note 46. Foundation of NBP

On 10 August 2009, NBP established the Foundation of Narodowy Bank Polski whose main statutory purpose is to support activities promoting the development of economics and economic education. On 31 August 2009, the Foundation was entered into the National Court Register. The registered capital of the Foundation amounts to PLN 1,500.0 thousand, of which PLN 750.0 thousand is earmarked for business activities.

Note 47. Events after the balance sheet date

On 1 January 2014, the key for subscription of the ECB's capital was adjusted in accordance with Article 29 of the Statute of the ESCB and the ECB. The adjustment takes place every five years on the basis of the European Union countries' population and GDP data provided to the ECB by the European Commission. Following the recent adjustment, NBP's share in the ECB's capital increased to 5.1230%, which corresponds to EUR 554,565.1 thousand. As a result, the share of ECB capital, which NBP has paid-up, increased to EUR 20,796.2 thousand. The respective payment to the ECB in the amount of EUR 1,075.3 thousand was made by NBP on 2 January 2014.

10. Financial and operational risk

Narodowy Bank Polski operates an integrated risk management system which is a continuous and repeatable decision-making process that supports the attainment of NBP goals, while using appropriate organisational, procedural and technical solutions.

The risk management system embraces three inherently connected levels:

- decentralised operational risk management in all departments and organisational units of NBP, by their directors, with the participation of the so-called “risk managers”,
- activities of dedicated organisational units:
 - the Financial Risk Management Department responsible for financial risk management,
 - the Operational Risk and Compliance Department that, among others, develops draft rules and methodologies concerning operational risk, analyses and monitors operational risk and compliance risk at NBP, puts in place new tools, reports on operational risk and compliance throughout the bank,
 - the Commission for Risk Management that, among others, assesses the effectiveness of operational risk management in the Bank as a whole and issues recommendations in this respect; the Commission is headed by a member of the Management Board of NBP (so called “Chief Risk Officer”) who was appointed in 2013 to oversee the whole risk area of NBP,
- strategic decision-making by the Management Board of NBP.

The tasks carried out under the risk management system comprise:

- on-going identification and analysis of individual types of risk,
- measurement of risk level,
- selection and application of risk mitigation mechanisms,
- monitoring and day-to-day control of the efficiency of applied risk mitigation mechanisms,
- provision of periodical information about the results of risk management,
- acceptance/no acceptance of the existing risk level.

10.1. Financial risk

The main types of financial risk underlying the activities of NBP are: credit risk, liquidity risk and market risk (interest rate risk and foreign exchange rate risk). The accepted level of financial risk is set through the system of investment limits and constraints, and the exposure to various types of risk under the adopted constraints is monitored on an on-going basis by the Financial Risk Management Department. The analysis of exposure to financial risk is presented to the Management Board of NBP on a regular basis.

10.1.1. Credit risk

Credit risk is related to potential financial losses arising from counterparty default (in particular, failure to repay, in full or in part, principal or interest within the agreed time), or due to a decrease in the market value of investment instruments arising from the deterioration in the creditworthiness of the issuer.

Credit risk in foreign exchange reserve management

In the process of foreign exchange reserve management, NBP uses the following credit risk mitigation methods:

- limiting the share of term deposit transactions and non-government securities,
- counterparty selection criteria and on-going monitoring of their creditworthiness,
- limits imposed on counterparties of term deposit transactions and foreign exchange transactions,
- limitation of the maturity of term deposit transactions,
- selection criteria for issuers of securities,
- limits for issuers of securities,
- entering into framework agreements with counterparties,
- collateral in reverse repo agreements.

Credit risk analyses are conducted by NBP using both data related to the financial position of counterparties and assignments of rating agencies as well as risk valuation reflected in market quotations.

The dominant portion of foreign exchange reserves is invested in government securities, characterised by the highest level of safety and liquidity. Non-government securities held in the investment portfolios are issued primarily by international institutions and government agencies; the scale of investment in the corporate bond market is small. The share of term deposits in foreign exchange reserves is also low – transactions are concluded for short periods with banks of high creditworthiness.

Credit risk underlying domestic credit operations

To support the liquidity of the financial system, NBP makes available marginal lending facility (Lombard credit), intraday credit in PLN and intraday credit in euro to domestic banks. The risk underlying these operations is mitigated through the use of eligible collateral, i.e. meeting the criteria set by NBP. Treasury and NBP securities denominated in PLN are the primary collateral presented by banks in credit operations, though the list of assets accepted as collateral comprises also other securities deposited with the National Depository for Securities, including covered bonds, municipal bonds, corporate bonds, bonds issued by the European Investment Bank denominated in PLN, as well as Polish Eurobonds.

When setting the required level of risk, the haircut rate is applied. The purpose of the haircut is to reduce the probability of a drop in the market value of the collateral below the value of extended loan as a result of unfavourable changes in the market price of securities and/or exchange rates. The haircut rate for marginal lending facility and intraday credit is set on the basis of the nominal value of accepted securities.

Intraday credit in euro is extended in accordance with the principles laid down by the ECB, and it may be collateralised by Treasury bonds participating in BondSpot S.A. fixing (in addition, haircut related to the exchange rate risk is taken into account).

10.1.2. Liquidity risk

Liquidity risk is related to the possibility of incurring additional expenses, if an urgent need arises to raise liquid funds.

Due to the fact that Narodowy Bank Polski has the exclusive right to issue banknotes and coins of the Republic of Poland, NBP is capable of creating liquidity in domestic currency. It is, however, constrained by the responsibility of NBP for the stability of domestic currency. The assumptions of monetary policy are set annually by the Monetary Policy Council, which, based on the above assumptions, also approves the financial plan of NBP.

In the process of foreign exchange management, NBP ensures adequate liquidity of funds by matching current and expected cash flows. Investments are made in markets ensuring immediate availability of funds – all reserve currencies and investment instruments exhibit high liquidity.

10.1.3. Interest rate risk

Interest rate risk is related to a potential decline in the market value of financial instruments due to an unfavourable change in their market yield.

The primary measure of interest rate risk applied by NBP is modified duration that specifies the sensitivity of investment portfolios values to changes in the yield on financial instruments.

To mitigate the interest rate risk in the process of managing foreign exchange reserves, NBP defines the benchmark modified duration of foreign exchange reserves, along with admissible fluctuation bands.

In 2013 a low modified duration of reserves was maintained given the probability of a rise in yields on securities. A strong rise in the yields on 10-year government securities on the US, UK and New Zealand markets, reaching around 120 bps, was a response to the earlier than expected announcement by the Federal Reserve of tapering the bond-buying programme amid a gradual improvement of the US economy, in particular the situation in the labour market.

10.1.4. Foreign exchange rate risk

Foreign exchange rate risk arises out of a potential decline in the value of foreign currency holdings as a result of unfavourable exchange rates fluctuations in the foreign exchange market.

The assessment of exposure to foreign exchange rate risk is carried out based on the parametric Value at Risk methodology. The level of VaR calculated as at the balance sheet date is taken into account for calculating the amount of the provision against the foreign exchange rate risk of the zloty (see Section 4).

In the process of foreign exchange reserves management, NBP defines the currency structure of the strategic benchmark, along with admissible fluctuation bands. In 2013 the strategic benchmark currency composition was as follows: 36% USD, 32% EUR, 12% GBP, 10% AUD, 7% NOK and 3% NZD.⁷ In addition, 1.5% of the reserves were investments in currencies of developing countries – MXN and BRL.

In 2013 the volatility of exchange rates of reserve currencies was at a slightly higher level than observed in the previous year, which was driven by uncertainty about the time and scale of tapering of the Federal Reserve bond-buying programme.

10.2. Operational risk

Operational risk is the potential possibility of incurring financial or non-financial damages at NBP, resulting from inappropriate management or malfunction of NBP resources, including mainly IT systems, property, personnel or provisions of internal regulations, as well as damages caused by internal or external events, failure or employee's error. Operational risk encompasses the following risk sub-categories: safety risk, personnel risk, legal risk, technological risk and management risk.

Operational risk management embraces, in particular:

- day-to-day operational risk identification, analysis and measurement;
- selection and application of mechanisms that eliminate, transfer or mitigate operational risk;
- seeking the additional mechanisms that eliminate, transfer or mitigate operational risk or acceptance of the existing operational risk level;
- making necessary changes to work organisation, creating conditions for full and timely task performance, managing own resources and setting internal procedures to eliminate, transfer or mitigate operational risk.

NBP applies various methods of risk mitigation, prevention of incidents⁸ and limitation of their potential consequences. These mechanisms include, in particular:

- external and internal regulations,
- the scope of job responsibilities and division of duties
- data reconciliation, and the “four-eyes” principle,
- the system of (financial, time) limits and restrictions,
- access control as well as IT and telecommunications, physical and electronic safeguards,
- backup copies, contingency and evacuation plans,
- insurance,
- control and internal audit.

One of the methods for limiting the occurrence of incidents whose probability is low, but potential effects would be significant, is the Business Continuity Plan of Narodowy Bank Polski. It is applied to the critical functions listed below:

- settlement of payments in zloty in RTGS system and in euro using the PHA application,

⁷ In 2012, respectively: 36% USD, 32% EUR, 15% GBP, 10% AUD and 7% NOK.

⁸ Incident – a one-off event of incorrect functioning of NBP resources or an external event that leads or may lead to negative financial or non-financial consequences for NBP.

- foreign exchange reserve management,
- services provided to the account holder,
- implementing monetary policy and exchange rate policy,
- performing tasks of a securities issuing agent and keeping the securities register,
- providing banks with banknotes and coins.

Director of the Accounting
and Finance Department
of Narodowy Bank Polski:

/-/ Grażyna Gielecińska

Management Board
of Narodowy Bank Polski:

/-/ Marek Belka
/-/ Piotr Wiesiołek
/-/ Witold Koziński
/-/ Jacek Bartkiewicz
/-/ Eugeniusz Gatnar
/-/ Andrzej Raczko
/-/ Paweł Samecki
/-/ Katarzyna Zajdel-Kurowska
/-/ Małgorzata Zaleska

Warsaw, 28 March 2014

The document is a translation of the document originally issued in Polish. The only binding version is the Polish version.



**REGISTERED AUDITOR`S OPINION
ON THE CONDENSED FINANCIAL STATEMENTS**

To the Monetary Policy Council of the National Bank of Poland

The attached condensed financial statements of the National Bank of Poland (hereinafter called "the NBP"), Warsaw, Świętokrzyska 11/21, were prepared by the Management Board of the NBP based on the audited financial statements of the NBP for the year ended 31 December 2013 ("the annual financial statements"). The annual financial statements were prepared on the basis of the provisions of the Act on the National Bank of Poland of 29 August 1997 (Journal of Laws of 2013, item 908 as amended), Resolution No. 16/2003 of the Monetary Policy Council of 16 December 2003 on the accounting policies, the structure of balance sheet's assets and equity and liabilities and the income statement of the National Bank of Poland (NBP Official Journal of 2003, No. 22, item 38 as amended), Resolution No. 12/2010 of the Monetary Policy Council of 14 December 2010 on the principles for creating and reversing a provision against the foreign exchange risk of the Polish zloty at the National Bank of Poland (NBP Official Journal of 2010, No. 17, item 19), Resolution No. 63/2008 of the Management Board of the National Bank of Poland of 11 December 2008 on the method of performing accounting tasks at the National Bank of Poland (as amended) and Resolution No. 29/2007 of the Management Board of the National Bank of Poland of 25 October 2007 on the management of fixed assets at the National Bank of Poland (as amended).

We have audited the annual financial statements of the NBP, from which the condensed financial statements were derived, in accordance with chapter 7 of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330 as amended), the national standards on auditing issued by the National Chamber of Registered Auditors and the International Standards on Auditing. On 28 March 2014 we issued an unqualified audit opinion on these annual financial statements.

In our opinion, the accompanying condensed financial statements of the NBP, prepared on the basis of the audited annual financial statements of the NBP, are consistent, in all material respects, with the audited annual financial statements of the NBP.

For a fuller understanding of the financial position of the NBP as at 31 December 2013 and of the financial result for the year from 1 January to 31 December 2013, the condensed financial statements should be read in conjunction with the annual financial statements from which they were derived and our opinion and audit report thereon.

The auditor conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company no. 144:

Adam Celiński
Key Registered Auditor
No. 90033

Warsaw, 12 May 2014

*PricewaterhouseCoopers Sp. z o.o.,
Al. Armii Ludowej 14, 00-638 Warszawa, Polska
T: +48 (22) 523 4000, F: +48 (22) 523 4040, www.pwc.com*

PricewaterhouseCoopers Sp. z o.o. is entered into the National Court Register maintained by the District Court for the Capital City of Warsaw, under KRS number 000044655, NIP 526-021-02-26. The share capital is PLN 10,363,900. The seat of the Company is in Warsaw at Al. Armii Ludowej 14.

Appendix 1

External environment of the Polish economy



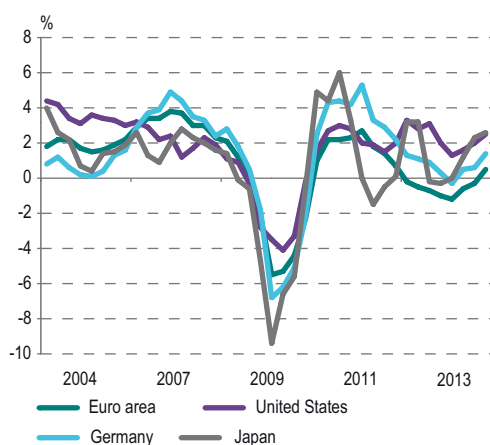
External environment of the Polish economy

In 2013, monetary policy was conducted against the backdrop of low, but gradually accelerating global economic growth (Figure A1.1, Figure A1.2), continued expansionary monetary policy of major central banks and the continuation of fiscal tightening in many countries. This was accompanied by a large volatility of sentiment in financial markets and the related changes in capital flows.

Average economic growth in developed economies in 2013 was slower than a year before. In the United States the ongoing fiscal tightening contributed to a reduction in GDP growth. In turn, the euro area – the main trading partner of Poland – remained in recession.¹ Low demand in some of the euro area countries was associated with further adjustments in the balance sheets of the private and public sectors, loss of competitiveness and the continuously unfavourable labour market conditions. In the euro area's largest economy – Germany – the economic situation was better than in many other countries of the region, however, GDP growth was lower than in previous years. The reduction in GDP growth in Germany was mainly due to lower export growth, accompanied by a further decline in investment.

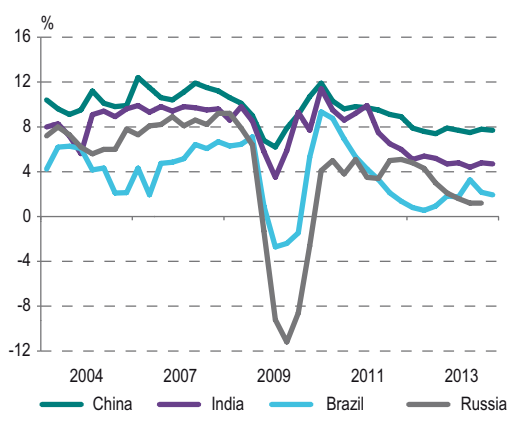
In the major emerging economies GDP growth remained low, as for these countries, which was partly due to the continuing slow growth in demand from developed economies. In some of these economies (including China and India), low GDP growth in 2013 was also associated with constraints on the supply side of the economy and slow growth in domestic demand. The decreasing prices of commodities in the global markets also had a negative impact on the growth of commodity-exporting emerging economies.

Figure A1.1. GDP growth in major developed economies in 2004–2013 (y/y)



Source: Bloomberg.

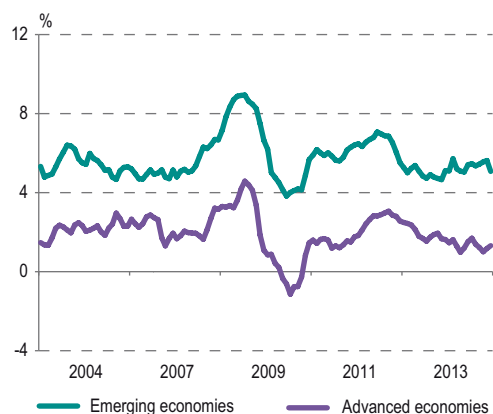
Figure A1.2. GD growth in major emerging economies in 2004–2013 (y/y)



Source: Bloomberg.

¹ Although the quarterly GDP growth in the euro area was positive from 2013 Q3, in the entire 2013 output growth declined by 0.5% y/y.

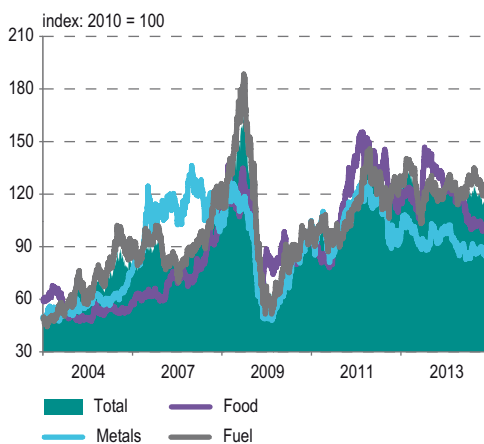
Figure A1.3. Global inflation in 2004–2013*



* Weighted average inflation in the developed and the largest emerging economies (accounting for 80% of the GDP in this group of countries in 2012). Aggregates in accordance with the division adopted by the IMF. Individual countries have been weighted according to their share of global GDP.

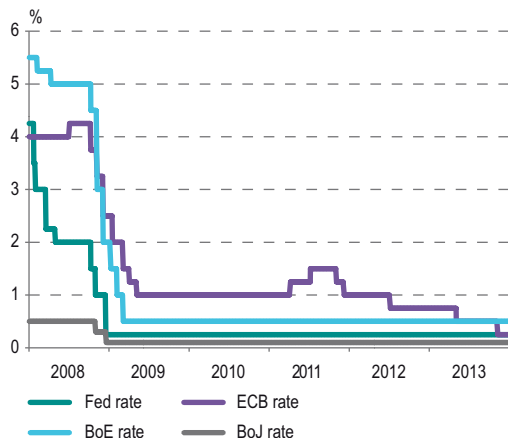
Source: Bloomberg data, NBP calculations.

Figure A1.4. Index of commodity prices in the global markets (2004–2013)



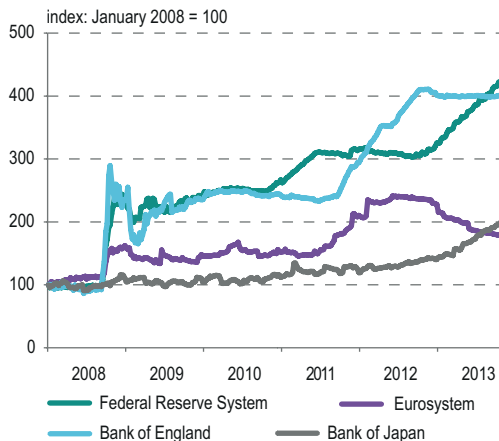
Source: Bloomberg.

Figure A1.5. Interest rate of major central banks in 2008–2013



Source: Bloomberg.

Figure A1.6. Balance sheets of major central banks in 2008–2013 (January 2008 = 100)



Source: Bloomberg data, NBP calculations.

Low demand pressure and the fall in commodity prices in the global markets was conducive to a decline in inflation in many countries (Figure A1.3, Figure A1.4). In the developed economies, inflation was lower than a year earlier, while in emerging economies – it increased slightly, but remained relatively low by historical standards. The increase in inflation in some emerging countries resulted from the depreciation of the exchange rates of their currencies.

Due to the low growth of economic activity and the attendant low inflationary pressures, in 2013 the major central banks continued to pursue a highly expansionary monetary policy (Figure A1.9, Figure A1.10).

Monetary policy of the major central banks significantly affected the change in sentiment in global financial markets. In the first months of 2013, further quantitative easing by the Fed and increased asset purchases by the Bank of Japan were conducive to maintaining a low risk aversion and increasing the prices of most assets. Since May, i.e. after the Fed started signalling the possibility of a gradual tapering of quantitative easing, an outflow of capital from emerging economies was seen, coupled with the depreciation of currencies of many countries and a decline in the prices of their assets. Also in the second half of the year, uncertainty about the future monetary policy of the Fed supported the increased volatility of global asset prices, in particular the assets of emerging economies.

The Fed's actions also had a significant impact on the monetary policy of central banks in emerging economies. In 2013, most of these banks lowered their interest rates or kept them at a low level, mainly due to the relatively low growth in economic activity. When the Fed signalled the possibility of tapering quantitative easing, some of them intervened in the currency market to curb the depreciation of their currencies.

Appendix 2

GDP and domestic demand



GDP and domestic demand

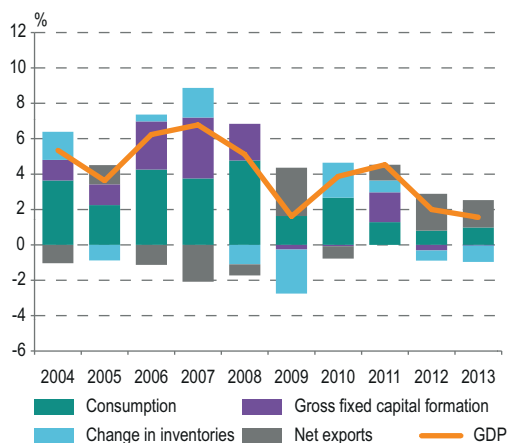
Annual GDP growth in 2013 was 1.6% (in comparison to 2.0% in 2012; Figure A2.1, Figure A2.2, Table A2.1). The slowdown in GDP growth in 2013 resulted from a protracted period of weak economic conditions abroad, including, in particular, persisting recession in the euro area and a decline in GDP growth in Germany. Weak external demand and continued uncertainty about the economic situation abroad curbed export growth and corporate investment. At the same time – under the still excessive public sector deficit – further measures were undertaken to curb the growth of government expenditure. In particular, public investment was reduced. Moreover, in 2013 unemployment remained high, which limited the growth of wages and private consumption. As a result, domestic demand – as in 2012 – was stagnant. Net exports continued to make a positive contribution to GDP growth, which resulted from the continued higher growth of exports than imports.

The year 2013 saw a gradual acceleration of economic growth (from 0.4% in 2013 Q1 to 2.7% in 2013 Q4). The evolution of the main components of aggregate demand is discussed below.

The growth of private consumption in the first half of 2013 remained at a level close to zero. The stagnation in private consumption was due to a slow growth of households' disposable income, resulting from a decrease in employment and the persistently high unemployment rate, which limited the growth of wages. As the labour market gradually improved in the second half of the year, private consumption increased. The revival of private consumption was also supported by an improvement in consumer sentiment and the easing of banks' criteria of granting consumer loans.

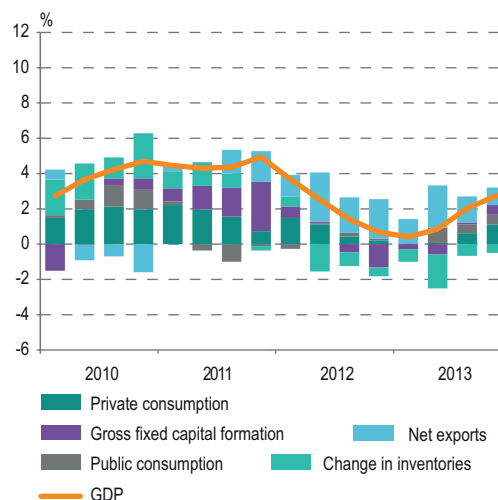
Public consumption growth remained lower in 2013 than its long-term average. This moderate growth in public consumption resulted from further measures aimed at reducing

Figure A2.1. Contribution of aggregate demand components to GDP growth in 2004–2013 (annual data)

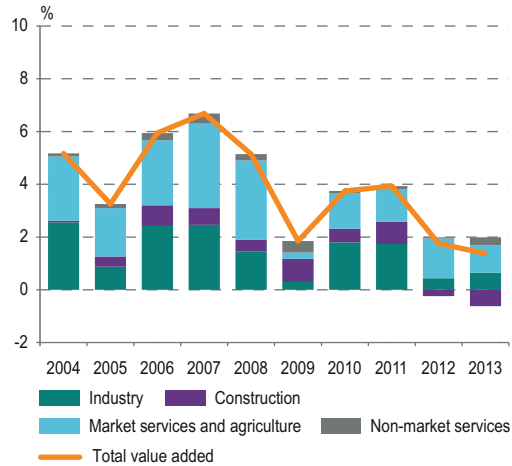


Source: GUS data, NBP calculations.

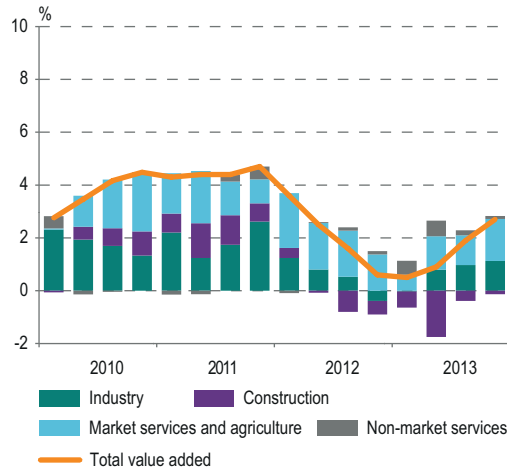
Figure A2.2. Contribution of aggregate demand components to GDP growth in 2010–2013 (annual data)



Source: GUS data, NBP calculations.

Figure A2.3. Contribution to gross value added growth in 2004–2013 (annual data)

Source: GUS data, NBP calculations.

Figure A2.4. Contributions to gross value added growth in 2010–2013 (quarterly data)

Source: GUS data, NBP calculations.

fiscal imbalances, including in particular the application of the expenditure rule and the fiscal rules in local government units, as well as the wage freeze in the central government sub-sector.

In 2013, investment demand was somewhat lower than in 2012.¹ The decline in public investment² related to the measures aimed at reducing the fiscal imbalance weighed investment in the economy.³ The year 2013 also saw a decline in residential investment due to the persistently weak labour market conditions, as well as the completion of the government programme *Family on its own* and the relatively stringent criteria for granting housing loans (the result of, among other things, the amendment to Recommendation S implemented in early 2013). However, due to the recovery of corporate investment in the second half of the year, gross fixed assets increased somewhat in late 2013. The gradual improvement in investment activity of corporations stemmed from the economic recovery, both at home and abroad, and the increased use of transfers from the EU funds allocated for capital expenditure of the private sector. The increase in gross fixed capital formation of enterprises was also supported by the relatively high level of capacity utilization and improving financial situation of firms.

¹ Given low growth of gross fixed capital formation and negative contribution of change in inventories to GDP resulting from the pro-cyclical nature of this category, accumulation in 2013 dropped in comparison to 2012.

² The decline in public investment was mainly attributable to a reduction in spending on road projects from the National Road Construction Programme for 2011–2015 and the reduction of capital expenditure of local governments due to government fiscal rules.

³ In 2013 action aimed at reducing growth in expenditure of the public finance sector continued, particularly those of units outside the state budget. As a result, in 2013 the nominal increase in expenditure of the public finance sector was lower than the nominal GDP growth. Despite this action, the sector's deficit in terms of ESA95 rose to 4.3% of GDP (from 3.9% of GDP in 2012). The increase in the deficit resulted from the low growth of tax income of the public finance sector due to the persistent stagnation of domestic demand.

Table A2.1. GDP and domestic demand in 2004–2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	GDP growth and its components at constant prices (%)									
GDP	3.9	3.6	6.2	6.8	5.1	1.6	3.9	4.5	2.0	1.6
Domestic demand	6.2	2.5	7.3	8.7	5.6	-1.1	4.6	3.6	-0.1	0.0
Consumption	4.3	2.7	5.2	4.6	6.1	2.0	3.4	1.6	1.0	1.2
Private consumption	4.7	2.1	5.0	4.9	5.8	2.1	3.2	2.6	1.3	0.8
Capital formation	14.7	1.4	16.1	24.3	3.9	-11.5	9.3	11.2	-4.0	-4.7
Gross fixed capital formation	6.4	6.5	14.9	17.6	9.6	-1.2	-0.4	8.5	-1.6	-0.2
Exports	14.0	8.0	14.6	9.1	7.1	-6.8	12.1	7.7	3.9	4.6
Imports	15.8	4.7	17.3	13.7	8.0	-12.4	13.9	5.5	-0.7	1.2
Contribution of net exports to GDP growth (percentage points)	-1.0	1.1	-1.1	-2.1	-0.6	2.7	-0.7	0.9	2.0	1.6
	Structure of GDP at current prices (%)									
GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Domestic demand	102.4	100.7	101.8	102.9	104.0	99.9	101.2	101.2	99.7	97.6
Consumption	82.3	81.5	80.8	78.4	80.1	79.6	80.2	79.1	79.2	78.8
Private consumption	63.7	62.5	61.6	59.6	60.7	60.2	60.4	60.3	60.6	60.0
Capital formation	20.1	19.3	21.1	24.4	23.9	20.3	21.0	22.1	20.5	18.7
Gross fixed capital formation	18.1	18.2	19.7	21.6	22.3	21.2	19.9	20.2	19.2	18.4
Exports	37.5	37.1	40.4	40.8	39.9	39.4	42.2	45.1	46.7	47.8
Imports	39.8	37.8	42.2	43.6	43.9	39.4	43.4	46.2	46.4	45.4
Net exports	2.4	-0.7	-1.8	-2.9	-4.0	0.1	-1.2	-1.2	0.3	2.4

Source: GUS data, NBP calculations.

In 2013, net exports made the largest contribution to GDP growth (1.6 percentage points). In the first half of the year export growth remained at a low level, and imports declined. The fall in imports stemmed from slow growth of highly import-dependent export production and weak domestic demand. In the second half of the year, as the economic situation improved both at home and abroad, exports and imports increased. Due to a stronger recovery in exports than imports, the contribution of net exports to GDP growth remained clearly positive.

Gross value added growth fell from 2.0% y/y in 2012 to 1.5% y/y in 2013. This was primarily the result of a significant decline in the value added in construction, which, however, in the second half of the year stopped falling (Figure A2.3, Figure A2.4). In comparison with 2012 gross value added accelerated in the industrial sector and non-market services.

Appendix 3

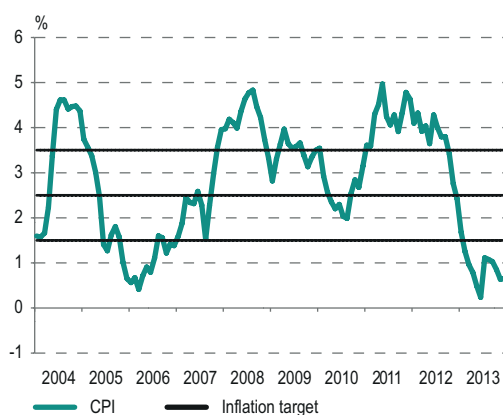
Prices of consumer goods and services



Prices of consumer goods and services

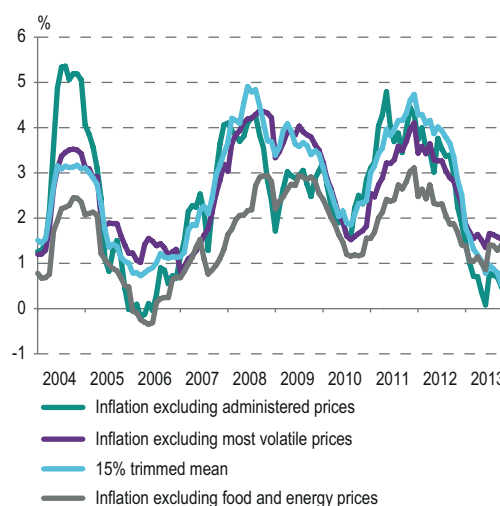
Following a period of heightened inflation, in 2013 the annual index of consumer prices (CPI) decreased substantially. The average annual inflation amounted to 0.9%, thus running below the NBP inflation target of 2.5% +/- 1 percentage point (Figure A3.1, Table A3.1). The fall in inflation was supported by the increases in the NBP interest rates performed in 2011–2012. Yet the decline in inflation was significantly sharper than expected due to supply shocks observed in that period (a decrease in commodity prices, especially those of energy and agricultural products) and slower than expected economic growth, which translated into weak demand and cost pressures. In 2013, price growth sank below its long-term average across all the key categories of goods (i.e. energy, food and non-alcoholic beverages, services and goods). Core inflation declined as well (Figure A3.2).

Figure A3.1. Annual CPI and the inflation target in 2004–2013



Source: GUS data.

Figure A3.2. Core inflation indices in 2004–2013 (y/y)



Source: GUS data, NBP calculations.

In 2013 global prices of energy commodities decreased. This, coupled with a slight strengthening of the zloty against the dollar,¹ and a fall in gas prices at the beginning of 2013,² contributed to an overall decline in energy prices in Poland. This negative energy price growth stood in contrast to the previous years and significantly lowered the CPI index. The decline in inflation in 2013 was also supported by food price growth being markedly slower than in previous years. The weaker growth of prices of food and non-alcoholic beverages occurred mainly due to favourable supply conditions in the agricultural commodity markets, amidst low demand. The growth in prices of goods and services was also constrained by slower

¹ In 2013, the nominal effective zloty exchange rate appreciated, in terms of the annual average, by 0.7% on the year before (specifically, it weakened against the euro by 0.3% while strengthening against the dollar by 2.9%).

² The decrease in gas prices from January 2013 came as a result of the decision of the President of the Energy Regulatory Office (URE) following a prior decline in the prices of gas purchased by the PGNiG company from Gazprom.

than expected economic growth and the related modest wage increases (amidst an elevated unemployment rate and low inflation expectations). Another factor with a dampening effect on consumer inflation was a decline in producer prices (related to, above all, lower global commodity prices, amidst only a slight appreciation of the zloty). In turn, factors exerting upward pressure on inflation in the middle of 2013 were mostly of an administrative nature – in July 2013, waste disposal charges were raised as the act changing the principles of managing municipal waste came into force.³

The index of consumer goods and services prices reflects the trends in four main categories of prices (Figure A3.3, Figure A3.4). Specifically, the decline in inflation in 2013 resulted from the following factors:⁴

- A fall in the prices of energy (energy prices grew by 7.9% y/y in 2012, and decreased by 1.5% y/y in 2013), which reduced CPI inflation by 1.7 percentage points. The decline in energy prices resulted from:
 - lower fuel prices (a decrease in crude oil prices in the global commodity markets amidst a slight appreciation of the zloty against the dollar);
 - a decline in natural gas prices at the beginning of 2013 (a cut in gas tariffs following a prior decline in the prices of gas purchased by the PGNiG company from Gazprom⁵);
 - a decline in electricity prices in mid-2013 (a reduction in tariffs due to low wholesale prices in the market for electricity⁶).
- Slower growth in the prices of food and non-alcoholic beverage (food and non-alcoholic beverage prices increased by 4.3% y/y in 2012 and by 2.0% y/y in 2013), which translated into a decline of 0.6 percentage point in CPI inflation. The decline in this price category was caused, above all, by the following factors:
 - falling meat prices, in particular, those of poultry (due to large supply);
 - a decrease in the annual egg price growth (statistical base effects resulting from a significant rise in egg prices in 2012, after the new regulation on chicken cage breeding had entered into force);
 - slower growth in sugar prices as well as those of bread and cereal products (high supply of some agricultural commodities in the global market).⁷
- Slower service price growth (prices of services rose by 3.0% y/y in 2012 and by 2.0% y/y in 2013), which lowered CPI inflation by 0.3 percentage point. The decline in this price category was caused, above all, by:
 - a decrease in the prices of telecommunication services (due to greater competition between the operators and the introduction of price promotions on telecommunication services);

³ In July, a sharp rise in the annual food price growth was observed, related to a change in the methodology for recording potato prices by the Central Statistical Office (GUS), as well as their low supply related to unfavourable weather and water conditions at the beginning of the year.

⁴ The categories listed in the order reflecting their impact on the levels of the average annual overall CPI index in 2013.

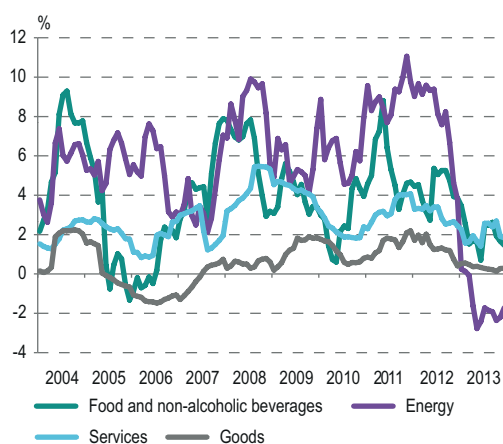
⁵ Decision of the URE President reducing the tariffs on natural gas sold to households of 17 December 2012.

⁶ Decision of the URE President reducing the tariffs on natural gas sold to households of 11 June 2013.

⁷ A large supply of agricultural commodities was also observed in the markets for, among others, grain, oleaginous plants, sugar and coffee.

- a reduction in kindergarten fees (introduction of a ceiling on the hourly rate charged for a child's stay in kindergarten⁸).
- Slower goods price growth (good prices increased by 1.3% y/y in 2012 and by 0.3% y/y in 2013), which translated into a 0.3 percentage point fall in CPI inflation. The decline in this price category was primarily the effect of weak consumer demand.

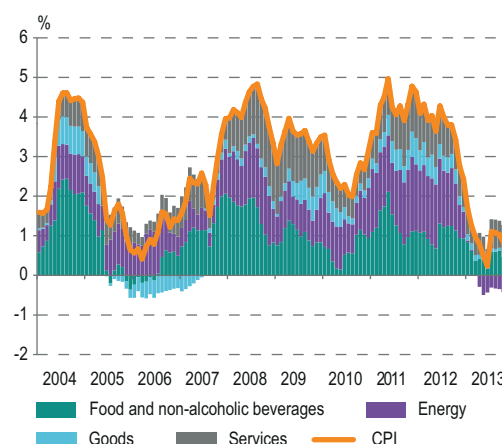
Figure A3.3. Annual growth in the prices of food, non-alcoholic beverages, energy, goods and service in 2004–2013



* The category of energy includes energy products (electricity, gas, heating fuel) and engine fuels (for private means of transport); the category of goods is exclusive of food, non-alcoholic beverages and energy.

Source: GUS data, NBP calculations.

Figure A3.4. Annual growth in the prices of consumer goods and services and the contributions of main price categories to CPI in 2004–2013



Source: GUS data, NBP calculations.

Table A3.1. Annual growth in consumer goods and services prices and the contribution of the main price categories

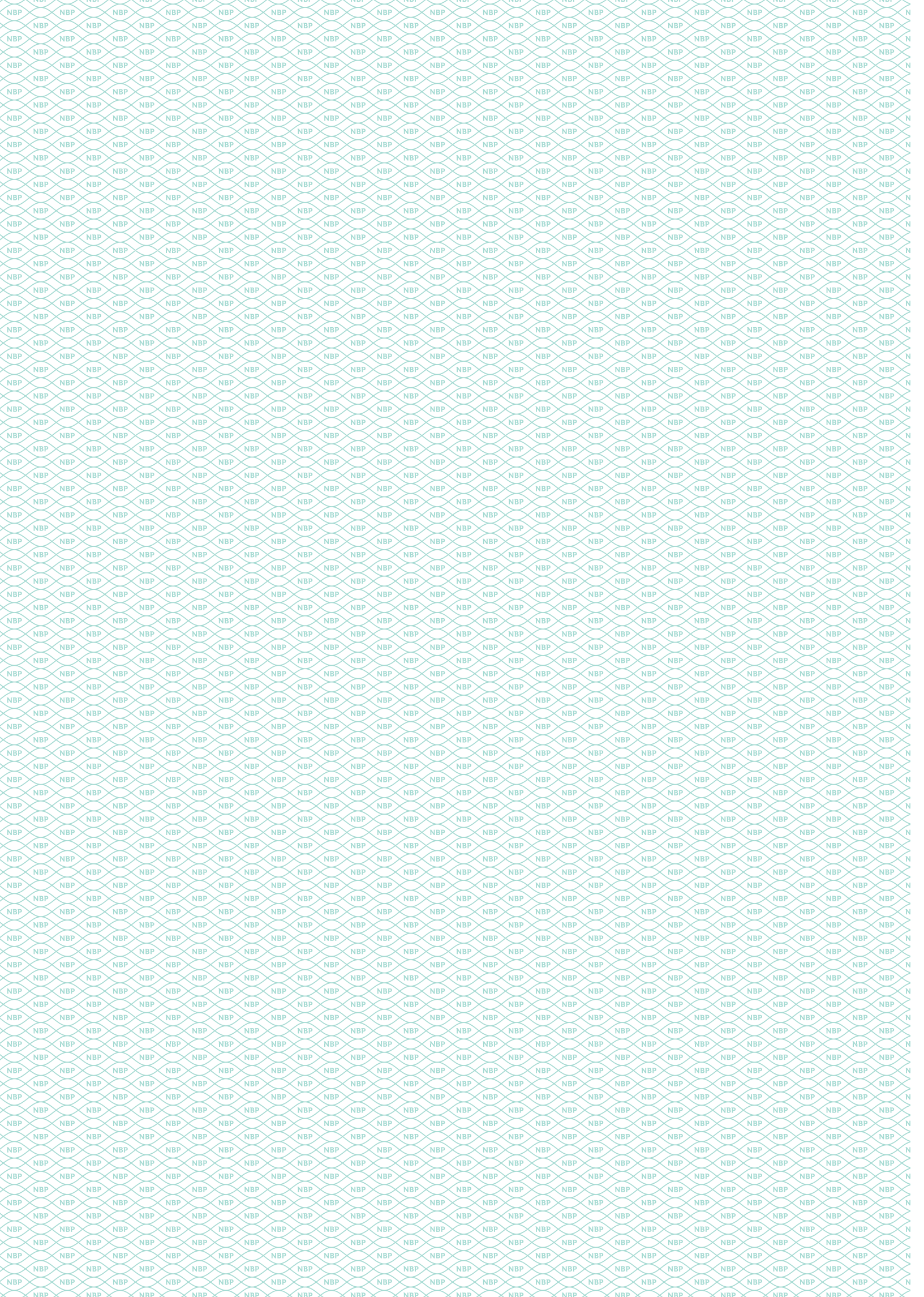
	Weights 2013, %	Change (y/y, %)													yearly average
		2013													
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII		
CPI	100.0	1.7	1.3	1.0	0.8	0.5	0.2	1.1	1.1	1.0	0.8	0.6	0.7	0.9	
Core inflation	57.8	1.4	1.1	1.0	1.1	1.0	0.9	1.4	1.4	1.3	1.4	1.1	1.0	1.2	
Goods	29.3	0.5	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.1	0.3	0.3	0.3	
Services	28.5	2.3	1.6	1.6	1.9	1.7	1.4	2.6	2.6	2.4	2.7	1.9	1.8	2.0	
Food and non-alcoholic beverages	24.3	3.5	2.5	1.5	1.7	1.6	0.7	2.5	2.5	2.6	1.9	1.7	1.5	2.0	
Processed	13.6	2.6	2.3	0.8	0.2	0.3	0.4	0.4	0.4	0.6	0.6	0.5	0.4	0.8	
Unprocessed	10.7	4.5	2.9	2.5	3.5	3.2	1.1	5.1	5.2	5.2	3.7	3.1	2.7	3.6	

⁸ The decline in the prices of services related to education was the effect of the Act Amending the Act on the Education System and Certain Other Acts (Journal of Laws of 2013, item 827). According to the new regulations, the hourly rate for classes in kindergarten (beyond the minimum 5 hours which, according to the Act, are free of charge) may not exceed PLN 1. The previous version of the Act did not put constraints on the amount of those fees.

Prices of consumer goods and services

	Weights 2013, %	Change (y/y, %)												yearly average
		2013												
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Energy	17.8	0.2	0.1	-0.1	-1.6	-2.8	-2.4	-1.7	-1.9	-1.9	-2.4	-2.2	-1.7	-1.5
Energy carriers	12.5	1.6	1.2	0.9	-0.4	-0.4	-0.5	-1.3	-1.3	-1.4	-1.4	-1.4	-1.3	-0.5
Fuels	5.4	-2.9	-2.4	-2.3	-4.5	-8.2	-6.9	-2.7	-3.1	-3.0	-4.6	-4.2	-2.6	-4.0
According to 12 COICOP groups														
Food and non-alcoholic beverages	24.3	3.5	2.5	1.5	1.7	1.6	0.7	2.5	2.5	2.6	1.9	1.7	1.5	2.0
Alcoholic beverages and tobacco products	6.3	3.0	3.2	3.6	3.6	3.5	3.7	3.6	3.6	3.7	3.6	3.6	3.7	3.5
Clothing and footwear	4.8	-5.1	-5.1	-5.2	-5.1	-4.8	-4.7	-5.0	-4.8	-4.7	-4.8	-4.9	-4.9	-4.9
Home maintenance and energy carriers	20.8	2.6	2.3	2.0	1.1	1.1	1.0	2.3	2.3	2.2	2.1	2.1	2.2	2.0
Home equipment and household maintenance	4.6	1.7	1.7	1.4	1.2	1.0	0.7	0.7	0.5	0.4	0.1	0.4	0.1	0.8
Health	5.0	2.3	2.2	2.1	1.9	1.9	1.7	1.6	1.4	1.2	1.2	2.0	1.9	1.8
Transportation	9.4	-0.8	-0.6	-0.5	-2.2	-4.2	-3.5	-1.2	-1.4	-1.4	-2.3	-2.3	-0.9	-1.8
Telecommunications	4.1	-1.4	-4.5	-7.3	-7.3	-9.7	-9.7	-9.7	-9.7	-9.7	-7.2	-11.7	-11.6	-8.3
Recreation and culture	7.9	0.1	-0.2	1.5	3.5	3.8	3.4	2.9	2.9	3.9	4.1	3.8	3.3	2.8
Education	1.2	2.8	2.6	2.7	2.6	2.6	2.5	2.6	2.5	-5.9	-6.0	-6.0	-6.0	-0.3
Restaurants and hotels	6.4	2.8	2.7	2.5	2.4	2.4	2.2	2.1	2.0	1.9	1.8	1.8	1.7	2.2
Other goods and services	5.1	1.5	1.2	1.1	1.1	0.8	0.6	0.7	0.6	0.4	0.4	0.2	0.2	0.7
Contribution to CPI (percentage points)														
2013														
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
CPI	100.0	1.7	1.3	1.0	0.8	0.5	0.2	1.1	1.1	1.0	0.8	0.6	0.7	0.9
Core inflation	57.8	0.8	0.6	0.6	0.7	0.6	0.5	0.8	0.8	0.7	0.8	0.6	0.6	0.7
Goods	29.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Services	28.5	0.6	0.4	0.5	0.6	0.5	0.4	0.7	0.7	0.7	0.8	0.5	0.5	0.6
Food and non-alcoholic beverages	24.3	0.8	0.6	0.4	0.4	0.4	0.2	0.6	0.6	0.6	0.5	0.4	0.4	0.5
Processed	13.6	0.4	0.3	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Unprocessed	10.7	0.5	0.3	0.3	0.4	0.4	0.1	0.5	0.5	0.5	0.4	0.3	0.3	0.4
Energy	17.8	0.0	0.0	0.0	-0.3	-0.5	-0.4	-0.3	-0.3	-0.3	-0.4	-0.4	-0.3	-0.3
Energy carriers	12.5	0.2	0.2	0.1	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1
Fuels	5.4	-0.2	-0.1	-0.1	-0.2	-0.4	-0.4	-0.1	-0.2	-0.2	-0.2	-0.2	-0.1	-0.2
According to 12 COICOP groups														
Food and non-alcoholic beverages	24.3	0.8	0.6	0.4	0.4	0.4	0.2	0.6	0.6	0.6	0.5	0.4	0.4	0.9
Alcoholic beverages and tobacco products	6.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.7
Clothing and footwear	4.8	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	0.1
Home maintenance and energy carriers	20.8	0.5	0.5	0.4	0.2	0.2	0.2	0.5	0.5	0.5	0.4	0.4	0.5	0.6
Home equipment and household maintenance	4.6	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Health	5.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Transportation	9.4	-0.1	-0.1	0.0	-0.2	-0.4	-0.3	-0.1	-0.1	-0.1	-0.2	-0.2	-0.1	0.4
Telecommunications	4.1	-0.1	-0.2	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-0.5	-0.5	-0.3
Recreation and culture	7.9	0.0	0.0	0.1	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	-0.1
Education	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.2
Restaurants and hotels	6.4	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.9
Other goods and services	5.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7

Source: GUS data and NBP calculations based on GUS data.



Appendix 4

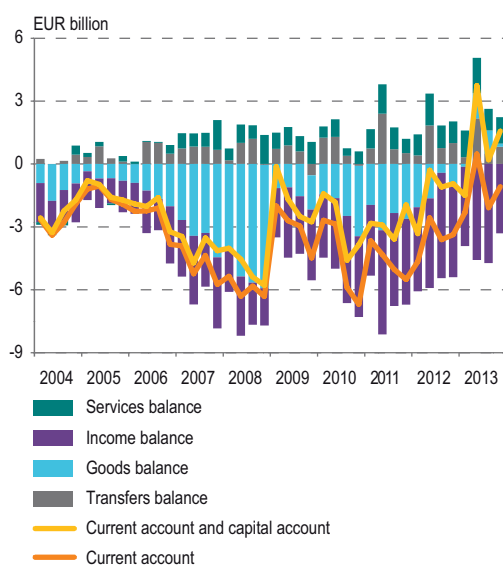
Balance of payments



Balance of payments

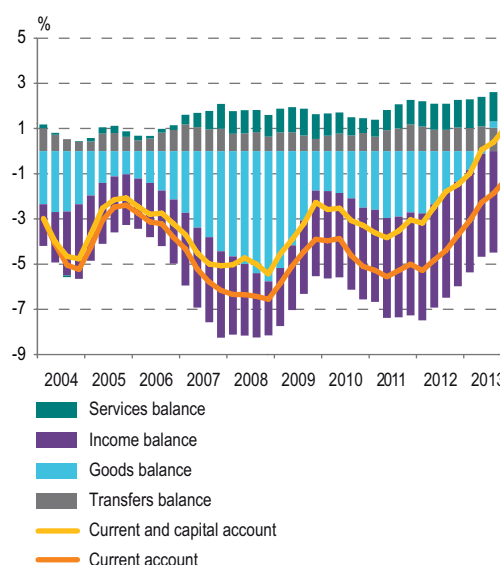
In 2013, the deficit on the current account narrowed down to -1.3% of GDP (from -3.7% of GDP in 2012). This was largely the effect of an improved balance on trade in goods (Figure A4.1, Figure A4.2, Table A4.1). The improvement in the current account balance was also supported by a higher surplus on the service account and a lower deficit on the income account.¹ Yet, the deficit on the income account continued to be the key factor which kept the current account balance in negative territory.

Figure A4.1. Current account balance in 2004–2013



Source: NBP data.

Figure A4.2. Current and capital account balance to GDP (4 quarters, rolling window)



Source: GUS and NBP data.

The improvement in the balance on goods – particularly pronounced in the first half of the year – resulted, above all, from weak imports. Limited import demand in the first half of 2013 was related to both weak growth of export production (which is characterised by high import intensity), declining domestic demand in that period and a decrease in the value of crude oil imports (due to a fall in the prices of this commodity in the global markets). As external trade began to recover in the second half of 2013, supported by a gradual improvement in business conditions both at home and abroad, the balance of trade in goods deteriorated somewhat towards the end of the year.²

The deficit on the income account in 2013 was slightly lower than in 2012. As in previous years, the negative balance on this account was primarily attributable to the high income obtained by non-residents on their investment in Poland, including in particular, direct and

¹ The increase in the surplus on services resulted primarily from a marked rise in the surplus on transport services.

² In 2013 Q2, Q3 and Q4, a surplus was recorded on trade in goods.

Table A4.1. Main items on the balance of payments in 2004–2013 (EUR million)*

Balance of payments	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
A. Current account	-10,736	-5,856	-10,425	-19,245	-23,799	-12,152	-18,129	-18,519	-14,191	-4,984
Balance of trade in goods	-4,826	-2,508	-5,829	-13,827	-20,928	-5,427	-8,893	-10,059	-5,175	2,309
Balance on service account	28	585	582	3,441	3,475	3,427	2,334	4,048	4,642	5,249
Balance on income account	-6,775	-5,490	-7,728	-11,928	-8,685	-11,828	-14,415	-16,869	-17,662	-16,377
Balance on current transfers	837	1,557	2,550	3,069	2,339	1,676	2,845	4,361	4,004	3,835
B. Capital account	954	786	1,666	3,418	4,068	5,080	6,453	7,254	8,550	9,011
C. Financial account	6,629	12,151	10,586	27,621	25,924	24,597	30,936	23,091	17,549	2,182
Polish direct investment abroad	-757	-2,792	-7,137	-4,020	-3,072	-3,335	-5,484	-5,935	-607	3,684
Foreign direct investment in Poland	10,237	8,330	15,741	17,242	10,128	9,343	10,507	14,896	4,763	-4,574
Portfolio investment – assets	-1,055	-2,008	-3,685	-4,606	1,701	-1,009	-799	628	-335	-2,059
Portfolio investment – liabilities	8,486	11,797	1,485	-20	-3,655	11,303	20,041	11,266	16,134	1,640
Other investment – assets	-9,602	-2,181	-3,137	-1,321	4,039	3,911	-2,837	-2,605	-1,605	427
Other investment – liabilities	-834	-1,132	7,868	21,804	17,527	5,681	10,090	4,972	-3,045	2,672
Derivative financial instruments	154	137	-549	-1,458	-744	-1,297	-582	-131	2,244	392
D. Errors and omissions	3,838	-627	204	-2,414	-8,621	-7,111	-7,767	-7,132	-3,171	-5,452
Sum A to D	685	6,454	2,031	9,380	-2,428	10,414	11,493	4,694	8,737	757
E. Change in official reserve assets	-685	-6,454	-2,031	-9,380	2,428	-10,414	-11,493	-4,694	-8,737	-757

* With regard to the financial account, the presented figures should be interpreted as follows: positive (negative) value of residents' investment abroad (items: Polish direct investment abroad, portfolio investment: assets, other investment: assets) denote a decrease (increase) in Polish assets abroad. Conversely, positive (negative) value of non-residents' investment in Poland (items: foreign direct investment in Poland, portfolio investment: liabilities, other investment: liabilities) mean an increase (decrease) in Polish liabilities towards non-residents. The sum of items A to D is equivalent to the amount of transactions by NBP. In the balance of payments convention, the opposite sign is used with respect to the item "change in official reserve holdings": a negative sign denotes an increase in the official reserve assets, while a positive sign denotes a decrease in these assets.

Source: NBP data.

portfolio investment. A slight narrowing in the deficit on income resulted from a further decline in foreign investors' income on direct and other investment, amidst a rise in their income on portfolio investment.

In 2013, the balance of current and capital transfers was close to the figure observed in 2012: the increase in Poland's EU membership fee was offset by a higher inflow of funds under the Cohesion Fund.³

The combined balance of the current and capital accounts improved significantly, rendering a sizeable reduction in the financial account surplus (Table A4.2). The narrowing of the surplus on the financial account was driven by the negative balance on foreign direct investment (caused by a withdrawal of some share in equity from Polish subsidiaries under the so-called capital in transit transaction⁴) and a significantly lower inflow of foreign portfolio investment. Net portfolio investment inflows were dampened by the rise in global risk aversion and capital being redirected to less risky assets denominated in major world currencies. A factor

³ As a result, the combined balance of the current and capital accounts improved significantly, amounting to 1.0% of GDP as compared with -1.5% GDP in 2012.

⁴ Those transactions were of purely financial nature (transfer of funds within a capital group) and were not reflecting economic developments in Poland. In particular they were not the result of weaker economic slowdown.

prompting some of the foreign investors to realise their profits – especially in 2013 Q2 and Q3 – were the high prices of Polish sovereign bonds in that period.

As a result of the improvement in the current account balance and the lowering of the foreign debt of Poland, some indicators of Poland's external imbalance improved. In particular, the ratio of the current account deficit to GDP decreased, with a surplus appearing on the combined current and capital account balance. Moreover, the relation of Poland's external debt to GDP decreased. At the same time, due to lower value of Polish assets abroad (in a form of official reserve assets and foreign direct investment) the country's negative net international investment position further deepened (Table A4.2).

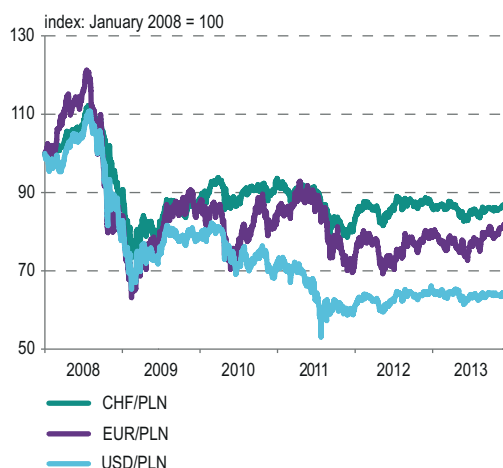
In the first half of 2013, the zloty exchange rate depreciated slightly on the back of heightened risk perception related to the so-called Cyprus crisis (in March), the announcement by the Federal Reserve of a possible tapering of its quantitative easing programme (in May and

Table A4.2. Selected external stability indicators in 2004–2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Current account balance/GDP (%)	-5.2	-2.4	-3.8	-6.2	-6.6	-3.9	-5.1	-5.0	-3.7	-1.3
Current and capital account balance/GDP (%)	-4.8	-2.1	-3.2	-5.1	-5.4	-2.3	-3.3	-3.0	-1.5	1.0
Balance of trade in goods/GDP (%)	-2.4	-1.0	-2.1	-4.4	-5.8	-1.7	-2.5	-2.7	-1.4	0.6
Current and capital account balance/GDP (%)	-2.3	-0.8	-1.9	-3.3	-4.8	-0.6	-1.8	-1.6	-0.1	1.9
Official reserve assets expressed in terms of monthly imports of goods and services	4.0	4.7	3.8	3.9	3.3	5.3	5.4	5.2	5.6	5.2
Foreign debt/GDP (%)	46.6	45.9	47.4	50.9	47.9	62.4	66.9	67.5	72.6	70.7
Net external position/GDP (%)	-46.2	-44.2	-46.4	-52.6	-47.5	-61.8	-66.0	-59.8	-68.0	-69.4

Source: GUS and NBP data, NBP calculations.

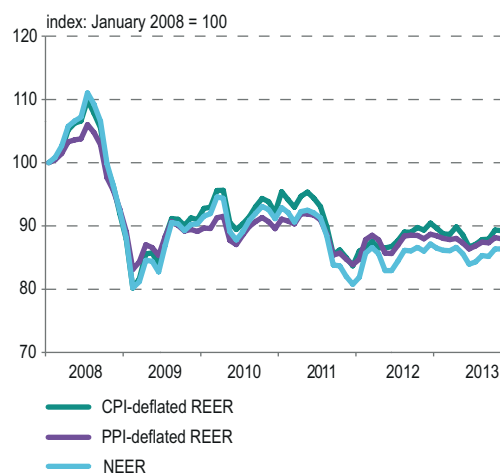
Figure A4.3. Nominal effective zloty exchange rate against major currencies in 2008–2013



Note: increase denotes appreciation.

Source: Bloomberg data.

Figure A4.4. Real and nominal effective exchange rate in 2008–2013

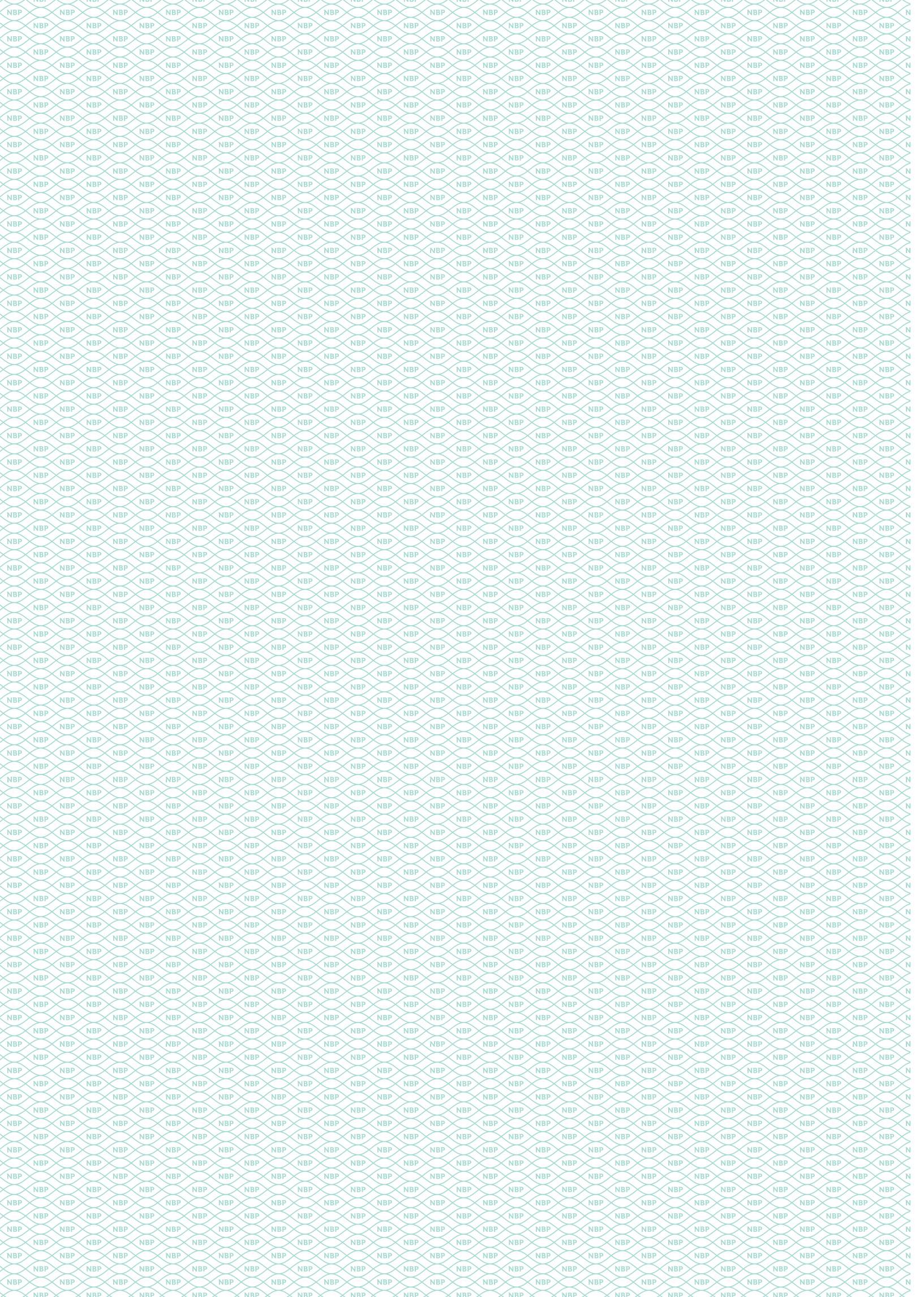


Note: increase denotes appreciation.

Source: Eurostat, OECD, Reuters data, NBP calculations.

June), and relatively weaker – in comparison with previous expectations – data on Poland's economic growth. In the second half of the year, on the other hand, the currency strengthened. The appreciation of the zloty was mainly supported by the publication of stronger domestic macroeconomic data, including a significant reduction in the current account deficit. Another factor influencing the zloty movements was the improvement in the outlook for the euro area economic growth and an appreciation of the euro.

The nominal effective exchange rate (NEER) strengthened slightly in comparison to 2012 (Figure A4.3, Figure A4.4). The appreciation of the zloty against the dollar (by 2.9%) and the Swiss franc (by 1.8%) was accompanied by a slight weakening against the euro (by 0.3%).



Appendix 5

Money and credit

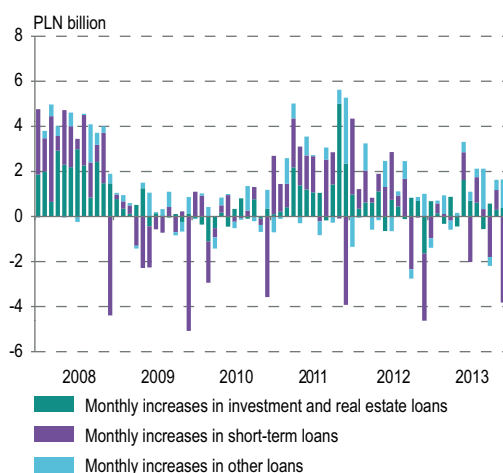


Money and credit

In 2013 – as in 2012 – growth in lending to the private sector remained slow.¹ The annual growth in private sector debt in 2013 stood at 3.9%, as compared to 4.4% in 2012.² Amidst weak economic activity, including weak investment activity, growth in corporate lending remained small. At the same time, as a result of the gradual recovery in consumer credit, combined with a stable – albeit low – increase in mortgage loans, household loan growth picked up somewhat.

Growth in corporate loans in 2013 was insignificant, which was caused by a fall in short-term loans and a limited increase in investment loans (Figure A.5.1, Figure A.5.2). Low lending to firms was driven by both limited corporate demand for external financing, as well as supply factors, associated with banks' lending policy. Although a significant reduction in NBP's interest rates in 2012–2013 translated into lower interest rates on loans, persistently stringent loan granting criteria and a certain tightening of lending terms resulted, especially in the first half of 2013, in lower credit growth.³

Figure A5.1. Month-on-month changes in new zloty loans to enterprises in 2008–2013



Source: NBP data.

Figure A5.2. Annual growth in investment and short-term loans to enterprises in 2008–2013



Source: NBP data.

In turn, as regards loans to households, consumer loan granting criteria were considerably eased. However, the still relatively restrictive credit policy in mortgage loans segment limited the scale of the rebound in household lending (Figure A5.3, Figure A5.4).

¹ Growth rates of monetary aggregates discussed in this chapter refer to transactional changes.

² The presented growth rates are annual growth rates for the private sector loans as of December 2012 and December 2013.

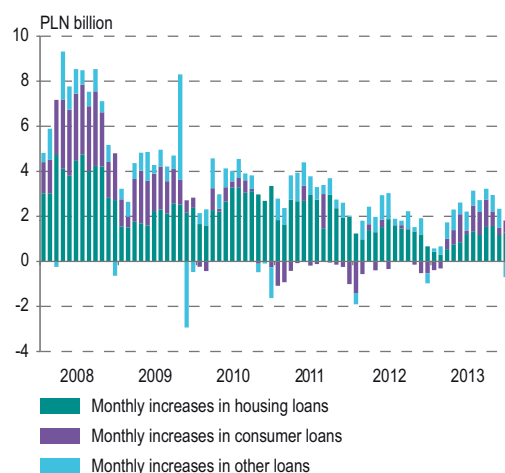
³ The average annual interest rate of corporate loans in 2013 was by 1.7 percentage points lower than in 2012.

The relaxation of banks' lending policy as regards consumer loans was largely related to the change of T Recommendation, mitigating the requirements to be met by borrowers.⁴ Thus, this segment of the market saw a marked revival in the activity, which was additionally supported by growing demand for household loans. As a result – after two years of decline – consumer loans recorded positive growth again.

In the housing loan segment, on the other hand, low interest rates combined with the anticipated tightening of lending policy due to the enacted more restrictive version of S Recommendation, supported growth in lending to households.⁵ At the same time, amidst a persistently unfavourable situation in the labour market and banks' relatively restrictive lending policies, the termination of the Family on their own ("Rodzina na swoim") government-subsidized housing scheme in 2012 and the anticipated launch of the Home for the young ("Mieszkanie dla młodych") scheme in 2014, limited the growth of housing loans.⁶

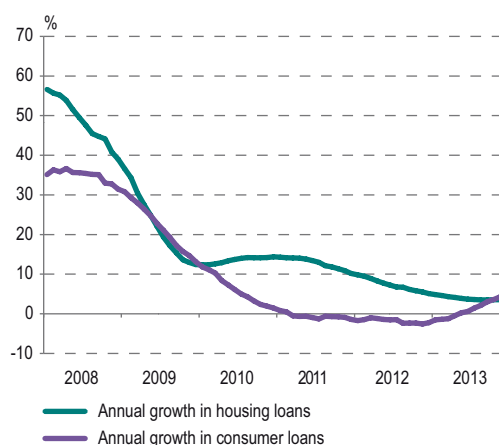
2013 saw a continued, steadily rising of zloty-denominated loans in total housing loans, strengthening the efficiency of the monetary policy transmission mechanism.

Figure A5.3. Month-on-month changes in new zloty loans to households in 2008–2013



Source: NBP data.

Figure A5.4. Annual growth in consumer and housing loans to households in 2008–2013



Source: NBP data.

In 2013, the growth rate of broad money (M3 aggregate) remained similar to the 2012 level, i.e. below the long-term average (Figure A5.5, A5.6). However, due to weak economic activity and low inflation, M3 growth exceeded nominal GDP growth.⁷ The stable rise of M3 was driven

⁴ The change in T Recommendation was adopted in February 2013.

⁵ The new version of the S Recommendation entered into force in January 2014.

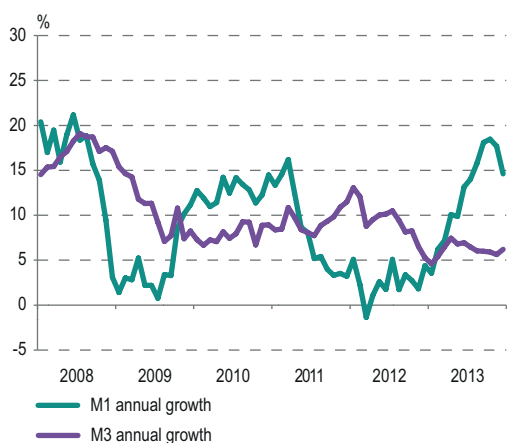
The average annual interest rate on housing loans in 2013 was by 1.6 percentage points lower than in 2012.

⁶ Banks' lending policy as regards mortgage loans to households changed only slightly. A certain easing in lending criteria was accompanied by a tightening of some lending terms. Yet, taking into account the 2012 tightening of criteria, banks' lending policy continued to be considered as relatively restrictive. The average annual interest rate on consumer loans in 2013 was by 1.5 percentage points lower than in 2012.

⁷ In transactional terms, M3 growth stood at 6.2% (in December 2013 as against December 2012), and the nominal GDP growth in 2013 stood at 2.3% (as compared to 2012).

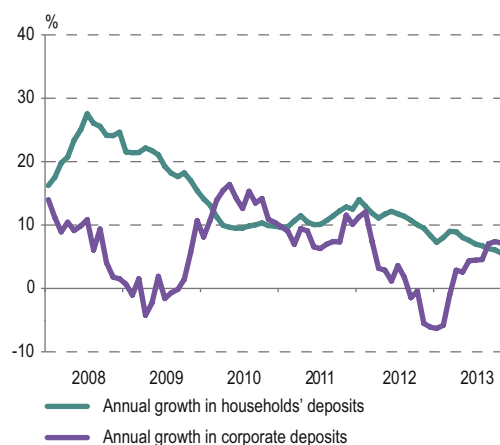
by the rebuilding of corporate deposits amidst a certain slowdown in household deposits (Figure A5.6). A significant increase in corporate deposits reflected good financial standing of enterprises, amidst their persistently limited propensity to invest. In turn, in the case of households, smaller growth of relatively low interest-bearing deposits was accompanied by increased interest of saving in investment funds.

Figure A5.5. M1 and M3 growth in 2008–2013



Source: NBP data.

Figure A5.6. Growth in household and corporate deposits included in M3 in 2008–2013



Source: NBP data.

2013 saw a strong growth in more liquid M1 aggregate – as opposed to the relatively weak growth of M3 (Figure A5.5). This resulted primarily from changes in household preferences as to maturity structure of their assets – there was a rise in the share of cash and money deposited in current accounts. The change of preferences could result from lower interest rates on deposits, and – especially in the second half of 2013 – from the gradual recovery of sales being a sign of a rebound in private consumption.⁸

⁸ In turn, slower growth in M1 aggregate at the end of 2013 was driven by stronger growth in fixed-term corporate deposits.

Appendix 6

List of open-to-public academic seminars and selected publications of NBP



List of open-to-public academic seminars and selected publications of NBP

In 2013, 31 open-to-public academic seminars were held:

- Three sides of one coin – long-term fiscal stability, adequacy and intergenerational redistribution of the reformed old-age pension system in Poland
- Bailout uncertainty in a microfounded general equilibrium model of the financial sector
- Panel-data models of exchange rates and bankruptcy risk premium
- Macroprudential measures, housing markets, and monetary policy
- Would it have paid to be in the Eurozone?
- Should central banks be all Keynesians now?
- Business cycles in new EU member states: how and why are they different?
- European Stability Mechanism as stabiliser in the planned financial union
- Cost of cash and card acceptance in Poland
- Variegated capitalism and the Eurozone crisis: Modell Deutschland, neo-liberalism, and the world market
- Interest premium, sudden stop, and adjustment in a small open economy
- Fiscal policy under a deleveraging process
- Alternative theories of money
- On aggregation of human capital under heterogeneity of cohorts
- Saving the euro
- Reflections on the euro crisis: prioritizing the road ahead
- Combating liquidity crises and risk taking by central banks
- Reserve accumulation, growth and financial crises
- Controlled decomposition of the euro area. A proposal of a new European Monetary System and of a new role for the European Central Bank

- New approach to quantification of macroeconomic uncertainty and probabilistic forecast construction
- Sell assets of run up debt? Theoretical approach to bank liquidity management
- How frequently should we reestimate DSGE models?
- Capital requirements, bank lending and macroprudential policy
- Booms and banking crises
- Impact of banking models on the stability of the financial sector
- Macroeconomic dynamics near the zero lower bound: a tale of two equilibria
- Effects of unconventional monetary policy in developed countries and emerging markets
- Path dependency and the conduct of macroeconomic policy
- Lessons from the crisis for monetary policy implementation
- Report: Monetary transmission mechanism in Poland. What do we know in 2013?
- Credit rating agency announcements and the Eurozone sovereign debt crises

In 2013, the following publications by the NBP employees were included in the so-called Philadelphia list (ISI Master Journal List):

- Michał Brzoza-Brzezina, Marcin Kolasa, Bayesian evaluation of DSGE models with financial frictions, *Journal of Money, Credit and Banking*, vol. 45(8), 1451–1476.
- Michał Brzoza-Brzezina, Marcin Kolasa, Krzysztof Makarski, The anatomy of standard DSGE models with financial frictions, *Journal of Economic Dynamics and Control*, vol. 37(1), 32–51.
- Michał Brzoza-Brzezina, Jacek Kotłowski, Agata Miśkowiec, How forward-looking are central banks? Some evidence from their forecasts, *Applied Economics Letters*, vol. 20(2), 142–146.
- Michał Brzoza-Brzezina, Michał Rubaszek, Marcin Kolasa, Krzysztof Makarski, Grzegorz Koloch, Monetary policy in a non-representative agent economy: a survey, *Journal of Economic Surveys*, vol. 27(4), 641–669.
- Michał Gradzewicz, Krzysztof Makarski, The business cycle implications of the euro adoption in Poland, *Applied Economics*, vol. 45(17), 2443–2455.

- Jakub Growiec, A microfoundation for normalized CES production functions with factor-augmenting technical change, *Journal of Economic Dynamics and Control*, vol. 37(11), 2336–2350.
- Jakub Growiec, Factor-augmenting technology choice and monopolistic competition, *Journal of Macroeconomics*, vol. 38 (Part A), 86–94.
- Jakub Growiec, Ingmar Schumacher (IPAG Paris), Technological opportunity, long-run growth, and convergence, *Oxford Economic Papers*, vol. 65(2), 323–351.
- Marcin Kolasa, Business cycles in EU new member states: how and why are they different?, *Journal of Macroeconomics*, vol. 38 (Part B), 487–496.
- Marcin Kolasa, Krzysztof Makarski, R. Gerke, M. Jonsson, M. Kliem, P. Lafourcade, A. Locarno, P. McAdam, Assessing macro-financial linkages: a model comparison exercise, *Economic Modelling*, vol. 31(C), 253–264.
- Łukasz Lenart, Mateusz Pipień, Almost periodically correlated time series in business fluctuations analysis, *Acta Physica Polonica A*, vol. 123(3), 567–583.
- Dobromił Serwa, Identifying multiple regimes in the model of credit to households, *International Review of Economics and Finance*, vol. 27, 198–208.

In the series *Materiały i Studia* the following papers were published in 2013:

- Paweł Gąsiorowski, Małgorzata Grotte, Damian Frankiewicz, Agata Życieńska, Agata Walasik, *Dostosowania instrumentarium, zasad działania i zasobów Międzynarodowego Funduszu Walutowego w reakcji na światowy kryzys finansowy i gospodarczy*.
- Robert Jagiełło, *Analiza dyskryminacyjna i regresja logistyczna w procesie oceny zdolności kredytowej przedsiębiorstw*.
- Izabela D. Tymoczko, *Analiza porównawcza systemów kursu walutowego*.
- Piotr Płuciennik, Agata Kliber, Paweł Kliber, Grzegorz Paluszak, Małgorzata Piwnicka, *Wpływ światowego kryzysu gospodarczego 2007–2009 na rynek międzybankowy w Polsce*.
- Aneta Hryckiewicz, Małgorzata Pawłowska, *Czy nowy nadzór spełni swoje zadanie? Zmiany w nadzorze finansowym w Europie oraz ich konsekwencje dla Polski*.
- Sylwia Roszkowska, *Ceny, płace i sytuacja na rynku pracy w Polsce – analizy oparte na modelu wektorowej korekty błędem*.
- Janusz Bilski, Małgorzata Janicka, Marcin Konarski, *Integracja rynków walutowych wybranych krajów Europy Środkowej z rynkiem euro w perspektywie ich przystąpienia do ERM II i Unii Gospodarczo-Walutowej*.

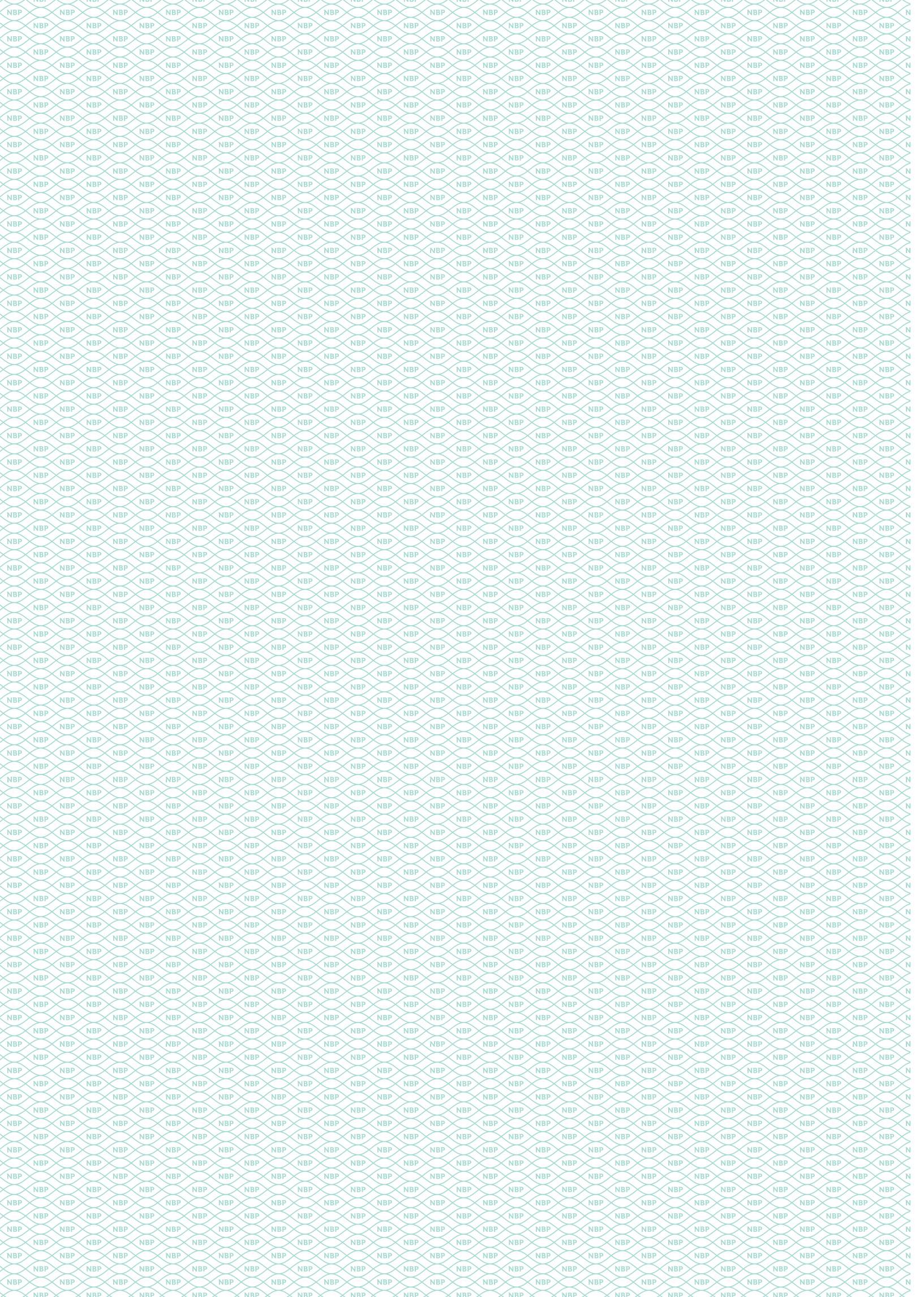
- Agnieszka Trzcińska, *Europejski Mechanizm Stabilności jako stabilizator w planowanej unii finansowej*.
- Katarzyna Puchalska, Izabela D. Tymoczko, *Szerokie ujęcie ekspozycji polskich przedsiębiorstw niefinansowych na ryzyko walutowe. Źródła i skala ekspozycji oraz metody zarządzania ryzykiem walutowym*.
- Karolina Konopczak, *Efekt Balassy-Samuelsona i mechanizmy jego absorpcji w krajach Europy Środkowo-Wschodniej*.
- Paweł Macias, Krzysztof Makarski, *Stylizowane fakty o cenach konsumenta w Polsce*.
- Ewa Dziwok, *Weryfikacja modeli krzywej dochodowości na potrzeby polityki pieniężnej NBP*.
- Paweł Baranowski, Michał Gradzewicz, Zofia Jankiewicz, Jan Hagemeyer, Aleksandra Hałka, Danuta Kołodziejczyk, Agnieszka Leszczyńska, Paweł Macias, Marek Niechciał, Piotr Popowski, Katarzyna Puchalska, *Strukturalne uwarunkowania inflacji*.
- Piotr Bańbuła, *Polityka makroostrożnościowa: przesłanki, cele, instrumenty i wyzwania*.
- Elżbieta Czarny, Katarzyna Śledziewska, *Analiza determinant bilansów obrotów bieżących państw członkowskich Unii Europejskiej w latach 1995–2011*.
- Elżbieta Czarny, Paweł Folfas, Katarzyna Śledziewska, Bartosz Witkowski, *Wpływ integracji monetarnej na wymianę towarową w warunkach kryzysu gospodarczego*.

In 2013, the following papers were published in the series *NBP Working Paper* series:

- Michał Brzoza-Brzezina, Marcin Kolasa, Krzysztof Makarski, *Macroprudential policy and imbalances in the euro area*.
- Rafał Sieradzki, *Does it pay to invest in IPOs? Evidence from the Warsaw Stock Exchange*.
- Maritta Paloviita, Matti Viren, *Are individual survey expectations internally consistent?*
- Jaromir Nosal, Guillermo Ordonez, *Uncertainty as commitment*.
- Halina Kowalczyk, Tomasz Łyziak, Ewa Stanisławska, *A new approach to probabilistic surveys of professional forecasters and its application in the monetary policy context*.
- Hanna Augustyniak, Jacek Łaszek, Krzysztof Olszewski, Joanna Waszczuk, *Modelling of cycles in the residential real estate market – interactions between the primary and the secondary market and multiplier effects*.
- Grzegorz Grabek, Bohdan Kłos, *Unemployment in the estimated New Keynesian SoePL-2012 DSGE model*.

- Janusz Jabłonowski, Christoph Müller, *3 sides of 1 coin – long-term fiscal stability, adequacy and intergenerational redistribution of the reformed old-age pension system in Poland.*
- Marek Kośny, Maria Piotrowska, *Economic security of households and their savings and credits.*
- Michał Brzeziński, *Income polarization and economic growth.*
- Andrei Sirchenko, *A model for ordinal responses with an application to policy interest rate.*
- Dorota Skała, *The influence of regulatory and institutional framework and shareholder structure upon risk of financial institutions in Central Europe.*
- Dariusz Gatarek, Juliusz Jablecki, *A model for dependent defaults and pricing contingent claims with counterparty risk.*
- Mateusz Pipień, *Orthogonal transformation of coordinates in copula M-Garch Models – Bayesian analysis for WIG20 spot and futures returns.*
- Aleksandra Hałka, Jacek Kotłowski, *Does domestic output gap matter for inflation in a small open economy?*
- Eva A. Arnold, *The role of data revisions and disagreement in professional forecasts.*
- Etienne Farvaque, Piotr Stanek, Stephane Vigeant, *On the performance of Monetary Policy Committees.*
- Stefan Kawalec, Ernest Pytlarczyk, *Controlled dismantlement of the Eurozone: a proposal for a New European Monetary System and a new role for the European Central Bank.*
- Marcin Kolasa, *Business cycles in EU new member states: how and why are they different?*
- Halina Kowalczyk, *Inflation fan charts and different dimensions of uncertainty. What if macroeconomic uncertainty is high?*
- Maciej Albinowski, Piotr Ciżkowicz, Andrzej Rzońca, *Links between the trust in the ECB and its interest rate policy.*
- Michał Brzoza-Brzezina, Marcin Kolasa, Krzysztof Makarski, *A penalty function approach to occasionally binding credit constraints.*
- Aleksandra Hałka, Tomasz Łyziak, *How to define the Consumer Perceived Price Index? The case of Poland.*
- Paweł Borys, Piotr Ciżkowicz, Andrzej Rzońca, *Panel data evidence on the effects of fiscal impulses in the EU New Member States.*
- Tomasz Łyziak, *A note on central bank transparency and credibility in Poland.*

- Karolina Konopczak, *The Balassa-Samuelson effect and the channels of its absorption in the Central and Eastern European Countries.*
- Hanna Augustyniak, Jacek Łaszek, Krzysztof Olszewski, Joanna Waszczuk, *To rent or to buy – analysis of housing tenure choice determined by housing policy.*
- Mariusz Próchniak, Bartosz Witkowski, *The analysis of the impact of regulatory environment on the pace of economic growth of the world countries according to the Bayesian model averaging.*
- Sylwester Kozak, *Consolidation of the banking sector in Poland in 1989–2013 in comparison with the structural changes of the banking sector in the USA and the EU.*
- Marcin Humanicki, Robert Kelm, Krzysztof Olszewski, *Foreign direct investment and foreign portfolio investment in the contemporary globalized world: should they be still treated separately?*
- Alfred A. Haug, Tomasz Jędrzejowicz, Anna Sznajderska, *Combining monetary and fiscal policy in an SVAR for a small open economy.*
- Michał Adam, Piotr Bańbuła, Michał Markun, *Dependence and contagion between asset prices in Poland and abroad. A copula approach.*
- Andrzej Kocięcki, Marcin Kolasa, *Global identification of linearized DSGE models.*



Appendix 7

Voting records of MPC members on motions and resolutions



Voting records of MPC members on motions and resolutions

Presented below are voting records of MPC members on motions and resolutions in 2013.

Date	Subject matter of motion or resolution	MPC decision	Voting of the MPC members	
			For	Against
9 January 2013	Motion to lower NBP interest rates by 1.25 percentage points.	Motion did not pass.	A. Bratkowski	M. Belka E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Zielińska-Głębocka
			Z. Gilowska was absent.	
9 January 2013	Motion to lower NBP interest rates by 0.50 percentage point.	Motion did not pass.	A. Bratkowski E. Chojna-Duch	M. Belka A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Zielińska-Głębocka
			Z. Gilowska was absent.	
9 January 2013	Resolution No. 1/2013 on the level of the reference rate, lombard rate, deposit rate and rediscount rate of Narodowy Bank Polski.	The MPC lowered the NBP interest rates by 0.25 percentage point.	M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Zielińska-Głębocka	
			Z. Gilowska was absent.	
6 February 2013	Motion to lower NBP interest rates by 1.00 percentage point.	Motion did not pass.	A. Bratkowski E. Chojna-Duch	M. Belka A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Zielińska-Głębocka
			Z. Gilowska was absent.	
6 February 2013	Motion to lower NBP interest rates by 0.50 percentage point.	Motion did not pass.	A. Bratkowski E. Chojna-Duch A. Zielińska-Głębocka	M. Belka A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki
			Z. Gilowska was absent.	
6 February 2013	Resolution No. 2/2013 on the level of the reference rate, lombard rate, deposit rate and rediscount rate of Narodowy Bank Polski.	The MPC lowered the NBP interest rates by 0.25 percentage point.	M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Zielińska-Głębocka	A. Rzońca J. Winiecki
			Z. Gilowska was absent.	

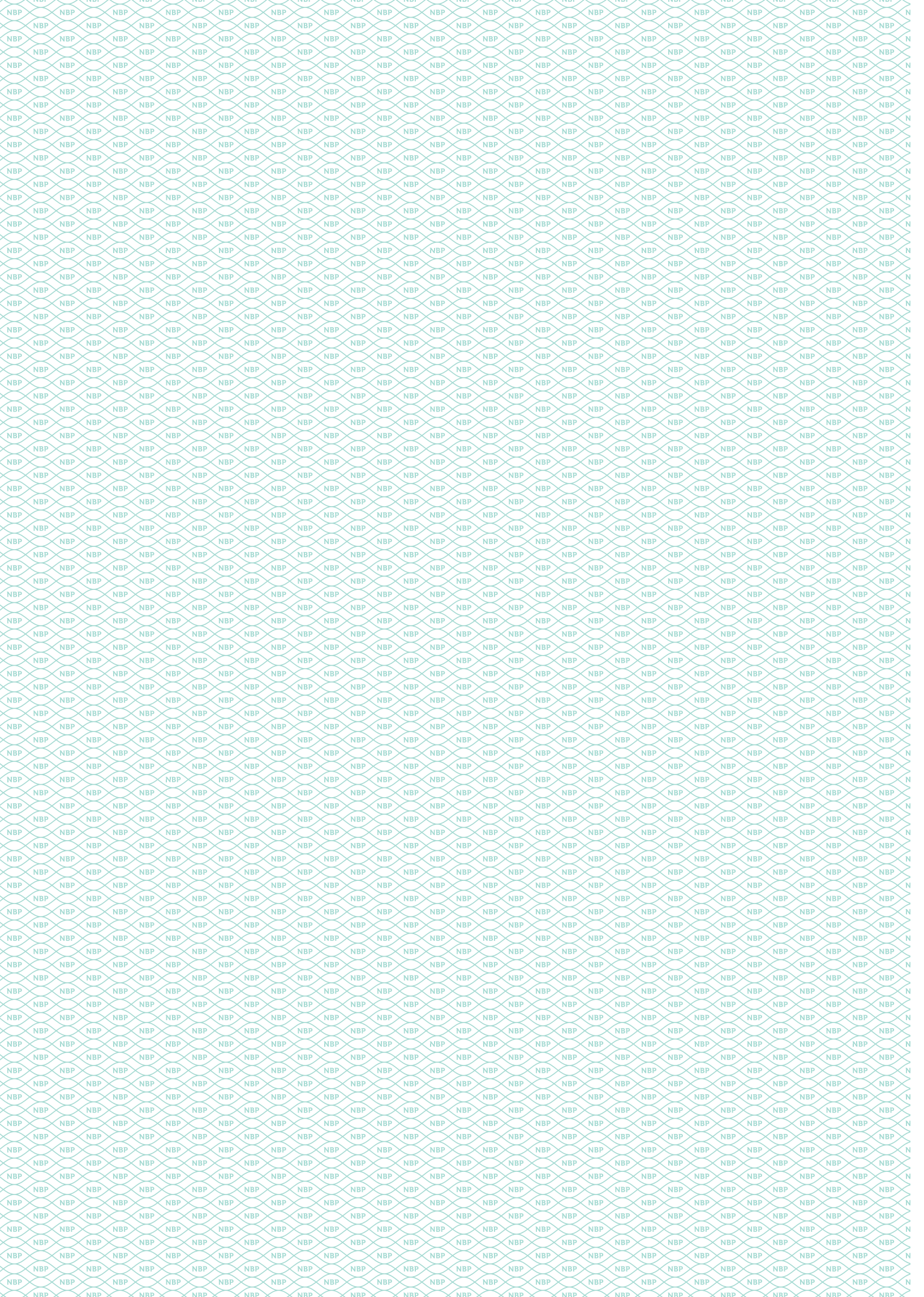
Voting records of MPC members on motions and resolutions

Date	Subject matter of motion or resolution	MPC decision	Voting of the MPC members	
			For	Against
6 March 2013	Resolution No. 3/2013 on the level of the reference rate, lombard rate, deposit rate and rediscount rate of Narodowy Bank Polski.	The MPC lowered the NBP interest rates by 0.50 percentage point.	M. Belka A. Bratkowski E. Chojna-Duch J. Hausner A. Zielińska-Głębocka	Z. Gilowska A. Glapiński A. Kaźmierczak A. Rzońca J. Winiecki
6 March 2013	Motion to lower NBP interest rates by 0.25 percentage points.	Motion was not submitted for voting.		
9 April 2013	Resolution No. 4/2013 on approving the Annual Financial Report of Narodowy Bank Polski prepared as of 31 December 2012.		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Zielińska-Głębocka	
			Z. Gilowska was absent.	
8 May 2013	Resolution No. 5/2013 on approval of the report on monetary policy implementation in 2012.		M. Belka A. Bratkowski E. Chojna-Duch Z. Gilowska A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Zielińska-Głębocka	
8 May 2013	Resolution No. 6/2013 on the evaluation of the activities of NBP Management Board as regards the implementation of the monetary policy guidelines for the year 2012.		M. Belka A. Bratkowski E. Chojna-Duch Z. Gilowska A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Zielińska-Głębocka	
8 May 2013	Motion to lower NBP interest rates by 0.50 percentage point.	Motion did not pass.	A. Bratkowski A. Zielińska-Głębocka	M. Belka E. Chojna-Duch Z. Gilowska A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki
8 May 2013	Resolution No. 7/2013 on the level of the reference rate, lombard rate, deposit rate and rediscount rate of Narodowy Bank Polski.	The MPC lowered the NBP interest rates by 0.25 percentage point.	M. Belka A. Bratkowski E. Chojna-Duch J. Hausner A. Zielińska-Głębocka	Z. Gilowska A. Glapiński A. Kaźmierczak A. Rzońca J. Winiecki
21 May 2013	Resolution No. 8/2013 on approving the report on the operations of Narodowy Bank Polski in 2012.		A. Bratkowski E. Chojna-Duch Z. Gilowska A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Zielińska-Głębocka	
			M. Belka was absent.	

Date	Subject matter of motion or resolution	MPC decision	Voting of the MPC members	
			For	Against
5 June 2013	Motion to lower NBP interest rates by 0.50 percentage point.	Motion did not pass.	A. Bratkowski A. Zielińska-Głębocka	M. Belka E. Chojna-Duch Z. Gilowska A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winięcki
5 June 2013	Resolution No. 9/2013 on the level of the reference rate, lombard rate, deposit rate and rediscount rate of Narodowy Bank Polski.	The MPC lowered the NBP interest rates by 0.25 percentage point.	M. Belka A. Bratkowski E. Chojna-Duch J. Hausner A. Zielińska-Głębocka	Z. Gilowska A. Glapiński A. Kaźmierczak A. Rzońca J. Winięcki
5 June 2013	Resolution No. 10/2013 on interest rates on loans granted to the Bank Guarantee Fund, and interest rates on the provisioning and supplementary contributions to the stabilization fund granted to the National Association of Cooperative Savings and Credit Unions by NBP.		M. Belka A. Bratkowski E. Chojna-Duch Z. Gilowska A. Glapiński J. Hausner A. Kaźmierczak J. Winięcki A. Zielińska-Głębocka	A. Rzońca
2 July 2013	Resolution No. 1/DOR/2013 on selection of a certified auditor to review the NBP annual financial statements for the accounting years of 2013 and 2014.		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca A. Zielińska-Głębocka	Z. Gilowska was absent. J. Winięcki abstained.
3 July 2013	Resolution No. 11/2013 on the level of the reference rate, lombard rate, deposit rate and rediscount rate of Narodowy Bank Polski.	The MPC lowered the NBP interest rates by 0.25 percentage point.	M. Belka A. Bratkowski E. Chojna-Duch J. Hausner A. Zielińska-Głębocka	Z. Gilowska A. Glapiński A. Kaźmierczak A. Rzońca J. Winięcki
3 September 2013	Resolution No. 12/2013 on adopting Monetary Policy Guidelines for 2014.		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winięcki A. Zielińska-Głębocka	Z. Gilowska was absent.
17 September 2013	Resolution No. 13/2013 on setting the ceiling for liabilities arising from loans and credits drawn by NBP at foreign banking and financial institutions.		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Rzońca J. Winięcki A. Zielińska-Głębocka	A. Kaźmierczak
2 October 2013	Resolution 14/2013 changing the by-laws of the Monetary Policy Council.		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winięcki A. Zielińska-Głębocka	Z. Gilowska was absent.

Voting records of MPC members on motions and resolutions

Date	Subject matter of motion or resolution	MPC decision	Voting of the MPC members	
			For	Against
5 November 2013	Resolution No. 15/2013 on the level of reserve requirement and its remunerations for banks, cooperative savings and credit unions and the National Association of Cooperative Savings and Credit Unions.		M. Belka A. Bratkowski E. Chojna-Duch J. Hausner A. Kaźmierczak A. Rzońca J. Winięcki A. Zielińska-Głębocka	
			A. Glapiński was absent.	
3 December 2013	Resolution No. 16/2013 on approving the Financial Plan of Narodowy Bank Polski for 2014.		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winięcki A. Zielińska-Głębocka	



Statistical annex



Table I. Basic economic data

Period	1. Industrial output			2. Construction output			3. Consumer Price Index			4. Producer Price Index	
	current prices	constant prices		current prices	constant prices		the same month previous year = 100	previous month = 100	December previous year = 100	the same month previous year = 100	previous month = 100
		the same month previous year = 100	previous month = 100		the same month previous year = 100	previous month = 100					
	million zloty	%	%	million zloty	%	%	%	%	%	%	%
1	2	3	4	5	6	7	8	9	10	11	
December 2012	85 866.8	90.4	87.2	9 490.6	75.1	111.5	102.4	100.1	102.4	98.9	99.4
January 2013	90 570.1	100.4	105.5	3 754.5	83.9	39.7	101.7	100.1	100.1	98.8	100.0
February	88 160.5	97.9	97.2	3 732.2	88.6	99.7	101.3	100.0	100.0	99.7	100.3
March	96 065.2	97.1	109.3	4 503.4	81.5	120.9	101.0	100.2	100.2	99.3	99.7
April	92 949.7	102.8	97.8	4 855.7	76.9	107.9	100.8	100.4	100.6	97.9	99.3
May	92 611.0	98.2	99.3	5 640.1	72.5	116.3	100.5	99.9	100.5	97.5	100.1
June	95 567.8	102.8	102.6	6 710.1	81.7	119.1	100.2	100.0	100.5	98.7	100.7
July	97 369.8	106.3	101.5	7 226.7	94.8	107.8	101.1	100.3	100.8	99.2	100.2
August	92 866.3	102.2	95.6	7 155.6	88.9	99.2	101.1	99.7	100.5	98.9	99.7
September	101 574.5	106.3	109.7	7 824.5	95.2	109.4	101.0	100.1	100.5	98.6	100.1
October	107 128.2	104.6	106.1	8 932.9	96.8	114.3	100.8	100.2	100.7	98.6	99.3
November	100 147.4	102.9	93.8	8 128.5	97.1	91.1	100.6	99.8	100.5	98.5	99.7
December	90 589.7	106.7	90.4	9 880.6	105.8	121.5	100.7	100.1	100.7	99.0	99.9

Period	5. Construction Price Index		6. Number of employed, corporate sector total	7. Average employment, corporate sector total	8. Number of unemployed	9. Unemployment rate	10. Average monthly employee earnings, gross, corporate sector	11. National budget revenue and expenditure		
	the same month previous year = 100	previous month = 100						revenue	expenditure	financial surplus/deficit and net foreign lending/borrowing
	%	%	thousands	thousands	thousands	%	zloty	million zloty	million zloty	million zloty
	12	13	14	15	16	17	18	19	20	21
December 2012	98.7	99.9	5 651	5 474	2 136.8	13.4	4 111.69	287 594.6	318 001.8	-11 543.5
January 2013	98.6	99.8	5 701	5 507	2 295.7	14.2	3 680.30	25 915.0	34 355.9	-4 527.0
February	98.4	99.8	5 693	5 497	2 336.7	14.4	3 709.99	42 801.2	64 485.8	-15 988.5
March	98.2	99.8	5 680	5 489	2 314.5	14.3	3 832.81	61 320.8	85 773.5	-17 892.9
April	98.1	99.9	5 679	5 478	2 255.7	14.0	3 830.89	86 888.4	118 605.4	-23 547.7
May	98.0	99.8	5 683	5 479	2 176.3	13.5	3 699.67	107 792.1	138 743.3	-22 271.9
June	98.0	99.9	5 691	5 488	2 109.1	13.2	3 808.63	133 732.9	159 606.5	-16 307.5
July	98.1	99.9	5 694	5 489	2 093.1	13.1	3 830.07	158 499.8	184 449.5	-15 045.8
August	98.1	99.8	5 699	5 494	2 083.2	13.0	3 760.45	180 908.3	207 719.4	-15 844.6
September	98.2	99.9	5 706	5 495	2 083.1	13.0	3 770.91	204 358.0	234 001.4	-16 132.6
October	98.2	99.9	5 715	5 500	2 075.2	13.0	3 834.17	231 520.5	271 001.7	-24 775.1
November	98.3	99.9	5 717	5 501	2 116.0	13.2	3 897.88	255 805.4	294 374.4	-23 333.2
December	98.3	99.9	5 692	5 491	2 157.9	13.4	4 221.50	279 151.2	321 342.9	-26 030.4

Table I. Basic economic data, cont'd

Period	12. Corporate financial performance												
	revenues		operating costs		pre-tax profit/loss	statutory deductions	net profit/loss	cost to sales ratio	net margin	quick liquidity ratio	total current assets	accounts receivable and associated claims	accounts payable
	total	of which: sales of goods & services	total	of which: cost of sales									
	million zloty	million zloty	million zloty	million zloty	million zloty	million zloty	million zloty	%	%	%	million zloty	million zloty	million zloty
22	23	24	25	26	27	28	29	30	31	32	33	34	
December 2012	2 383 226.7	1 409 985.5	2 283 868.1	1 444 115.6	99 372.0	17 255.1	82 116.9	95.8	3.4	97.4	717 571.4	264 980.3	264 448.3
January 2013	.	.	.	.	.	.	.	.	.	.	.	.	.
February	.	.	.	.	.	.	.	.	.	.	.	.	.
March	551 403.9	326 437.1	529 498.3	335 359.9	21 879.1	4 256.3	17 622.8	96.0	3.2	98.5	708 480.2	265 058.8	247 422.2
April	.	.	.	.	.	.	.	.	.	.	.	.	.
May	.	.	.	.	.	.	.	.	.	.	.	.	.
June	1 141 214.9	668 781.1	1 087 890.5	687 082.5	53 310.4	7 868.5	45 442.0	95.3	4.0	98.3	738 278.4	278 491.6	259 425.3
July	.	.	.	.	.	.	.	.	.	.	.	.	.
August	.	.	.	.	.	.	.	.	.	.	.	.	.
September	1 754 751.4	1 032 110.7	1 671 980.1	1 058 514.3	82 793.2	12 495.7	70 297.5	95.3	4.0	98.2	739 881.5	283 967.0	267 234.0
October	.	.	.	.	.	.	.	.	.	.	.	.	.
November	.	.	.	.	.	.	.	.	.	.	.	.	.
December	2 392 594.2	1 403 383.2	2 284 484.5	1 447 110.0	108 113.5	16 006.1	92 107.4	95.5	3.8	96.8	737 915.2	268 608.6	270 156.8

Table II. Financial market – basic information

Period	1. NBP interest rates					2. Reserve requirement						
	Reference rate	Lombard rate	Deposit rate	Rediscount rate	Discount rate	Reserve requirement ratio on zloty deposits		Reserve requirement ratio on foreign currency deposits (zloty equivalent)		Reserve requirement ratio on repo operations	Interest on reserve requirement	Total required reserves held
						demand	time	demand	time			
	%	%	%	%	%	%	%	%	%	%	million zloty	
1	2	3	4	5	6	7	8	9	10	11	12	
December 2012	4.25	5.75	2.75	4.50	.	3.5	3.5	3.5	3.5	0.0	0.9'	29 918.5
January 2013	4.00	5.50	2.50	4.25	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 290.3
February	3.75	5.25	2.25	4.00	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 241.1
March	3.25	4.75	1.75	3.50	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 241.1
April	3.25	4.75	1.75	3.50	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 259.3
May	3.00	4.50	1.50	3.25	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 371.2
June	2.75	4.25	1.25	3.00	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 371.2
July	2.50	4.00	1.00	2.75	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 793.1
August	2.50	4.00	1.00	2.75	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 793.1
September	2.50	4.00	1.00	2.75	.	3.5	3.5	3.5	3.5	0.0	0.9'	30 832.9
October	2.50	4.00	1.00	2.75	.	3.5	3.5	3.5	3.5	0.0	0.9'	31 362.7
November	2.50	4.00	1.00	2.75	.	3.5	3.5	3.5	3.5	0.0	0.9'	31 362.7
December	2.50	4.00	1.00	2.75	.	3.5	3.5	3.5	3.5	0.0	0.9'	31 875.7

* Rediscount rate.

Period	3. Treasury bill tenders					
	Number of tenders during month	Face value of bills offered for sale	Demand declared by bidders (at face value)	Face value of bills sold	Yield on bills purchased, weighted average	Bills outstanding from tender sales at month end (purchase prices)
		million zloty	million zloty	million zloty	%	million zloty
	13	14	15	16	17	18
December 2012	0	0.00	0.00	0.00	0.00	5 554.74
January 2013	2	3 600.00	10 967.09	3 602.53	3.56	7 514.42
February	2	2 300.00	7 728.16	1 746.84	3.47	7 176.43
March	2	3 300.00	7 323.50	3 083.50	3.49	8 309.08
April	0	0.00	0.00	0.00	0.00	8 309.08
May	0	0.00	0.00	0.00	0.00	4 755.75
June	0	0.00	0.00	0.00	0.00	3 032.13
July	0	0.00	0.00	0.00	0.00	3 032.13
August	0	0.00	0.00	0.00	0.00	0.00
September	0	0.00	0.00	0.00	0.00	0.00
October	0	0.00	0.00	0.00	0.00	0.00
November	0	0.00	0.00	0.00	0.00	0.00
December	0	0.00	0.00	0.00	0.00	0.00

Table II. Financial market – basic information, cont'd

Period	4. Tenders for NBP money-market bills					
	Number of tenders during month	Face value of bills offered for sale	Demand declared by bidders (at face value)	Face value of bills sold	Yield on bills purchased, weighted average	Bills outstanding from tender sales at month end (purchase prices)
		million zloty	million zloty	million zloty	%	million zloty
	19	20	21	22	23	24
December 2012	6	509 500.00	476 383.56	472 932.92	4.25	99 759.34
January 2013	7	563 400.00	534 756.49	534 756.49	4.06	131 697.84
February	5	511 800.00	514 488.89	509 076.61	3.81	125 492.06
March	7	664 000.00	643 928.19	639 679.59	3.35	125 207.39
April	7	581 500.00	542 173.50	540 898.51	3.25	127 706.18
May	6	651 500.00	658 080.59	650 094.77	3.04	129 924.21
June	6	547 000.00	508 910.97	508 910.97	2.75	134 649.65
July	6	532 500.00	522 631.29	517 765.42	2.50	124 257.59
August	6	651 000.00	633 393.35	632 887.67	2.50	128 020.02
September	5	541 500.00	517 215.96	517 215.96	2.50	116 335.43
October	9	682 000.00	663 328.26	655 817.57	2.50	126 492.76
November	6	543 500.00	519 177.47	513 527.47	2.50	127 679.58
December	7	560 000.00	515 708.90	515 708.90	2.50	117 283.77

Period	5. Data on trading sessions of Warsaw Stock Exchange										
	Number of companies at month end	Capitalisation at month end	P/E ratio at month end	Warsaw Stock Exchange Index (WIG) at month end	WIG monthly average	mWIG40 at month end	mWIG40 monthly average	sWIG80 at month end	sWIG80 monthly average	Monthly turnover	Turnover ratio
		million zloty								million zloty	%
	25	26	27	28	29	30	31	32	33	34	35
December 2012	438	523 390.2	12.4	2 583.0	2 527.4	2 552.5	2 563.2	10 443.7	10 239.2	14 456.0	42.6
January 2013	438	520 686.0	12.7	2 492.8	2 560.8	2 597.7	2 609.3	11 245.8	10 818.4	20 888.8	45.5
February	438	524 147.0	13.0	2 452.0	2 464.6	2 608.2	2 585.9	11 052.0	11 034.0	16 071.1	39.2
March	439	514 271.3	15.4	2 370.1	2 437.5	2 624.7	2 647.3	10 938.6	11 057.1	18 764.7	46.1
April	438	502 711.5	15.1	2 319.2	2 325.7	2 550.9	2 559.0	10 511.5	10 605.5	17 064.0	43.9
May	440	546 760.1	17.6	2 485.5	2 385.6	2 812.8	2 716.7	11 518.9	10 977.6	16 415.8	40.3
June	442	514 723.5	16.6	2 245.6	2 387.4	2 776.9	2 877.9	11 716.4	11 786.2	22 590.2	54.3
July	443	537 012.8	17.6	2 326.6	2 288.4	2 924.0	2 859.7	11 934.1	11 815.6	15 913.9	34.1
August	442	556 490.4	17.9	2 384.2	2 403.8	3 087.1	3 139.6	12 801.0	12 655.8	17 228.0	37.9
September	443	570 846.3	16.5	2 391.5	2 364.6	3 275.7	3 174.2	13 314.7	12 966.9	20 402.7	44.9
October	446	613 978.6	17.6	2 529.0	2 483.4	3 488.7	3 445.5	14 928.6	14 060.5	21 800.2	40.6
November	447	624 285.7	18.7	2 584.7	2 557.8	3 509.4	3 491.0	15 018.3	14 889.3	16 493.0	36.3
December	450	593 464.5	17.6	2 401.0	2 445.7	3 345.3	3 371.0	14 336.8	14 365.2	16 520.3	39.8

Table III. PLN/USD and PLN/EUR daily exchange rates

Days	December 2012			January 2013			February 2013		
	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR
	PLN/USD	PLN/EUR		PLN/USD	PLN/EUR		PLN/USD	PLN/EUR	
	1	2	3	4	5	6	7	8	9
1	3.1585	4.1064	1.3001	3.0996	4.0882	1.3189	3.0744	4.2028	1.3670
2	3.1585	4.1064	1.3001	3.0660	4.0671	1.3265	3.0744	4.2028	1.3670
3	3.1498	4.1083	1.3043	3.1005	4.0770	1.3149	3.0744	4.2028	1.3670
4	3.1575	4.1273	1.3071	3.1700	4.1248	1.3012	3.0563	4.1515	1.3583
5	3.1516	4.1251	1.3089	3.1700	4.1248	1.3012	3.0831	4.1700	1.3525
6	3.1538	4.1247	1.3079	3.1700	4.1248	1.3012	3.0868	4.1801	1.3542
7	3.1930	4.1332	1.2945	3.1618	4.1218	1.3036	3.0886	4.1882	1.3560
8	3.1930	4.1332	1.2945	3.1457	4.1263	1.3117	3.1056	4.1670	1.3418
9	3.1930	4.1332	1.2945	3.1516	4.1192	1.3070	3.1056	4.1670	1.3418
10	3.1978	4.1250	1.2899	3.1121	4.0760	1.3097	3.1056	4.1670	1.3418
11	3.1645	4.1025	1.2964	3.0890	4.0996	1.3272	3.0991	4.1519	1.3397
12	3.1459	4.0937	1.3013	3.0890	4.0996	1.3272	3.1159	4.1686	1.3378
13	3.1333	4.0927	1.3062	3.0890	4.0996	1.3272	3.1012	4.1781	1.3473
14	3.1271	4.0912	1.3083	3.0828	4.1231	1.3375	3.1209	4.1715	1.3366
15	3.1271	4.0912	1.3083	3.0750	4.1151	1.3382	3.1398	4.1852	1.3330
16	3.1271	4.0912	1.3083	3.1097	4.1280	1.3275	3.1398	4.1852	1.3330
17	3.1035	4.0839	1.3159	3.0853	4.1178	1.3347	3.1398	4.1852	1.3330
18	3.1044	4.0900	1.3175	3.0925	4.1294	1.3353	3.1410	4.1930	1.3349
19	3.0690	4.0730	1.3271	3.0925	4.1294	1.3353	3.1360	4.1863	1.3349
20	3.0769	4.0715	1.3232	3.0925	4.1294	1.3353	3.1002	4.1602	1.3419
21	3.0791	4.0643	1.3200	3.1351	4.1762	1.3321	3.1633	4.1760	1.3201
22	3.0791	4.0643	1.3200	3.1341	4.1700	1.3305	3.1443	4.1574	1.3222
23	3.0791	4.0643	1.3200	3.1195	4.1591	1.3333	3.1443	4.1574	1.3222
24	3.0800	4.0696	1.3213	3.1503	4.1964	1.3321	3.1443	4.1574	1.3222
25	3.0800	4.0696	1.3213	3.1186	4.1903	1.3436	3.1412	4.1580	1.3237
26	3.0800	4.0696	1.3213	3.1186	4.1903	1.3436	3.1733	4.1613	1.3113
27	3.0816	4.0899	1.3272	3.1186	4.1903	1.3436	3.1841	4.1658	1.3083
28	3.0893	4.0745	1.3189	3.1074	4.1805	1.3453	3.1679	4.1570	1.3122
29	3.0893	4.0745	1.3189	3.1229	4.1969	1.3439	.	.	.
30	3.0893	4.0745	1.3189	3.0938	4.1858	1.3530	.	.	.
31	3.0996	4.0882	1.3189	3.0874	4.1870	1.3562	.	.	.
Average monthly rate	3.1230	4.0938	X	3.1145	4.1369	X	3.1197	4.1734	X

Table III. PLN/USD and PLN/EUR daily exchange rates, cont'd

Days	March 2013			April 2013			May 2013		
	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR
	PLN/USD	PLN/EUR		PLN/USD	PLN/EUR		PLN/USD	PLN/EUR	
	10	11	12	13	14	15	16	17	18
1	3.1769	4.1432	1.3042	3.2590	4.1774	1.2818	3.1721	4.1429	1.3060
2	3.1769	4.1432	1.3042	3.2552	4.1813	1.2845	3.1492	4.1485	1.3173
3	3.1769	4.1432	1.3042	3.2693	4.1898	1.2816	3.1492	4.1485	1.3173
4	3.1837	4.1350	1.2988	3.2750	4.1898	1.2793	3.1492	4.1485	1.3173
5	3.1665	4.1361	1.3062	3.2358	4.1820	1.2924	3.1492	4.1485	1.3173
6	3.1660	4.1269	1.3035	3.2358	4.1820	1.2924	3.1646	4.1479	1.3107
7	3.1808	4.1472	1.3038	3.2358	4.1820	1.2924	3.1767	4.1550	1.3080
8	3.1690	4.1497	1.3095	3.1893	4.1495	1.3011	3.1609	4.1487	1.3125
9	3.1690	4.1497	1.3095	3.1696	4.1298	1.3029	3.1392	4.1285	1.3151
10	3.1690	4.1497	1.3095	3.1405	4.1135	1.3098	3.1861	4.1417	1.2999
11	3.1828	4.1390	1.3004	3.1382	4.1061	1.3084	3.1861	4.1417	1.2999
12	3.1887	4.1500	1.3015	3.1537	4.1200	1.3064	3.1861	4.1417	1.2999
13	3.1863	4.1484	1.3019	3.1537	4.1200	1.3064	3.2051	4.1570	1.2970
14	3.2000	4.1448	1.2953	3.1537	4.1200	1.3064	3.1998	4.1606	1.3003
15	3.1868	4.1595	1.3052	3.1502	4.1125	1.3055	3.2340	4.1725	1.2902
16	3.1868	4.1595	1.3052	3.1559	4.1178	1.3048	3.2521	4.1822	1.2860
17	3.1868	4.1595	1.3052	3.1159	4.1097	1.3189	3.2520	4.1834	1.2864
18	3.2015	4.1505	1.2964	3.1529	4.1150	1.3051	3.2520	4.1834	1.2864
19	3.2055	4.1465	1.2936	3.1409	4.1118	1.3091	3.2520	4.1834	1.2864
20	3.2169	4.1538	1.2912	3.1409	4.1118	1.3091	3.2380	4.1683	1.2873
21	3.2387	4.1805	1.2908	3.1409	4.1118	1.3091	3.2490	4.1820	1.2872
22	3.2361	4.1860	1.2935	3.1448	4.1025	1.3045	3.2322	4.1813	1.2936
23	3.2361	4.1860	1.2935	3.1811	4.1293	1.2981	3.2587	4.2020	1.2895
24	3.2361	4.1860	1.2935	3.1823	4.1403	1.3010	3.2400	4.2049	1.2978
25	3.1950	4.1586	1.3016	3.1792	4.1518	1.3059	3.2400	4.2049	1.2978
26	3.2427	4.1723	1.2867	3.1943	4.1588	1.3019	3.2400	4.2049	1.2978
27	3.2635	4.1779	1.2802	3.1943	4.1588	1.3019	3.2416	4.1950	1.2941
28	3.2773	4.1866	1.2775	3.1943	4.1588	1.3019	3.2465	4.1912	1.2910
29	3.2590	4.1774	1.2818	3.1712	4.1501	1.3087	3.2831	4.2315	1.2889
30	3.2590	4.1774	1.2818	3.1721	4.1429	1.3060	3.2831	4.2315	1.2889
31	3.2590	4.1774	1.2818	.	.	.	3.2953	4.2902	1.3019
Average monthly rate	3.2058	4.1581	X	3.1825	4.1409	X	3.2149	4.1759	X

Table III. PLN/USD and PLN/EUR daily exchange rates, cont'd

Days	June 2013			July 2013			August 2013		
	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR
	PLN/USD	PLN/EUR		PLN/USD	PLN/EUR		PLN/USD	PLN/EUR	
	19	20	21	22	23	24	25	26	27
1	3.2953	4.2902	1.3019	3.3210	4.3323	1.3045	3.1961	4.2339	1.3247
2	3.2953	4.2902	1.3019	3.3222	4.3265	1.3023	3.2201	4.2558	1.3216
3	3.2865	4.2786	1.3019	3.3516	4.3416	1.2954	3.2201	4.2558	1.3216
4	3.2524	4.2520	1.3073	3.3246	4.3213	1.2998	3.2201	4.2558	1.3216
5	3.2421	4.2349	1.3062	3.3245	4.2824	1.2881	3.1771	4.2211	1.3286
6	3.2564	4.2742	1.3126	3.3245	4.2824	1.2881	3.1744	4.2107	1.3265
7	3.2545	4.3061	1.3231	3.3245	4.2824	1.2881	3.1725	4.2153	1.3287
8	3.2545	4.3061	1.3231	3.3576	4.3105	1.2838	3.1503	4.2045	1.3346
9	3.2545	4.3061	1.3231	3.3588	4.3234	1.2872	3.1336	4.1940	1.3384
10	3.2210	4.2571	1.3217	3.3724	4.3240	1.2822	3.1336	4.1940	1.3384
11	3.2201	4.2756	1.3278	3.3225	4.3345	1.3046	3.1336	4.1940	1.3384
12	3.2002	4.2555	1.3298	3.3201	4.3295	1.3040	3.1510	4.1927	1.3306
13	3.2000	4.2685	1.3339	3.3201	4.3295	1.3040	3.1489	4.1874	1.3298
14	3.1654	4.2180	1.3325	3.3201	4.3295	1.3040	3.1643	4.1994	1.3271
15	3.1654	4.2180	1.3325	3.2955	4.2922	1.3024	3.1643	4.1994	1.3271
16	3.1654	4.2180	1.3325	3.2735	4.2788	1.3071	3.1665	4.2230	1.3336
17	3.1719	4.2316	1.3341	3.2410	4.2624	1.3151	3.1665	4.2230	1.3336
18	3.1682	4.2406	1.3385	3.2362	4.2453	1.3118	3.1665	4.2230	1.3336
19	3.1777	4.2563	1.3394	3.2348	4.2457	1.3125	3.1873	4.2480	1.3328
20	3.2693	4.3237	1.3225	3.2348	4.2457	1.3125	3.1761	4.2468	1.3371
21	3.2743	4.3284	1.3219	3.2348	4.2457	1.3125	3.1698	4.2440	1.3389
22	3.2743	4.3284	1.3219	3.2142	4.2296	1.3159	3.1811	4.2477	1.3353
23	3.2743	4.3284	1.3219	3.2001	4.2186	1.3183	3.1673	4.2323	1.3362
24	3.3137	4.3432	1.3107	3.1800	4.2090	1.3236	3.1673	4.2323	1.3362
25	3.2840	4.3118	1.3130	3.2143	4.2387	1.3187	3.1673	4.2323	1.3362
26	3.3239	4.3348	1.3041	3.1831	4.2295	1.3287	3.1658	4.2320	1.3368
27	3.3241	4.3314	1.3030	3.1831	4.2295	1.3287	3.1849	4.2473	1.3336
28	3.3175	4.3292	1.3050	3.1831	4.2295	1.3287	3.1840	4.2555	1.3365
29	3.3175	4.3292	1.3050	3.1859	4.2319	1.3283	3.2269	4.2812	1.3267
30	3.3175	4.3292	1.3050	3.1798	4.2202	1.3272	3.2209	4.2654	1.3243
31	.	.	.	3.1929	4.2427	1.3288	3.2209	4.2654	1.3243
Average monthly rate	3.2512	4.2865	X	3.2688	4.2756	X	3.1767	4.2295	X

Table III. PLN/USD and PLN/EUR daily exchange rates, cont'd

Days	September 2013			October 2013			November 2013			December 2013		
	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR	NBP average exchange rates		USD/EUR
	PLN/USD	PLN/EUR		PLN/USD	PLN/EUR		PLN/USD	PLN/EUR		PLN/USD	PLN/EUR	
	28	29	30	31	32	33	34	35	36	37	38	39
1	3.2209	4.2654	1.3243	3.1170	4.2230	1.3548	3.0507	4.1766	1.3691	3.0846	4.1998	1.3615
2	3.2164	4.2507	1.3216	3.1212	4.2231	1.3530	3.0507	4.1766	1.3691	3.0965	4.1965	1.3552
3	3.2433	4.2720	1.3172	3.0951	4.2105	1.3604	3.0507	4.1766	1.3691	3.0973	4.2032	1.3571
4	3.2387	4.2673	1.3176	3.0902	4.2065	1.3612	3.0975	4.1816	1.3500	3.0916	4.2011	1.3589
5	3.2463	4.2805	1.3186	3.0902	4.2065	1.3612	3.0981	4.1805	1.3494	3.0870	4.1974	1.3597
6	3.2732	4.2975	1.3129	3.0902	4.2065	1.3612	3.0896	4.1728	1.3506	3.0673	4.1925	1.3668
7	3.2732	4.2975	1.3129	3.0976	4.2088	1.3587	3.0844	4.1696	1.3518	3.0673	4.1925	1.3668
8	3.2732	4.2975	1.3129	3.0873	4.1896	1.3570	3.1133	4.1799	1.3426	3.0673	4.1925	1.3668
9	3.2357	4.2700	1.3197	3.1057	4.2010	1.3527	3.1133	4.1799	1.3426	3.0534	4.1883	1.3717
10	3.2181	4.2637	1.3249	3.0994	4.1918	1.3525	3.1133	4.1799	1.3426	3.0425	4.1822	1.3746
11	3.1955	4.2408	1.3271	3.0850	4.1861	1.3569	3.1133	4.1799	1.3426	3.0386	4.1803	1.3757
12	3.1782	4.2238	1.3290	3.0850	4.1861	1.3569	3.1448	4.2066	1.3376	3.0415	4.1878	1.3769
13	3.1696	4.2110	1.3286	3.0850	4.1861	1.3569	3.1358	4.2061	1.3413	3.0432	4.1844	1.3750
14	3.1696	4.2110	1.3286	3.0936	4.1925	1.3552	3.1150	4.1890	1.3448	3.0432	4.1844	1.3750
15	3.1696	4.2110	1.3286	3.0893	4.1855	1.3548	3.1172	4.1890	1.3438	3.0432	4.1844	1.3750
16	3.1435	4.1961	1.3348	3.0854	4.1755	1.3533	3.1172	4.1890	1.3438	3.0350	4.1784	1.3767
17	3.1552	4.2144	1.3357	3.0625	4.1738	1.3629	3.1172	4.1890	1.3438	3.0360	4.1788	1.3764
18	3.1689	4.2302	1.3349	3.0506	4.1769	1.3692	3.0953	4.1805	1.3506	3.0393	4.1800	1.3753
19	3.0833	4.1790	1.3554	3.0506	4.1769	1.3692	3.0925	4.1789	1.3513	3.0490	4.1700	1.3677
20	3.1152	4.2144	1.3529	3.0506	4.1769	1.3692	3.0947	4.1847	1.3522	3.0525	4.1652	1.3645
21	3.1152	4.2144	1.3529	3.0620	4.1850	1.3668	3.1227	4.1933	1.3428	3.0525	4.1652	1.3645
22	3.1152	4.2144	1.3529	3.0564	4.1786	1.3672	3.1077	4.1995	1.3513	3.0525	4.1652	1.3645
23	3.1260	4.2268	1.3521	3.0385	4.1800	1.3757	3.1077	4.1995	1.3513	3.0443	4.1638	1.3677
24	3.1338	4.2291	1.3495	3.0323	4.1812	1.3789	3.1077	4.1995	1.3513	3.0346	4.1512	1.3680
25	3.1234	4.2153	1.3496	3.0326	4.1910	1.3820	3.1019	4.1930	1.3518	3.0346	4.1512	1.3680
26	3.1277	4.2262	1.3512	3.0326	4.1910	1.3820	3.0945	4.1935	1.3551	3.0346	4.1512	1.3680
27	3.1328	4.2310	1.3505	3.0326	4.1910	1.3820	3.0899	4.2038	1.3605	3.0105	4.1538	1.3798
28	3.1328	4.2310	1.3505	3.0271	4.1805	1.3810	3.0872	4.1988	1.3601	3.0105	4.1538	1.3798
29	3.1328	4.2310	1.3505	3.0436	4.1893	1.3764	3.0846	4.1998	1.3615	3.0105	4.1538	1.3798
30	3.1227	4.2163	1.3502	3.0433	4.1869	1.3758	3.0846	4.1998	1.3615	3.0180	4.1513	1.3755
31	.	.	.	3.0507	4.1766	1.3691	.	.	.	3.0120	4.1472	1.3769
Average monthly rate	3.1750	4.2376	X	3.0704	4.1908	X	3.0998	4.1882	X	3.0481	4.1757	X

Table IV. Average MFI interest rates on outstanding amounts, PLN denominated (in %)

	Sector	Category	Original maturity, period of notice	No	December 2012	January 2013	February 2013	March 2013	
Deposits in PLN	households and non-profit institutions serving households	overnight		1	2.1	2.1	2.1	2.0	
		with agreed maturity	up to 2 years	2	4.8	4.7	4.6	4.3	
			over 2 years	3	2.6	2.6	2.5	2.6	
			total	4	4.8	4.6	4.5	4.3	
	non-financial corporations	overnight		5	2.1	2.0	1.9	1.7	
		with agreed maturity	up to 2 years	6	4.7	4.3	4.1	3.8	
			over 2 years	7	4.3	4.2	4.1	3.9	
			total	8	4.6	4.3	4.1	3.8	
	total, overnight excluded			9	4.7	4.6	4.4	4.2	
Loans in PLN	households and non-profit institutions serving households	bank overdraft		10	12.5	12.7	12.4	12.1	
		for consumption	credit cards	11	17.8	17.7	16.7	15.7	
			up to 1 year maturity	12	11.9	11.4	11.3	10.7	
			over 1 and up to 5 years maturity	13	14.6	14.7	15.0	14.5	
			over 5 years maturity	14	13.8	13.6	14.0	13.4	
			total	15	14.7	14.7	14.8	14.2	
		for house purchases	up to 5 years maturity	16	7.2	8.5	8.5	8.3	
			over 5 years maturity	17	6.7	6.4	6.3	6.0	
			total	18	6.7	6.4	6.4	6.0	
		for other purposes	up to 1 year maturity	19	7.2	7.2	7.1	7.0	
			over 1 and up to 5 years maturity	20	8.9	8.6	8.6	8.3	
			over 5 years maturity	21	7.7	7.3	7.1	7.1	
			total	22	7.9	7.5	7.4	7.3	
		total, overdraft excluded			23	9.2	8.9	8.9	8.5
		non-financial corporations	bank overdraft		24	6.5	6.2	6.0	5.7
	credit cards		25	8.2	8.5	8.4	8.3		
	up to 1 year maturity		26	6.0	6.1	5.9	5.6		
	over 1 and up to 5 years maturity		27	6.9	6.7	6.4	6.2		
	over 5 years maturity		28	6.6	6.4	6.3	6.0		
	total, overdraft excluded		29	6.7	6.4	6.3	6.0		
	total, overdraft excluded			30	8.4	8.2	8.1	7.7	

np. – not published due to minor significance and statistical confidentiality requirements.

Table IV. Average MFI interest rates on outstanding amounts, PLN denominated, cont'd

April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013
1.8	1.7	1.5	1.4	1.2	1.2	1.2	1.1	1.1
4.1	3.9	3.7	3.5	3.2	3.1	2.8	2.7	2.7
2.8	3.1	2.9	2.9	np.	np.	2.1	2.2	2.2
4.1	3.9	3.7	3.5	3.2	3.0	2.8	2.7	2.7
1.5	1.4	1.3	1.1	1.1	1.1	1.1	1.1	1.1
3.5	3.3	3.0	2.8	2.6	2.6	2.6	2.6	2.6
3.6	3.8	3.4	3.1	3.0	2.9	2.6	2.8	2.6
3.5	3.3	3.0	2.8	2.6	2.6	2.6	2.6	2.6
3.9	3.7	3.5	3.3	3.0	2.9	2.7	2.7	2.6
12.0	11.9	11.6	11.3	11.2	11.2	11.2	11.1	11.1
15.9	15.3	14.4	13.9	13.0	12.9	12.9	12.8	12.8
10.5	10.0	9.8	9.2	9.0	9.4	9.2	9.1	8.8
14.4	14.1	13.9	13.4	13.4	13.3	13.2	13.4	13.3
13.4	13.1	12.9	12.4	12.4	12.5	12.3	12.5	12.4
14.2	13.8	13.5	13.0	12.8	12.8	12.7	12.8	12.7
8.2	8.0	7.9	7.5	7.4	7.1	7.1	7.1	7.1
5.7	5.4	5.1	4.9	4.7	4.7	4.6	4.6	4.6
5.7	5.5	5.2	4.9	4.7	4.8	4.7	4.7	4.6
6.9	6.8	6.6	6.3	6.2	6.0	6.0	6.0	5.9
8.0	7.9	7.6	7.1	7.1	7.1	7.2	7.1	7.0
6.8	6.6	6.4	6.1	5.8	5.8	5.7	5.6	5.6
7.0	6.9	6.6	6.3	6.1	6.0	5.9	5.9	5.9
8.3	8.0	7.7	7.3	7.2	7.2	7.1	7.1	7.1
5.5	5.3	5.1	4.9	4.9	4.9	4.8	4.8	4.7
8.6	9.0	8.7	9.5	8.7	8.5	8.0	8.3	8.2
5.4	5.3	5.0	4.7	4.6	4.5	4.5	4.5	4.3
5.9	5.7	5.4	5.1	5.1	4.9	4.9	4.9	4.9
5.7	5.6	5.3	4.9	4.9	4.8	4.8	4.8	4.7
5.8	5.6	5.3	5.0	4.9	4.8	4.8	4.8	4.7
7.5	7.3	7.0	6.6	6.5	6.5	6.5	6.5	6.4

Table V. Average MFI interest rates on new business, PLN denominated (in %)

	Sector	Category	Original maturity, initial rate fixation	No	December 2012	January 2013	February 2013	March 2013	
Deposits in PLN	households and non-profit institutions serving households	with agreed maturity	up to 1 month	1	3.2	2.9	2.8	2.5	
			over 1 and up to 3 months	2	4.9	4.6	4.4	4.0	
			over 3 and up to 6 months	3	5.0	4.6	4.4	3.7	
			over 6 months and up to 1 year	4	4.3	4.1	3.8	3.5	
			over 1 year	5	4.2	4.2	3.9	3.5	
			total	6	4.2	4.0	3.8	3.3	
	non-financial corporations	with agreed maturity	up to 1 month	7	3.8	3.5	3.4	3.0	
			over 1 and up to 3 months	8	4.6	4.2	4.1	3.6	
			over 3 and up to 6 months	9	4.5	4.3	4.1	3.6	
			over 6 months and up to 1 year	10	4.5	4.3	3.8	3.8	
			over 1 year	11	4.1	3.8	3.7	3.4	
			total	12	4.0	3.7	3.5	3.1	
	total			13	4.0	3.7	3.6	3.2	
Loans in PLN	households and non-profit institutions serving households	for consumption	floating rate and up to 3 months initial rate fixation	14	16.0	16.0	15.1	16.1	
			over 3 months and up to 1 year initial rate fixation	15	12.0	12.7	11.8	11.8	
			over 1 year initial rate fixation	16	16.8	17.0	17.2	16.8	
			total	17	16.0	16.2	15.8	16.1	
			the annual percentage rate of charge (APRC)		18	22.2	22.2	21.9	21.4
			total		17	16.0	16.2	15.8	16.1
		for house purchases	floating rate and up to 3 months initial rate fixation	19	np.	np.	np.	np.	
			over 3 months and up to 1 year initial rate fixation	20	np.	np.	np.	np.	
			over 1 year initial rate fixation	21	np.	np.	np.	np.	
			total	22	6.6	6.4	6.2	6.0	
			the annual percentage rate of charge (APRC)		23	7.1	6.8	6.6	6.3
			total		22	6.6	6.4	6.2	6.0
		for sole proprietors and unincorporated partnerships	floating rate and up to 3 months initial rate fixation	24	np.	np.	np.	np.	
			over 3 months and up to 1 year initial rate fixation	25	np.	np.	np.	np.	
			over 1 year initial rate fixation	26	np.	np.	np.	np.	
			total	27	8.3	8.7	8.2	7.9	
			the annual percentage rate of charge (APRC)		28	np.	np.	np.	np.
			total		27	8.3	8.7	8.2	7.9
	for other purposes	floating rate and up to 3 months initial rate fixation	28	np.	np.	np.	np.		
		over 3 months and up to 1 year initial rate fixation	29	np.	np.	np.	np.		
		over 1 year initial rate fixation	30	np.	np.	np.	np.		
		total	31	8.2	7.7	7.4	7.6		
		the annual percentage rate of charge (APRC)		32	10.6	10.5	10.7	11.1	
		total		31	8.2	7.7	7.4	7.6	
	non-financial corporations	contracts up to PLN 1 million, overdraft excluded	floating rate and up to 3 months initial rate fixation	33	6.3	6.0	5.8	5.5	
			over 3 months and up to 1 year initial rate fixation	34	6.6	5.8	6.0	5.5	
			over 1 year initial rate fixation	35	6.6	5.8	6.0	5.5	
			total	36	6.3	6.0	5.8	5.5	
			floating rate and up to 1 year initial rate fixation, with original maturity over 1 year*		37	7.2	6.8	6.5	6.4
			total		36	6.3	6.0	5.8	5.5
		contracts over PLN 1 million up to 4 million, overdraft excluded	floating rate and up to 3 months initial rate fixation	38	6.3	5.7	5.5	5.3	
			over 3 months and up to 1 year initial rate fixation	39	5.9	5.3	5.5	5.1	
over 1 year initial rate fixation			40	5.9	5.3	5.5	5.1		
total			41	6.2	5.7	5.5	5.2		
floating rate and up to 1 year initial rate fixation, with original maturity over 1 year*			42	6.7	6.4	6.1	5.7		
total			41	6.2	5.7	5.5	5.2		
contracts over PLN 4 million, overdraft excluded		floating rate and up to 3 months initial rate fixation	43	5.9	6.1	5.4	5.1		
		over 3 months and up to 1 year initial rate fixation	44	6.9	7.1	7.2	6.1		
		over 1 year initial rate fixation	45	6.9	7.1	7.2	6.1		
		total	46	6.1	6.4	5.6	5.5		
		floating rate and up to 1 year initial rate fixation, with original maturity over 1 year*		47	6.7	6.8	6.1	5.9	
		total		46	6.1	6.4	5.6	5.5	
total			49	7.8	8.0	8.1	8.1		

* Category "floating rate and up to 1 year initial rate fixation, with original maturity over 1 year" comprises contracts from categories "floating rate and up to 3 months initial rate fixation" and "over 3 months and up to 1 year initial rate fixation", but only those which original maturity is over 1 year.

np. – not published due to minor significance and statistical confidentiality requirements; the same reasoning applied in combining the following items: 34 and 35, 39 and 40 as well as 44 and 45.

Table V. Average MFI interest rates on new business, PLN denominated, cont'd

April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013
2.3	2.2	2.1	2.0	2.0	2.2	2.1	2.1	2.2
3.7	3.4	3.1	2.9	2.8	2.8	2.9	2.8	2.8
3.4	3.0	2.7	2.6	2.5	2.7	2.8	2.8	2.8
3.3	3.0	2.5	2.5	2.3	2.5	2.4	2.6	2.8
3.3	2.9	2.9	2.4	2.4	2.6	2.5	2.6	2.7
3.1	2.8	2.6	2.5	2.4	2.5	2.6	2.6	2.6
2.8	2.7	2.4	2.2	2.2	2.2	2.2	2.3	2.2
3.4	3.1	2.9	2.7	2.6	2.7	2.7	2.7	2.8
3.5	3.0	2.8	2.8	2.7	2.8	2.8	2.8	2.9
3.4	2.9	2.8	2.9	2.8	3.1	3.1	3.1	3.0
3.2	3.0	2.5	2.6	2.7	2.6	2.5	3.1	2.7
3.0	2.7	2.5	2.3	2.3	2.3	2.3	2.4	2.3
3.0	2.7	2.5	2.3	2.3	2.4	2.4	2.4	2.4
14.7	15.8	14.3	14.9	14.6	14.2	14.2	14.0	13.7
10.7	9.7	9.4	8.2	7.5	8.7	8.6	7.8	7.4
16.9	16.5	15.8	14.9	14.6	14.4	14.4	13.6	13.5
15.4	15.7	14.7	14.6	14.2	13.9	13.9	13.4	13.1
21.6	21.1	20.4	20.4	20.8	20.7	20.2	19.7	19.9
np.	np.	np.	np.	np.	np.	np.	np.	np.
np.	np.	np.	np.	np.	np.	np.	np.	np.
np.	np.	np.	np.	np.	np.	np.	np.	np.
5.7	5.5	5.2	5.1	5.1	5.2	5.1	5.1	5.2
5.9	5.8	5.5	5.5	5.6	5.6	5.5	5.6	5.6
np.	np.	np.	np.	np.	np.	np.	np.	np.
np.	np.	np.	np.	np.	np.	np.	np.	np.
np.	np.	np.	np.	np.	np.	np.	np.	np.
7.6	7.4	6.7	7.3	7.0	7.0	6.9	6.4	6.8
np.	np.	np.	np.	np.	np.	np.	np.	np.
np.	np.	np.	np.	np.	np.	np.	np.	np.
np.	np.	np.	np.	np.	np.	np.	np.	np.
7.5	7.3	7.2	6.7	6.8	6.8	6.9	6.8	6.7
10.2	10.6	9.9	9.8	9.5	9.5	9.5	9.4	9.2
5.3	5.1	4.7	4.6	4.5	4.5	4.4	4.3	4.4
4.9	4.5	4.4	3.9	4.1	4.4	4.3	4.3	4.3
5.3	5.0	4.7	4.5	4.5	4.5	4.4	4.3	4.4
6.0	5.8	5.1	5.3	5.2	4.9	4.9	4.2	5.2
5.2	5.0	4.8	4.7	4.6	4.6	4.4	4.3	4.3
4.5	4.7	4.5	4.3	3.9	4.1	4.2	3.9	4.0
5.1	5.0	4.8	4.6	4.5	4.5	4.4	4.3	4.3
5.4	5.3	5.1	4.8	4.7	4.8	4.6	4.5	4.8
4.9	4.9	5.2	4.7	4.6	4.2	4.6	4.3	4.4
5.7	5.0	5.4	5.3	4.3	5.0	4.2	4.2	4.6
5.1	4.9	5.2	4.8	4.6	4.4	4.5	4.3	4.5
5.2	5.2	5.5	5.0	4.6	4.5	4.7	4.6	4.7
5.1	5.0	5.1	4.7	4.5	4.4	4.5	4.3	4.4
7.6	8.2	6.9	7.3	7.2	7.0	7.3	7.1	6.3

Table VI. Average MFI interest rates on new business, EUR denominated (in %)

	Sector	Category	Original maturity, initial rate fixation	No	December 2012	January 2013	February 2013	March 2013	
Deposits in EUR	households and non-profit institutions serving households	overnight*		1	0.3	0.3	0.4	0.4	
		with agreed maturity	up to 1 month		2	0.3	0.3	0.3	0.3
			over 1 and up to 3 months		3	0.8	0.6	0.9	0.8
			over 3 and up to 6 months		4	0.9	0.8	0.8	0.7
			over 6 months and up to 1 year		5	1.3	1.4	1.0	0.8
			over 1 year		6	1.1	2.2	1.1	1.7
			total		7	0.7	0.8	0.6	0.6
	non-financial corporations	overnight*		8	0.1	0.1	0.1	0.1	
		with agreed maturity	up to 1 month		9	0.2	0.2	0.2	0.3
			over 1 and up to 3 months		10	0.3	0.5	0.5	0.3
			over 3 and up to 6 months		11	0.6	0.7	0.5	0.4
			over 6 months and up to 1 year		12	1.2	1.0	0.9	0.6
			over 1 year		13	0.7	0.3	0.6	0.3
			total		14	0.3	0.3	0.3	0.3
	total				15	0.3	0.3	0.3	0.3
Loans in EUR	households and non-profit institutions serving households	bank overdraft*		16	2.7	2.7	2.7	2.8	
		for consumption	total		17	7.7	9.9	3.5	6.9
			the annual percentage rate of charge (APRC)		18	7.7	9.9	4.9	7.4
		for house purchases	total		19	3.3	3.5	3.2	3.5
			the annual percentage rate of charge (APRC)		20	3.6	3.7	3.4	3.8
		for other purposes		21	3.3	2.8	2.4	3.6	
		total, overdraft excluded		22	3.3	3.3	2.9	3.6	
	non-financial corporations	bank overdraft*		23	1.9	1.9	1.9	1.8	
		contracts up to EUR 1 million		24	2.1	2.2	2.1	2.3	
		contracts over EUR 1 million		25	3.1	2.2	2.8	3.6	
		total, overdraft excluded		26	3.0	2.2	2.6	3.4	
		total		27	3.0	2.3	2.6	3.4	

* Category calculated on a basis of an outstanding amounts. Excluded from "total" average.

np. – not published due to minor significance and statistical confidentiality requirements.

Table VI. Average MFI interest rates on new business, EUR denominated, cont'd

April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013
0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2
0.2	0.2	0.4	0.4	0.6	0.5	0.5	0.6	0.6
0.4	0.8	0.6	0.8	0.5	0.8	0.4	0.5	0.7
0.5	0.6	0.4	0.6	0.6	0.6	0.7	0.7	0.7
0.9	0.7	0.7	1.1	0.7	0.7	0.8	0.9	0.8
0.7	0.7	1.8	0.8	1.6	1.6	1.1	1.1	1.7
0.5	0.5	0.5	0.8	0.6	0.7	0.6	0.7	0.7
0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
0.3	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.3
0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.4
0.5	0.4	0.5	0.6	0.3	0.4	0.5	0.4	0.6
0.5	0.6	0.6	0.5	0.3	0.8	0.7	0.7	0.8
0.2	0.4	0.2	0.4	np.	np.	0.8	0.6	0.4
0.3	0.3	0.3	0.3	0.2	0.3	0.2	0.2	0.3
0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
2.7	2.6	2.6	2.6	2.5	2.4	2.3	2.3	2.2
-	-	-	-	np.	np.	np.	-	-
-	-	-	-	np.	np.	np.	-	-
3.2	3.4	3.6	3.4	3.4	3.5	3.7	np.	3.0
3.4	3.8	4.0	3.8	3.9	3.7	4.3	np.	3.4
3.1	2.4	2.7	2.4	2.4	2.5	2.4	2.1	2.3
3.2	2.9	3.0	2.8	2.9	2.8	3.1	2.3	2.4
1.8	1.9	1.8	1.8	1.8	1.9	1.8	1.8	1.8
2.1	2.3	1.9	2.3	1.9	1.8	2.0	1.9	1.9
2.9	3.2	2.9	3.5	3.5	3.2	2.5	3.0	2.9
2.8	2.9	2.6	3.2	3.2	2.9	2.3	2.6	2.8
2.8	2.9	2.6	3.2	3.2	2.9	2.4	2.6	2.8

Table VII. Aggregated balance sheet of other monetary financial institutions (PLN million)**Assets**

Period	Loans to domestic residents				Holdings of securities other than shares issued by domestic residents			
	monetary financial institutions	general government	other domestic residents*	monetary financial institutions	general government	other domestic residents*		
	1	2	3	4	5	6	7	8
December 2012	1 013 944.3	99 815.7	79 637.4	834 491.2	257 274.1	109 400.7	133 430.5	14 442.9
January 2013	1 006 389.7	83 610.9	79 425.8	843 353.0	289 017.9	141 156.7	133 099.2	14 762.0
February	1 014 076.2	94 724.3	78 843.9	840 508.0	289 368.0	134 802.9	140 391.1	14 174.0
March	1 008 845.7	84 474.6	78 469.1	845 902.0	297 306.5	134 898.7	148 994.1	13 413.7
April	1 022 026.5	100 044.1	77 833.8	844 148.6	297 807.7	136 752.6	147 766.9	13 288.2
May	1 025 870.1	95 804.0	77 905.1	852 161.0	305 238.7	137 746.4	153 802.0	13 690.3
June	1 016 152.5	72 696.2	78 180.9	865 275.4	317 998.8	143 335.9	160 299.8	14 363.1
July	1 031 413.7	92 235.2	78 049.8	861 128.7	305 257.7	133 523.1	157 906.1	13 828.5
August	1 029 576.0	85 027.8	78 213.7	866 334.5	314 298.1	137 139.5	163 160.3	13 998.3
September	1 057 271.1	106 665.6	77 695.4	872 910.1	300 336.1	125 426.1	160 795.5	14 114.5
October	1 036 065.4	91 161.2	78 724.3	866 179.9	309 171.8	135 039.3	159 684.0	14 448.5
November	1 035 253.0	84 893.5	78 858.5	871 501.0	314 164.9	136 494.6	162 661.9	15 008.4
December	1 039 829.3	91 776.5	78 373.3	869 679.5	296 931.8	124 854.1	155 765.2	16 312.5

* Non-monetary financial institutions and non-financial sector.

Period	Money market fund shares/units	Holdings of shares/other equity issued by domestic residents	monetary financial institutions		External assets	Fixed assets**	Remaining assets	Total assets
			monetary financial institutions	other domestic residents*				
	9	10	11	12	13	14	15	16
December 2012	0.0	13 941.1	5 059.8	8 881.3	66 937.8	42 914.0	47 289.0	1 442 300.3
January 2013	0.0	10 017.0	1 050.4	8 966.6	68 345.7	43 816.9	44 477.4	1 462 064.6
February	0.0	10 017.9	1 058.3	8 959.6	59 640.3	44 416.9	43 504.0	1 461 023.3
March	0.0	10 220.0	1 114.6	9 105.4	60 604.8	44 865.9	46 202.1	1 468 045.0
April	0.0	10 318.3	1 113.1	9 205.2	58 590.6	44 940.4	49 155.9	1 482 839.4
May	0.0	10 552.1	1 109.6	9 442.5	60 918.9	44 999.3	47 741.2	1 495 320.3
June	0.0	10 327.0	1 110.3	9 216.7	61 382.5	45 141.3	45 457.1	1 496 459.2
July	0.0	10 288.8	1 116.2	9 172.6	54 047.5	45 248.8	44 133.6	1 490 390.1
August	0.0	10 309.5	1 114.7	9 194.8	51 969.4	45 395.2	44 552.6	1 496 100.8
September	0.0	10 440.7	1 116.5	9 324.2	67 024.9	45 522.1	44 636.5	1 525 231.4
October	0.0	10 703.8	1 127.7	9 576.1	69 954.7	45 703.2	45 642.1	1 517 241.0
November	0.0	10 757.7	1 129.0	9 628.7	66 824.8	45 595.3	44 073.3	1 516 669.0
December	0.0	11 372.0	1 146.1	10 225.9	62 787.1	46 137.9	45 247.7	1 502 305.8

* Non-monetary financial institutions and non-financial sector.

** Excluding financial fixed assets, included in column 10.

Table VII. Aggregated balance sheet of other monetary financial institutions (PLN million), cont'd
Liabilities

Period	Deposits of domestic residents	Monetary financial institutions	Central government	Other domestic residents ¹				
					overnight	with agreed maturity	redeemable at notice	repurchase agreements
	1	2	3	4	5	6	7	8
December 2012	900 801.6	43 890.2	36 221.1	820 690.3	381 276.0	426 252.5	114.6	13 047.2
January 2013	919 402.4	56 944.8	47 586.3	814 871.3	375 025.0	429 733.0	140.0	9 973.3
February	918 020.0	60 553.1	36 250.2	821 216.7	381 228.8	431 251.0	13.2	8 723.7
March	919 858.7	51 660.9	37 695.5	830 502.3	380 995.8	439 965.7	12.5	9 528.3
April	931 487.9	66 740.2	32 955.3	831 792.4	385 370.7	433 840.2	12.2	12 569.3
May	942 398.4	63 960.2	40 578.8	837 859.4	398 309.8	425 740.1	12.5	13 797.0
June	935 945.4	49 559.4	45 358.1	841 027.9	410 188.1	418 251.4	12.4	12 576.0
July	938 545.9	57 722.1	40 726.1	840 097.7	417 283.6	405 900.4	2.8	16 910.9
August	944 636.3	54 949.3	44 585.3	845 101.7	416 285.3	412 406.9	2.6	16 406.9
September	966 490.8	61 816.4	60 939.6	843 734.8	426 868.9	405 703.3	2.6	11 160.0
October	968 099.8	59 095.4	56 369.8	852 634.6	422 130.6	414 940.8	2.5	15 560.7
November	968 084.5	54 047.3	62 849.0	851 188.2	424 214.9	412 469.4	2.3	14 501.6
December	956 780.1	52 358.0	30 621.6	873 800.5	440 360.9	421 159.9	2.2	12 277.5

¹ Non-monetary financial institutions, local government, social security funds and non-financial sector.

Period	Money market fund shares/units	Debt securities issued	Capital and reserves				External liabilities	Remaining liabilities	Total liabilities
				Tier-1 capital	Tier-2 capital	reserves			
	9	10	11	12	13	14	15	16	17
December 2012	0.0	53 458.3	203 943.7	129 390.4	4 917.9	69 635.4	218 259.4	65 837.3	1 442 300.3
January 2013	0.0	53 481.8	204 596.0	130 820.2	3 995.9	69 779.9	217 272.0	67 312.4	1 462 064.6
February	0.0	53 643.3	204 277.7	130 695.6	3 669.1	69 913.0	216 733.2	68 349.1	1 461 023.3
March	0.0	53 405.3	205 991.8	131 226.1	3 938.4	70 827.3	219 396.8	69 392.4	1 468 045.0
April	0.0	53 421.6	211 562.0	135 088.3	5 164.9	71 308.8	220 460.8	65 907.1	1 482 839.4
May	0.0	53 081.4	210 429.7	134 776.1	4 246.7	71 406.9	227 063.2	62 347.6	1 495 320.3
June	0.0	53 186.4	211 533.9	138 658.3	2 224.6	70 651.0	234 376.1	61 417.4	1 496 459.2
July	0.0	53 939.4	214 299.6	140 676.4	2 831.5	70 791.7	225 939.5	57 665.7	1 490 390.1
August	0.0	52 639.4	214 183.3	140 807.3	1 988.9	71 387.1	226 985.1	57 656.7	1 496 100.8
September	0.0	52 344.2	214 279.9	140 889.4	2 086.5	71 304.0	230 696.6	61 419.9	1 525 231.4
October	0.0	52 963.8	215 042.9	140 640.8	2 952.4	71 449.7	222 914.8	58 219.7	1 517 241.0
November	0.0	53 187.0	214 147.6	140 317.5	2 263.8	71 566.3	221 150.0	60 099.9	1 516 669.0
December	0.0	54 632.1	213 930.9	140 558.8	2 545.8	70 826.3	216 536.0	60 426.7	1 502 305.8

Table VIII. Balance sheet of Narodowy Bank Polski (PLN million)**Assets**

Period	Assets											Total assets		
	Loans to domestic residents	Other monetary financial institutions	General government	Other domestic residents*	Holdings of securities other than shares issued by domestic residents			Holdings of shares/ other equity issued by domestic residents	other monetary financial institutions	other domestic residents*	External assets		Fixed assets**	Remaining assets
					other monetary financial institutions	general government	other domestic residents*							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
December 2012	24.4	0.0	0.0	24.4	0.0	0.0	0.0	53.8	0.0	53.8	343 001.3	2 245.9	242.9	345 568.3
January 2013	24.0	0.0	0.0	24.0	0.0	0.0	0.0	53.8	0.0	53.8	338 854.4	2 245.4	867.3	342 044.9
February	23.9	0.0	0.0	23.9	0.0	0.0	0.0	53.8	0.0	53.8	344 699.8	2 251.0	316.4	347 344.9
March	24.1	0.0	0.0	24.1	0.0	0.0	0.0	53.8	0.0	53.8	360 328.2	2 249.8	445.2	363 101.6
April	24.1	0.0	0.0	24.1	0.0	0.0	0.0	53.8	0.0	53.8	351 627.1	2 265.8	266.0	354 236.8
May	24.3	0.0	0.0	24.3	0.0	0.0	0.0	53.8	0.0	53.8	368 971.4	2 285.2	686.0	372 020.7
June	24.8	0.0	0.0	24.8	0.0	0.0	0.0	53.8	0.0	53.8	360 554.5	2 247.9	1 622.2	364 503.2
July	24.9	0.0	0.0	24.9	0.0	0.0	0.0	53.8	0.0	53.8	357 523.5	2 252.1	2 546.8	362 401.1
August	24.6	0.0	0.0	24.6	0.0	0.0	0.0	53.8	0.0	53.8	358 264.8	2 259.0	3 506.3	364 108.5
September	24.7	0.0	0.0	24.7	0.0	0.0	0.0	53.8	0.0	53.8	339 476.2	2 264.2	2 458.8	344 277.7
October	24.7	0.0	0.0	24.7	0.0	0.0	0.0	53.8	0.0	53.8	327 711.7	2 271.8	3 445.6	333 507.6
November	24.3	0.0	0.0	24.3	0.0	0.0	0.0	53.8	0.0	53.8	335 820.5	2 269.5	4 298.1	342 466.2
December	24.0	0.0	0.0	24.0	0.0	0.0	0.0	53.8	0.0	53.8	325 669.3	2 283.1	216.0	328 246.2

* Non-monetary financial institutions and non-financial sector.

** Excluding financial fixed assets, included in column 8.

Liabilities

Period	Liabilities											Total liabilities
	Currency in circulation	Deposits of domestic residents	other monetary financial institutions	central government	other domestic residents*	Debt securities issued	Capital and reserves	Tier-1 capital	reserves	External liabilities	Remaining liabilities	
December 2012	113 414.6	73 953.8	56 578.6	16 308.2	1 067.0	99 841.8	15 310.9	2 466.6	12 844.3	22 495.0	20 552.2	345 568.3
January 2013	110 340.9	46 446.9	27 137.8	18 557.4	751.7	131 796.9	15 315.8	2 466.6	12 849.2	18 219.1	19 925.3	342 044.9
February	111 546.6	49 602.9	33 688.2	15 084.0	830.7	125 583.6	15 320.8	2 466.6	12 854.2	23 798.0	21 493.0	347 344.9
March	115 754.7	48 749.1	33 656.4	14 456.1	636.6	125 282.8	15 325.0	2 466.6	12 858.4	29 022.9	28 967.1	363 101.6
April	117 884.0	43 852.4	33 244.7	9 724.5	883.2	127 786.9	15 331.6	2 466.6	12 865.0	27 876.6	21 505.3	354 236.8
May	119 327.6	53 102.6	32 385.9	20 039.3	677.4	130 000.0	15 337.2	2 466.6	12 870.6	26 549.0	27 704.3	372 020.7
June	122 076.0	45 486.3	22 857.9	21 848.1	780.3	134 716.6	15 582.5	2 743.6	12 838.9	27 293.6	19 348.2	364 503.2
July	122 260.9	63 224.7	34 617.3	27 790.2	817.2	124 318.0	15 588.2	2 743.6	12 844.6	25 837.3	11 172.0	362 401.1
August	123 828.8	54 109.5	30 721.8	22 632.0	755.7	128 077.9	15 593.5	2 743.6	12 849.9	29 213.6	13 285.2	364 108.5
September	123 035.0	53 422.4	44 375.9	8 264.8	781.7	116 392.0	15 594.3	2 743.6	12 850.7	27 826.1	8 007.9	344 277.7
October	123 758.7	39 549.5	32 709.8	5 907.9	931.8	126 563.0	15 599.2	2 743.6	12 855.6	24 234.4	3 802.8	333 507.6
November	123 217.9	38 140.3	31 322.6	5 914.2	903.5	127 736.8	15 591.4	2 743.6	12 847.8	32 793.6	4 986.2	342 466.2
December	125 883.8	47 579.2	39 655.8	6 834.3	1 089.1	117 340.8	8 845.2	2 743.6	6 101.6	28 491.0	106.2	328 246.2

* Non-monetary financial institutions, local government, social security funds and non-financial sector.

Table IX. Consolidated balance sheet of monetary financial institutions (PLN million)

Assets

Period	Loans to domestic residents		Holdings of securities other than shares issued by domestic residents	Holdings of shares/other equity** issued by other domestic residents*		External assets	Fixed assets***	Remaining assets****	Total assets		
	general government	other domestic residents*		general government	other domestic residents*						
	1	2	3	4	5	6	7	8	9	10	11
December 2012	914 153.0	79 637.4	834 515.6	147 873.4	133 430.5	14 442.9	8 935.1	409 939.1	45 159.9	36 587.7	1 562 648.2
January 2013	922 802.8	79 425.8	843 377.0	147 861.2	133 099.2	14 762.0	9 020.4	407 200.1	46 062.3	36 060.1	1 569 006.9
February	919 375.8	78 843.9	840 531.9	154 565.1	140 391.1	14 174.0	9 013.4	404 340.1	46 667.9	34 672.8	1 568 635.1
March	924 395.2	78 469.1	845 926.1	162 407.8	148 994.1	13 413.7	9 159.2	420 933.0	47 115.7	36 652.8	1 600 663.7
April	922 006.5	77 833.8	844 172.7	161 055.1	147 766.9	13 288.2	9 259.0	410 217.7	47 206.2	39 005.5	1 588 750.0
May	930 090.4	77 905.1	852 185.3	167 492.3	153 802.0	13 690.3	9 496.3	429 890.3	47 284.5	38 411.8	1 622 665.6
June	943 481.1	78 180.9	865 300.2	174 662.9	160 299.8	14 363.1	9 270.5	421 937.0	47 389.2	37 818.2	1 634 558.9
July	939 203.4	78 049.8	861 153.6	171 734.6	157 906.1	13 828.5	9 226.4	411 571.0	47 500.9	36 984.3	1 616 220.6
August	944 572.8	78 213.7	866 359.1	177 158.6	163 160.3	13 998.3	9 248.6	410 234.2	47 654.2	38 313.2	1 627 181.6
September	950 630.2	77 695.4	872 934.8	174 910.0	160 795.5	14 114.5	9 378.0	406 501.1	47 786.3	37 283.0	1 626 488.6
October	944 928.9	78 724.3	866 204.6	174 132.5	159 684.0	14 448.5	9 629.9	397 666.4	47 975.0	38 503.1	1 612 835.8
November	950 383.8	78 858.5	871 525.3	177 670.3	162 661.9	15 008.4	9 682.5	402 645.3	47 864.8	38 871.9	1 627 118.6
December	948 076.8	78 373.3	869 703.5	172 077.7	155 765.2	16 312.5	10 279.7	388 456.4	48 421.0	33 981.1	1 601 292.7

* Non-monetary financial institutions and non-financial sector.
** Including units in investment funds and financial fixed assets.
*** Excluding financial fixed assets, incorporated in column 7.
**** Including rights issues.

Liabilities

Period	Currency in circulation	Deposits of central government	Deposits of other domestic residents*	Deposits of other domestic residents*				Money market fund shares/units	Debt securities issued	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities	Total liabilities
				overnight	with agreed maturity	redeemable at notice	repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
December 2012	102 470.4	52 529.3	821 757.3	382 342.5	426 253.0	114.6	13 047.2	0.0	43 899.4	214 194.8	240 754.4	86 389.5	653.1	1 562 648.2
January 2013	101 056.3	66 143.7	815 623.0	375 776.7	429 733.0	140.0	9 973.3	0.0	44 122.0	218 861.4	235 491.1	87 237.7	471.7	1 569 006.9
February	102 399.0	51 334.2	822 047.4	382 059.5	431 251.0	13.2	8 723.7	0.0	44 424.0	218 540.2	240 531.2	89 842.1	-483.0	1 568 635.1
March	105 759.7	52 151.6	831 138.9	381 632.4	439 965.7	12.5	9 528.3	0.0	43 789.4	220 202.2	248 419.7	98 359.5	842.7	1 600 663.7
April	107 467.6	42 679.8	832 675.6	386 253.7	433 840.4	12.2	12 569.3	0.0	44 455.9	225 780.5	248 337.4	87 412.4	-59.2	1 588 750.0
May	109 312.2	60 618.1	838 536.8	398 987.2	425 740.1	12.5	13 797.0	0.0	45 335.0	224 657.3	253 612.2	90 051.9	542.1	1 622 665.6
June	112 814.9	67 206.2	841 808.2	410 968.0	418 251.8	12.4	12 576.0	0.0	44 567.1	226 006.1	261 669.7	80 765.6	-278.9	1 634 558.9
July	112 564.8	68 516.3	840 914.9	418 100.8	405 900.4	2.8	16 910.9	0.0	44 734.3	228 771.6	251 776.8	68 837.7	104.2	1 616 220.6
August	114 083.1	67 217.3	845 857.4	417 041.0	412 406.9	2.6	16 406.9	0.0	43 577.8	228 662.1	256 198.7	70 941.9	643.3	1 627 181.6
September	113 222.7	69 204.4	844 516.5	427 650.6	405 703.3	2.6	11 160.0	0.0	43 310.1	228 757.7	258 522.7	69 427.8	-473.3	1 626 488.6
October	113 174.1	62 277.7	853 566.4	423 062.4	414 940.8	2.5	15 560.7	0.0	44 487.5	229 514.4	247 149.2	62 022.5	644.0	1 612 835.8
November	113 718.4	68 763.2	852 091.7	425 118.4	412 469.4	2.3	14 501.6	0.0	44 429.2	228 610.0	253 943.6	65 086.1	476.4	1 627 118.6
December	114 401.2	37 455.9	874 889.6	441 450.0	421 159.9	2.2	12 277.5	0.0	47 118.8	221 630.0	245 027.0	60 532.9	237.3	1 601 292.7

* Non-monetary financial institutions, local government, social security funds and non-financial sector.

Table Xa. M3 and counterparts (PLN million)

M3

Period											M1
	Currency in circulation (excluding vault cash)	currency in circulation (including vault cash)	cash in banks vaults	Overnight deposits and other liabilities	households	non-monetary financial institutions	non-financial corporations	non-profit institutions serving households	local government	social security funds	
	1	2	3	4	5	6	7	8	9	10	
December 2012	102 470.5	113 414.6	10 944.2	382 342.5	236 791.4	15 911.6	99 252.8	9 391.8	19 775.1	1 219.8	484 813.0
January 2013	101 056.3	110 340.9	9 284.6	375 776.7	241 924.5	16 484.2	90 886.3	8 597.2	16 358.8	1 525.8	476 833.0
February	102 399.1	111 546.6	9 147.5	382 059.6	247 728.4	17 013.9	89 598.0	8 791.0	17 565.2	1 363.2	484 458.7
March	105 759.7	115 754.7	9 995.0	381 632.4	254 702.9	14 836.5	84 434.2	8 747.5	17 716.7	1 194.6	487 392.1
April	107 467.6	117 884.0	10 416.4	386 253.7	260 066.8	16 454.1	83 952.0	8 796.8	16 178.3	805.7	493 721.3
May	109 312.2	119 327.6	10 015.4	398 987.2	263 480.0	16 419.6	90 916.4	9 190.1	18 089.4	891.7	508 299.4
June	112 814.9	122 076.0	9 261.2	410 967.9	270 357.0	17 756.4	94 722.9	9 643.5	17 649.2	838.9	523 782.8
July	112 564.8	122 260.9	9 696.1	418 100.9	273 319.4	18 237.6	98 514.1	10 013.9	16 575.4	1 440.6	530 665.7
August	114 083.1	123 828.8	9 745.7	417 041.0	275 684.7	19 039.0	94 646.7	10 259.1	16 664.4	747.1	531 124.1
September	113 222.7	123 035.0	9 812.3	427 650.6	275 653.9	19 871.4	101 756.3	10 496.4	18 498.1	1 374.5	540 873.3
October	113 174.1	123 758.7	10 584.6	423 062.4	274 622.7	20 434.2	99 715.9	10 235.2	17 080.4	974.0	536 236.5
November	113 718.4	123 217.9	9 499.5	425 118.4	274 484.6	18 133.1	103 281.7	10 186.2	17 804.7	1 228.1	538 836.8
December	114 401.2	125 883.8	11 482.6	441 450.1	279 849.9	17 664.7	112 496.4	10 393.3	19 659.1	1 386.7	555 851.3

Period													M3
	Deposits and other liabilities with agreed maturity up to 2 years and blocked deposits	households	non-monetary financial institutions	non-financial corporations	non-profit institutions serving households	local government	social security funds	Deposits redeemable at notice up to 3 months	M2	Repurchase agreements	Debt securities issued with maturity up to 2 years	Money market fund/shares	
	12	13	14	15	16	17	18	19	20	21	22	23	
December 2012	415 511.9	278 111.4	36 466.5	88 517.3	7 106.3	4 708.1	602.3	11.8	900 336.7	13 047.2	8 028.6	0.0	921 412.5
January 2013	418 870.7	279 003.6	37 158.1	85 533.5	7 711.2	8 732.0	732.3	13.1	895 716.8	9 973.3	7 749.3	0.0	913 439.4
February	419 943.2	280 015.0	33 501.6	87 810.2	7 691.5	10 452.6	472.3	13.2	904 415.0	8 723.7	7 122.3	0.0	920 261.1
March	428 434.8	277 282.0	34 762.3	96 509.3	7 892.6	10 477.5	1 511.2	12.4	915 839.4	9 528.3	6 637.9	0.0	932 005.5
April	420 998.2	269 460.8	32 406.4	97 764.2	8 215.7	11 244.8	1 906.3	12.1	914 731.6	12 569.3	7 930.4	0.0	935 231.3
May	411 800.3	263 283.4	31 854.1	96 373.3	8 045.7	11 411.1	832.6	12.4	920 112.1	13 797.0	7 881.9	0.0	941 791.1
June	403 549.4	260 131.3	28 755.5	94 447.8	7 795.5	10 107.9	2 311.3	12.3	927 344.5	12 576.0	6 665.9	0.0	946 586.4
July	390 993.0	256 093.0	26 804.0	89 559.7	7 656.7	10 462.6	417.1	2.8	921 661.5	16 910.9	6 504.4	0.0	945 076.8
August	397 232.1	256 169.5	28 261.3	93 314.3	7 720.3	10 596.9	1 169.9	2.6	928 358.8	16 406.9	5 221.9	0.0	949 987.6
September	390 166.0	255 186.1	30 398.8	87 060.9	7 498.1	9 546.3	475.8	2.5	931 041.8	11 160.0	5 025.8	0.0	947 227.6
October	398 856.3	256 978.9	30 405.3	92 768.6	7 620.6	10 237.4	845.4	2.5	935 095.2	15 560.7	4 762.7	0.0	955 418.7
November	395 874.1	259 092.0	28 821.5	90 059.0	7 643.8	9 824.8	433.0	2.3	934 713.2	14 501.6	4 231.4	0.0	953 446.3
December	404 507.5	263 774.7	34 038.2	94 028.5	6 888.6	4 644.8	1 132.7	2.2	960 360.9	12 277.5	6 285.0	0.0	978 923.5

Table Xb. M3 and counterparts (PLN million)

M3 counterparts

Period	Net external assets			Credit to other domestic residents	Loans to other domestic residents				
	Net external assets	External assets	External liabilities		Loans to other domestic residents	households	non-monetary financial institutions	non-financial corporations	non-profit institutions serving households
December 2012	169 184.6	409 939.1	240 754.5	910 052.1	872 435.9	538 120.1	34 566.2	256 982.4	4 846.9
January 2013	171 709.0	407 200.1	235 491.1	918 685.8	880 691.4	538 819.2	42 928.0	256 761.9	4 867.8
February	163 809.0	404 340.1	240 531.2	914 548.2	877 316.9	539 640.9	38 760.0	257 290.0	4 841.0
March	172 513.3	420 933.0	248 419.7	918 811.6	882 299.4	542 450.8	40 295.5	258 341.2	4 838.5
April	161 880.3	410 217.7	248 337.4	916 709.4	880 212.8	542 129.6	39 310.7	257 955.9	4 776.6
May	176 278.2	429 890.4	253 612.2	925 211.5	887 959.8	549 116.5	38 661.7	259 592.7	4 814.3
June	160 267.3	421 937.0	261 669.7	938 667.7	900 998.8	553 055.4	43 937.4	263 452.8	4 854.5
July	159 794.2	411 571.0	251 776.8	933 881.8	896 635.2	552 503.1	42 688.5	260 999.5	4 962.5
August	154 035.4	410 234.2	256 198.7	939 481.3	901 863.2	556 027.2	41 810.2	263 491.0	5 030.7
September	147 978.4	406 501.1	258 522.8	946 181.1	908 105.6	560 608.0	44 260.3	262 963.4	5 103.2
October	150 517.3	397 666.4	247 149.1	940 208.7	901 288.2	559 964.6	40 476.4	260 584.6	5 179.1
November	148 701.7	402 645.3	253 943.7	946 154.3	906 298.0	563 157.0	40 720.7	262 396.0	5 251.7
December	143 429.5	388 456.4	245 027.0	947 574.4	903 899.7	562 381.2	42 955.0	259 060.7	5 306.5

Period	Holdings of securities other than shares		of which issued by				Holdings of shares/other equity	of which:	
	local government	social security funds	Holdings of securities other than shares	of which issued by				non-monetary financial institutions	non-financial corporations
				non-monetary financial institutions	non-financial corporations	local government			
December 2012	37 080.0	840.2	28 681.1	1 004.9	13 437.9	14 238.3	8 935.1	5 914.9	3 020.2
January 2013	37 314.3	0.1	28 973.9	1 208.9	13 553.1	14 212.0	9 020.4	5 951.4	3 069.0
February	36 784.9	0.0	28 217.8	1 208.2	12 965.8	14 043.9	9 013.5	5 956.5	3 057.0
March	36 373.3	0.0	27 353.0	1 375.7	12 038.0	13 939.3	9 159.2	6 053.1	3 106.1
April	36 040.1	0.0	27 237.5	1 188.3	12 099.9	13 949.3	9 259.1	6 144.1	3 114.9
May	35 774.5	0.0	27 755.4	1 108.1	12 582.2	14 065.2	9 496.3	6 382.4	3 113.9
June	35 698.7	0.0	28 398.4	987.4	13 375.7	14 035.2	9 270.5	6 148.2	3 122.3
July	35 481.6	0.0	28 020.2	796.3	13 032.2	14 191.6	9 226.4	6 207.1	3 019.4
August	35 504.0	0.0	28 369.6	759.6	13 238.7	14 371.3	9 248.6	6 246.6	3 002.0
September	35 170.8	0.0	28 697.5	721.1	13 393.3	14 583.0	9 378.1	6 314.0	3 064.0
October	35 083.6	0.0	29 290.5	727.6	13 720.9	14 842.1	9 629.9	6 492.7	3 137.2
November	34 772.6	0.0	30 173.8	758.8	14 249.6	15 165.4	9 682.5	6 498.2	3 184.3
December	34 196.0	0.2	33 395.0	762.7	15 549.8	17 082.5	10 279.7	6 598.2	3 681.5

Table Xb. M3 and counterparts (PLN million), cont'd

M3 counterparts

Period	Credit to central government, net	Credit to central government	of which:		Deposits of central government	Longer-term financial liabilities	Deposits with agreed maturity over 2 years and deposits redeemable at notice over 3 months	households
			loans	debt securities issued				
			19	20					21	22	23	24	25	26
December 2012	108 380.1	160 909.4	809.8	119 192.3	52 529.3	260 909.5	10 843.9	4 571.5
January 2013	94 855.0	160 998.6	923.7	118 887.2	66 143.6	266 223.4	10 989.2	4 768.4
February	117 072.1	168 406.3	913.0	126 347.3	51 334.2	267 149.8	11 307.8	4 967.5
March	124 998.9	177 150.6	921.7	135 054.8	52 151.7	268 884.8	11 530.9	5 043.6
April	132 931.6	175 611.3	920.6	133 817.6	42 679.7	275 148.2	12 842.3	6 579.3
May	121 249.3	181 867.4	859.1	139 736.8	60 618.1	276 050.1	13 939.8	7 603.4
June	121 540.6	188 746.8	876.2	146 264.6	67 206.2	278 609.8	14 702.4	8 202.3
July	117 766.3	186 282.6	947.9	143 714.4	68 516.3	281 909.1	14 907.4	8 559.9
August	124 281.4	191 498.7	1 005.7	148 789.1	67 217.3	282 192.9	15 174.8	8 694.3
September	119 532.7	188 737.1	1 010.3	146 212.5	69 204.4	282 579.4	15 537.3	8 937.1
October	126 205.0	188 482.6	858.9	144 841.9	62 277.6	285 323.8	16 084.5	9 503.0
November	122 819.3	191 582.4	819.7	147 496.5	68 763.1	285 403.2	16 595.3	9 781.2
December	145 404.0	182 859.8	780.6	138 682.7	37 455.8	279 116.4	16 652.4	10 066.8

Period						Debt securities issued with maturity over 2 years	Capital and reserves	Fixed assets (excluding financial fixed assets)	Other items (net)
	non-monetary financial institutions	non-financial corporations	non-profit institutions serving households	local government	social security funds				
	27	28	29	30	31					32	33	34	35
December 2012	4 103.6	2 055.1	95.5	18.2	0.1	35 870.8	214 194.8	45 159.9	-50 454.8
January 2013	4 140.3	1 971.3	82.6	26.6	0.1	36 372.7	218 861.5	46 062.2	-51 649.2
February	4 147.9	2 085.1	80.8	26.4	0.1	37 301.8	218 540.2	46 667.9	-54 686.2
March	4 239.5	2 140.9	80.5	26.4	0.1	37 151.5	220 202.4	47 115.7	-62 549.3
April	4 335.9	1 823.5	77.0	26.5	0.1	36 525.5	225 780.4	47 206.2	-48 347.9
May	4 414.7	1 824.5	70.6	26.5	0.1	37 453.1	224 657.2	47 284.5	-52 182.3
June	4 509.8	1 893.5	69.9	26.8	0.1	37 901.2	226 006.2	47 389.2	-42 668.6
July	4 534.6	1 693.4	88.4	31.1	0.1	38 230.0	228 771.7	47 500.9	-31 957.4
August	4 624.1	1 739.4	86.5	30.5	0.1	38 355.9	228 662.2	47 654.2	-33 271.8
September	4 759.8	1 721.9	83.3	35.1	0.1	38 284.3	228 757.7	47 786.2	-31 671.5
October	4 814.7	1 660.3	76.0	30.4	0.1	39 724.8	229 514.5	47 975.0	-24 163.4
November	4 921.6	1 776.6	80.0	35.9	0.1	40 197.9	228 610.0	47 864.7	-26 690.5
December	4 984.1	1 492.3	78.8	30.4	0.1	40 833.9	221 630.1	48 421.0	-26 789.0

Table XI. Reserve money and counterparts (PLN million)

Period	External assets, net	Official reserve assets	Refinancing credit	rediscount credit	lombard credit	credit for rehabilitation programmes	credit for central government investment projects	other credit	overdue credit
	1	2	3	4	5	6	7	8	9
December 2012	320 506.2	337 591.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
January 2013	320 635.3	333 453.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
February	320 901.8	339 253.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
March	331 305.3	354 805.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
April	323 750.6	346 057.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
May	342 422.4	363 230.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
June	333 260.9	354 690.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
July	331 686.2	351 632.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
August	329 051.1	352 337.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
September	311 650.1	333 699.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
October	303 477.3	321 983.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
November	303 026.9	330 200.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
December	297 178.4	319 933.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Period	Open market operations (net)	auction credit	auction deposits	NBP bills	Credit to central government, net	Other items (net)	Central bank reserve money	currency in circulation (including vault cash)	bank current accounts	reserve requirements accounts
	10	11	12	13	14	15	16	17	18	19
December 2012	-99 841.8	0.0	0.0	-99 841.8	-16 308.2	-37 151.0	167 205.2	113 414.6	53 634.0	156.5
January 2013	-131 796.9	0.0	0.0	-131 796.9	-18 557.4	-34 190.7	136 090.3	110 340.9	25 586.9	162.5
February	-125 583.6	0.0	0.0	-125 583.6	-15 084.0	-37 406.7	142 827.5	111 546.6	31 120.6	160.3
March	-125 282.8	0.0	0.0	-125 282.8	-14 456.1	-43 293.9	148 272.5	115 754.7	32 350.4	167.3
April	-127 786.9	0.0	0.0	-127 786.9	-9 724.5	-35 943.8	150 295.3	117 884.0	32 231.8	179.5
May	-130 000.0	0.0	0.0	-130 000.0	-20 039.3	-41 907.8	150 475.3	119 327.6	30 960.9	186.8
June	-134 716.6	0.0	0.0	-134 716.6	-21 848.1	-32 435.9	144 260.3	122 076.0	21 990.3	194.0
July	-124 318.0	0.0	0.0	-124 318.0	-27 790.2	-23 810.7	155 767.4	122 260.9	33 288.6	217.8
August	-128 077.9	0.0	0.0	-128 077.9	-22 632.0	-24 474.1	153 867.2	123 828.8	29 817.6	220.8
September	-116 392.0	0.0	0.0	-116 392.0	-8 264.8	-20 373.4	166 619.9	123 035.0	43 368.8	216.1
October	-126 563.0	0.0	0.0	-126 563.0	-5 907.9	-16 040.0	154 966.5	123 758.7	30 973.4	234.3
November	-127 736.8	0.0	0.0	-127 736.8	-5 914.2	-15 704.3	153 671.6	123 217.9	30 146.8	306.9
December	-117 340.8	0.0	0.0	-117 340.8	-6 834.3	-8 993.8	164 009.5	125 883.8	37 887.8	238.0

Methodological notes

Table I. Basic economic data

Information contained in Table I is derived from the “Statistical Bulletin” of the Central Statistical Office [GUS]. Definitions of the categories presented in the Table can be found in the GUS publications.

1. Data presented in points 1, 2, 6, 7, 10 and 12 comprise national economy entities regardless of their ownership type, i.e. public sector entities (state-owned entities, units of local government and mixed ownership, where public sector entities prevail) and private sector entities. The private sector includes units of private domestic ownership (among others: companies, cooperatives, natural persons conducting economic activities, social organizations, associations, foundations), private foreign ownership (among others: foreign enterprises branches, foreign representatives, partnerships with exclusive foreign capital share) and “mixed” ownership with a private sector unit capital majority or lack of sectors majority in unit capital.
2. The corporate sector comprises entities, which conduct their economic activities in the fields of: forestry, including the provision of services; marine fishing; mining, manufacturing; electricity, water and gas production and supply; construction; wholesale and retail trade; repair of motor vehicles, motorcycles as well as personal and household goods; hotels and restaurants; transport, storage and communication; real estate renting and related business activities, renting machines and equipment without an operator and of personal and household goods; computer and related activities; other business activities; sewage and refuse disposal, sanitation management and other sanitation services; recreational, cultural, sporting and other services.
3. According to the Polish Statistical Classification of Economic Activities [PKD], the notion of “industry” applies to the following sections: “mining”, “manufacturing” and “electricity, gas and water production and supply”.
4. Data on the sold production of industry (point 1), and the construction and assembly production (point 2) refer to economic entities with of more than 9 employees.
5. Data on the value of the sold production of industry (point 1) and the construction and assembly production (point 2) are disclosed net without the due value added tax (VAT) and the excise tax, while they include subsidies for specific purposes to products and services in the so-called base prices.
6. Construction and assembly production data (point 2) refer to works performed on commission in Poland by the business entities of the construction sector, i.e. classified under “construction” according to the PKD.
7. Information on the sold production of industry (point 1) and the construction assembly production (point 2) are disclosed without seasonal adjustments.

8. Data on employed persons include persons employed on a full and part-time basis in the main place of work. Employed persons include: persons employed on the basis of a labour contract; owners and co-owners of units engaged in economic activities including contributing family members; outworkers; agents and persons employed by agents; members of agricultural production co-operatives. Data presented in the Bulletin do not include private farmers or employees of budget entities conducting activity within the scope of national defence and public safety.
9. Unemployment rate (point 9) is calculated as a percentage share of the unemployed in the civilian population, i.e. total of employed and unemployed persons over 15 years of age.
10. Revenues from privatisation do not constitute the current revenues of the state budget; instead they finance the budget deficit (point 11).
11. Data on financial results of enterprises (point 12) are presented as prescribed by the amended Accounting Act dated 29 September 1994 (uniform text Journal of Laws 2002 No. 76, item 694, with later amendments).

Table II. Financial market – basic information

Information comprised in Table II has been derived from Narodowy Bank Polski (save for the data in point 5, supplied by the Warsaw Stock Exchange).

1. Interest rates in Table II are presented on an annual basis at the level which was binding on the last day of a given month. The average monthly interest rate has been given only for the weighted average yield on purchased T-bills or the NBP money-market bills.
2. Total reserve requirements (point 2, col. 12) pertain to the volumes declared by banks and binding on the last day of the month. Since 28 February 2002, the total reserve requirements are held exclusively on the NBP accounts.
3. Information on Treasury bill tenders (point 3, except for the stocks of bills in circulation at the end of the month – col. 18) comprises data from tenders conducted within one month. The average yield on bills purchased is weighted by the share of the sales of bills with different maturities in the total value of bills purchased. The stock of bills in circulation at month end has been determined on the basis of the agreed maturity, calculated from the day after the tender which resulted in the sale of the bill. The above stock does not include bills in circulation which do not stem from tenders.
4. Information on tenders for the NBP money-market bills (point 4, except for the stock of bills in circulation at month end – col. 24) comprises data from tenders conducted within one month. The average yield on bills purchased is weighted by the share of the sales of bills with different maturities in the total value of bills purchased.
5. The indices presentation on the main stock market of the Warsaw Stock Exchange (WSE) is composed of the following set of indices:

-
- **WIG20 index** has been calculated since 16 April 1994 based on the value of portfolio with shares in 20 major and most liquid companies in the main stock market. The initial value of WIG20 index was 1,000 points. It is a price index and thus when it is calculated it accounts only for prices of underlying shares whereas dividend income is excluded. The WIG20 index may not include more than 5 companies from a single exchange sector.
 - **mWIG40 index** is successor of MIDWIG index and has been calculated since 31 December 1997 and comprises 40 medium size companies listed at WSE. The initial value of index was 1,000 points. mWIG40 is a price index and thus when it is calculated it accounts only for prices of underlying shares whereas dividend income is excluded. The mWIG40 index excludes WIG20 and sWIG80 index participants and foreign companies listed at WSE and other markets with the market capitalization at the ranking date above EUR 1 billion.
 - **sWIG80 index** is successor of WIRR index that has been calculated since 31 December 1994 and comprised 1% of smaller companies listed at WSE. The initial value of index was 1,000 points. sWIG80 is a price index and thus when it is calculated it accounts only for prices of underlying shares whereas dividend income is excluded. The sWIG80 index excludes WIG20 and mWIG40 index participants and foreign companies listed at WSE and other markets with the market capitalization at the ranking date above EUR 100 million.
6. The indices comprise companies from all the quotation markets.
 7. Capitalization refers only to domestic companies.
 8. The P/E ratio shows the relation of the market price to net earnings and is calculated as a quotient of the total market value of companies at month end to their aggregated profits and losses generated within the last 4 quarters, for which financial data are available.
 9. The turnover ratio shows the relation between the value of sold shares to the average value of shares quoted in a given month.
 10. The monthly turnover value and the turnover ratio comprise the continuous quotation and fixing.

Table III. PLN/USD and PLN/EUR daily exchange rates

The information has been based on the data of Narodowy Bank Polski.

1. The NBP average exchange rate is the official exchange rate used for statistical and accounting purposes.
2. The average PLN/USD and PLN/EUR exchange rates and the USD/EUR ratio were calculated as the arithmetic average of the NBP average exchange rates for a month (based on daily exchange rates).

Sectoral classification

- Financial sector comprises the following sub-sectors:
 - monetary financial institutions¹ (including the central bank and other monetary financial institutions). In Poland, the concept of other monetary financial institutions applies to banks, credit unions (SKOK), money market funds;
 - insurance corporations and pension funds;
 - other financial intermediaries (including financial leasing companies, factoring companies, brokerage offices, investment funds, without money market funds, and financial companies created for securitization);
 - financial auxiliaries (including bureaux de change, bourses, hire purchase institutions).

- Non-financial sector comprises the following sub-sectors:
 - state-owned corporations;
 - private corporations and co-operatives;
 - individual entrepreneurs;²
 - farmers;
 - individuals;
 - non-profit institutions serving households.

In the publications of Narodowy Bank Polski, claims and liabilities of banks to the non-financial sector will be presented in accordance with the EU standards, i.e. sub-divided into three sectors:

- households – comprising:
 - individuals;
 - farmers;
 - individual entrepreneurs;

- non-financial corporations – comprising:
 - state-owned corporations;
 - private corporations and co-operatives (including: individual entrepreneurs with more than 9 employees);

- non-profit institutions serving households (separate legal entities, which serve households. Their principal resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households, from payments made by general governments and from property income).

- General government comprises the following sub-sectors:
 - central government (including public governing bodies, government administration bodies, state control and law protection bodies, courts and tribunals, state universities, state institutions of culture and welfare etc.);

¹ In accordance with the ECB definition, monetary financial institutions (MFIs) comprise financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account, to grant credits and/or to make investments in securities.

² Natural persons conducting business activities on their own account, with a maximum of 9 employees.

-
- local government (including local administrative offices [at gmina and powiat level], local parliaments, public elementary schools, institutions of culture financed by local governments, welfare institutions, etc.);
 - social security funds (comprise the Social Insurance Institution and the Agricultural Social Insurance Fund and the funds they manage, and the healthcare funds).

Table IV. Average MFI interest rates on outstanding amounts, PLN denominated

Data on zloty denominated businesses refer to all businesses at the end of the reporting month, these concluded prior to the reporting month and still binding as well as new businesses. This interest rate is a quotient of interest on average zloty denominated business by average volume of businesses per reporting month, commissions and other charges excluded.

The interest rate is calculated based on data received from the following banks:

1. Powszechna Kasa Oszczędności Bank Polski SA
2. Bank Polska Kasa Opieki SA
3. Bank BPH SA
4. Bank Handlowy w Warszawie SA
5. ING Bank Śląski SA
6. Bank Zachodni WBK SA
7. mBank SA
8. Bank Millennium SA
9. Bank Gospodarki Żywnościowej SA
10. Raiffeisen Bank Polska SA
11. mBank Hipoteczny SA
12. Krakowski Bank Spółdzielczy
13. Bank Spółdzielczy w Brodnicy
14. Bank Gospodarstwa Krajowego
15. Bank Ochrony Środowiska SA
16. BNP Paribas Bank Polska SA
17. Credit Agricole Bank Polska SA
18. Santander Consumer SA.

At the end-December 2013, the above banks held 74% of deposits of residents and 71% of credit to households and non-financial corporations.

Table V. Average MFI interest rates on new businesses, PLN denominated

Information refers to agreements carried out in a given reporting month. Appendices to existing agreements shall be deemed new businesses.

Interest rates in the statistics on new businesses differ from those in Table IV. The formula is applied to statistical information on new businesses, also known as Narrowly Defined Effective Rate (NDER). The concept of Narrowly Defined Effective Rate was coined as an opposite to widely understood effective interest rate or Real Interest Rate (RIR). The NDER

included, the new business statistics provides RIR for the second category of consumer and house purchase loans. As opposed to the NDER, which covers for interest costs of capital the real interest rate incorporates all charges paid by the borrower. These charges are most of all commissions (brokers included) but also compulsory loan insurance premiums against death or unemployment of the borrower.

The Table IV sample of banks applies.

Table VI. Average MFI interest rates on new businesses, EUR denominated

General rule of calculating interest rate are the same as for Table IV (see star-matched lines) and Table V. The Table IV and V sample of banks applies as well.

General comments on Tables VII, VIII, IX

1. The figures refer to the end of each reporting month and have been derived from balance sheets received from the banks within the framework of the “Banking Reporting Information system (BIS)” and from the balance sheet of Narodowy Bank Polski and credit unions (SKOK).
2. The presentation is structured in accordance with the ECB standards.
3. Assets in Tables VII, VIII and IX are shown gross of provisions, accumulated depreciation and write downs (except for securities presented at a market price).
4. Apart from external assets/liabilities debt securities issued and partly capital and reserves, all categories reflect operations with residents.

Table VII. Aggregated balance sheet of other monetary financial institutions – assets and liabilities

1. Credits, loans and other claims to domestic residents (assets col. 1) include current accounts, reserve requirements, open market operations, deposits, loans and credits, debt purchased, realised guarantees and sureties, other claims, interest due and claims on securities purchased under repurchase agreements.
2. Debt securities issued by domestic residents (assets col. 5) held by other monetary financial institutions.
3. Money market funds participation units purchased by other MFIs (assets col. 9).

-
4. Securities and other shares and other equity issued by domestic residents (assets col. 10) include shares, investment fund participation units, investment certificates and fixed financial assets (shares).
 5. External assets (assets col. 13) include all assets of non-residents denominated in zloty and foreign currencies.
 6. Fixed assets (assets col. 14) include total fixed assets except for financial fixed assets.
 7. Other assets (assets col. 15) include vault cash i.e. cash and other cash equivalents held at other monetary financial institutions, as well as other claims and interest due and not due from all sectors, settlement accounts, claims on various debtors, deferred income and expenditure, other financial assets, value adjustments, rights issue, other assets, other operations, interest on securities purchased under repurchase agreement.
 8. Deposits and other liabilities to domestic residents (liabilities col. 1) represent overnight deposits, deposits with agreed maturities, blocked deposits, deposits redeemable at notice, received credit and loans, including refinancing, auction (open market operations) and claims from cash collateral (classified to "with agreed maturities"), other liabilities and claims on repurchase agreements, subordinated claims save for those in securities issued.
 9. Money market funds participation units issued by the MMF (liabilities col. 9).
 10. Debt securities issued (liabilities col. 10) are liabilities on own debt securities issued by other monetary financial institutions and subordinated claims in securities issued (purchased by residents and non-residents).
 11. Capital and reserves (liabilities col. 11) are divided into:
 - a) core fund comprising share paid-in capital, called-up capital unpaid, own shares, accumulated reserves, general risk provisions, reserve capital and retained earnings,
 - b) supplementary funds i.e. revaluation reserves and other supplementary funds specified in Banking Act (assigned both to residents and non-residents) other components of equity capital,
 - c) provisions, including specific provisions, impairment allowances, mortgage notes reserves (resident, non-resident), specific provisions for off-balance liabilities (resident, non-resident), general risk provisions (resident, non-resident).
 12. External liabilities (liabilities col. 15) include all liabilities of non-residents denominated in zloty and foreign currencies, except for reserves included in point 11, which comprise residents and non-residents as well as issue of debt securities and subordinated claims in securities purchased by non-residents.
 13. Other liabilities (liabilities col. 16) include interest on the above-mentioned liabilities, settlement accounts, liabilities to creditors, deferred income and expenditure, suspended revenue, other liabilities from financial instruments, other liabilities, exchange rate fluctuations resulting from the conversion of subordinated liabilities, reserves for risk and expenditures not associated with the basic activities of the reporting bank, subordinated liabilities, other operations, interest on subordinated liabilities, value adjustments profit/loss during approval procedures, current year profit/loss.

Table VIII. Balance sheet of Narodowy Bank Polski – assets and liabilities

1. The item credits, loans and other claims to domestic residents (assets col. 1) comprises receivables from granted loans, including rediscount, lombard, refinancing for central investments, loans granted from foreign credit facilities, open market operations, other loans and receivables from current and fixed term deposits.
2. Debt securities issued by domestic residents (assets col. 5) are securities held by Narodowy Bank Polski.
3. Securities and other shares and other equity issued by domestic residents (assets col. 8) – at the moment in the case of NBP they include only fixed financial assets (equity).
4. External assets (assets col. 11) include all assets of non-residents denominated in zloty and foreign currencies.
5. Fixed assets (assets col. 12) include total fixed assets except for financial fixed assets.
6. Other assets (assets col. 13) include interest due and not due on the above-listed operations, deferred costs, inter-branch settlements and other assets excluding fixed assets.
7. Deposits of domestic residents (liabilities col. 2) represent liabilities on overnight deposits, deposits with agreed maturity, reserve requirements, auction deposits (open market operations), separated funds and other deposits.
8. Debt securities issued (liabilities col. 6) represent liabilities on the NBP debt securities issued by NBP.
9. Capital and reserves (liabilities col. 7) in the case of NBP it comprises equity i.e. authorised capital, as well as reserve fund and provisions, which include specific provisions, accumulated depreciation and valuation allowances.
10. External liabilities (liabilities col. 10) include all liabilities of non-residents denominated in zloty and foreign currencies.
11. Other liabilities (liabilities col. 11) include interest on the above-mentioned categories of liabilities, deferred income, inter and intra-MFI settlements, other liabilities and financial performance.

Table IX. Consolidated balance sheet of monetary financial institutions – assets and liabilities

1. Table IX comprises a consolidated balance sheet of monetary financial institutions.
2. In the assets and liabilities of the above-mentioned balance sheet, domestic inter-MFI operations have been netted out.

3. Other assets (assets col. 10) and currency in circulation (liabilities col. 1) were decreased by cash in vaults of other monetary financial institutions.

List of the most important abbreviations

BFG	Bank Guarantee Fund (Bankowy Fundusz Gwarancyjny)
BIS	Bank for International Settlements
CPI	Consumer Price Index
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ECOFIN	Economic and Financial Affairs Council
ESCB	European System of Central Banks
ESRB	European Systemic Risk Board
EU	European Union
GDP	Gross Domestic Product
GUS	Central Statistical Office (Główny Urząd Statystyczny)
IMF	International Monetary Fund
KDPW SA	National Depository for Securities (Krajowy Depozyt Papierów Wartościowych)
KIR SA	National Clearing House (Krajowa Izba Rozliczeniowa)
KNF	Polish Financial Supervision Authority
MF	Ministry of Finance
MPC	Monetary Policy Council
NBP	Narodowy Bank Polski (National Bank of Poland)
OECD	Organisation for Economic Co-operation and Development
SDR	Special Drawing Rights
SEPA	Single Euro Payments Area
SORBNET, SORBNET2	Real-Time Gross Settlement System [RTGS] at the NBP Head Office
TARGET, TARGET2	Trans-European Automated Real-Time Gross Settlement Express Transfer System
UKNF	KNF Office
UOKiK	Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów)
WB	World Bank
ZBP	The Polish Bank Association

www.nbp.pl

