

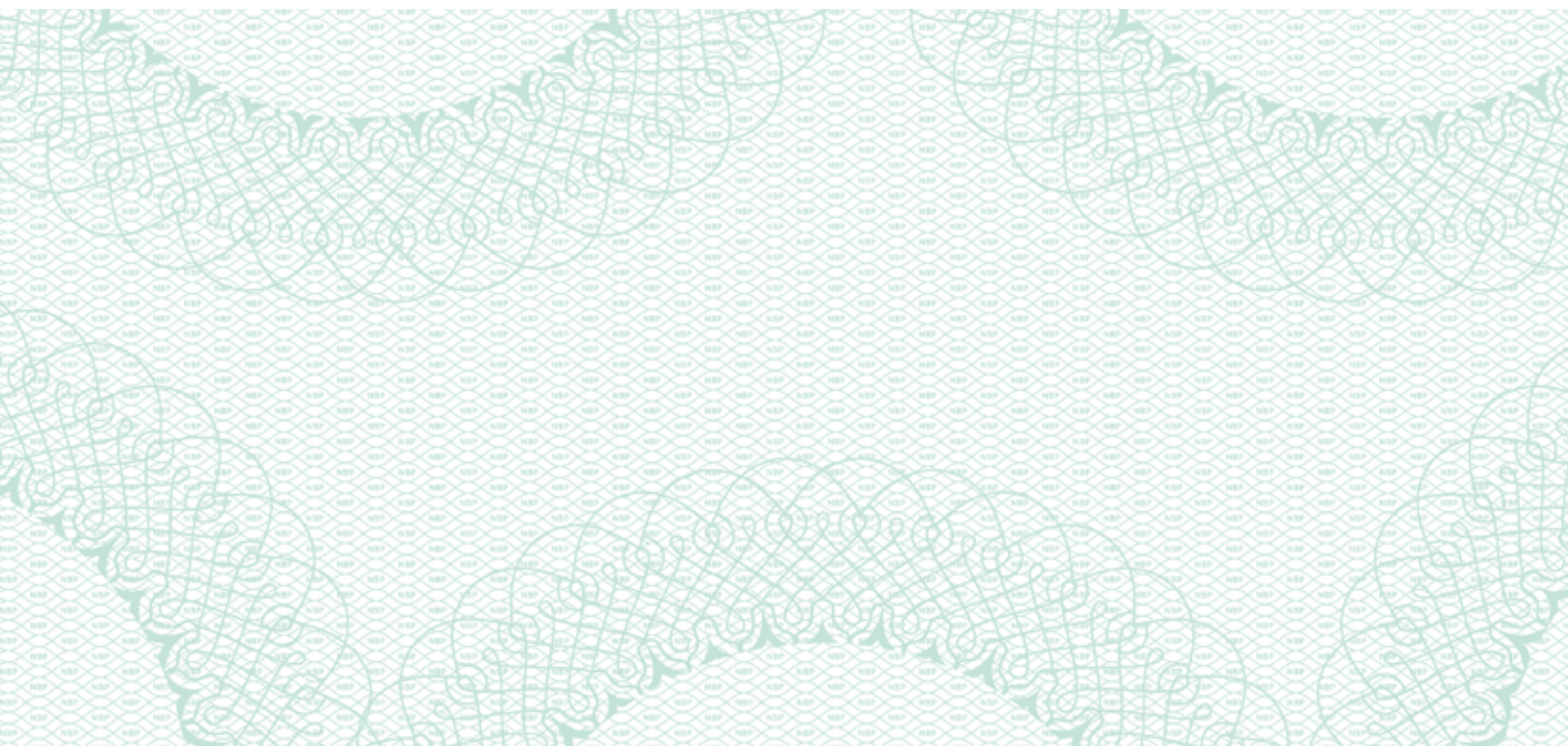
**NBP**

Narodowy Bank Polski

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# Annual Report 2015



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# Annual Report 2015

Warsaw 2016

Compiled on basis of NBP materials

Photo of the President of NBP  
Piotr Małecki

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# Contents

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Foreword by the President of Narodowy Bank Polski	7
Monetary Policy Council	9
NBP Management Board	9
Organisation chart of Narodowy Bank Polski	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 2015	26
2.2. Monetary policy and macroeconomic developments in 2015	27
2.3. Monetary policy instruments in 2015	31
Chapter 3. Financial system	37
3.1. Macroprudential supervision	38
3.2. Cooperation with financial safety net institutions	39
3.3. Activities of the Systemic Risk Committee	40
3.4. Analyses and research for the needs of the financial system	40
3.5. International cooperation for financial stability	41
3.6. NBP operational activities aimed at maintaining financial stability	42
Chapter 4. The issue of currency	43
4.1. Currency in circulation	44
4.2. Issue of collector coins and notes	44
4.3. Introduction into circulation of modernised banknotes and coins	45
4.4. Withdrawal of banknotes and coins from circulation due to wear and tear or damage	46
4.5. Counterfeit Polish currency	46



## Contents

---

4.6. Supply of notes and coins to banks	46
4.7. Activities aimed at streamlining cash transactions	46
<b>Chapter 5. Foreign exchange reserves management</b>	<b>49</b>
5.1. Level of the official reserve assets	50
5.2. Foreign currency reserves management strategy	51
5.3. Financial risk management in the foreign exchange reserves management process	52
5.4. Return on foreign currency reserves	52
5.5. Investment income	55
<b>Chapter 6. Foreign exchange activity</b>	<b>57</b>
6.1. Register of bureaux de change	58
6.2. Foreign exchange-related decisions	58
6.3. Foreign exchange control	58
<b>Chapter 7. Payment system oriented activities</b>	<b>61</b>
7.1. Performance of operational tasks	62
7.2. Policy measures and development of the payment system	63
7.3. Oversight of payment systems and post-trade infrastructure of the financial market	65
7.4. NBP as the shareholder of domestic legal persons providing services for financial institutions	66
<b>Chapter 8. Services to the State Treasury</b>	<b>69</b>
8.1. Bank accounts operated by NBP	70
8.2. Handling international liabilities and claims of the State Budget	71
8.3. Organisation of trade in Treasury securities	72
8.4. Cooperation with the Ministry of Finance within the Public Debt Management Committee	73
<b>Chapter 9. Research activity</b>	<b>75</b>
9.1. Studies of monetary policy, inflation processes and inflation expectations	76
9.2. Analytical and conceptual framework for the economic developments in the euro area	77
9.3. Enterprise and household surveys	77
9.4. Other macroeconomic research	78
9.5. Forecasting and research work	79
9.6. Activity of NBP's Economic Research Committee	80
9.7. Scientific conferences and workshops organised by NBP	80

Chapter 10. Statistics	83
10.1. Core tasks with respect to statistics	84
10.2. Statistical tasks deriving from NBP's participation in the European System of Central Banks and in other international institutions	85
Chapter 11. Education and information	89
11.1. Education	90
11.2. Economic Education Portal – NBPortal	91
11.3. Information and promotion	92
11.4. Publishing and Library	93
11.5. Petitions, complaints, requests and letters	94
Chapter 12. Legislative activity	95
12.1. Legislation by the NBP governing bodies	96
12.2. NBP contribution to legislative activity by state authorities with respect to normative and non-normative acts	96
12.3. Draft legislation related to the operation of the banking system	97
12.4. Consulting the European Central Bank's draft opinions to draft Community laws and draft national legislation of EU Member States by NBP	98
Chapter 13. International activity	99
13.1. Duties resulting from Poland's membership in the European Union	100
13.2. Collaboration with international economic and financial institutions	101
Chapter 14. Internal development of NBP	105
14.1. Human resources management	106
14.2. Organisational changes	107
14.3. Operational risk management	107
14.4. Investment activity of NBP	108
14.5. IT support for the banking system and NBP	108
14.6. Internal audit	109
14.7. Activity of NBP Regional Branches	109
14.8. Safety and security	109
Appendix 1. Economic developments abroad	111
Appendix 2. GDP and domestic demand	117
Appendix 3. Consumer prices	121
Appendix 4. Balance of payments	127
Appendix 5. Money and credit	131

## Contents

---

Appendix 6. List of open-to-public academic seminars and selected publications of NBP	135
Appendix 7. Voting records of MPC members on motions and resolutions	143
Appendix 8. Condensed financial statements of NBP as at 31 December 2015 and independent auditor's opinion	147
Statistical annex	215
Methodological notes	238
List of the most important abbreviations	247



Adam Glapiński  
*President of Narodowy Bank Polski*

## Dear Readers,

For the first time since I undertook my duties as the President of NBP, I have the pleasure to present to you the Annual Report of Narodowy Bank Polski. It presents the major tasks carried out by the central bank and summary financial statements for 2015. I hope that the report will help you familiarize yourself with the activities of Narodowy Bank Polski and the role it plays in Poland's economic system.

The primary objective of Narodowy Bank Polski is to maintain price stability. NBP aims to achieve this objective by implementing the strategy of a medium-term inflation target of 2.5% with a symmetrical tolerance band of  $\pm 1$  percentage point. At the same time, since the recent financial crisis, the bank's monetary policy has been conducted to support sustainable economic growth and financial stability to a far greater extent than before. The manner in which the policy is implemented requires a flexible approach to the inflation target and

acceptance of periodic deviations of price growth from the projected goal. A flexible response to deviations is particularly needed when unexpected events in the global economy exert a strong influence on domestic price processes.

Undoubtedly, the abrupt decline in commodity prices, especially oil prices, in the world markets in 2015 was such an event. Oil prices were on average 46% lower than in the preceding year, and towards the end of 2015 they were at their lowest since 2004. The prices of other commodities, including agricultural commodities, also fell strongly. As a result, in 2015 inflation was markedly lower in most countries than their adopted inflation targets. In addition to the strong fall in commodity prices, low global price growth was supported by sluggish growth in demand in the global economy, including in developed countries.

Poland, like a number of European countries, experienced a fall in the general level of consumer prices. In 2015, the average annual growth of the consumer price index was -0.9%, running below the NBP inflation target. Deflation resulted from the strong impact of the global decline in commodity prices on domestic energy and food prices, as well as low inflation in the environment of the Polish economy. Although the decline in commodity prices led to a significant deviation of price growth from the inflation target, at the same time it exerted a positive influence on the economic situation of most economic entities.

Although negative price growth persisted in 2015, the economic climate in Poland was good. The economic growth rate was higher than a year earlier and amounted to 3.6% (compared with 3.3% in 2014). The growth in consumer demand also accelerated (from 2.6% to 3.1%), and the acceleration was driven by significantly improving developments in the labour market and good household sentiment. A strong increase in employment was registered as the unemployment rate fell to 9.8% towards the end of 2015, i.e. to the lowest level since 2008.

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Given these conditions, in 2015 NBP eased its monetary policy by lowering interest rates to their all-time lows, including the NBP reference rate to 1.5%. The reduction in NBP interest rates was aimed at mitigating the risk of price growth perpetuating below the inflation target. At the same time, when taking the decision on the scale of interest rate reduction in 2015, the Monetary Policy Council took into account the external nature of sources of deflation and the absence of its negative effects on the economy. Deflation was accompanied by good economic conditions in Poland, including GDP growth and a marked improvement in the labour market. Monetary policy pursued in such a way required NBP to accept subdued price growth; however, it mitigated the risk of macroeconomic imbalances arising in the Polish economy, and thus supported price stability in the longer term.

In addition to monetary policy, the basic responsibilities of Narodowy Bank Polski include nurturing the development of the banking system and acting to maintain the stability of the domestic financial system. The recent financial crisis has demonstrated that central banks cannot limit the scope of their mandate to maintaining price stability. At present, the central banks are expected to support the stability of the financial system and ensure equilibrium of the whole economy. This is because the financial system plays a key role in the transmission of monetary policy impulses to the real economy, and destabilisation of the system may hamper effective policy implementation.

The action taken by NBP led to the adoption of the Act on Macroprudential Supervision of the Financial System and Crisis Management on 5 August 2015. The law modified the previous role of the Financial Stability Committee. Currently, the Committee not only coordinates crisis management actions, but is also responsible for macroprudential supervision. The Committee's responsibilities involve strengthening the resilience of the financial system, thus supporting long-term sustainable

economic growth in Poland. The work of the Committee on macroprudential supervision is chaired by the President of NBP, while analytical and research support as well as organisational and administrative support is provided by NBP.

The management of foreign exchange reserves is an important area of operations of Narodowy Bank Polski. In the context of a floating exchange rate, the role of foreign exchange reserves is primarily to enhance the country's financial credibility. The amount of the reserves held is analysed by foreign investors, international organisations and rating agencies, thereby impacting the cost of funding in the global markets and volatility of the zloty exchange rate, and mitigating the risk of a sharp outflow of capital. In 2015, the official reserve assets of NBP increased by EUR 4.2 billion to reach the level of EUR 86.9 billion. The increase resulted mainly from changes in the exchange rates and income earned on investment of reserves as well as positive net external flows.

In 2015, the profit generated by NBP, 95% of which is contributed to the State budget, amounted to PLN 8.3 billion. The profit achieved by NBP was mainly the effect of a positive result on foreign exchange reserves management and a positive result on foreign exchange gains, which decreased the costs of monetary policy conducted by NBP and its operating expenses. At the same time, in 2015 NBP replenished the provision against the foreign exchange rate risk of the zloty, with a view to protecting NBP against the negative impact of zloty appreciation on the financial position of the Bank in the future.

As the newly elected President of NBP, I am aware of the challenges the central bank will face over the coming years. Let me assure you that the central bank under my leadership will be taking action that will help to keep prices stable and will foster sustainable economic growth and financial stability.

*Adam Glapiński*  
*President of Narodowy Bank Polski*

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## **MONETARY POLICY COUNCIL<sup>1</sup>**

### **Chairperson**

Marek Belka

### **Membres:**

Andrzej Bratkowski  
Elżbieta Chojna-Duch  
Adam Glapiński  
Jerzy Hausner  
Andrzej Kaźmierczak  
Jerzy Osiatyński  
Andrzej Rzońca  
Jan Winiecki  
Anna Zielińska-Głębocka

## **NBP MANAGEMENT BOARD**

### **Chairperson**

Marek Belka

### **Vice President, First Deputy President of NBP**

Piotr Wiesiołek

### **Vice President of NBP**

Anna Trzecińska

### **Members:<sup>2</sup>**

Jacek Bartkiewicz  
Eugeniusz Gatnar<sup>3</sup>  
Ryszard Kokoszczyński<sup>4</sup>  
Andrzej Raczko  
Paweł Samecki  
Katarzyna Zajdel-Kurowska  
Małgorzata Zaleska<sup>5</sup>

<sup>1</sup> In January 2016, the terms of office of the following members of the MPC expired: Andrzej Bratkowski, Elżbieta Chojna-Duch, Jerzy Hausner, Andrzej Rzońca and Jan Winiecki. In February 2016, the terms of office of the following members of the MPC expired: Anna Zielińska-Głębocka, Adam Glapiński and Andrzej Kaźmierczak. In January 2016, the following members were appointed to the MPC: Eugeniusz Gatnar, Jerzy Kropiwnicki and Marek Chrzanowski, in February 2016 – Grażyna Ancyparowicz, Eryk Łon, Łukasz Hardt and Kamil Zubelewicz, and in March 2016 – Jerzy Żyżyński.

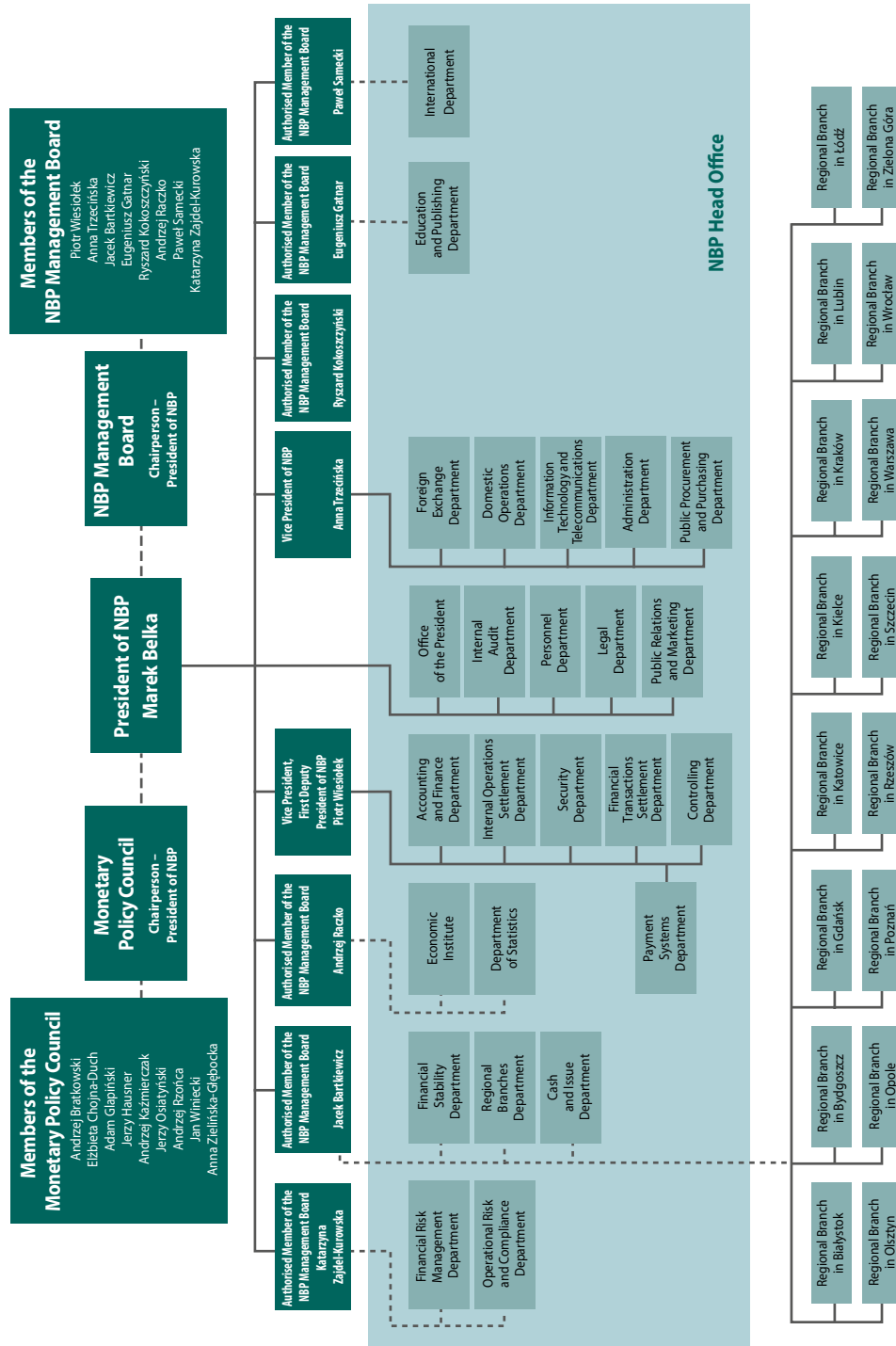
<sup>2</sup> On 1 March 2016, Adam Glapiński was appointed as Member of the NBP Management Board.

<sup>3</sup> As he submitted his resignation, Eugeniusz Gatnar was dismissed from the office of Member of the NBP Management Board on 22 January 2016.

<sup>4</sup> On 4 August 2015, Ryszard Kokoszczyński was appointed as Member of the NBP Management Board.

<sup>5</sup> On 3 August 2015, the term of office of Małgorzata Zaleska expired.

## Organisation chart of Narodowy Bank Polski valid as at 31 December 2015



--- Day-to-day oversight exercised in accordance with authorisations granted by the NBP President to the Members of the Management Board, pursuant to para. 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 Vice Presidents.

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# Summary





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## Summary

1. Pursuant to Article 227(1) of the Constitution of the Republic of Poland, “The central bank of the State shall be Narodowy Bank Polski. It shall have the exclusive right to issue money as well as to formulate and implement monetary policy. Narodowy Bank Polski shall be responsible for the value of Polish currency”. The basic responsibilities of NBP are stipulated in the Act on 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 European System of Central Banks and of the European Central Bank. In 2015, NBP conducted its activities pursuant to the *Monetary Policy Guidelines for 2015* and *Narodowy Bank Polski Plan of Activity for 2015–2017*.
2. This *Report* describes the performance of the statutory responsibilities of NBP in 2015 with regard to the following areas: monetary policy, pursuit of financial system stability, issue of currency, foreign exchange reserves management, foreign exchange activities, the payment system, services to the State Treasury, analysis and 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 2015, together with the opinion of an independent certified auditor on summary financial statements of NBP.
3. According to the Constitution of the Republic of Poland and the Act on 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 2015, the NBP organisational structure comprised the Head Office and 16 organisational units.
4. In 2015, monetary policy was conducted in accordance with the *Monetary Policy Guidelines for 2015*. As in previous years, in the pursuit of price stability NBP conducted monetary policy which was at the same time conducive to sustainable economic growth and the stability of the financial system. In the conduct of monetary policy, as in previous years, NBP applied the strategy of direct inflation targeting implemented under a floating exchange rate regime. Since 2004, the medium-term permanent inflation target has been set at the level of 2.5% with a symmetrical tolerance band for deviations of  $\pm 1$  percentage point.

In 2015, economic growth in Poland was stable and, at the same time, faster than in the previous year. This was accompanied by a marked improvement in labour market conditions. As a result, employment rose significantly and unemployment fell, while wages and consumer demand grew steadily. At the same time, the financial position of companies was sound, which – together with high level of capacity utilisation – supported a rise of investment. In such circumstances, lending rose more rapidly than in a number of other countries.

Despite the relatively favourable economic conditions, the growth of consumer prices of goods and services – as in many other countries – declined substantially and remained negative throughout 2015. The main reason for the deflation was a strong drop in commodity prices on global markets. A fall in consumer prices led to higher

risk of medium-term inflation persisting below the target. Therefore, in March 2015 the Monetary Policy Council lowered NBP interest rates by 0.5 percentage points, including cutting the reference rate to 1.5%. As a result, the NBP interest rates hit an all-time low. In the following months, the Council kept the interest rates unchanged.

In 2015, the Council pursued the inflation targeting strategy in a flexible manner, as stipulated in the *Monetary Policy Guidelines*. The Council took into account, on the one hand, the risks associated with the period term of price growth persisting below the target, and on the other hand, the external nature of the shocks causing the deviation of the inflation rate from the target. In particular, the Council took into account the fact that a sharp and unexpected drop in commodity prices on global markets, which had a favourable impact on the condition of the majority of economic agents in Poland, contributed at the same time to deflation. Moreover, the Council took into consideration the fact that inflation was accompanied by a stable economic growth and a significant improvement of labour market conditions. Additionally, while striving to maintain price stability in longer-term horizon, the Monetary Policy Council tried to mitigate the risk of materialisation of macroeconomic imbalances. In particular, in its decisions the Council takes into account the fact that too low interest rates – in the context of relatively sound business climate – could lead to excessive lending and asset price growth.

5. In 2015, NBP conducted its monetary policy using a set of instruments provided for by the Monetary Policy Council in the *Monetary Policy Guidelines for 2015*. These were geared, on the one hand, to the monetary policy strategy pursued, and on the other, to the persistent liquidity surplus in the domestic banking sector. An instrument of key significance for the conduct of the monetary policy in 2015 was the NBP reference rate. Changes in this rate set the direction of the monetary policy pursued by the central bank. The reference rate determined the yields on open market operations, which were the basic tool used by NBP to influence the interest on short-term money market instruments. The operational goal of monetary policy in 2015 was to allow the POLONIA rate to run close to the NBP reference rate. This was achieved mainly by means of open market operations (main and fine-tuning ones) conducted by the central bank at its own initiative. With the use of open market operations the central bank strived to reach the optimal, from the point of view of the NBP operational objective, liquidity conditions in the banking sector. The main open market operations were conducted on a regular basis, once a week, in the form of issuance of NBP bills with a 7-day maturity. These operations were aimed to absorb the liquidity surplus from the banking sector. By means of main open market operations, the central bank influenced the level of funds at banks' disposal. At the same time the yields on the main open market operations, which equalled the NBP reference rate, directly influenced the price of funds set on the interbank market (including the POLONIA rate). Apart from main operations, in 2015 NBP conducted also fine-tuning open market operations, which played a supplementary role in the pursuit of the monetary policy operational goal. The yields on fine-tuning operations were equal to the NBP reference rate. The fine-tuning operations were offered in 2015 on a regular basis on the last business day of the required reserve maintenance period. Moreover, in January 2015, NBP carried out 2 fine-tuning operations during the required reserve maintenance period. In 2015, banks also had a possibility to replenish shortages of cash and deposit surpluses of funds in the central bank using the NBP standing (lending and deposit) facilities. Yields on those instruments, that is the NBP deposit rate and the Lombard rate, determined the range

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of fluctuations of unsecured overnight deposits placed in the interbank market. The system of minimum required reserves also contributed to the stability of short-term market interest rates. The nature of the system, which is based on calculated average level of funds to be maintained over the reserve maintenance period, gave the economic entities the freedom to decide on the balances of funds kept at accounts in the central bank throughout the reserve maintenance period. 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 transactions, in which case the reserve requirement stood at 0.0%. The interest rate on the balance of funds kept as minimum required reserve in 2015 stood at 0.9 of NBP reference rate. In 2015, the manner in which NBP managed banking sector liquidity through open market operations and the possibility to use the flexibility of the required reserve system created conditions supporting efficient balancing by banks of their liquidity positions over the reserve maintenance period. As a result, bank seldom resorted to the standing facilities offered by NBP. The above mentioned conditions found reflection in the high efficiency in pursuing the operational goal of the monetary policy by the central bank in 2015, the confirmation of which was the POLONIA rate running close to the NBP reference rate. In 2015, the average absolute deviation of the POLONIA rate from the NBP reference rate amounted to 12 bps against 11 bps in 2014.<sup>1</sup>

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 2015 amounted to PLN 89,592 million. This represents a liquidity decline of PLN 19,224 million on the average level seen in 2014. A decrease in excess liquidity in 2015 resulted from a higher number of cash transactions and a rise in the minimum required reserve. The increase in excess liquidity was primarily fuelled by the surplus of foreign currency purchase by NBP over its sale. The central bank purchased foreign currency from the Ministry of Finance. In 2015, the average issue of NBP bills amounted to PLN 89,092 million. Out of this amount, 98.8%, i.e. PLN 87,984 million, were bills sold as part of the main operations, and PLN 1,108 million were the fine-tuning operations. The average level of standing facilities amounted to PLN 500 million.
7. Pursuant to Article 3(2)(6) of the Act on 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 acting to maintain a stable and low level of inflation. In 2015, NBP cooperated with the financial safety net institutions, i.e. the Ministry of Finance (MF), the Polish Financial Supervision Authority (KNF) and the Bank Guarantee Fund (BFG), and undertook activities aimed at 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 national financial system and cooperated with the Polish Bank Association.
8. The activities for the stability of the financial system in 2015 included primarily research and analysis of the stability and development of the domestic financial system.

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<sup>1</sup> The average deviation of the POLONIA rate from the NBP reference rate was calculated based on the uniform base of 365 days in a year.

The results of the research were published, among others, in: *Financial Stability Report*, a publication entitled *Financial System in Poland 2014*, reports entitled *Senior loan officer opinion survey on bank lending practices and credit conditions*, *Report on the situation in the Polish residential and commercial real estate market in 2014*. In 2015, the Act on Macroprudential Supervision of the Financial System and Crisis Management came into force, which widened the mandate of the Financial Stability Committee (FSC) to also include macroprudential policy determination. The activities in the area of macroprudential supervision are chaired by the President of NBP. Within the framework of activities on the international arena, NBP participated in the work of European Systemic Risk Board (ESRB).

9. The main goal of currency issue by NBP was to ensure safety and smoothness of cash transactions. The value of currency in circulation (including bank vault cash) increased by 14.2%, amounting to PLN 163,225.8 million as at the end of December 2015. In 2015, NBP was involved in the preparation for the introduction into circulation of banknotes of the face value of 200 zł with modernised security features and for the issue of a banknote with the face value of 500 zł. Moreover, under the activities aimed at streamlining cash transactions, NBP started to publish on its website data on cash circulation and provide banks and authorised individual entities with information on cash transactions. Additionally, NBP implemented the IT system which supports the process of supplying banks with Polish currency (SESCM). In 2015, NBP issued collector items: 9.45 thousand pieces of gold coins and 285.5 thousand pieces of silver coins as well as 30 thousand pieces of collector notes.
10. In the management of foreign exchange reserves, NBP seeks to ensure the safety and necessary liquidity of the invested funds. At the same time, while observing these criteria, it also undertakes measures aimed at raising the yield on reserves. In 2015, the income on investment activity related to the management of foreign exchange reserves, excluding realised and unrealised exchange rate differences, amounted to PLN 4.1 billion. The change in the currency composition of foreign exchange reserves, introduced in 2015, had a positive impact on the return on reserves.
11. Foreign exchange activity of NBP involved maintaining a register of bureaux de change, issuing decisions on foreign exchange matters and controlling bureaux de change (including observance of the responsibilities levied on them by the act on counteracting money laundering and terrorism financing), granted individual foreign exchange permits, and performance of the reporting responsibilities for the needs of the balance of payments. In 2015, a total of 1,707 inspections relating to foreign exchange trading were carried out and 28 decisions on foreign exchange matters were issued. As at 31 December 2015, 5,022 bureaux de change operated in Poland.
12. The activities of Narodowy Bank Polski with respect to the payment system consisted mainly in the operation of the payment systems and the performance of interbank settlements, the organisation of monetary settlements, the oversight of payment systems and the post-trade infrastructure of the financial market. In 2015, NBP launched work on adaptation of TARGET2-NBP system to the requirements of TARGET2-Securities platform, adopted a document setting forth the updated principles of the performance by NBP of systemic supervision of the payment system entitled *Polityka sprawowania przez NBP nadzoru systemowego w zakresie systemu płatniczego* and participated in the update

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of the *Programme for non-cash payments development in Poland for the years 2014–2020* within the framework of the Coalition for Non-Cash Payments and Micropayments.

13. The maintenance of bank accounts by NBP contributed to ensuring the safety and smoothness of settlements of the public finance sector. In 2015, a new electronic banking system (NBE) was made available to bank account holders. In 2015, NBP operated 14,371 accounts for 3,111 clients. The Bank organised Treasury bond and bill sale, swap and redemption auctions and cooperated with the Ministry of Finance under the framework of the Public Debt Management Committee.
14. The economic research activities conducted by NBP in 2015 focused on the areas indicated in *Ramowy plan badań ekonomicznych NBP na lata 2013–2016* (Framework plan of NBP economic research for 2013–2016), that is on macroeconomic stability, financial stability and quantitative research methods. In 2015, prediction tools were improved and a number of model works were carried out, as were analyses and research on the processes observed in the national and global economy. Six international scientific conferences and 28 open scientific seminars were organised. In 2015, 21 academic papers by NBP staff were published in journals of the so-called Philadelphia list.<sup>2</sup>
15. In 2015, NBP participated in statistical work conducted by the ECB and other international institutions. As part of these activities, NBP introduced new reporting requirements for banks, which include data on encumbered assets (prudential statistics), started developing a new reporting system for monetary statistics and carried out work related to the construction of a system for the statistics of securities investments.
16. As part of education and information activities carried out in 2015, NBP participated in the implementation of 229 education projects addressed to a wide audience. Information campaigns were continued, dedicated to: new security features of banknotes, services of financial institutions that are not subject to special state oversight and combating financial exclusion. A new campaign, *We protect the value of money*, was launched. Two public opinion surveys were conducted to diagnose the state of economic knowledge of Poles.
17. In 2015, NBP participated in the activities of the Committee of the Council of Ministers and the Committee on European Affairs and of other inter-departmental bodies as well as cooperated with government bodies, issuing opinions on bills relating to economic policy and the banking system. As part of cooperation with the ECB, Narodowy Bank Polski analysed drafts of ECB's opinions on draft acts of the EU and of the EU member states, including acts aimed at reinforcing financial stability in the EU.
18. In 2015, NBP representatives participated in the activities 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. The activities focused on issues related to the banking union, the creation of the Capital Markets Union, new methods of clearing payments in TARGET2 system, and granular credit data. Moreover,

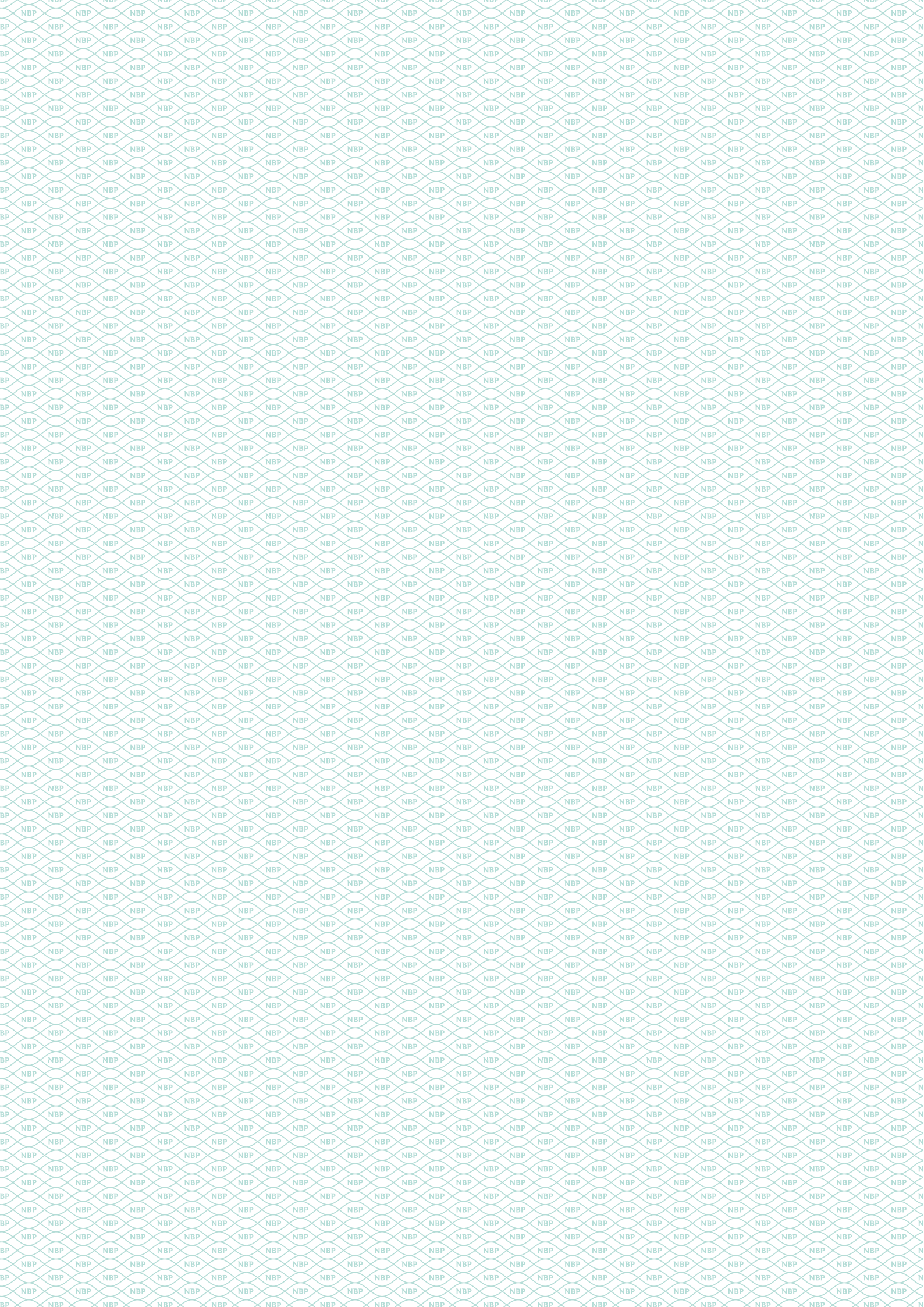
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<sup>2</sup> Philadelphia list (ISI Master Journal List) – a list of academic journals created and updated by the Institute for Scientific Information. The list includes titles of journals evaluated and included in ISI databases.

NBP cooperated with international institutions, such as: The Organisation for Economic Co-operation and Development (OECD), the World Bank, the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (EBRD) and the Bank for International Settlements (BIS). In 2015, Narodowy Bank Polski increased its active participation in the work of the Board of Executive Directors of the World Bank and organised, in cooperation with the EBRD, the meeting of the Full Forum of the Vienna Initiative 2 participants.

19. In 2015, the average employment level at NBP was lower by 235 full-time posts than in 2014, and amounted to 3,387 full-time posts. The reduction in headcount was a result of the activities aimed at employment optimisation in NBP.
20. Pursuant to Article 69(1) of the Act on Narodowy Bank Polski, the *NBP Financial Statements for 2015* were reviewed by a certified auditor appointed by the Monetary Policy Council. *Condensed financial statements as at 31 December 2015 and independent auditor's opinion* constitute Annex 8.
21. The financial result of NBP as at the end of 2015 amounted to PLN 8.3 billion, which resulted from the generated financial surplus of PLN 10.8 billion, with the simultaneous replenishment of the provision for foreign exchange rate risk of the zloty in the amount of PLN 2.5 billion, in accordance with the legal regulations applicable to NBP. The financial surplus generated in 2015 was mainly the effect of the positive result on exchange rate gains, the positive result on the management of foreign exchange reserves decreased by the costs of the monetary policy conducted by NBP, its operating expenses and depreciation.





Chapter 1

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# Governing bodies of NBP





## Governing bodies of NBP

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

### 1.1. President of Narodowy Bank Polski

In 2015, 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 its 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 2015, the President of NBP issued:

- 23 ordinances concerning, in particular: changes in the ordinance on the scope, procedure and timeliness applicable to notifications provided by banks participating in the mandatory deposit insurance scheme to the Bank Guarantee Fund;
- 5 announcements concerning: the promulgation of the list of convertible currencies; the publication of the uniform text of the ordinance of the President of Narodowy Bank Polski 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; the publication of the uniform text of the resolution of the Management Board of Narodowy Bank Polski concerning the method of calculating and announcing the current foreign currency exchange rates; the publication of the uniform text of the resolution of the Management Board of Narodowy Bank Polski on the participation criteria of domestic banks, branches of foreign banks and branches of credit institutions in open market operations conducted by Narodowy Bank Polski; the announcement of the balance sheet and the profit and loss account of Narodowy Bank Polski for 2014.

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 supervised compliance with work standards at NBP.

## 1.2. Monetary Policy Council

In 2015, the Monetary Policy Council acted in accordance with the *Monetary Policy Guidelines for 2015*.

In 2015, the MPC held 22 meetings (including 11 decision-making meetings) and adopted 7 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 Monetary Policy Council adopted one resolution on the reference rate, the interest rate on refinancing loans, the interest rate on term deposits and rediscount rate at Narodowy Bank Polski. The NBP interest rates at the end of 2014 and 2015 are presented in the Table 1.1.

**Table 1.1.** NBP interest rates as at the end of 2014 and 2015 (%)

Reference rate		Lombard rate		Deposit rate		Bills of exchange rediscount rate	
31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015
2.00	1.50	3.00	2.50	1.00	0.50	2.25	1.75

Source: NBP data.

The remaining MPC resolutions pertained to:

- approval of the *Report on Monetary Policy Implementation in 2014*,
- evaluation of the activities of the NBP Management Board regarding the implementation of the monetary policy guidelines for 2014,
- approval of the *Report on the Operations of Narodowy Bank Polski in 2014*,
- approval of the *Annual Financial Statements of Narodowy Bank Polski as at 31 December 2014*,
- setting of the monetary policy guidelines for 2016,
- approval of the *Financial Plan of Narodowy Bank Polski for 2016*,
- appointment of a certified auditor to audit the annual financial statements of Narodowy Bank Polski for the financial years 2015 and 2016.

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

- *Balance of Payments of the Republic of Poland for 2014 Q3 and Q4 and for 2015 Q1 and Q2*,
- *International Investment Position of Poland in 2014*,
- *Forecast of the Balance of Payments of the Republic of Poland for 2016*,
- *Opinion on the 2016 Draft Budget Act*.<sup>1</sup>

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

<sup>1</sup> The Opinion on the 2016 Draft Budget Act was adopted by the MPC on 14 January 2016.

In 2015, the MPC members participated in:

- meetings with the presidents and governors of central banks of the countries holding the presidency in the Council of the European Union (Bank of Latvia and Bank of Luxembourg),
- a meeting with the President of Bank Gospodarstwa Krajowego,
- a meeting with the representatives of the Polish Financial Supervision Authority to discuss the *Report on the condition of Polish banks in 2014*,
- meetings with the IMF and OECD missions visiting Poland,
- meetings with market analysts,
- conferences and seminars organised by international institutions and central banks.

### 1.3. Management Board of Narodowy Bank Polski

Pursuant to the Act on Narodowy Bank Polski, the activities of NBP are directed by the Management Board. It adopts resolutions on matters which are not the exclusive competence of other governing bodies of NBP and implements the resolutions of the MPC. In 2015, the Management Board of NBP performed its basic responsibilities according to the *Monetary Policy Guidelines for 2015*, *Narodowy Bank Polski Plan of Activity for 2015–2017* and the *Financial Plan of Narodowy Bank Polski for 2015*.

Pursuant to the Act on Narodowy Bank Polski, the NBP 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 real estate, 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 functioning 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 topics concerning: the issue of currency, the management of official reserves, the functioning of the Polish payment system, the NBP's research and analytical activity as well as education activity.

In 2015, the NBP Management Board held 56 meetings. It adopted 93 resolutions (including 61 normative resolutions) and 192 management resolutions.

The resolutions adopted by the NBP Management Board were primarily related to:

- the principles and procedures for calculating and maintaining of the required reserve,
- the manner of performing tasks in the area of accounting at Narodowy Bank Polski,
- the appropriation of the reserve funds of Narodowy Bank Polski for covering balance-sheet loss of Narodowy Bank Polski,

- the rules of maintenance by Narodowy Bank Polski of deposit accounts and sub-accounts for Treasury bills and NBP bills in the SKARBNET4 system and of conducting transactions on securities in this system,
- the rules of refinancing banks with Lombard credit and intra-day credit by Narodowy Bank Polski,
- terms and conditions of sale by Narodowy Bank Polski of coins, banknotes and numismatic items for collection and other purposes,
- cash and vault operations at Narodowy Bank Polski,
- 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 monetary situation of the state and the assessment of the financial situation of banks and the risks for the banking sector,
- bank fees and commissions charged by Narodowy Bank Polski,
- operational risk management at Narodowy Bank Polski,
- organisational rules of Narodowy Bank Polski.

Moreover, the NBP Management Board adopted management resolutions concerning, in particular:

- the agreement between NBP and the National Bank of Ukraine on the establishment of a zloty/hryvnia currency swap line,
- the extension of the term of a bilateral loan agreement between NBP and the IMF,
- the cooperation with the Ministry of Finance as regards submitting to the IMF an application for the Flexible Credit Line (FCL),
- the extension for 2016 of the agreement with the World Economic Forum on the *Global Competitiveness Report 2015–2016*,
- the signing of an agreement between NBP and the Polish Security Printing Works (PWPW SA) on executing preparatory works regarding a banknote with the face value of 500 zł,
- the launch of actions aimed at partial concentration of banknote counting and sorting,
- the launch of actions aimed at Narodowy Bank Polski's entry into the Express Elixir system.

#### 1.4. Narodowy Bank Polski Plan of Activity

In 2015, the *Narodowy Bank Polski Plan of Activity 2015–2017*, adopted by the NBP Management Board on 23 October 2014, was implemented. The *Plan* includes NBP's goals for the next three years and tasks aimed at their attainment.

In accordance with the rules for planning activity at NBP, the NBP Management Board adopted the *Narodowy Bank Polski Plan of Activity 2016–2018*, effective as of 1 January 2016.





Chapter 2

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# Monetary policy



# Monetary policy<sup>1</sup>

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 by *Minutes of the Monetary Policy Council decision-making meetings*<sup>2</sup> and the voting records of the Council's members on motions and resolutions in the year the *Report* encompasses.

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 and that they are taken under uncertainty about future macroeconomic developments. 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 economic conditions and domestic inflation developments in the short, and sometimes in the medium term.

## 2.1. Monetary policy strategy in 2015

In 2015, the Monetary Policy Council – in line with *Monetary Policy Guidelines for 2015* – strived to maintain price stability by pursuing monetary policy, which was simultaneously conducive to maintaining sustainable economic growth and stable financial system. In this way, the Council implemented the basic objectives of Narodowy Bank Polski set out in the Constitution of the Republic of Poland and the Act on Narodowy Bank Polski. According to Article 227(1) of the Constitution of the Republic of Poland, “Narodowy Bank Polski shall be responsible for the value of Polish currency”. The Act on Narodowy Bank Polski of 29 August 1997 states in Article 3(1) that “The basic objective of the activity of NBP shall be to maintain price stability, while supporting the economic policy of the Government, insofar as this does not constrain the pursuit of the basic objective of NBP.”

Price stability is nowadays construed as low, yet positive inflation, i.e. one that does not adversely affect the decisions of economic agents, including investment and savings decisions.

<sup>1</sup> The chapter *Monetary policy* presents the *Report on Monetary Policy Implementation in 2015* adopted by the Monetary Policy Council at its meeting on 5 May 2016. The responsibilities in this field are exercised in pursuance with 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.

<sup>2</sup> The appendix *Minutes of 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 on the NBP website.



Threats to price stability include both excessive inflation and persistent deflation, especially if accompanied by slow economic growth or stagnation.

The Monetary Policy Council strives to ensure price stability within the inflation targeting framework. Since 2004, the Council has pursued a medium-term inflation target of 2.5%, with a symmetrical band for deviations of  $\pm 1$  percentage point. Over this period, the average annual CPI in Poland has been 2.3%, i.e. close to the NBP target; yet in some years inflation strayed outside the band. At the same time, the pace of economic growth has been relatively stable, and no major macroeconomic imbalances have arisen in the economy. This shows inflation targeting to be an effective strategy for ensuring long-term price stability as well as supporting sustainable economic growth.

Taking into consideration the medium-term character of the inflation target, the Council accepts temporary deviations of inflation from the target, related to the shocks affecting the economy. The monetary policy response to shocks and the resulting deviations of inflation from the target depend on the underlying cause and character of these shocks, as well as the assessment of how persistent their effects would be, including their impact on price developments and inflation expectations. The Council flexibly determines the time necessary for inflation to return to the target, depending on the character of the shock, its persistence and the overall assessment of risks posed by the shock to both medium-term price stability and broadly understood longer-term macroeconomic stability.

The experience of the global financial crisis has shown that stabilising inflation at low levels is a very important, yet insufficient condition to maintain the economy in balance. To ensure macroeconomic stability, monetary policy has to be pursued in a manner which – while striving to stabilise inflation at a low level – simultaneously contains the risk of imbalances building up in the economy, including, in particular, in the financial system. Hence, the Council conducts monetary policy in such a way as to support the stability of the financial system, which is necessary to ensure price stability in the longer term and which enables the smooth functioning of the monetary policy transmission mechanism.

Therefore, in its decisions the Council takes into account the prices of assets, especially those of real estate, and lending growth rate. In order to support the stability of the financial system it may be necessary – particularly amidst severe external shocks – to lengthen the horizon of achieving the inflation target.

The Council implements inflation targeting under the floating exchange rate regime. However, the floating exchange rate regime does not rule out foreign exchange interventions, when these prove necessary to ensure macroeconomic and financial stability of the country, which is conducive to meeting the inflation target in the medium-term.

## 2.2. Monetary policy and macroeconomic developments in 2015

In 2015, economic growth in Poland was stable at rates exceeding the pace observed in the previous year. This was accompanied by a marked improvement in labour market conditions. As a result, employment increased significantly while unemployment fell, amidst a steady rise in wages and consumer demand. At the same time, financial standing of



enterprises was sound, which – together with high capacity utilization – supported investment growth. Under such conditions, lending rose faster than in many other countries.

Despite relatively favourable economic conditions, consumer price growth in Poland – like in many other countries – slowed down considerably and was negative throughout 2015. Declining prices raised the risk of inflation remaining below the target in the medium term. For this reason, in March 2015 the Monetary Policy Council decreased the NBP interest rates by 0.5 percentage points, including the reference rate to 1.5%. As a result, the NBP interest rates reached the lowest levels on record. In the following months, the Council was keeping the NBP rates unchanged.

In 2015, the Council strived to maintain price stability within the flexible inflation targeting framework, as indicated in the *Monetary Policy Guidelines*. Consequently, the Council took into consideration, on the one hand, the risk associated with inflation running below the target over a prolonged period of time, and, on the other, the external character of the shocks causing inflation to deviate from the target. In particular, the Council considered that deflation was driven by a sharp and unexpected decline in global commodity prices, which – at the same time – had a beneficial impact on economic standing of most agents in Poland. Moreover, the Council took into account that deflation was accompanied by stable economic growth and marked improvement in labour market conditions. In addition, while striving to ensure price stability in the longer term, the Council tried to limit the risk of macroeconomic imbalances building up in the economy. In particular, in its decisions the Council considered that too low interest rates might, amid relatively robust economic activity, lead to excessive growth in lending and asset prices.

Below, the basic rationale behind the Monetary Policy Council decisions in the following quarters of 2015 is presented.

Data released in 2015 Q1 pointed to further moderate global economic activity, with economic conditions varying across countries. In the euro area, i.e. Poland's main trading partner, GDP growth remained sluggish, and incoming information signalled only a slow recovery in the subsequent quarters. In the United States, growth was markedly higher than in the euro area, and the outlook for economic conditions was strong. In turn, in major emerging economies, including China, GDP growth was relatively weak following the slowdown seen in the previous quarters. Energy commodity prices declined in global markets, while prices of agricultural commodities remained relatively low after the fall recorded in the previous year. The decline in commodity prices, amid moderate global economic activity, dragged on price growth in many countries. In particular, in the euro area and most countries of Central and Eastern Europe, annual price growth turned negative.

Major central banks continued to pursue a highly expansionary monetary policy, keeping interest rates at close to zero. The European Central Bank (ECB) increased considerably its asset purchases, notably by extending its scope to include Treasury securities of euro area countries. The Federal Reserve (Fed), in turn, signalled a possibility of an interest rate rise in 2015. The divergence between the monetary policies of the ECB and the Fed caused the US dollar to appreciate against the euro. The flagging sentiment in global financial markets worked in the same direction, also enhancing the upward pressure on the exchange rates of other currencies perceived as safe havens, particularly the Swiss franc. This inclined the Swiss National Bank to abandon the exchange rate floor against the euro and decrease

interest rates below zero. As a consequence, the franc appreciated abruptly and sharply against the euro and many other currencies, including the zloty.

In Poland, preliminary national accounts data for 2014 indicated that GDP growth decelerated slightly in 2014 Q4, while still running above 3%. GDP growth continued to be driven primarily by rising domestic demand. Overall investment growth remained high and consumer demand growth was stable. Increasing consumption was supported by rising employment and lending. Despite this, uncertainty about future growth in Poland rose temporarily. Uncertainty factors included, on the one hand, the deteriorating outlook for developing economies and, on the other hand, a temporary hike in volatility in financial markets, including a considerable depreciation of the zloty against the Swiss franc, augmenting the amount of debt owed by households with liabilities in this currency.

Amid the merely moderate wage growth and the absence of demand pressure in the economy, the fall in global commodity prices deepened both CPI and PPI deflation. At the same time, corporate and household inflation expectations remained very low. As a result, the expected period of price growth remaining below the target was significantly extended, as indicated also in the March NBP projection.

Against this background, in particular the longer period of expected deflation and a markedly higher risk of inflation remaining below the target in the medium term, in March 2015 the Council – as mentioned above – decided to lower interest rates by 0.5 percentage points. When deciding on the scale of the interest rate decrease, the Council took into account, on the one hand, the risk of the extended period of inflation remaining below the target, and on the other hand, the risk of imbalances building up in the economy under low interest rates – mainly the risk of excessive growth in lending and asset prices. When lowering interest rates, the Council signalled that in the following quarters the NBP interest rate would probably remain stable. This signal was aimed at curbing uncertainty about the future monetary policy.

In 2015 Q2, global economic activity remained moderate, with the outlook for GDP growth improving in the euro area, despite mounting concerns about Greece's insolvency at the end of the quarter. At the same time, data from the United States pointed to a possible slowdown in this economy. Most major emerging economies saw economic growth weakening. Following a sharp and prolonged decline, global oil prices rebounded in 2015 Q2. This mitigated disinflation in many countries, supporting, in particular, price growth in the euro area. That notwithstanding, global inflation was very low, and in many European countries – negative. Against this background, major central banks kept their interest rates close to zero, and the ECB continued its asset purchase programme. At the same time, due to a deterioration in the outlook for economic growth in the United States, the expected timing of the first interest rate increase by the Fed was postponed. As a result, amidst improving economic conditions in the euro area in 2015 Q2, the appreciation of the dollar against the euro came to a halt, despite rising concerns over economic situation in Greece.

Domestic data revealed a slight acceleration of GDP growth in 2015 Q1. Output growth was supported by a pick-up in export growth related to stronger economic conditions in the euro area. Domestic demand continued to be a major driver of GDP growth in 2015 Q1. This involved, in particular, consumption and investment growth underpinned by improving labour market conditions, sound financial standing of enterprises, high capacity utilisation and a rise in lending to private sector. Since the output gap remained negative, though

gradually narrowing, there was no demand pressure in the Polish economy. Similarly, no cost pressure was observed, owing to low commodity prices and a merely moderate nominal wage growth. As a result, annual consumer price growth remained negative, although – along with rising global commodity prices, especially those of energy and agricultural commodities – the pace of deflation was steadily declining in 2015 Q2. Household and corporate inflation expectations continued to run very low.

Taking into account the above considerations, notably receding deflation, accelerated GDP growth and the ongoing improvement in the labour market, as well as significant interest rate reduction in the previous quarters, the Council kept interest rates unchanged in 2015 Q2.

Data incoming in 2015 Q3 and Q4 pointed to a further moderate growth in global economic activity. In the euro area, the pace of growth – following a certain acceleration in 2015 Q2 – levelled off, whereas in the United States – despite some slowdown in 2015 Q2 – GDP growth exceeded that in the euro area. Data from China signalled, in turn, a continuing economic slowdown. Together with the deepening recession in Russia and Brazil, this gave rise to mounting concerns about the outlook for growth in emerging economies. The rising risk of a more pronounced slowdown in these economies contributed to undermining financial market sentiment, which led to a considerable fall in the prices of many assets, including depreciation of those economies' currencies and increases in their bond yields. This was also reflected in a decline in the prices of Polish assets and a depreciation of the zloty. Moreover, a renewed and unexpected fall was observed in the global prices of most commodities, including oil and agricultural commodities.

Given moderate global economic activity and declining commodity prices, in many countries inflation continued to be very low in the second half of the year. In the United States and the euro area it was close to zero. In these circumstances, the ECB continued its asset purchases, while signalling the possibility of a further monetary policy easing. In contrast, the Fed hinted at a possible interest rate increase due to the improving labour market conditions. The increase eventually took place in December. The People's Bank of China, in turn, devalued the yuan, which – together with the interest rate rise in the United States – added to the downward pressure on the currencies of some emerging economies.

In Poland, stable economic growth was sustained, and data for 2015 Q4 signalled the possibility of a slight acceleration in GDP growth. Consumer demand – supported by robust labour market, improved consumer sentiment and rising household loans – continued to be a key driver of economic growth. GDP growth was also fuelled by further rise in investment, even though this was running at a slower pace than in the first half of 2015. Factors conducive to increased investment expenditure by firms included their sound financial performance and high capacity utilisation. At the same time, firms' propensity to invest was hampered by the uncertain outlook for economic activity abroad. Contribution of net exports to GDP growth declined markedly, driven by a slowdown in emerging economies.

As the output gap remained negative, if gradually narrowing, there was no demand pressure in the Polish economy. At the same time, the renewed decline in global commodity prices and the moderate nominal wage growth curbed cost pressure, which was reflected in the still negative producer price growth. As a result, the annual consumer price growth continued negative, although the pace of deflation was slower than in the previous quarters. Inflation expectations stood at a stable, though still very low, level.

In 2015 Q3 and Q4, the Council assessed that the continuation of stable economic growth in Poland, supported by the ongoing improvement in labour market conditions and a rise in economic activity in the euro area, would lead to a gradual increase in prices in the medium term. At the same time, the risk of a sharper slowdown in emerging economies and its potential impact on global economic conditions remained a source of uncertainty for future price developments; other uncertainty factors included a further decline in commodity prices and the persistently low inflation in the environment of the Polish economy. Given the above considerations, the Council was keeping the NBP interest rates unchanged in the second half of 2015, judging that – despite persistent deflation – steady improvement in labour market and stable economic growth were limiting the risk of adverse effects of price growth deviating from inflation target. At the same time, in the opinion of the Council, the set level of interest rates was conducive to curbing risks to price stability in the longer term and preventing the built-up of macroeconomic imbalances. In particular, such a level of interest rates limited the risk of excessive growth in lending and asset prices.

Like in the previous years, communication with the public played an important role in the implementation of monetary policy within inflation targeting framework in 2015. Thus, the Council presented the rationale for the decisions made and provided an assessment of economic developments behind these decisions. The key communication instruments in 2015 continued to include the cyclical publications: *Information from the meeting of the Monetary Policy Council* (with the accompanying press conferences held after the Council's meetings), *Minutes of the Monetary Policy Council decision-making meetings*<sup>3</sup>, *Inflation Reports*, as well as the annually published: *Report on Monetary Policy Implementation in 2014* and *Monetary Policy Guidelines for 2016*.

### 2.3. Monetary policy instruments in 2015

NBP interest rates were the key monetary policy instrument in 2015. The level of the reference rate determined the yields on open market operations. The deposit and Lombard rates, in turn, set the interest rate on standing facilities.

The set of policy instruments applied by NBP in 2015 was consistent with the adopted monetary policy strategy and with the persistent liquidity surplus in the banking sector.

#### Liquidity of the banking sector in 2015

In 2015, NBP pursued its monetary policy amidst a liquidity surplus prevailing<sup>4</sup> in the banking sector. The amount of the liquidity surplus averaged PLN 89,592 million<sup>5</sup> and was PLN 19,224 million, or 17.7%, lower than in 2014.

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<sup>3</sup> The *Minutes of the Monetary Policy Council decision-making meetings* contain a more detailed discussion on the issues and arguments behind the decisions taken by the Monetary Policy Council in 2015.

<sup>4</sup> The liquidity surplus in the banking sector are the funds held by the banking sector in excess of the required reserve. Liquidity surplus is measured by the combined balance of the NBP open market operations and standing facility operations.

<sup>5</sup> During the required reserve maintenance period.

The level of excess liquidity fluctuated in the course of 2015. In the first eight months, it followed a downward trend. In this period, the average monthly liquidity surplus declined from PLN 102,024 in January to PLN 80,944 in August. In the following three months, the liquidity surplus increased, which was related to higher amounts of NBP's purchases of foreign currencies from the account of the Ministry of Finance. In November, excess liquidity was running at PLN 89,566 million, and in December, at PLN 87,664 million. As a result, its average level as at December 2015 was PLN 11,554 million (i.e. 11.6%) less than in 2014.

The key factor affecting the level of liquidity in the banking sector in 2015 was the increase in the volume of money in circulation. This factor accounted for a decrease of PLN 21,985 million in the banking sector liquidity (in terms of the December 2014 to December 2015 average). The level of liquidity in the banking sector was also affected by the rise in the required reserve holdings. Such a factor reduced the liquidity by an average of PLN 2,853 million between December 2014 and December 2015.

The key factor increasing the level of liquidity in the banking sector in 2015 was NBP's transactions involving the purchase of foreign currency from the currency account of the Ministry of Finance. The surplus of foreign currency purchases over their sales by NBP in 2015 led to an increase of PLN 13,941 million in the banking sector liquidity surplus in 2015.

### **NBP interest rates**

An instrument of key significance for monetary policy implementation in 2015 was the NBP reference rate. Changes in this rate determined the course of the monetary policy pursued by NBP. The reference rate determined the yields on open market operations, which constituted the key instrument used by NBP to affect the level of the interest on short-term money market instruments.

The range of fluctuations of interbank overnight interest rates was determined by the NBP deposit and Lombard rates.

### **Open market operations**

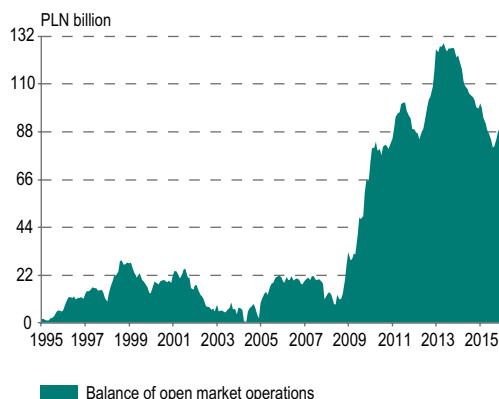
In 2015 NBP conducted its monetary policy in a way to allow the POLONIA rate<sup>6</sup> to run close to the NBP reference rate. This was achieved mainly by means of open market operations (main and fine-tuning operations), carried out at the initiative of the central bank.

By using the main open market operations, NBP affected the amount of liquidity in the banking sector, striving to ensure conditions in which banks could balance their own liquidity positions in the required reserve maintenance periods. At the same time, the yields on the individual operations, which are equal to the NBP reference rate as at the date of the operation, had a direct impact on the cost of money determined in the interbank market (including the POLONIA rate which represents this cost).

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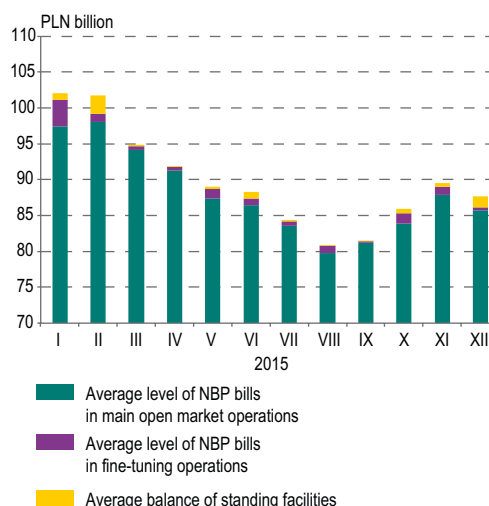
<sup>6</sup> The POLONIA (Polish Overnight Index Average) rate – the average overnight rate weighted by the value of transactions on the unsecured interbank deposit market. NBP publishes the levels of this rate on the Reuters information site (NBPS) every day at 5.00 p.m.

**Figure 2.1.** Average monthly balance of open market operations 1995–2015



Source: NBP data.

**Figure 2.2.** Liquidity absorbing instruments in the respective months of 2015



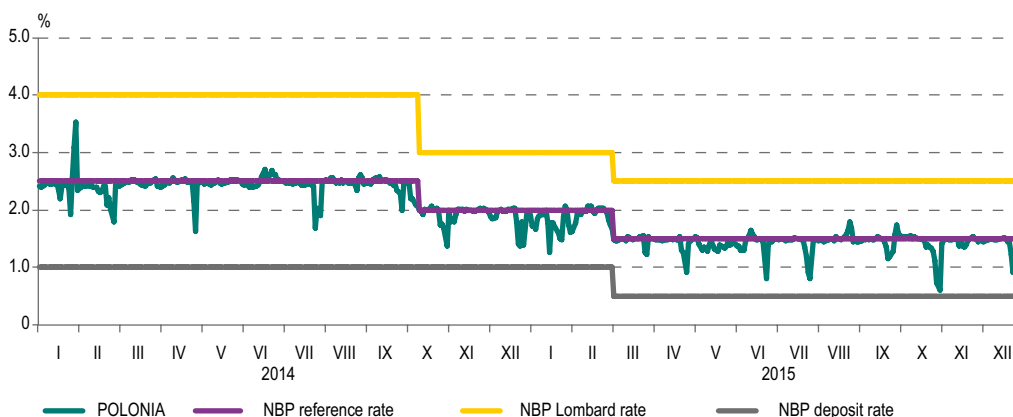
Source: NBP data.

In 2015, the main open market operations were carried out on a regular weekly basis, in the form of issuance of NBP bills with a 7-day maturity and a yield equal to the NBP reference rate. They were the main instrument of sterilising the liquidity surplus existing in the banking sector. In 2015, the average daily volume of NBP bills categorised as main open market operations amounted to PLN 87,984 million and was PLN 19,296 million lower than the 2014 level.

In 2015, apart from the main open market operations, NBP also conducted fine-tuning open market operations, which played a supporting role in implementing the operational target of monetary policy. Fine-tuning operations were conducted for similar reasons as the main operations, i.e. NBP's intention to ensure adequate conditions for banks to balance their liquidity positions. Yields on the fine-tuning operations were equal to the NBP reference rate binding on the day of the transaction.

In 2015, fine-tuning operations were conducted on a regular basis on the last business day of the required reserve maintenance period (altogether, 12 such operations were conducted). In addition, in January 2015 NBP carried out two fine-tuning operations within the required reserve maintenance period. For comparison, seven such operations (i.e. ones which did not occur on the last working day of the required reserve maintenance period) were conducted in 2014; 13 in 2013; 11 in 2012 and 20 in 2011. All the fine-tuning operations in 2015 involved the issuance of NBP bills. The average monthly issue amounted to PLN 1,108 million and was PLN 130 million lower than in 2014.

Managing the banking sector liquidity primarily by conducting open market operations and the possibility of using the averaged required reserve system ensured conditions in which banks were able to balance their own liquidity positions effectively in the required reserve maintenance period. As a result, the NBP standing facilities (especially the overnight deposit) were used by banks only to a limited extent. Such developments were reflected in

**Figure 2.3.** NBP interest rates and the POLONIA rate in 2014–2015

Source: NBP data.

the high effectiveness of the central bank in implementing its 2015 operational monetary policy target. This manifested itself in the POLONIA rate running close to the NBP reference rate. The average absolute spread between the POLONIA rate and the NBP reference rate was 12 bps in 2015.<sup>7</sup> In the previous years, this indicator stood at the following levels: 11 bps in 2014, 18 bps in 2013, 21 bps in 2012 and 43 bps in 2011. At the same time, it should be stressed that the spread between the POLONIA rate and the NBP reference rate in 2014–2015 were the lowest since this index became operational target of monetary policy (i.e. since 2008). For comparison, during the first nine months of 2008 (i.e. before the collapse of the Lehman Brothers investment bank), the above-mentioned spread stood at 19 bps.

### Reserve requirement

The system of required reserves contributed to the stability of short-term market interest rates. This resulted from its averaged basis, allowing entities to freely determine the amount of holdings at the central bank during the required reserve maintenance period, provided that the average balances held at NBP in the required reserve maintenance period were at least equal to the required reserve level. Moreover, the obligation to maintain the required reserve limited the volume of the NBP open market operations necessary to sterilise the excess liquidity prevailing in the banking sector in 2015.

The required reserves were calculated and maintained in Polish zloty. In 2015, 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 transactions, in which case the reserve requirement stood at 0.0%.

The amount of required reserves as at 31 December 2015 stood at PLN 37,115 million, including the required reserve of commercial banks of PLN 34,601 million, cooperative banks of PLN 2,175 million and credit unions and the National Association of Credit Unions

<sup>7</sup> The quoted index has been computed as the average absolute daily deviation of the POLONIA rate from the NBP reference rate (the average module of difference) based on a 365-day base.

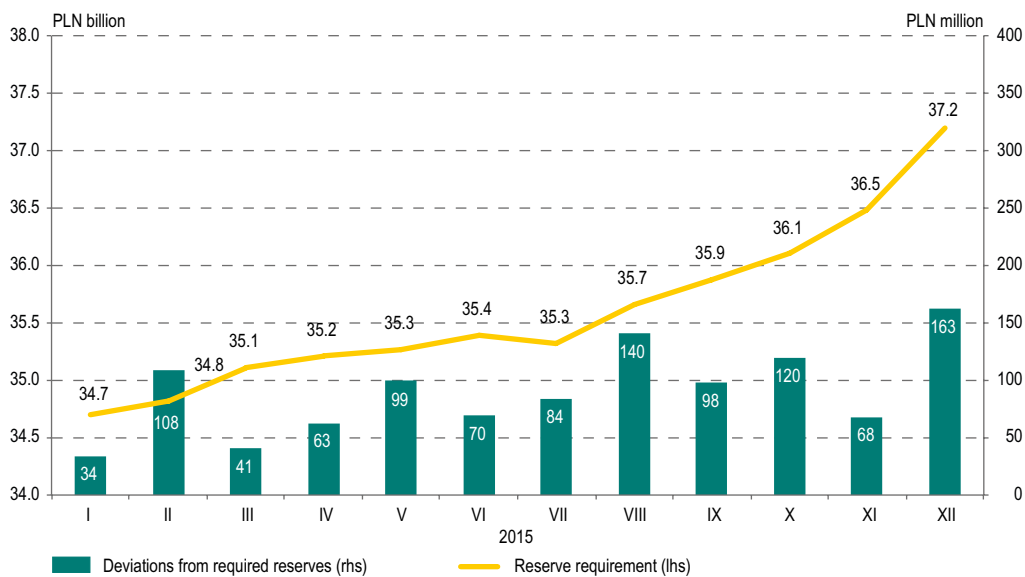


of PLN 339 million. This represents an increase of PLN 2,419 million, i.e. 7.0%, on the level noted on 31 December 2014. The main factor responsible for the increase in the total amount of the required reserve holdings was the rise in the deposits of the banking sector on which the required reserve was calculated.

The remuneration on the required reserve balances in 2015 was equivalent to 0.9 of the NBP reference rate. This means that an average interest rate during 2015 was equal to 1.43%, compared with 2.32% in 2014.

In all the required reserve maintenance periods in 2015, entities' average holdings at NBP remained only slightly above the required reserve level. The surplus ranged from the lowest point of PLN 34.0 million in January to a peak of PLN 163.0 million in December. The average surplus of the required reserves holdings in 2015 amounted to PLN 90.7 million and accounted for 0.25% of the average level of required reserves.

**Figure 2.4.** Changes in required reserves level and deviations from the reserve requirement in 2015



Source: NBP data.

Eight instances of failure to maintain the required reserve level were observed in 2015, including two by commercial banks, three by cooperative banks and three by credit unions.

### Standing facilities

Standing facilities (overnight deposit facility and Lombard credit) acted as a tool for stabilising the level of liquidity in the interbank market and overnight rates determined in this market (particularly the POLONIA rate). These operations were conducted at the initiative of banks. The main objective of NBP in offering standing facilities to banks was to provide the banking sector with the possibility to supplement their liquidity needs for the term of 1 day, or to place funds with NBP for the same period.



The interest rate of Lombard credit, setting the maximum price of borrowing money at NBP, determined the upper bound of overnight rate fluctuations in the interbank market. The overnight deposit rate, in turn, provided the floor for these fluctuations.

In 2015, like in previous years, banks used the Lombard credit only occasionally. The total drawing on this credit in 2015 was PLN 10.9 million and was 4.5 times lower than in 2014 (PLN 48.7 million). The average daily drawing on the Lombard credit stood at PLN 29.9 thousand (compared with PLN 133.3 thousand in 2014).

In 2015, banks placed overnight deposits totalling PLN 182.6 billion at NBP (calculated for the period of their holding), i.e. 67.7% higher than in the previous year. The total amount of overnight deposits fluctuated between PLN 1.0 million and PLN 9.9 billion. The average daily overnight deposit amounted to PLN 500 million, as against PLN 298 million in 2014. Banks deposited the highest amounts with NBP on the last days of the required reserve maintenance periods.

### **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 2015, the NBP did not conclude any such transactions.

### **Foreign exchange interventions**

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

In 2015, NBP did not carry out any such operations.

Chapter 3

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# Financial system



# Financial system<sup>1</sup>

Promoting financial stability is one of the tasks carried out by central banks of the EU Member States; since December 2008 it has also been one of the core statutory tasks 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.

In 2015, the Act on Macroprudential Supervision of the Financial System and Crisis Management<sup>2</sup> was adopted and entered into force, introducing EU regulations into Polish law and extending financial system stability activities in Poland to include macroprudential oversight. The tasks of NBP were extended to include activities aimed at eliminating or mitigating systemic risk.<sup>3</sup>

## 3.1. Macroprudential supervision

In 2015, NBP carried out the work to create the framework for the functioning of macroprudential supervision in Poland. The activities included participation in the work on the act establishing the macroprudential supervision authority and conceptual work related to the organisation and administration of this authority.

On 5 August 2015, the Act on Macroprudential Supervision of the Financial System and Crisis Management was adopted (entering into force on 1 November 2015). The act changed the role of the Financial Stability Committee (FSC), created in 2008 as a forum of cooperation to support and maintain the stability of the domestic financial system. The act extended the tasks of the FSC to include the exercise of macroprudential supervision and introduced a dual mandate for the FSC. The FSC is currently responsible for shaping macroprudential policy as well as for coordinating crisis management actions. Work on macroprudential supervision issues is chaired by the President of NBP, and NBP provides organisational and substantive support to the Committee in this regard, among others, by making available its own analyses on the sources of systemic risk. However, within the area of crisis management, the chair of the FSC is the Minister of Finance, while the Ministry of Finance provides support to the Committee in this regard.

The tasks of the FSC include the identification, assessment and monitoring of systemic risk stemming from the financial system or its environment. A crucial task of the FSC is to initiate actions to contain identified threats to financial stability. The Committee has been given solely so-called soft powers, i.e. it can present its positions on systemic risk and issue recommendations directed at institutions that are members of the FSC: the Ministry of Finance, the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego – KNF), the Bank Guarantee Fund (Bankowy Fundusz Gwarancyjny – BFG) and Narodowy Bank Polski. The addressees of a recommendation are obliged to undertake the recommended actions or to explain the reasons for inaction. In particular, recommendations may specify

<sup>1</sup> Tasks in this field are fulfilled pursuant to Article 3(2)( 6) and (6a) of the Act on the NBP (Journal of Laws of 2013, item 908, as amended).

<sup>2</sup> Act of 5 August 2015 on Macroprudential Supervision of the Financial System and Crisis Management (Journal of Laws of 2015, item 1513).

<sup>3</sup> Article 3(2)(6b) of the Act on the NBP (Journal of Laws of 2013, item 908, as amended).

the need for the application of macroprudential instruments by the minister responsible for financial institutions matters by way of a regulation or undertaking supervisory actions by the Polish Financial Supervision Authority.

The first meeting of the Financial Stability Committee in the area of macroprudential supervision was held on 23 December 2015. During the meeting participants discussed the risks for the financial system connected with, among others, the functioning of the financial institutions in a low interest rates environment, restructuring and bankruptcy of credit institutions and the so-called bank tax.

On 31 December 2015, a website devoted to macroprudential supervision was launched on the NBP website.

### 3.2. Cooperation with financial safety net institutions

In 2015 NBP participated in the work of the Financial Stability Committee, which in most of the year operated on the basis of the provisions of the previously applicable law, i.e. it was to ensure effective cooperation in order to support and maintain the stability of the domestic financial system.

In total, there were eleven meetings of the Committee, during which the following were discussed:

- the financial situation in the credit unions sector and possible action aimed at restructuring this sector,
- the situation of the cooperative banks sector,
- the impact of the decision of the central bank of Switzerland to float the exchange rate of the Swiss franc on the situation of entities of the Polish financial market, with special regard to the banking sector,
- the potential effects of the entry into force of the Act on Specific Terms for the Restructuring of Housing Loans Denominated in a Foreign Currency in Connection with the Change of Foreign Exchange Rates against the Polish Currency adopted by the Sejm of the Republic of Poland on 5 August 2015.

In addition, in 2015:

- NBP cooperated with the KNF, including via the membership in the KNF of the Vice President of NBP.<sup>4</sup>
- In accordance with the statutory authorisation regarding the rules for submitting information, NBP cooperated with the Polish Financial Supervision Authority Office.
- Two representatives delegated by the President of NBP were members of the BFG Council<sup>5</sup>.

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<sup>4</sup> Pursuant to Article 5(2)(3) of the Act of 21 July 2006 on Financial Market Supervision (Journal of Laws of 2015, item 614, as amended).

<sup>5</sup> Pursuant to Article 6(4)(2) of the Act of 14 December 1994 on the Bank Guarantee Fund (Journal of Laws of 2014, item 1866, as amended).

### 3.3. Activities of the Systemic Risk Committee

The Systemic Risk Committee, established in 2011 within NBP, continued work in 2015. The meetings of the Committee served as a forum for the exchange of information and opinions on risks in the financial systems and discussions concerning various aspects of macroprudential policy in Poland. In 2015, representatives of the Ministry of Finance, the Polish Financial Supervision Authority and the Bank Guarantee Fund participated in meetings of the Committee on the invitation of the NBP President.

In 2015, two meetings of the Systemic Risk Committee were held, during which the following were discussed: the experience of other countries in using macroprudential instruments, the issue of currency loans in Poland from the viewpoint of systemic risk, the progress of work on draft law on Macroprudential Supervision of the Financial System, the law amending the Act on the Bank Guarantee Fund (resolution) and the law amending the functioning of cooperative banks, macroprudential policy in EU countries in the year after the introduction of CRD IV/CRR, and the chart of analysing systemic risk in non-bank financial institutions.

### 3.4. 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 2015, the following publications were released:

- *Household wealth and debt survey in 2014*. The report presents the structure of assets and liabilities of households in Poland, their wealth and information about the financial risk that they take on. According to the survey, the average value of a household's assets is PLN 257,000. Among 37% of indebted households, the average burden of debt servicing costs on the current income is 14%, which is relatively low (favourable) compared to the countries in the euro area. The level of liquid assets allows the majority of indebted households to cushion the impact of a temporary increase in debt-servicing costs, but does not protect against job loss.
- *Financial System in Poland 2014*. The report presents the tendencies and barriers to the development of institutions and financial markets operating in Poland. Changes in infrastructure and legal regulations related to the financial system were analysed as well as initiatives aimed at integrating and increasing the safety of the financial market in the EU. The ratio of domestic financial system assets to GDP amounted to 121.4% at the end of 2014, while the domestic banking sector amounted to approx. 89% of GDP. The current stage of the development of the financial system in Poland suggests that its impact on economic growth will be favourable. This is also confirmed by the assessments of international institutions, according to which the size of the Polish financial system (e.g. the ratio of its assets to GDP) is optimal from the point of view of having a positive impact on economic growth.
- *Financial Stability Report* (in January and July). The subject of both editions of the report was an analysis of the main areas of risk to the functioning of the financial system in Poland, with particular emphasis on the situation of its most important segment –

the banking sector. The analyses showed that in 2015 the situation of the banking sector remained good and it also maintained its capacity to absorb adverse shocks. The high resilience of Polish banks is confirmed by the stress tests carried out regularly by NBP. They also indicated that the depreciation of the zloty in relation to the Swiss franc – even on a significant scale – should not pose a threat to the safety of the banking sector. In these conditions, any measures undertaken to mitigate or eliminate the risk connected with the portfolio of currency loans in the banks' balance sheets should be preceded by a thorough analysis of the benefits and costs of such measures. In the Polish economy and financial system there were no significant imbalances, the adjustment of which might have an adverse impact on financial stability. The processes of restructuring the credit unions sector represented a challenge for the financial safety net. Both editions of the report contained NBP's recommendations, the implementation of which would contribute to mitigation of systemic risk and further strengthening of the resilience and stability of the Polish financial system.

- *Report on the situation in the Polish residential and commercial real estate market in 2014.* According to the report, in 2014 the housing situation improved, while housing prices remained stable. An increase in supply and demand was observed in the primary housing market. The number of investments and homes put on the market by real estate developers also increased. Growing imbalances were observed in the commercial real estate market, especially in the office space market. The growing supply of commercial space began to lead to a decline in rental rates.
- *Senior loan officer opinion survey on bank lending practices and credit conditions* (based on quarterly senior loan officer opinion surveys). The material presents changes in the lending policy of banks and an assessment of demand for each type of loan. From the data submitted by the banks it was possible to observe that the banks' lending policy in relation to consumer loans and the majority of the different types of corporate loans was eased slightly in 2015. Greater changes and a tightening of lending policy were observed in relation to housing loans – for most of the year they remained under the influence of oversight regulations related to the entry into force of successive provisions of Recommendation S.
- *Resolution, a new approach to banks threatened with bankruptcy.* This study presents the origin and development of the resolution mechanism, describing its aims, principles and methods of organisation and financing. It also casts light on operational issues related to the conditions in which resolution is triggered, its planning, financing and basic tools.

### 3.5. International cooperation for financial stability

In 2015, Narodowy Bank Polski participated in the work of European institutions responsible for the monitoring and protection of financial system stability on the EU territory.

These activities mainly included the participation of NBP representatives in the work of the European Systemic Risk Board (ESRB), including the NBP President as a member of the ESRB Steering Committee and the ESRB General Council. The European Systemic Risk Board discussed, among others, issues related to the preparation of shock scenarios for

stress tests for the banking sector and pension fund sector, an assessment of the experience related to the introduction of macroprudential policy in the EU countries, the impact of residential and commercial real estate markets and the environment of low interest rates on financial stability in the EU, the scope of application of the principle of reciprocity when introducing macroprudential tools in the EU countries and the countercyclical buffer rate for third countries.

In addition, the NBP representative participated in the meetings of the Board of Supervisors of the European Banking Authority (EBA).<sup>6</sup>

### 3.6. NBP operational activities aimed at maintaining financial stability

Acting pursuant to Article 42(1) of the Act on Narodowy Bank Polski, NBP provided liquidity support in the form of a refinancing loan to one cooperative bank. The overriding goal of NBP's decision was to protect the stability of the domestic banking system, and particularly the cooperative banking sector. This support is part of the tasks of the central bank defined in Article 3(2) of the Act on NBP. When granting credit, NBP was guided in particular by the opinion of the KNF regarding the solvency of the cooperative bank and the establishment of receivership administration.

In addition, NBP considered two applications of credit unions regarding exemption from the obligation to maintain the required reserve. In both cases, the NBP Management Board did not agree to exemption from the obligation to maintain the required reserve.

#### **Highlights of 2015:**

- establishment of a macroprudential supervision authority in Poland and the commencement of its activities,
- participation in the work of the European Systemic Risk Board.

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<sup>6</sup> As NBP does not conduct supervision over credit institutions, the participation of the NBP representative in the work of the EBA is a result of the invitation from the Polish Financial Supervision Authority Office, which is in accordance with Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority).

Chapter 4

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# The issue of currency





## The issue of currency<sup>1</sup>

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 2015 amounted to PLN 163,225.8 million. This represents an increase in the value of currency by PLN 20,297.0 million, i.e. 14.2% more compared to 31 December 2014.

In 2015, manufacturers of legal tender delivered to NBP 485,215 thousand pieces of notes and 981,597.1 thousand pieces of coins, which, in relation to the deliveries in 2014 (403,800 thousand pieces and 886,624.8 thousand pieces, respectively), represented an increase by 81,415 thousand pieces of notes (20.2%) and by 94,972.3 thousand pieces of coins (10.7%).

As at 31 December 2015, notes accounted for 97.4% of all zloty-denominated currency in circulation by value, while coins represented 2.6% (in 2014 – 97.2% and 2.8%, respectively). In terms of volume, zloty-denominated notes accounted for 10.0% of all currency in circulation, whilst coins represented 90.0%.

In terms of face value of notes in circulation as at the end of 2015, the following denominations had the biggest share: 100 zł – 66.9% (67.0% in 2014) and 200 zł – 24.7% (23.5% in 2014), whereas among coins the following prevailed: 5 zł – 35.6% (34.4% in 2014) and 2 zł – 30.0% (30.7% in 2014).

In terms of volume, the following notes had the biggest share in circulation as at the end of 2015: 100 zł – 62.2% (60.9% in 2014) and 50 zł – 11.6% (12.8% in 2014). As regards coins, the following denominations prevailed: 1 grosz – 37.5% (37.4% in 2014) and 2 grosz – 17.8% (17.9% in 2014).

### 4.2. Issue of collector coins and notes

Narodowy Bank Polski issues collector coins and notes, commemorating national or international events, important historical anniversaries and famous Poles.

In 2015, under 14 topics of commemorative coins 9,450 pieces of gold coins and 285,500 pieces of silver coins as well as 30,000 pieces of collector notes were issued (in 2014, respectively: 12,650 gold coins, 337,460 silver coins and 50,000 collector notes).

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<sup>1</sup> Tasks in this field are performed pursuant to Article 4 and Articles 31–37 of the Act on Narodowy Bank Polski.

In 2015, 19 types of collector coins were issued. The following topics of coins issued are worth mentioning:

- *100 Years of Warsaw University of Technology* – a silver coin with the face value of 10 zł, with an atypical shape of a lens,
- *600th Anniversary of the Birth of Jan Długosz* – a collector note with the face value of 20 zł, in which 2D code was used for the first time,
- *50th Anniversary of the Letter of Reconciliation of the Polish Bishops to the German Bishops* – a silver coin with the face value of 10 zł depicting images of three outstanding figures in the post-war history of the Catholic Church and Poland: Cardinal Karol Wojtyła, Cardinal Stefan Wyszyński and Cardinal Bolesław Kominek – the originator of the letter,
- *100th Anniversary of Regaining Independence by Poland: Józef Piłsudski* – a silver coin with the face value of 10 zł and a gold coin with the face value of 100 zł. The coins inaugurated the series which will comprise four issues.

In 2015, NBP continued to issue 5 zł coins with a commemorative image in the circulation standard. The coins are issued twice a year under the *Discover Poland* series. In 2015, coins depicting Bydgoszcz Canal and Poznań Town Hall were issued. Narodowy Bank Polski also continued to issue gold bullion investment coins, *White-tailed eagle* coins, with the face value of 500 zł.

In 2015, the following collector items (issued in previous years) received awards granted in coin industry:

- collector note of the face value of 20 zł commemorating *Centenary of the Formation of the Polish Legions* won the Banknote of the Year Award at the international conference European High Security Printing held in Budapest, as well as was named the best collector banknote in the world at the Currency Conference in Vancouver,
- a gold collector coin of the face value of 200 zł, *Polish Olympic Team, Sochi 2014*, won first prize in the Coin Classic category at the Coin Constellation 2015 in Moscow.

Moreover, a new version of Kolekcjoner online store, more modern and user-friendly, was launched in 2015.

### 4.3. Introduction into circulation of modernised banknotes and coins

In 2015, NBP pursued tasks related to the introduction into circulation in February 2016 of modernised general circulation banknotes with the face value of 200 zł. This is a continuation of the activities carried out in 2014, related to the introduction into circulation of modernised 10 zł, 20 zł, 50 zł and 100 zł notes. As was the case with the first banknote modernisation, NBP carried out a number of activities aimed at preparing the general public and professional participants of cash transactions to the change (NBP cooperated with entities which handle cash and organised training sessions).

In 2015, NBP launched preparations on the issue of a banknote with the face value of 500 zł.

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

In 2015, 200.8 million pieces of notes and coins were withdrawn, including: 194.3 million pieces of banknotes and 6.5 million pieces of coins (210.7 million pieces in 2014, including: 206.1 million pieces of banknotes and 4.6 million pieces of coins) due to wear and tear, damage or loss of counterfeit protection features.

#### 4.5. Counterfeit Polish currency

In 2015, the number of disclosed counterfeit Polish currency notes and coins increased by 36.08% as compared to 2014. The number of all counterfeit banknote and coin denominations per million of currency pieces<sup>2</sup> in circulation amounted to 3.54 pieces, having decreased by 2.57 pieces as compared to 2014. Data concerning the number of counterfeit coins and banknotes disclosed in 2012–2015 are presented in Table 4.1.

**Table 4.1.** The number of counterfeit Polish notes and coins in circulation in the years 2012–2015

Counterfeits	2012	2013	2014	2015
Banknotes	10,410	9,010	11,549	7,803
Coins	6,778	5,390	4,250	2,296
Total	17,188	14,400	15,799	10,099

Source: NBP data.

#### 4.6. Supply of notes and coins to banks

In 2015, commercial banks and entities with statutory authority to flow Polish currency notes and coins from/to NBP, purchased at NBP Polish notes and coins worth PLN 189.7 billion (PLN 189.5 billion in 2014), of which:

- PLN 77.2 billion in a deposit system (PLN 90.1 billion in 2014),
- PLN 112.5 billion in the main system (PLN 99.4 billion in 2014).

#### 4.7. Activities aimed at streamlining cash transactions

In January 2015, the *Standards for handling banknotes in cash transactions recommended by Narodowy Bank Polski* were published on the NBP website.

<sup>2</sup> In the case of coins, 1 zł, 2 zł and 5 zł denominations were taken into account.

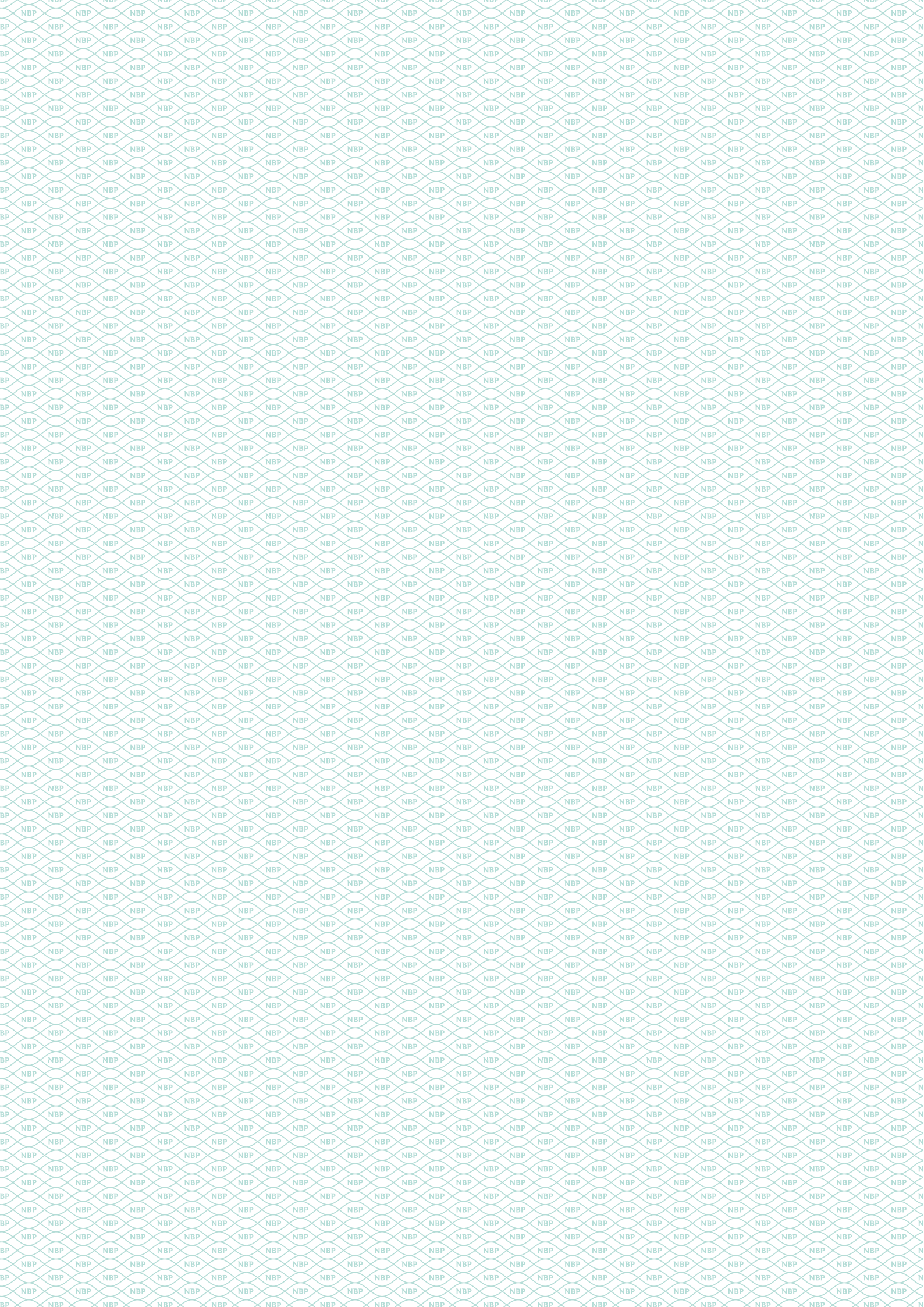
Furthermore, since the beginning of 2015, quarterly data on cash transactions, such as the share of note and coin denominations in cash transactions, withdrawals from / deposits to NBP of banknotes and coins (supplying with cash) or the flow of banknotes and coins (how often banknotes and coins return to NBP) have been published on NBP website. At the same time, since July 2015, NBP has regularly provided the banks and entities with statutory authorisation to withdraw / deposit Polish currency from / to NBP with targeted data on the scale of their cash transactions vis-à-vis the market, including information on the number of discrepancies in cash reconciliation and types of counterfeits.

In 2015, a system for electronic document flow (SESCM) was introduced into the process of supplying banks and authorised entities with Polish currency.

**Highlights of 2015:**

- preparations aimed at introduction into circulation of modernised banknotes with the face value of 200 zł as from February 2016 and launch of preparations for the issue of a banknote with the face value of 500 zł,
- launch of publication of data on cash circulation at the NBP website and providing information in this respect to banks and authorised entities,
- implementation of SESCO system which supports the process of supplying banks with Polish currency.





Chapter 5

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# Foreign exchange reserves management



# Foreign exchange reserves management<sup>1</sup>

Pursuant to Article 52(1) of the Act on Narodowy Bank Polski, NBP holds and manages foreign exchange reserves and takes measures to ensure the safety of Poland's foreign exchange operations in terms of 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, thereby reducing the cost 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. Official reserves can also be used to support the stability of the 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 assets<sup>2</sup>

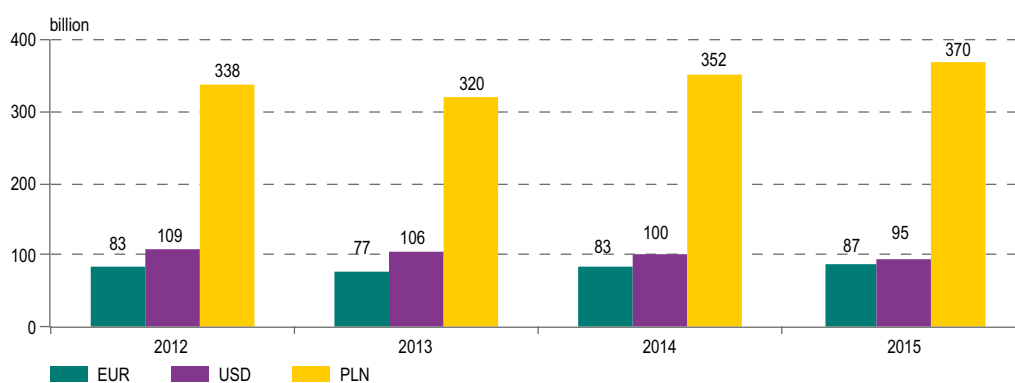
In 2015, the NBP official reserve assets increased:

- in euro terms – by EUR 4.2 billion (5.1%) – to EUR 86.9 billion,
- in zloty terms – by PLN 18.0 billion (5.1%) – to PLN 370.3 billion.

This was mainly a result of the appreciation of US dollar and pound sterling vis-à-vis the euro and the zloty, an income on the investment of reserves and a positive balance of external flows.

On the other hand, a sharp appreciation of US dollar against other reserve currencies resulted in a drop of USD 5.5 billion (-5.5%) in official reserve assets in US dollar terms, down to USD 94.9 billion.

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



Source: NBP data.

<sup>1</sup> Tasks in this area are performed pursuant to Article 3(2)(2) and Article 52 of the Act on NBP.

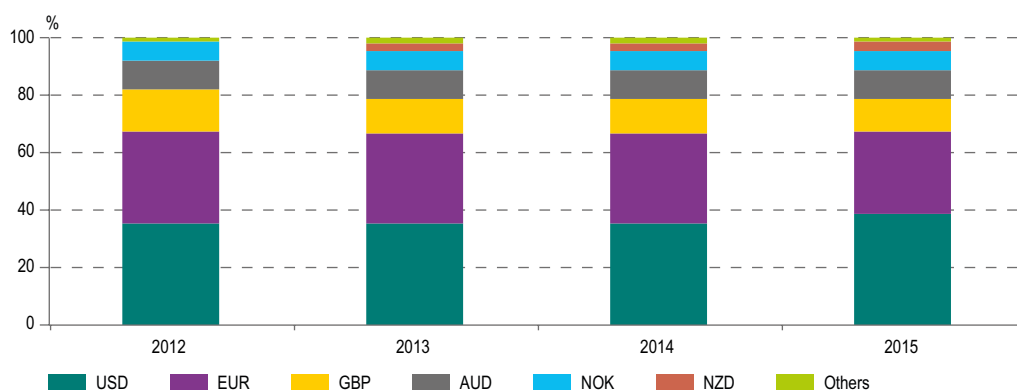
<sup>2</sup> According to the definition of the International Monetary Fund (IMF), the official reserve assets include readily available, liquid foreign assets held by the central bank. This category includes monetary gold, special drawing rights (SDR), IMF reserve position and foreign currency assets,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

## 5.2. Foreign currency reserves management strategy

The priority in the foreign exchange reserves management is to ensure the safety of the invested funds and their adequate liquidity. While observing these criteria, NBP also undertakes measures aimed at raising the yield on the reserves.

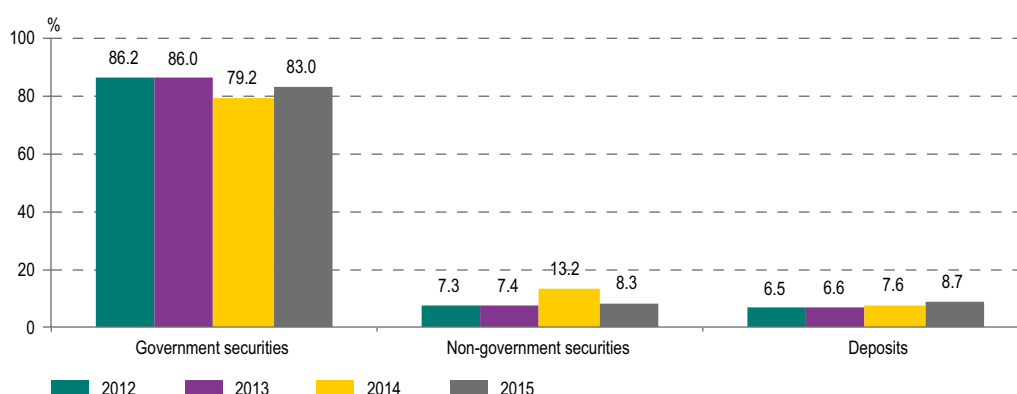
Taking into account analyses of the global macroeconomic prospects, forecasts of the situation in the global financial markets and results of the optimisation and simulation analysis, the NBP Management Board decided to limit the share of EUR (by 3 percentage points, to 29%) in the currency composition while increasing the share of USD (to 39%), and to maintain modified duration<sup>3</sup> of the reserves at a level close to the one applicable in the previous year (2.0).

**Figure 5.2.** Currency composition of reserves in 2012–2015



Source: NBP data.

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



Source: NBP data.

<sup>3</sup> Modified duration is a measure of interest rate risk, representing the sensitivity of investment portfolios to fluctuations in yields on financial instruments.



The major part of foreign exchange reserves is invested 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 issued, first of all, 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 denominated 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 a counterparty's creditworthiness Counterparty limits on deposit transactions and foreign exchange transactions Limited maturity period of deposit transactions Minimum accepted rating of securities Limits for issuers of securities Collateral in reverse repo 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. Return on foreign currency reserves

The return on the invested foreign currency reserves depends on market conditions: yields on investment instruments and changes in their prices as well as currency exchange rates.

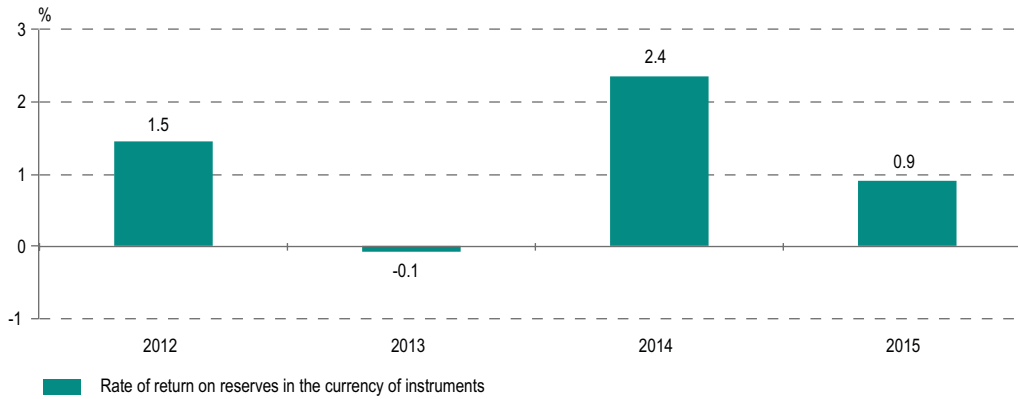
In 2015, the rate of return on the foreign currency reserves, as denominated in the currency of instruments,<sup>4</sup> was 0.9%, amidst relatively low yields of government securities<sup>5</sup> and a halt

<sup>4</sup> 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.

<sup>5</sup> As at 31 December 2015, the yields of 10-year bonds of US government amounted to 2.27%, of German government – to 0.63%, of the UK government – to 1.96%, of Australian government – 2.88%, of Norwegian government – 1.48% and of New Zealand government – to 3.57%.

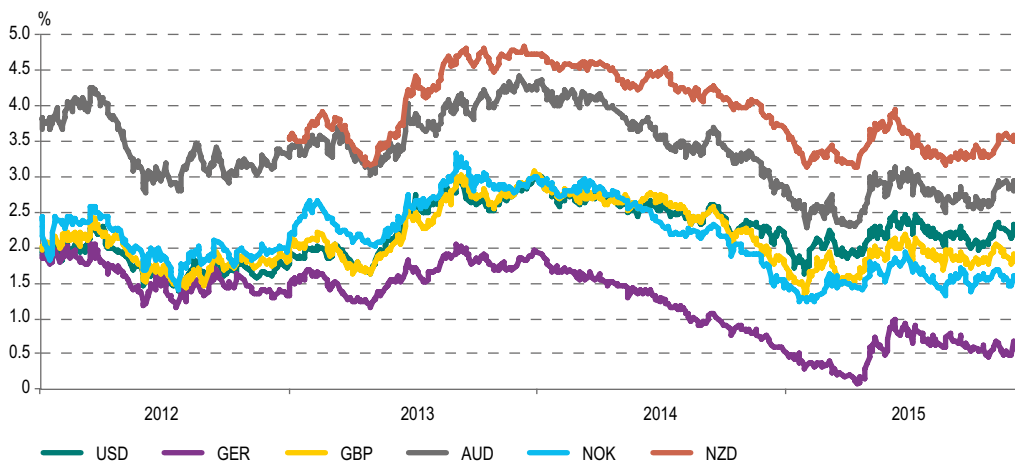
in the tendency of price increases in the long-term securities<sup>6</sup> observed in the previous year. This was related to improved forecasts for the economy and price growth in the euro area as well as economic recovery in the US, which brought about heightened expectations of the Fed raising its official interest rate.

**Figure 5.4.** Return on the NBP foreign currency reserves excluding the impact of exchange rate fluctuations



Source: NBP data.

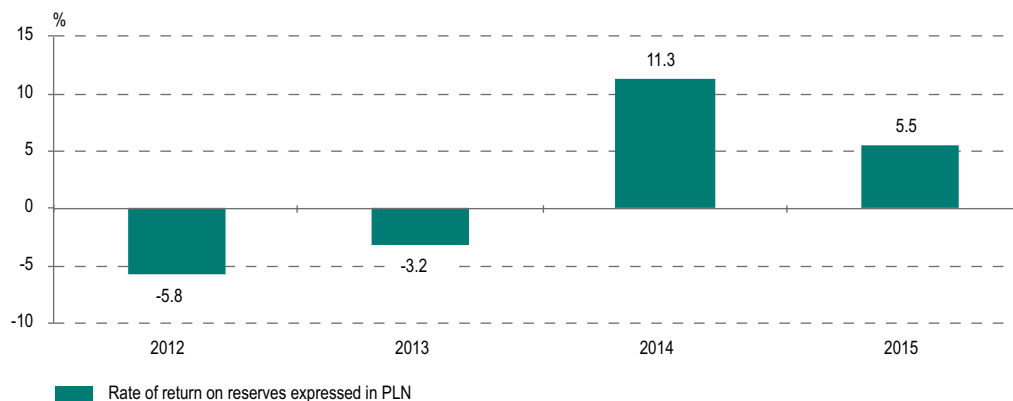
**Figure 5.5.** Yields on 10-year government securities in major markets



Source: calculations based on Bloomberg data.

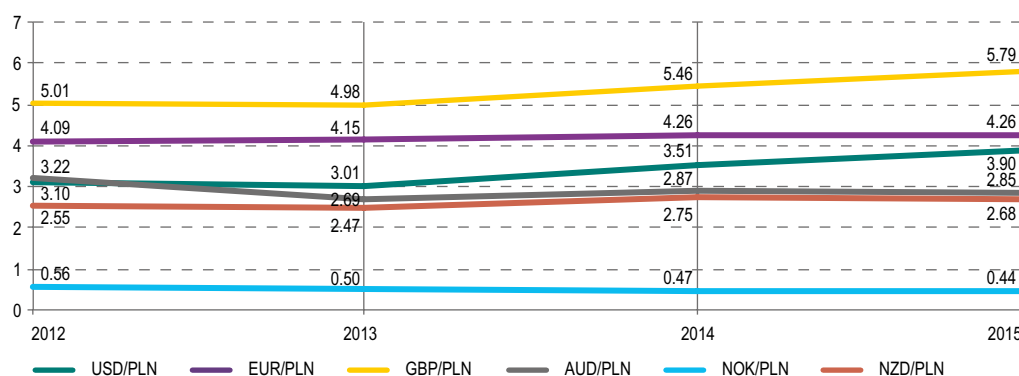
<sup>6</sup> In 2015, the yields of 10-year T-bonds slightly rose on the UK, Australian, US and German markets (from 9 bps in Germany to 20 bps in the UK), while they slightly declined on the Norwegian and New Zealand markets (from 6 to 9 bps).

**Figure 5.6.** Rate of return on the NBP foreign currency reserves (including the impact of exchange rate fluctuations)



Source: NBP data.

**Figure 5.7.** Exchange rates of major reserve currencies in relation to the PLN (levels as at the end of periods)



Source: NBP data.

In 2015, the rate of return on the reserves as expressed in PLN<sup>7</sup> amounted to 5.5%. Higher rate of return on the reserves as expressed in PLN than as expressed in the currency of the instrument was a result of US dollar appreciation (increase in the USD/PLN exchange rate by 11.2%<sup>8</sup>) and the pound sterling (increase in the GBP/PLN exchange rate by 5.9%) against PLN.

The appreciation of the US dollar against other reserve currencies was supported by a rise in the Fed's official interest rates, which stood in contrast to the monetary policy easing by the ECB and the central banks of Norway, Australia and New Zealand.

<sup>7</sup> 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.

<sup>8</sup> NBP fixing.

## 5.5. Investment income

In 2015, the income on investment related to foreign currency reserves management, excluding the realised and unrealised exchange rate effects, amounted to PLN 4.1 billion (as compared to PLN 4.4 billion in 2014).

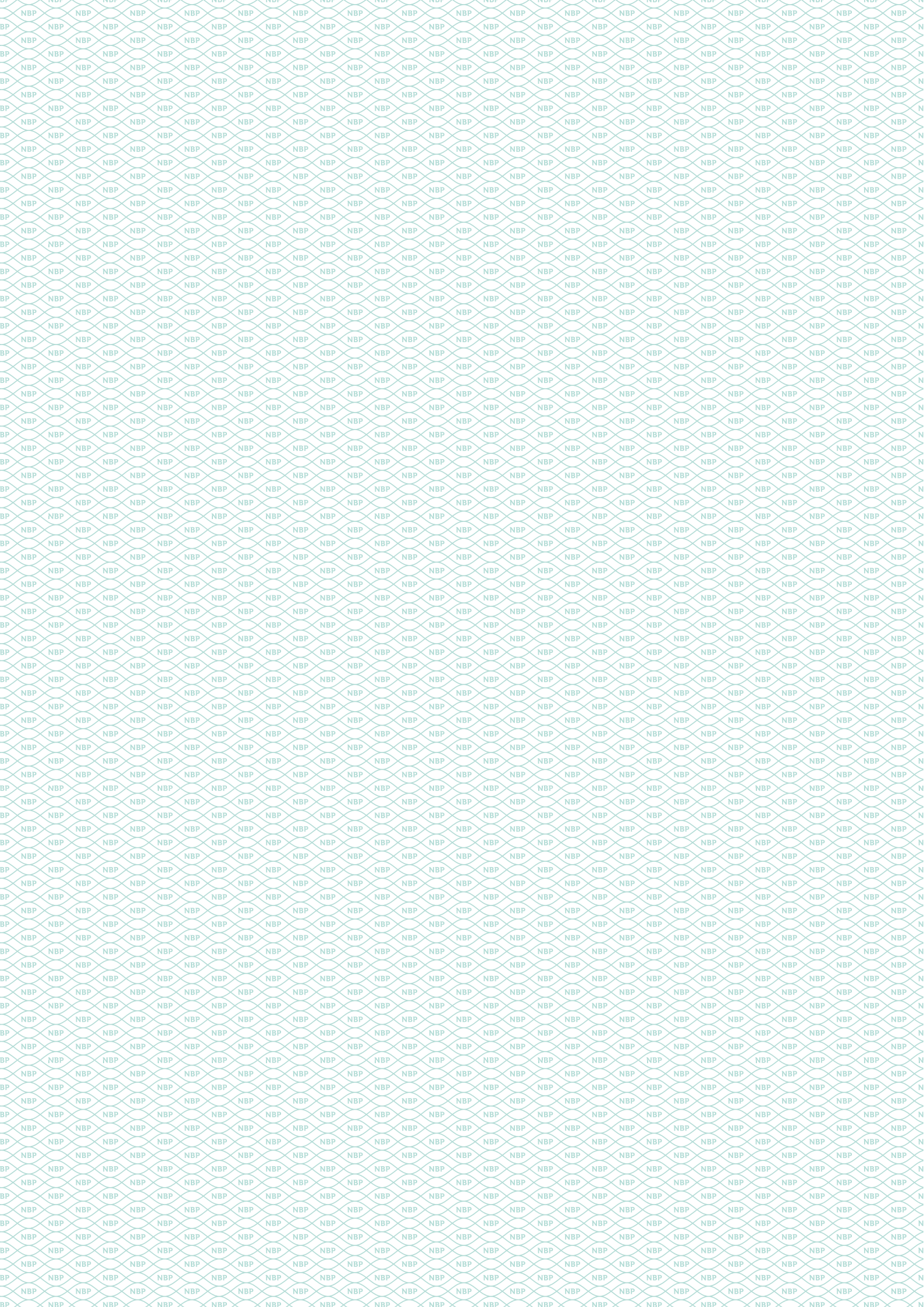
The unrealised foreign exchange gains amounted to PLN 11.3 billion in 2015, whereas unrealised foreign exchange losses amounted to PLN 1.8 billion.<sup>9</sup>

### Highlights of 2015:

- change in the composition of foreign currency reserves had a positive impact on their rate of return in 2015.

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<sup>9</sup> 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. On the other hand, unrealised foreign exchange losses diminish the NBP financial result (similarly as realised foreign exchange losses).





Chapter 6

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# Foreign exchange activity





## Foreign exchange activity<sup>1</sup>

Foreign exchange activity primarily involves maintaining a register of bureaux de change, issuing decisions on foreign exchange matters and controlling: bureaux de change (including in the scope of fulfilment of the obligations imposed on them by the Act on Counteracting Money Laundering and Terrorism Financing), individual foreign exchange permits granted and the performance of the reporting obligation for the needs of the balance of payments. The purpose of this activity is to ensure security of foreign exchange transactions.

### 6.1. Register of bureaux de change

In 2015, 873 entries were made to the register of bureaux de change (as compared to 1,040 in 2014), of which 168 entries concerned new entities (as compared to 230 in 2014) and the remainder regarded the deletion of entities or data updates.

As at 31 December 2015, 5,022 bureaux de change were operating in Poland (as compared to 5,011 as at 31 December 2014).

### 6.2. Foreign exchange-related decisions

In 2015, a total of 28 decisions on foreign exchange were issued, including 17 permits and 11 other decisions (in 2014 – 25 decisions were issued). The permits were granted for the waiver of restrictions on foreign exchange transactions conducted with non-residents from countries that are not members of the EU, the OECD and the EEA. The decisions were related to a discontinuation of proceedings (due to being groundless) and change of the validity date of permits granted in previous years.

### 6.3. Foreign exchange control

Foreign exchange control by the President of NBP in 2015 included inspections of residents who were subject to the mandatory transfer to NBP of data necessary for the compilation of the balance of payments and the international investment position, and inspections of operators of bureaux de change. In 2015, a total of 1,707 inspections were carried out (in comparison to 1,893 in 2014), including:

- 885 inspections concerning the performance of the reporting obligation for the needs of the balance of payments (in 2014 – 922),
- 822 inspections regarding bureaux de change activity (in 2014 – 971).

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<sup>1</sup> Tasks in this field are performed pursuant to Article 3(2)(3) and Article 52(2) of the Act on NBP, Article 21(3) (1) of the Act of 16 November 2000 on Counteracting Money Laundering and Terrorism Financing (Journal of Laws of 2014, item 455, as amended) and the provisions of the Act of 27 July 2002 – Foreign Exchange Law (Journal of Laws of 2012, item 826, as amended).

Irregularities were detected in the course of 759 inspections, i.e. 44% of all inspections conducted (in 2014 – 40%), including:

- during 399 inspections concerning the performance of the reporting obligation for the needs of the balance of payments (in 2014 – 378),
- in 360 inspections regarding bureaux de change activity (in 2014 – 380).

If such irregularities occurred, post-inspection recommendations were submitted to the managers of the inspected units. In 713 cases, NBP notified the competent financial authorities of the infringement of legal standards. Having conducted the appropriate proceedings, tax offices informed NBP of penalties imposed on 150 entities, 344 cases of submission of the so-called active repentance<sup>2</sup> and 2 cases of voluntary submission to liability. The results of all inspections as regards the fulfilment of responsibilities of operators of bureaux de change laid down by the Act on Counteracting of Money Laundering and Terrorism Financing were forwarded to the General Inspector of Financial Information.

Inspections carried out by NBP ensure:

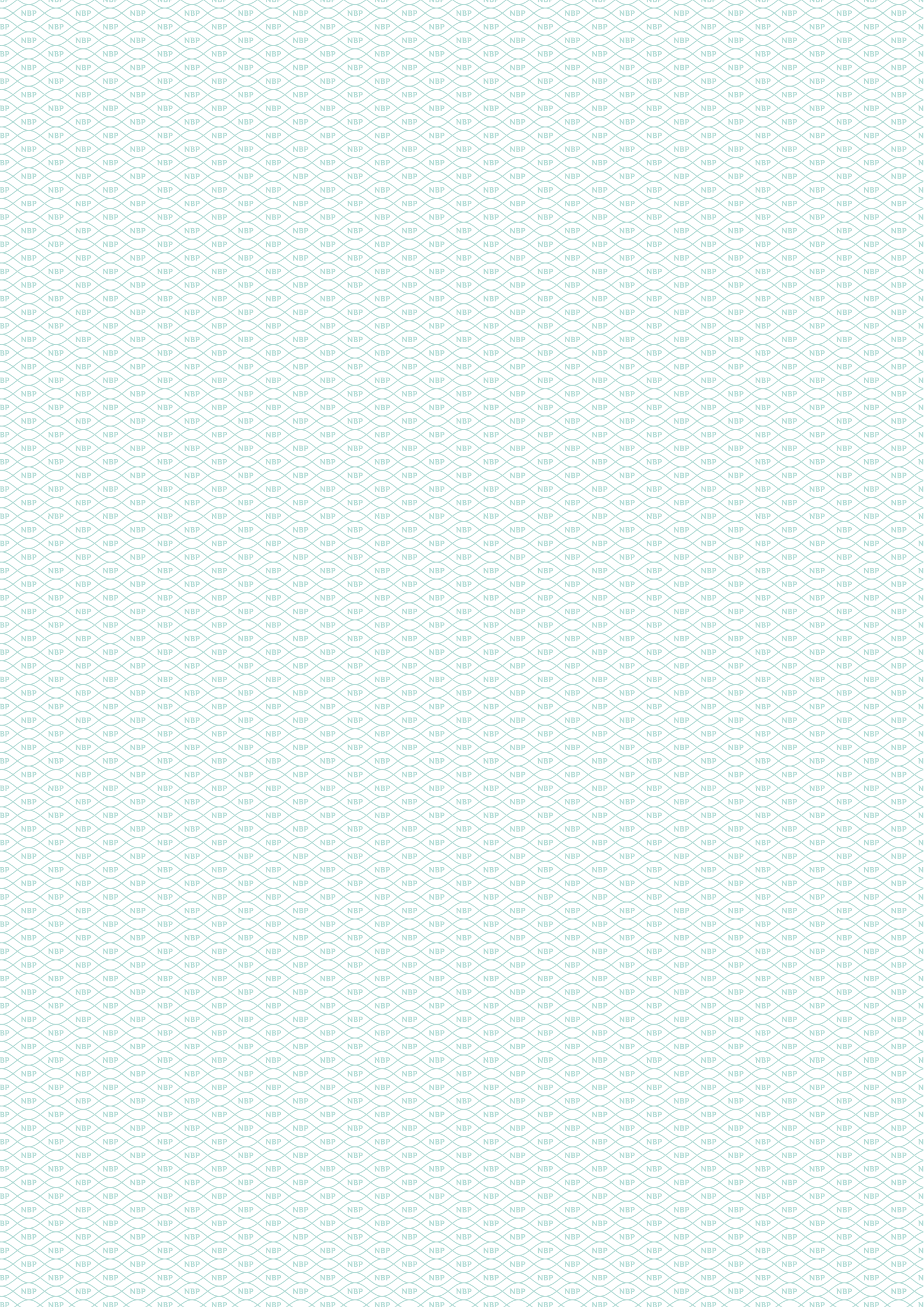
- the compliance of foreign exchange trading in bureaux de change with the requirements of procedures defining the rules of the pursuit of regulated activity,
- the proper fulfilment of responsibilities in the area of counteracting money laundering and terrorism financing,
- the compliance of data provided by the reporting entities to balance of payments statistics with source documents.

#### Highlights of 2015:

- carrying out 1,707 inspections, issuing 28 decisions concerning foreign exchange issues.

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<sup>2</sup> Pursuant to Article 16(1) of the Act of 10 September 1999 – Penal Fiscal Code (Journal of Laws of 2013, item 186, as amended), the offender who, after committing the offence, notified the prosecution authority thereof, disclosing the significant circumstances of such an act, in particular, persons cooperating in its commitment, shall not be subject to fiscal crime or fiscal offence.



Chapter 7

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# Payment system oriented activities





# Payment system oriented activities<sup>1</sup>

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 and post-trade infrastructure of the financial market.

## 7.1. Performance of operational tasks

### 7.1.1. Operation of accounts in the SORBNET2 system

The SORBNET2 system is the RTGS payment system in which current accounts of banks are operated and interbank settlements of payments in zloty are performed. In the RTGS system, payment orders are executed in accordance with the gross settlement principle (processing of single orders, without their mutual offsetting) and the rule of real time settlement (processing of orders on an on-going basis during the day, instead of pre-determined hours).

As at 31 December 2015, accounts operated by the SORBNET2 system included current accounts in PLN for 44 banks (in 2014 – 46) as well as accounts for the National Clearing House (Krajowa Izba Rozliczeniowa – KIR SA), the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych – KDPW SA) and the Central Securities Depository of Poland – Central Counterparty (KDPW CCP SA). In 2015, one current PLN account was opened for a new bank<sup>2</sup> and three current PLN accounts were closed.<sup>3</sup>

In 2015, about 3,655,000 payment orders were executed (in 2014 – 3,289,000), totalling PLN 72.2 trillion (PLN 68.1 trillion in 2014). This translates into an increase in the number of executed payment orders by 367,000 (11.1%) and an increase in their total value by PLN 4.1 trillion (6.0%) as compared to 2014. In 2015, the average value of a single order fell by about 4.6% to amount to PLN 19.8 million (PLN 20.7 million in 2014).<sup>4</sup>

<sup>1</sup> Tasks in this field are performed pursuant to Article 3(2)(1) to (6) of the Act on NBP as well as pursuant to the Act of 24 August 2001 on the Finality of Settlement in Payment Systems, Securities Settlement Systems and Principles of Oversight of These Systems (Journal of Laws of 2013, item 246, as amended).

<sup>2</sup> A current account for PKO Bank Hipoteczny SA was opened on 1 July 2015.

<sup>3</sup> This concerns the following cases:

- the account of Bank Gospodarki Żywnościowej was closed on 30 April 2015 because of the merger with BNP Paribas Bank Polska SA,
- the account of Meritum Bank S.A. was closed on 30 June 2015 because of the merger of Meritum Bank SA with Alior Bank SA,
- the account of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main SA Oddział w Polsce was closed on 31 August 2015 due to its resignation from participation in the SORBNET2 system.

<sup>4</sup> Starting from data for 2015, the volume and value of transactions in the SORBNET2 system apply to all the transactions executed in the system.

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

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

As at 31 December 2015, the TARGET2-NBP system operated accounts in EUR for 22 participants: NBP, KIR SA, KDPW SA, KDPW\_CCP SA and 18 commercial banks.<sup>5</sup>

In 2015, almost 1.4 million transactions were executed in the TARGET2-NBP system for the total amount of EUR 766 billion. As compared to 2014, there was a drop in the number of executed transactions by around 26,000 (i.e. 1.9%) and a simultaneous increase in their value by approximately EUR 74.5 billion (i.e. 10.8%). The average value of transactions amounted to EUR 565,400 and increased by 12.9% as compared to 2014 (EUR 500,800 in 2014).

## 7.2. Policy measures and development of the payment system

### 7.2.1. Regulatory activities

In 2015, regulatory activities of NBP related to the payment system comprised:

- issuing opinions with respect to draft EU legislation concerning:
  - setting the level of interchange fees in transactions made with the use of payment cards and introducing the uniform rules for transactions made with the use of payment cards<sup>6</sup>
    - the set interchange fees, with minor differences, are close to fees currently applied in Poland and, as a rule, equal 0.2% of the value of transactions for debit cards and 0.3% for credit cards,
  - extending the list of payment services providers to include new entities;<sup>7</sup>
- issuing opinions on proposed amendments to the Act on Payment Services aimed to adapt Polish legislation to the amended EU regulations;
- continuing work on the transposition to Polish law of the European regulations<sup>8</sup> which, as one of key targets, aim to ensure that individual Member States provide easy access to a charge-free or inexpensive basic bank account with basic features to all consumers.

<sup>5</sup> In 2015, accounts were opened for KDPW\_CCP SA and one bank (Bank of Tokyo-Mitsubishi UFJ (Polska)), and the account of one bank was closed (DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main SA Oddział w Polsce).

<sup>6</sup> Regulation of the European Parliament and of the Council No. 2015/751 of 29 April 2015 on interchange fees for card-based payment transactions (Official Journal of EU L123 of 19 May 2015, p. 1).

<sup>7</sup> Directive (EU) of the European Parliament and of the Council 2015/2366 of 25 November 2016 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No. 1093/2010 and repealing Directive 2007/64/EU (Official Journal of EU L 337 of 23 December 2015, p. 35).

<sup>8</sup> Directive No. 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (the so-called PAD Directive).



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

In 2015, the following activities were undertaken to develop high-value payment systems:

- A new version of the SORBNET2 payment system was launched. In the upgraded system, new technical enhancements designed by NBP were introduced, as well as system adaptations arising from the changes introduced by SWIFT<sup>9</sup> under the SWIFT Standards Release 2015.
- Work was carried out to adapt the Polish component, TARGET2-NBP, to the TARGET2-Securities<sup>10</sup> platform requirements, to which NBP is obliged under the agreements on TARGET2 membership. Appropriate amendments were introduced to the agreements on TARGET2-NBP membership, and analytical and consulting works with the banking community and the ECB intensified.

### 7.2.3. Popularisation of non-cash transactions

In 2015, as part of popularisation of non-cash transactions in Poland, NBP undertook the following activities:

- Continued implementation of the multiannual promotional and educational programme called Accessible Finance Academy (Akademia Dostępne Finanse) to popularise non-cash transactions and reduce financial exclusion through raising the awareness of Polish society about financial services. As in previous years, the programme targeted, in particular, to elderly people. In 2015, 212 meetings were held, attended by 10,000 persons.
- Started to develop a concept of education and promotion activities aimed at popularisation of the use of banking services among people aged 18–24.
- Participated in the work of the Coalition for Non-Cash Payments and Micropayments, including on the update of the *Programme for non-cash payments development in Poland for the years 2014–2020*.

### 7.2.4. Actions for the development of SEPA

Narodowy Bank Polski continued efforts to implement Single Euro Payments Area (SEPA), namely:

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

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<sup>9</sup> SWIFT (Society for Worldwide Interbank Financial Telecommunication), established in 1973, is an international society of financial institutions which operate a telecommunications network serving to exchange information.

<sup>10</sup> TARGET2-Securities (T2S) is a pan-European platform for the settlement of securities, which was launched on 22 June 2015.

in the SEPA Credit Transfer (SCT) system. As at 31 December 2015, 21 banks used these intermediation services.

- Due to its participation in the SCT scheme, Narodowy Bank Polski became an associate member of the European Payments Council (EPC).
- Continued measures aimed at monitoring the adjustment of Polish payment services providers to the European regulations that impose on Poland the obligation to replace all credit transfers and direct debits in euro with SEPA standards not later than by 31 October 2016,<sup>11</sup> and developed a strategy for the timely and optimal implementation of the regulation's provisions.

#### 7.2.5. Payment System Council activity

The Payment System Council, the opinion-giving body attached to the NBP Management Board, analyses and evaluates the Polish payment system on an on-going basis and promotes the development of this system. In 2015, the Council primarily discussed:

- the effects of the reduction in the interchange fee in Poland,
- the issues related to NBP performing systemic oversight of the payment system and post-trade infrastructure of the financial market,
- the trends in the development of instant payments and the role of the central bank in this area,
- actions for the development of non-cash transactions in Poland,
- selected projects of changes to the deposit and clearing infrastructure of the KDPW Group in the context of transposition of European regulations into Polish law and the expansion and standardisation of services for the Polish financial market,
- the status of Poland's adjustment to the amended European regulations governing the payment system,
- the issue of telecommunications and IT environment security in banks in the context of development of banking services.

### 7.3. Oversight of payment systems and post-trade infrastructure of the financial market

Oversight of the payment system and post-trade infrastructure of the financial market is aimed at minimising the risk related to possible disruptions in the operation of payment systems, securities clearing and settlement systems, and in the provision of the acquiring service by Polish payment institutions as well as maintaining financial stability.

In 2015, the Management Board of NBP adopted *The policy of NBP's payment system oversight*. The document contains amended rules for NBP's oversight of the payment system, including objectives, the scope and basic principles of oversight.

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<sup>11</sup> 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.

### 7.3.1. Oversight of payment systems

In 2015, NBP analysed the statistical data and other information on the overseen systems on an on-going basis. NBP also assessed incidents disruptive to their operation and undertook actions aimed at ensuring its secure and efficient operation.

In 2015, the President of NBP issued 5 decisions concerning an approval of the operation of a payment system or introducing changes in the operating rules of a payment system.

### 7.3.2. Oversight of the payment service called acquiring

As part of the oversight of a payment service called acquiring (intermediation in authorising non-cash payments), the President of NBP issued, upon the request of the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego – KNF), in the form of decisions five opinions on the provision of the service.

### 7.3.3. Oversight of the post-trade infrastructure of the financial market

In 2015, NBP participated in the work of a collegial body established at KNF on the motion submitted by KDPW\_CCP SA to KNF to expand the catalogue of settlement services offered based on the licence granted to the latter to include new derivative instruments.

In 2015, the President of NBP issued as decisions seven opinions concerning, in particular, amendments to the regulations setting forth the principles of operation of securities settlement and clearing systems operated by KDPW SA, KDPW\_CCP SA and IRGiT SA.

## 7.4. NBP as the shareholder of domestic legal persons providing services for financial institutions

In 2015, NBP held stocks and shares in the following domestic entities:<sup>12</sup>

- KDPW SA with its registered office in Warsaw, which is the central institution responsible for operating and supervising the deposit and settlement system for financial instruments trading in Poland,
- KIR SA with its registered office in Warsaw, which is the key institution on the domestic market of payments clearing,
- BSB Sp. z o.o. (Bazy i Systemy Bankowe Sp. z o.o. [Bank Databases and Systems, Ltd]) company with its registered office in Bydgoszcz, which is the producer and integrator of IT solutions addressed mainly to financial sector institutions, in particular, banks and insurance institutions as well as public administration.

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<sup>12</sup> In accordance with Article 5(2) of the Act on Narodowy Bank Polski, NBP may act as the shareholder or partner of other legal persons that provide services to financial institutions or the State Treasury, or are of significant importance for NBP in the scope of activity aimed at stability of the domestic financial system.

**Table 7.1.** Specification of stocks and shares held by NBP in companies acting under the Polish commercial law as at 31 December 2015

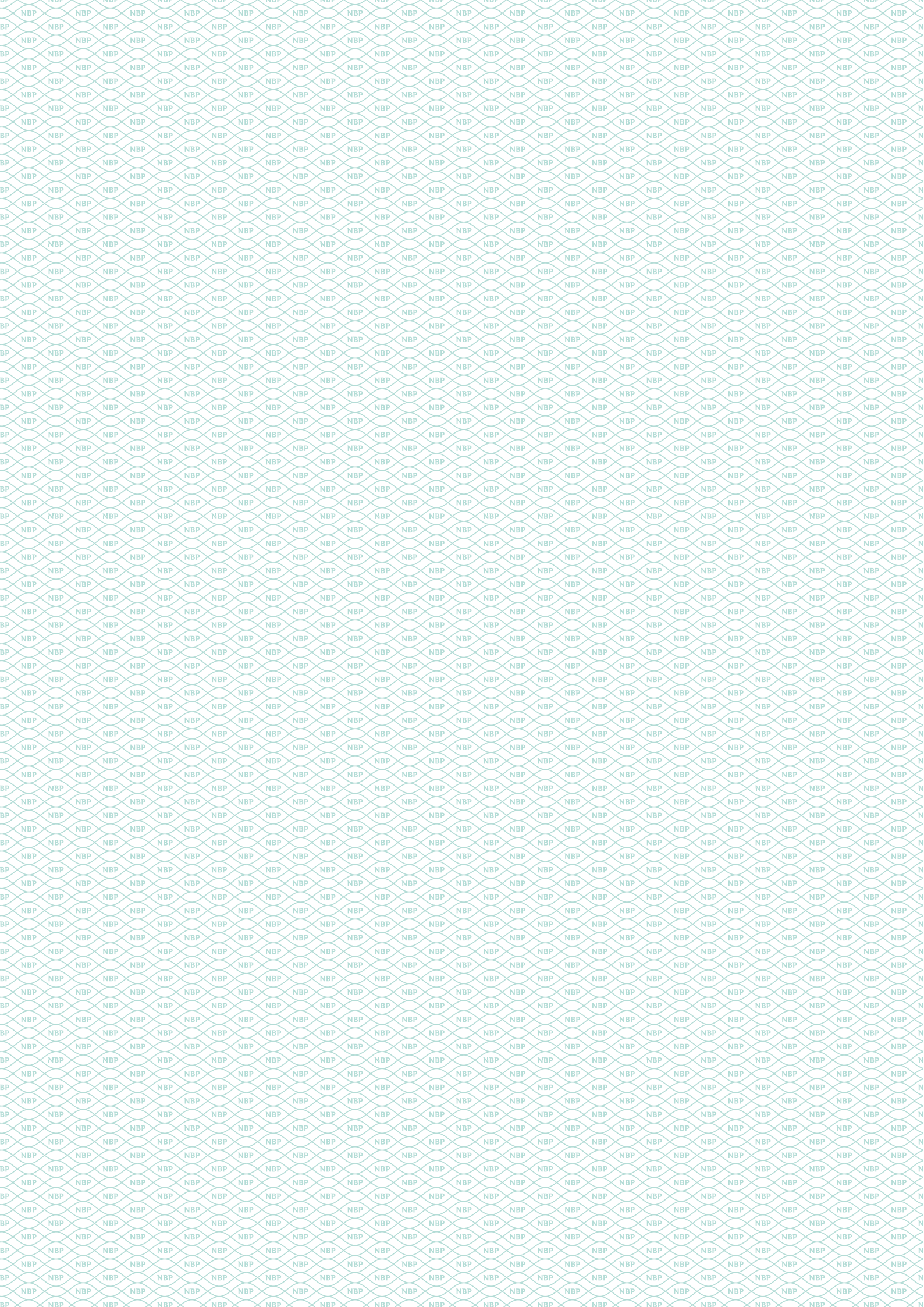
Name of entity	Share capital (PLN)	Number of stocks/shares held by NBP	NBP interest in share capital
KDPW SA	21,000,000	7,000	33.33%
KIR SA	5,445,000	3,750	34.44%
BSB Sp. z o.o.	10,000,000	1,000	100.00%

Source: NBP data.

**Highlights of 2015:**

- start of the adjustment of TARGET2-NBP system to the requirements of TARGET2-Securities platform,
- adoption by the NBP Management Board of the policy of NBP's payment system oversight,
- participation in the work of the Coalition for Non-Cash Payments and Micropayments, including the update of the *Programme for non-cash payments development in Poland for the years 2014–2020*.





Chapter 8

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# Services to the State Treasury



## Services to the State Treasury<sup>1</sup>

Tasks performed by NBP 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 activities supporting public debt management, in particular, with regard to the State Treasury debt.

### 8.1. Bank accounts operated by NBP

In 2015, 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 Narodowy Bank Polski, NBP operated accounts of other legal persons.

#### 8.1.1. Operating bank accounts

Narodowy Bank Polski performed operations on the State Budget bank accounts – in non-cash form, mainly in the enbepe system (Electronic Banking system), as well as in cash form. Bank accounts of some customers (e.g. the State Budget Department of the Ministry of Finance, ordinary courts) were serviced via B2B cross-system interface, which enables a technologically advanced method of communication with NBP and ensures high security of transferred data. In October 2015, the B2B interface to the e-Podatki system was launched in connection with the start of centralisation of tax administration clearings by Tax Administration Department of the Ministry of Finance.

In March 2015, NBP made available to bank account holders a new NBP electronic banking system (NBE), which is aimed to replace the enbepe system in operation since 2002. The new system is characterised by larger capacity, is more user-friendly and ensures a high level of security. It is accessible via mobile devices.

Through NBE, NBP offers new services (not provided in the currently operated enbepe system): management of cash withdrawal orders, management of term deposits, acceptance of order cancellation of SEPA payments, exchange rate calculator and accrued interest calculator.

As at 31 December 2015, 2,617 account holders were using the new system.

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<sup>1</sup> Tasks in this area are performed pursuant to Article 3(2)(4), Article 49, 51, 52 of the Act on NBP, the Act of 27 August 2009 on Public Finance (Journal of Laws of 2013, item 885, as amended) and the Act of 29 August 1997 – the Banking Law (Journal of Laws of 2015, item 128, as amended).



Moreover, in 2015 NBP carried out activities aimed at modernisation and standardisation of services offered to the State Budget and started arrangements to offer new services to account holders. As a result of analyses, the Management Board of NBP took decisions on NBP's access to the new Express Elixir system and on the launch of activities increasing the efficiency of services rendered to account holders by NBP regional branches. Solutions were discussed which enable streamlining and reducing the number of cash operations made by account holders at NBP.

### 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 2015, NBP provided services for 3,111<sup>2</sup> customers (in 2014 – 3,524), for whom regional branches operated 14,371 accounts (in 2014 – 15,841), of which 6,863 accounts were operated as part of a third-party substitution cash services (in 2014 – 7,908).<sup>3</sup>

A decrease in the number of maintained accounts was primarily a result of entry into force, as of 1 April 2015, of the provisions of the Act of 15 January 2015 amending the act on customs service, the act on tax offices and tax chambers and some other acts (Journal of Law of 2015, item 211) and of the ensuing closing of some of the accounts of tax offices (in particular accounts of budget current expenses and revenues). Furthermore, in connection with the statutory changes,<sup>4</sup> the funds paid as a court deposit are, starting from 2015, kept on the deposit accounts of the Minister of Finance maintained at Bank Gospodarstwa Krajowego, which triggered closing of such accounts at NBP.

## 8.2. Handling international liabilities and claims of the State Budget

Pursuant to the agency agreement signed in previous years with the Minister of Finance, Narodowy Bank Polski handled the State Budget liabilities and claims arising from:

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

While acting as depositary for the World Bank and its agents NBP administered 15 promissory notes issued by the government of the Republic of Poland in connection with Poland's membership in those organisations.

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<sup>2</sup> The decrease in the number of account holders was a result of a change in the methodology of calculating accounts and of the organisational changes in the structure of State Budget administration.

<sup>3</sup> Substitution cash service is provided to those account holders whose offices are located outside the city in which the NBP regional branch is located.

<sup>4</sup> Act of 26 September 2014 amending the Act on Public Finance and some other acts (Journal of Laws of 2014, item 1626).

### 8.3. Organisation of trade in Treasury securities

#### 8.3.1. Treasury securities auctions

Narodowy Bank Polski acts as issuing agent for Treasury securities. Therefore, it is committed to organise sale and redemption auctions of Treasury bills as well as sale, redemption and swap auctions of Treasury bonds. In 2015, the following auctions were organised:

- 23 Treasury bond sale auctions, including 7 non-competitive complementary auctions. The total supply amounted to PLN 86.4 billion, the total amount bid – to PLN 126.6 billion, bonds worth PLN 77.8 billion were allotted. The majority of bonds offered by the Ministry of Finance were fixed-rate bonds; their amount allotted constituted 62.0% of the total amount allotted.
- 5 Treasury bond swap auctions, where the Ministry of Finance redeemed bonds worth PLN 28.2 billion, and allotted bonds worth PLN 29.2 billion; the value of purchase of bonds for cash amounted to PLN 14.7 million. Fixed-rate bonds represented the majority of bonds allotted in auctions (77.6%).

In 2015, two auctions were carried out for the repurchase of bonds denominated in:

- USD – the total supply amounted to USD 500 million, the total amount bid to USD 400.6 million and redemption to USD 400.6 million,
- EUR – the total supply amounted to EUR 1 billion, the total amount bid to EUR 744.0 million and redemption to EUR 730.0 million.

In 2015, neither Treasury bill sale or redemption auctions nor sale auctions of the bonds issued by BGK (Bank Gospodarstwa Krajowego) and secured and guaranteed by the State Treasury were held.

#### 8.3.2. Treasury Securities Dealer System (DSPW)

In 2015, similarly to previous years, NBP performed tasks associated with the Treasury Securities Dealer System (DSPW).<sup>5</sup> 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 organiser of Treasury securities fixing,<sup>6</sup>

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<sup>5</sup> The main aim of the system is to distinguish a group of banks (the so-called primary dealers) which, in return for a privilege of exclusive submission of bids to the Treasury securities auctions (SPW), or the privilege in the scope of conducting 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 expansion of the SPW investor base, fulfil the obligations arising from their participation in deposit systems in reliable manner, and promote the SPW market. Such measures are 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.

<sup>6</sup> Acting as 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 of the functioning of fixing (para. 2 item 3 of the fixing regulations).

– participated in periodic meetings of the Council of Market Participants – the opinion-making and advisory group to the Minister of Finance.

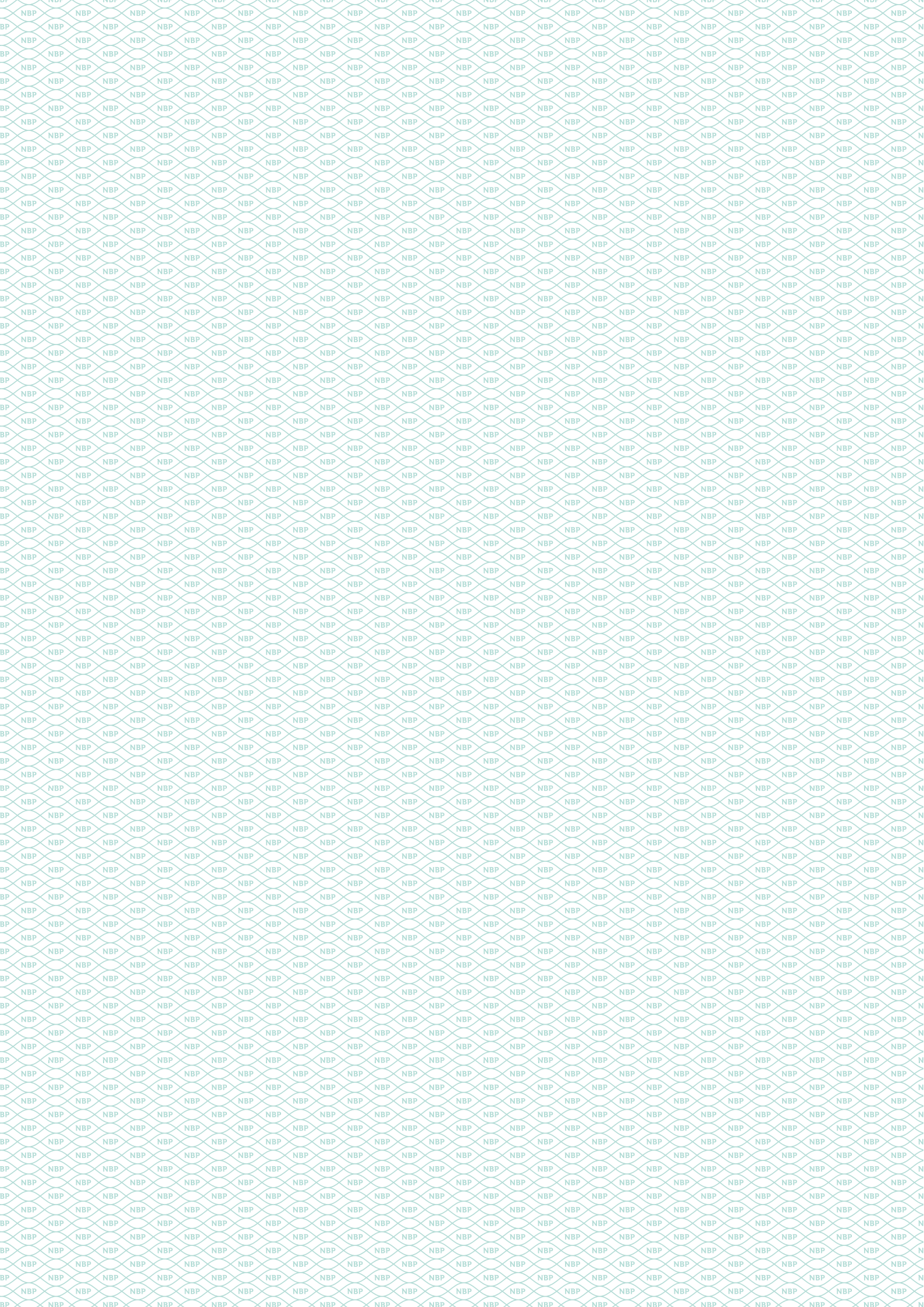
In addition, within the framework of cooperation with the Ministry of Finance, NBP examined and reviewed banks whose accounts and Treasury securities deposit accounts are operated in in the SKARBNET4 system.

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

In 2015, NBP 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 MF with the NBP's monetary and foreign exchange policies.

##### **Highlights of 2015:**

- a new electronic banking system made available to holders of accounts at NBP,
- organisation of the total of 30 Treasury bond sale, redemption and swap auctions.





Chapter 9

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# Research activity



## Research activity<sup>1</sup>

The economic research conducted at Narodowy Bank Polski in 2015 related to areas outlined in the *Framework Plan for NBP Economic Research for 2013–2016*, such as macroeconomic stability, financial stability and methods of quantitative research. The findings of the research provided background information for the decisions made by the Monetary Policy Council and the Management Board of NBP.

Research conducted at NBP resulted in the publication of a number of scientific papers. Ninety-one academic publications by NBP employees appeared in Polish and international scientific journals in 2015, including 29 in Polish and 62 in English. Twenty-one publications were posted on the so-called Philadelphia list (see Appendix 6).

### 9.1. Studies of monetary policy, inflation processes and inflation expectations

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

- NBP monitored central banks' monetary policy and their communication with the environment.
- In this context, the study *Alternative monetary policy strategies* was elaborated. The paper analyses alternative monetary policies to the inflation targeting strategy and NBP's evaluation of them.
- Under the ESCB umbrella, NBP conducted a study on the anchoring of inflation expectations in the euro area. The study confirmed that long-term inflation expectations were in line with the ECB's monetary policy target and the short and medium-term inflation expectations complied with the ECB's inflation forecasts.

#### 9.1.2. Analysis of inflation expectations in Poland

- NBP staff conducted a study of the utility of survey measures of inflation expectations in modelling and forecasting work which employed the aggregated stylised New Keynesian model.
- Other issues under examination included the influence of consumers' inflation expectations on consumers' propensity to make purchases, the evolution of the manner to form inflation expectations by various groups of agents in Poland, the methods of analysis of inflation expectations anchoring in the context of probabilistic forecasts and the relationship between the inflation and GDP projections published by NBP and forecasts of experts participating in the *NBP Macroeconomic Survey*.

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<sup>1</sup> Tasks in this field are performed pursuant to Article 59 of the Act on NBP.



### 9.1.3. Analytical, research and modelling work on the monetary policy transmission mechanism and its changes

- NBP economists carried out research relating to the monetary policy transmission mechanism, including: liquidity management, the construction of a measure of the cost of bank financing and its use in the analysis of the transmission of monetary policy to the lending rate, the impact of monetary policy on the balance sheets of banks and on the supply of credit (a new concept of the bank credit channel).
- New versions of the QMOTR and MMT models were developed, including a QMOTR model for various phases of the business cycle.
- A new edition of the report on monetary transmission mechanism in Poland, entitled *Monetary transmission mechanism in Poland: What do we know in 2015?*, was drawn up and presented.

### 9.1.4. Analyses and research of the prices of consumer goods and services

The analysis of inflation processes in the national economy in 2015 included short-term forecasts of the consumer price index and its components, an analysis of core inflation measures, a study of the frequency and magnitude of price changes in the respective sectors of the economy, and the role of promotions in the price-setting process.

## 9.2. Analytical and conceptual framework for the economic developments in the euro area

### 9.2.1. Analysis of sources of differences in economic conditions in euro area countries

- NBP monitored inflation processes, as well as the levels of long-term interest rates in the euro area and EU countries in order to assess the degree of compliance of the Polish economy with the Maastricht nominal convergence criteria.
- Also, the real convergence process in the EU countries was analysed, especially with respect to the Central and Eastern Europe region.

## 9.3. Enterprise and household surveys

### 9.3.1. Surveys of financial situation in the corporate sector

- Quarterly *Quick NBP Monitoring* surveys were conducted, concerning firms' decisions on output, employment, investment, finance and prices. The impact of the selected economic phenomena on the performance of Polish enterprises was also analysed, including deflation, the role of global value chains, turmoil in China and uncertainty prevailing in the markets.

- The *NBP Annual Survey* was completed, focusing on long-term development trends in the corporate sector, notably innovation activity, the use of EU funds and online technologies, the impact of long-term contracts on firms' pricing decisions and the role of bank credit in corporate financing.

### 9.3.2. Surveys of the condition of households

- Regular analyses of the financial situation of the household sector were performed, addressing such issues as sources of income and decisions affecting the level of consumption and savings as well as accumulation of financial assets and liabilities of households.
- NBP investigated trends in the level of households' voluntary savings and the significance of domestic sources of savings as the foundation of future economic growth.

## 9.4. Other macroeconomic research

### 9.4.1. Labour market research

- Regular analyses of labour market developments were continued, comprising flows in the labour market leading to changes in unemployment and employment, wages and their determinants as well as migration. Work on the measurement of the utilisation of labour resources and empirical work on the Phillips curve was continued.
- Another edition of the *Labour Market Survey* was completed.
- NBP participated in the international ECB research project *Wage Dynamics Network*. The project looked into the causes of differences in wage and employment adjustment in response to the global economic crisis of 2009–2013 in the enterprises of EU countries.

### 9.4.2. Surveys on the real estate market in Poland

- NBP continued to perform regular analyses of the situation in the residential and commercial property market in major Polish cities. NBP economists constructed indices of prices of land designated for multi-family construction and of transaction prices of commercial property.
- Further rounds of the BaRN study of property prices were carried out.

### 9.4.3. Analyses and research of the public finance sector

- NBP performed analyses and forecasts of the situation of the state budget and the general government sector entities (including those relating to the impact of low inflation on the public finance sector).

- Studies of the situation of public finance in EU countries, especially in Central and Eastern Europe, were carried out.
- NBP economists investigated the relationship between wages in the private and public sectors in both long- and short-term perspective.

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

- Forecasts of Poland's balance of payments were drawn up on a regular basis (three times a year), along with an assessment of the stability of the indicators of external balance of the Polish economy.
- NBP also performed analyses of the levels of the real effective exchange rates of the zloty, price and demand elasticities in Poland's external trade, the impact of movements of international relative prices on economic activity in Poland and changes in the country's share in global trade.

#### 9.4.5. Analysis and studies of the global economy

- NBP analysed developments in global economic conditions, including the current and forecasted situation in major developed economies and the countries of Central and Eastern Europe.
- Macrofinancial variables used in the process of foreign exchange reserve management were forecast for selected economies of the world, in some cases with the use of new research models.
- The impact of selected shocks in the external environment on the situation of Poland's major trading partners was analysed (the crisis in Greece, the Volkswagen scandal, the migration crisis).
- The impact of demand from CEE countries on the euro area output and the impact of product market regulation on firms' productivity and the allocation of production in the euro area member states and the countries of Central and Eastern Europe were analysed.
- NBP monitored and analysed the institutional reform planned and implemented in the economic and monetary union.

### 9.5. Forecasting and research work

- Work continued on the expansion of the DSGE SOE.PL model used to examine fiscal policy in Poland. The changes involved bringing the model in line with the new national accounts system (ESA-2010), the launch of work on methods of factoring experts' opinions in the projection and developing a simulation version which would define, among others,

the operation of fiscal rules differently than the forecasting version. NBP economists also carried out analyses and simulations of the influence of fiscal policy on the economy, in particular, the interaction between fiscal and monetary policy and the effectiveness of discretionary interest rate policy.

- A DSGE research model was developed and employed to look into the liquidity trap<sup>2</sup> in Poland. The study investigated, among others, the historical probability of zero interest rates occurring in Poland, the impact of the level of the inflation target on the probability of interest rates falling to zero and changes in the transmission of shocks in the economy as a result of the zero lower bound.
- A new specification of selected equations of the main forecasting model (NECMOD), especially those relating to labour participation and foreign trade, and a re-estimation of its parameters was performed in order to improve the forecasting and simulation properties of the model.
- The methodology of shock decomposition from the NECMOD model was changed by introducing a division between demand and supply shocks depending on their impact on domestic economic conditions and prices.
- The nowcasting<sup>3</sup> models used in national accounting were expanded by including more GUS data, especially with respect to net exports and gross capital formation.

## 9.6. Activity of NBP's Economic Research Committee

Seven reports on projects completed under the NBP's research project competition were approved in 2015. Furthermore, a new edition of the research competition was launched, and 8 projects were selected for implementation.

## 9.7. Scientific conferences and workshops organised by NBP

In 2015, NBP organised, among others, the following international conferences:

- 22–24 June 2015: *4th NBP Summer Workshop*. The annual meeting of Polish economists conducting research in leading foreign and Polish centres, devoted to macroeconomic and financial issues.
- 25–27 June 2015: *Annual Meeting of the Society for Economic Dynamics*. The conference was mainly dedicated to macroeconomic issues. In 2015, the event was organised by NBP and the Society for Economic Dynamics (SED) in partnership with the University of Warsaw.

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<sup>2</sup> Also termed the Zero Lower Bound (ZLB) problem.

<sup>3</sup> Forecasting relating to one period ahead.

- 28–29 September 2015: *NBP Workshop on Forecasting*. The aim of the workshop was to exchange knowledge and experience in the scope of methods used to forecast major macroeconomic variables (e.g. inflation, production, GDP) in central banks and other forecasting institutions. The workshop was attended by representatives of major central banks and recognized economists specialising in forecasting methods.
- 15–16 October 2015: *Boosting EU Competitiveness – The Role of the CESEE Countries*. This was the fifth annual NBP conference devoted to *The Future of the European Economy*. In 2015 it was organised by NBP and the Bank of Austria. The discussion focused on the long-term outlook for growth and competitiveness of the European economy against the background of the EU strategy *Europe 2020*.
- 5–6 November 2015: *Recent Trends in the Real Estate Market and its Analysis*. An annual conference (the first one took place in 2014) looking at the situation in the property market, also from the central bank’s perspective. The conference was attended by representatives of central banks, researchers, commercial banks and firms operating in the real estate market.
- 30 November – 2 December 2015: *6th Annual International Conference on Central Bank Business Surveys*. International conference dedicated to the methodology of survey studies of enterprises and the processing of the results at central banks, prepared by NBP jointly with the Federal Reserve Bank of Atlanta.

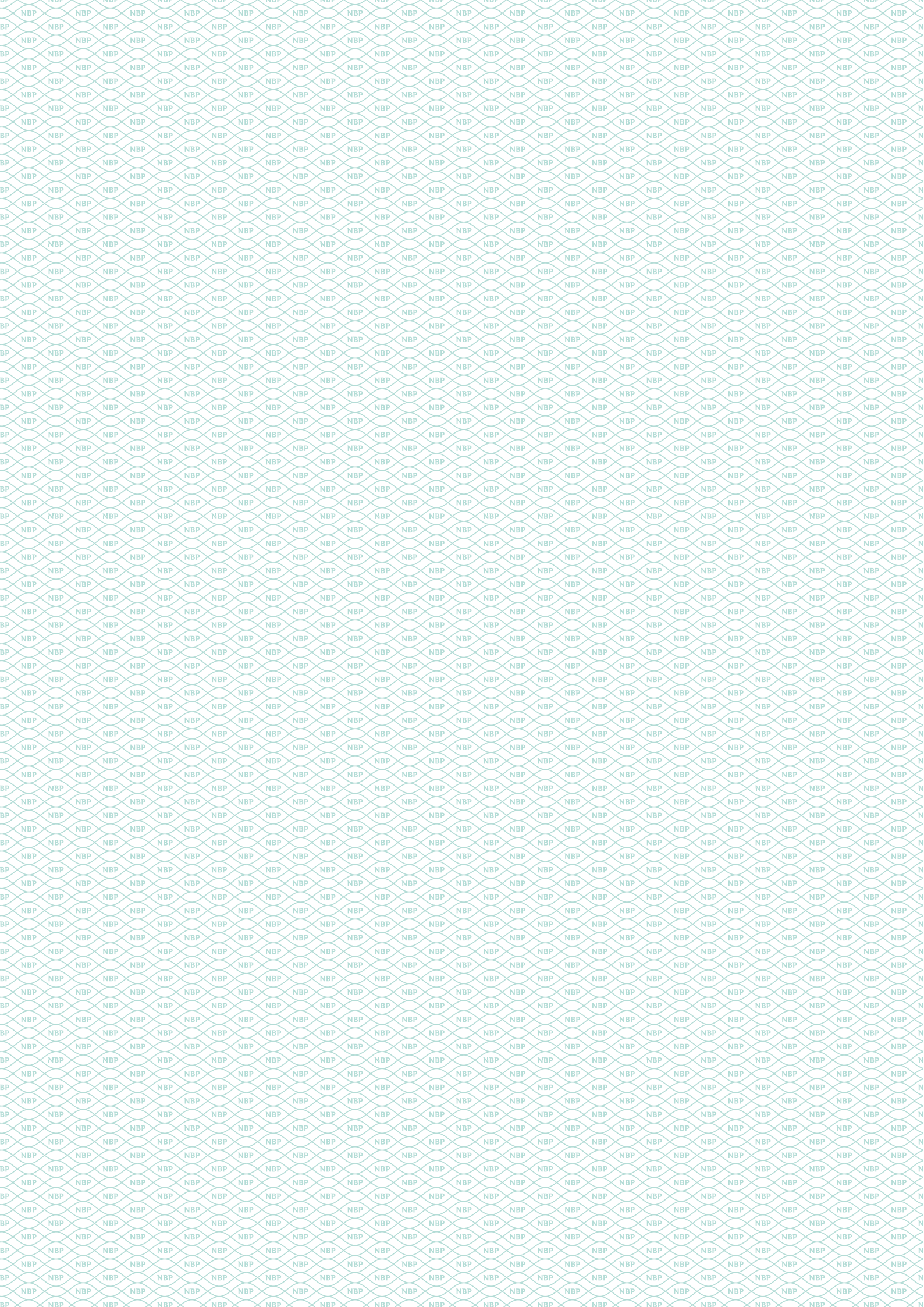
In 2015, under the NBP’s programme of visits of foreign economists, entitled the *Visiting Researcher Programme*, four researchers (selected in a competition) were hosted by NBP: Kristoffer Nimark (Cornell University), Michele Ca’Zorzi (ECB), Katja Drechsel (Institut für Wirtschaftsforschung, Halle) and Hamza Bennani (Université de Paris Ouest, Nanterre-La Défense).

Furthermore, 28 academic seminars open to the public were organised, addressing many issues of monetary policy, the functioning of the economy, the financial system and other aspects of economic policy. Their list is presented in Appendix 6.

#### Highlights of 2015:

- enhancement of forecasting tools and completion of numerous modelling and analytical-research tasks concerning the processes observed in the national and global economy,
- publication of 91 academic papers by NBP staff in journals of the so-called Philadelphia list,
- organisation of four international scientific conferences and 28 open scientific seminars.







Chapter 10

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# Statistics



# Statistics<sup>1</sup>

The statistical research of NBP 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 ECB.

## 10.1. Core tasks with respect to statistics

The core tasks of NBP, 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 2015, 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 *International Investment Position of Poland* annual report,
- quarterly data on Poland's external debt and international investment position,
- monthly data on Poland's balance of payments,
- monthly consolidated balance sheet of MFIs, including key monetary aggregates (money supply M3 and its counterparts),
- monthly data on the average interest rate on bank deposits and loans,
- monthly financial data of the banking sector (assets, liabilities, profit and loss account),
- quarterly data on domestic investment funds,
- quarterly and annual financial accounts, by institutional sectors.

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

Moreover, in 2015 NBP:

- continued work within the framework of Risk Assessment Working Group of the European Commission on the development of a system of internal scoring, which will allow to identify credit risk in corporate sector,
- started work on the implementation of modern standards of statistical data presentation (including interactive charts, maps and dashboard presentations),

<sup>1</sup> Tasks in this area are performed pursuant to Article 3(2)(7), Article 17(4)(13) and Article 23 of the Act on NBP and the Act on Public Statistics (Journal of Laws of 2012, item 591 as amended).

- continued to calculate and forward to the ECB the seasonally adjusted HICP indices, started to provide the ECB with NBP-developed, experimental index of commercial property prices,
- carried out work on the analysis of the propensity of households in Poland to save.

## 10.2. Statistical tasks deriving from NBP's participation in the European System of Central Banks and in other international institutions

In 2015, NBP continued cooperation in statistics with international institutions, predominantly with the ECB, the European Commission, in particular with Eurostat, the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), the Committee of European Banking Authority (EBA), and the European Systemic Risk Board (ESRB).

### 10.2.1. Monetary and financial statistics

In 2015, NBP provided the ECB with harmonised data on the consolidated balance sheet of MFIs, as well as interest rate statistics and investment funds' statistics. Moreover, in 2015 NBP:

- Launched a project of creating a new *Monetary statistics reporting system MONREP*.
- Participated in the activities of the ECB's Working Group on Monetary and Financial Statistics, including the work related to the implementation of the ECB regulation concerning the statistics of insurance institutions<sup>2</sup> and of the Working Group on Analytical Credit Datasets related to the project on construction of the harmonised database of single credits (AnaCredit).
- Continued to develop cooperation with the ECB and central banks of the EU as regards enhancing the subject scope of the Register of Institutions and Affiliates Database (RIAD) kept by the ECB.
- Carried out work on the construction of Securities Holdings Statistics (SHS).

### 10.2.2. Prudential statistics

In 2015, in the area of prudential statistics, NBP:

- Under the reporting information system (SIS), implemented new reporting requirements defined in the amendment to the Commission Regulation (EU) No. 680/2014, comprising data on assets encumbrance and required enhancement of the scope of information and additional monitoring of the functioning reporting packages (FINREP, COREP and LE). NBP imposed the reporting obligation as regards funding plans of banks, based on the *Recommendation of the European Systemic Risk Board of 20 December 2012 on funding*

<sup>2</sup> Regulation (EU) No. 1374/2014 of the European Central Bank of 28 November 2014 on statistical reporting requirements for insurance corporations (ECB/2014/50).

*of credit institutions.* Moreover, it prepared for implementation (developed taxonomy and carried out consultation with the banking sector) three new reporting packages (*Benchmarking, LCR, Additional liquidity monitoring metrics – ALMM*), which come into force in 2016.

- Participated in the activities of the Standing Committee on Accounting, Reporting and Auditing (SCARA) operating within the EBA, and its subgroups: Subgroup on Reporting, Subgroup on XBRL and the Working Group on Supervisory Statistics operating within the ECB.
- Prepared and provided the ECB with financial accounts and capital adequacy reports (consolidated banking data), in accordance with the new requirements of the ECB.

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

In 2015, as a result of cooperation with GUS,<sup>3</sup> Narodowy Bank Polski for the first time included transactions from illegal economy in the balance of payments data. This was a continuation of the adjustments of the balance of payments statistics to international standards.

Moreover, in 2015 NBP:

- Participated in the activities carried out within the structures of international working groups, including Working Group on External Statistics at the ECB, Working Group on Balance of Payments Statistics at Eurostat and Working Group on International Investment Statistics in OECD.
- Took part in the consultation on setting out rules for quality assurance of data used in the indicators of the EU macroeconomic imbalances procedure (MIP).
- Participated in the work related to the implementation, on the EU level, of the integrated reporting by non-financial corporations for the needs of balance of payments statistics.

### 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 Financial Accounts operating within the ECB,
- general government sector statistics: NBP participated in the work of the Working Group on General Government Statistics appointed by the President of the Central Statistical Office as well as in the works of the Working Group on Government Finance Statistics at the ECB,
- real sector statistics: NBP carried out analytical work on the saving determinants in non-financial corporations and their impact on the macroeconomic situation in Poland, as well as continued to cooperate within the BACH working group.<sup>4</sup>

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<sup>3</sup> Under the Team for Foreign Sector Statistics.

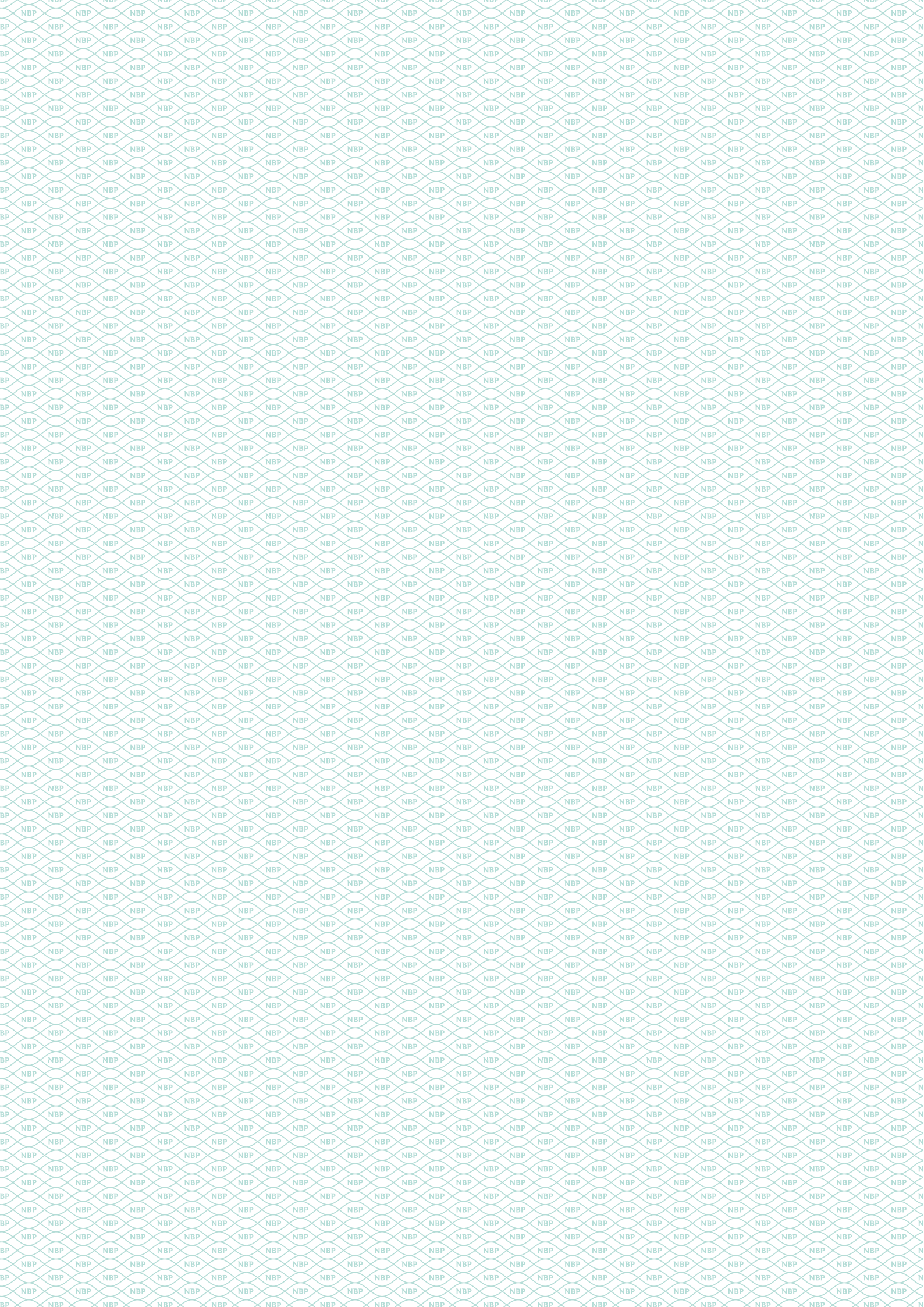
<sup>4</sup> Working Group on Bank for the Accounts of Companies Harmonised – the working group operating within the European Committee of Central Balance Sheet Data Offices (ECCBSO).

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**Highlights of 2015:**

- implementation of new reporting requirements set forth by the Commission Regulation (EU) No. 680/2014, pursuant to which banks are obliged to submit data on encumbered assets,
- launch of construction of a new monetary statistics reporting system MONREP,
- construction of a system of Securities Holdings Statistics.







Chapter 11

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# Education and information



# Education and information

In accordance with Article 59 of the Act on Narodowy Bank Polski, the central bank carries out publishing and promotional activities. As part of these, the bank runs educational and information projects which aim to increase the transparency of the NBP activities and to raise public awareness about the principles of operation of the central bank, the banking system and a market economy. The projects also seek to disseminate knowledge about the Economic and Monetary Union (EMU) as well as the common currency 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 core tasks. It helps develop stable behaviour patterns in the financial markets and enhance a mature use of its instruments, stimulates the development of the financial systems and stimulates social capital, which is conducive to economic development.

In 2015, the educational projects in NBP were dedicated to the main tasks of the central bank – implementing monetary policy, supporting financial stability, Economic and Monetary Union issues, as well as counteracting financial exclusion and popularisation of non-cash transactions. An important area of NBP's educational activity was related to a safe use of financial services and risks of using the services of financial institutions that are not subject to special state oversight. Educational activities were planned based on the findings of research on the state of economic knowledge and awareness of individual social groups.

In 2015, NBP subsidised a total of 229 educational projects, big and small, including 65 national and 164 local and regional projects. These undertakings were addressed to various social and professional communities, including school and university students, local government officials, NGO employees, public administrations employees and people from rural areas and small towns. In cooperation with external entities the following projects were carried out: *Moje Finanse* (“My Finances”; about 100,000 students of upper secondary schools and 1,600 teachers), *Ekonomia na co dzień* (“Day-to-day Economics”; about 96,000 lower secondary school students and 2,400 teachers), *Na własne konto* (“On My Own Account”; over 2,000 lower secondary school students from rural areas), *Ekonomiczny Uniwersytet Dziecięcy* (“Children's Economic University”; about 1,200 primary school students), *Olimpiada Przedsiębiorczości* (“Entrepreneurship Olympics”, over 21,000 students), *Olimpiada Wiedzy Ekonomicznej* (“Olympics of Economic Knowledge”, almost 13,000 students), postgraduate studies *Mechanizmy Funkcjonowania Strefy Euro* (“Mechanisms of Euro Area Functioning”), as well as postgraduate studies in finance and economics addressed to judges, the economic education study programme for public administration officials, *Samorządowa Akademia Finansów* (“Academy of Finance for Local Governments”) for local government officials and activists, a cycle of workshops on rational finance management in NGOs, bridge scholarship programme for young people from rural areas and small towns who take up studies related to banking, finance or economics.

Educational projects were also carried out in cooperation with the mass media. In 2015, 17 such projects were co-financed. One of them was the *Wielki Test Wiedzy Ekonomicznej* (“National Test of Economic Knowledge”) made in collaboration with TVP SA, which was viewed by over 1.3 million people. Each of the 20 episodes of the *Spokojnie, to tylko ekonomia!* (“Relax! It’s just economics”), which preceded the Test, had a similar audience.

All educational projects implemented in 2015 were evaluated, including in the form of the Bank’s own social surveys. The opinion of the Council for Economic Education experts was also used during the implementation phase of the educational activity.

Moreover, in 2015 NBP:

- started a competition addressed to local government units for a grant to implement a project in the area of economic education for lower secondary schools and secondary schools; the competition aimed to select the best initiatives in finance and economic education targeting students,
- organised the next edition of the Competition for the NBP President Award for the best MA dissertation and the Essay competition for the youth from secondary schools,
- conducted two public opinion surveys on the state of economic knowledge and awareness of Poles; the former helped to compare how the knowledge and awareness changed in comparison with the survey conveyed in 2012, while the latter was part of the international research project on financial competence and knowledge of the residents of OECD member states.

## 11.2. Economic Education Portal – NBPortal

NBPortal is one of the longest operating education services in Poland, which is addressed mainly to the students of lower and upper secondary schools, university students and teachers. The portal objectives include promoting knowledge of economy, providing information on market mechanisms and running a business activity, on the functioning of banks and financial markets. In 2015, NBPortal.pl was visited by approximately 228,000 Internet users.

As part of NBPortal.pl, the IMPULS Club of Entrepreneurial Teachers operates, bringing together over 600 people from lower and upper secondary schools. In 2015, IMPULS Club members carried out 29 educational projects.

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

In 2015, preparation work to establish an exposition and educational facility, the NBP Money Centre in memory of Sławomir S. Skrzypek continued, and comprised: collecting exhibits, preparation of sets of information to be carried by interactive and mobile equipment accessible at the Centre and assembling elements of the exhibition design.

## 11.3. Information and promotion

### 11.3.1. Information and promotion campaigns

In 2015, NBP carried out the following information and promotion campaigns:

- *Bezpieczne pieniądze* (“Safe Money”). NBP prepared a nationwide information campaign on the introduction into circulation on 12 February 2016 of the banknote with the face value of 200 zł with modernised security features. The materials were also prepared in versions for disabled people and for foreigners.
- *Nie daj się nabrać. Sprawdź, zanim podpiszesz* (“Don’t let yourself be cheated. Check before you sign”). In cooperation with partners of the campaign – the Bank Guarantee Fund, the Polish Financial Supervision Authority, the Ministry of Finance, the Ministry of Justice, the Police and the Office for Competition and Consumer Protection – NBP continued activities aimed at drawing public attention to the risks associated with concluding certain financial agreements (including agreements on so-called easy loans and concluded with financial institutions that are not subject to special state oversight). In 2015, a new edition of the campaign was organised, which put a special emphasis on the consequences of concluding financial agreements of this kind. The campaign was carried out through television and Internet as well as press publications and digital signage in public transport. The campaign reached over 10 million viewers, and the new website [www.zanim-podpiszesz.pl](http://www.zanim-podpiszesz.pl) was visited by over 100 thousand Internet users.
- *Dbamy o wartość pieniądza* (“We protect the value of money”). Communications activities aimed to make the public more familiar with the role and significance of the central bank. To this end, a special Internet service [www.poznaj.nbp.pl](http://www.poznaj.nbp.pl) was launched, which in a simple language presented the key tasks of the central bank. In 2015, the service was visited by more than 80 thousand Internet users.
- *Odpowiedzialność społeczna w NBP* (“Social responsibility at NBP”). NBP expanded the scope of the campaign *NBP nie wyklucza* (“NBP does not exclude”), which targeted groups threatened with financial exclusion due to disability. The Bank informed communities of hearing-impaired, visually-impaired and intellectually disabled people about the role and tasks of NBP and about the banking system in Poland (including via [www.nbpnieuwklucza.pl](http://www.nbpnieuwklucza.pl) website and specialist mobile applications). NBP also implemented projects addressed to children aged from 1 year to 7 years (including children with disabilities). The projects aim to promote responsible behaviour on the financial market in the future.

### 11.3.2. Presentation of the NBP’s activity on the Internet

In 2015, 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 organised by NBP continued.
- New websites were designed and developed (on top of the ones listed in Section 11.3.1), dedicated to the activities of the Financial Stability Committee performed under macroprudential supervision, the Euro Information Centre and the NBP electronic banking system (NBE).

- The *ObserwatorFinansowy.pl* Internet portal was operated, including its continued collaboration with the academic community (competition for economics undergraduates entitled *Gdyby to zależało ode mnie...* (“If it were up to me...”)) and the community of economic experts. The *Spot On* charge-free mobile application for tablets was still developed, on which the most interesting publications of the portal were posed, and the English version of the service, entitled *FinancialObserver.eu* was launched.

In 2015, the NBP.pl website was visited by more than 6.8 million Internet users (6.3 million in 2014).

### 11.3.3. Liaising with the media and market analysts

While liaising with the media and market analysts in 2015, NBP:

- disseminated reports and analyses prepared by NBP among journalists, especially reports on monetary policy, financial system, payment system and the development of the macroeconomic situation, with special attention to the labour market,
- organised thirteenth edition of the Władysław Grabski competition and the seventh edition of the Best Macroeconomic Analyst Competition,
- organised meetings with journalists and press conferences, including those following the MPC meetings and the publication of the most important NBP reports.

### 11.3.4. Other information and promotion activities

Other information and promotion activities of NBP in 2015 included the following:

- promotion of collector coins and notes and implementation of a website which enables identification of each Polish banknote and retrieval of related information,
- organisation of the twelfth edition of the NBP Open Days which attracted 22 thousand visitors,
- continuation of the implementation of a comprehensive NBP visual identification system.

## 11.4. Publishing and Library

In 2015, the following periodic publications were issued: *Annual Report 2014*, *Report on the Operations of Narodowy Bank Polski in 2014*, *Monetary Policy Guidelines for 2016*, *Report on Monetary Policy Implementation in 2014*, *Narodowy Bank Polski Plan of Activity for 2015–2017*, *Financial System in Poland in 2014*, *Financial Stability Report*, *Banking Sector Liquidity Report*, *Monetary Policy Instruments*, *Inflation Report* (March, July and November 2015), *Balance of Payments of the Republic of Poland* (3rd and 4th quarter of 2014 and 1st and 2nd quarter of 2015), *International Investment Position of Poland in 2014*, “Bank i Kredyt” (Bank and Credit) and “Bankoteka”. The publication of *Materiały i Studia* and NBP Working Papers series (for a detailed list of publication in 2015, see Appendix 6), as well as Information Bulletins and Preliminary Information are prepared only in electronic version.

Moreover, the following publications were issued *Przygotowanie Litwy do członkostwa w strefie euro i pierwsze doświadczenia związane z wprowadzeniem wspólnej waluty* (“Preparations

of Lithuania for the membership in the euro area and the first experiences related to the introduction of the common currency”), *Ewolucja strategii celu inflacyjnego w wybranych krajach* (“Evolution of inflation targeting strategy in selected countries”), *Zasobność gospodarstw domowych w Polsce* (“Wealth of households in Poland”), *Bankowy zawrót głowy* (“A banking vertigo”), *Dobre rady Pani Róży* (“Good advice of Ms Róża”), *Karty płatnicze – co warto o nich wiedzieć* (“Payment cards – What you should know”), *Bezpieczne pieniądze* (“Safe money”). The majority of publications are in two language versions: Polish and English.

As part of cooperation with the European Central Bank, NBP published quarterly summaries of the ECB Monthly Bulletin on the NBP website.

In 2015, the NBP Central Library was visited by 10,641 readers. A total of 22,449 books and periodicals were made available. The collection expanded by 4,400 books. The book collection comprises 135,922 volumes.

## 11.5. Petitions, complaints, requests and letters

In 2015, NBP dealt with 4,356 queries (4,466 in 2014), of which 4,232 came in the form of letters (4,331 in 2014) and 124 as complaints and applications (135 in 2014).

Out of all these cases, 3,880 were examined directly at NBP, whilst 476 were handed over to banks and other institutions, in line with their remit and areas of responsibility. Issues handled at NBP included in particular: the NBP tasks, statistical data, the availability of collector coins, job offers, offers of internship and student apprenticeship, granting financial support, applications for NBP patronage or participation in funding, 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, provision of NBP publications and data for the needs of scientific publications.

### Highlights of 2015:

- implementation of 229 educational projects, including the *National Test of Economic Knowledge* and educational mini-series,
- conduct of two public surveys checking the level of Poles’ economic knowledge,
- continuation of NBP information campaigns and launch of a new campaign – *We protect the value of money*.



Chapter 12

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# Legislative activity



# Legislative activity<sup>1</sup>

## 12.1. Legislation by the NBP governing bodies

In 2015, the governing bodies of NBP issued 129 legal acts, including 28 by the President of NBP, 8 by the Monetary Policy Council, and 93 by the Management Board of NBP. Out of the legal acts issued by the governing bodies of NBP, 23 were published in Monitor Polski (the Official Gazette of the Republic of Poland) and 17 in the Official Journal of Narodowy Bank Polski.

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

Pursuant to 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 to 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 2015, NBP received:

- 159 documents as part of inter-ministerial consultations,
- 1,104 documents as part of the work of the Committee of the Council of Ministers,
- approximately 1,300 documents as part of the work of the Committee for European Affairs,
- 62 draft acts from the Chancellery of the Sejm, the Chancellery of the Senate and the Chancellery of the President.

In 2015, NBP representatives participated in 19 consultative conferences, 22 legal committees, as well as in 52 meetings of Sejm and Senate committees and subcommittees.

The most important draft legal acts on which NBP issued opinions in 2015, 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 15 May 2015 – the Restructuring Law (Journal of Laws of 14 July 2015, item 978),
  - Act of 12 June 2015 Amending the Act on Capital Market Supervision and Some Other Acts (Journal of Laws of 31 August 2015, item 1260),
  - Act of 5 August 2015 Amending the Act on Financial Market Supervision and Some Other Acts (Journal of Laws of 10 September 2015, item 1357),
  - Act of 5 August 2015 on Macroprudential Supervision of the Financial System and Crisis Management in the Financial System (Journal of Laws of 1 October 2015, item 1513),

<sup>1</sup> Tasks in this field are performed, among others, pursuant to Article 7, Article 12, Article 16(3), Article 17(3) (2) and Article 17(4), and Article 21(3) of the Act on NBP and pursuant to the provisions of other acts in compliance with delegations included therein for the governing bodies of NBP to adopt legal acts.

– Act of 5 August 2015 on Handling Complaints by Financial Market Entities and on Financial Ombudsman (Journal of Laws of 10 September 2015, item 1348).

▪ Bills:

- parliamentary Bill on Consumer Credit and Amending the Act – Code of Petty Offences,
- government Bill Amending the Act on Trading in Financial Instruments,
- Bill – Public Procurement Law and Bill on Concession for Construction Works or Services,
- Bill Amending the Act on Investment Funds and Some Other Acts.

In 2015 NBP participated in the works of the Committee of European Affairs by issuing opinions on documents examined by this body (including the above bills) and draft official positions of the Government of the Republic of Poland concerning communications from the European Commission on building a Capital Markets Union.

Narodowy Bank Polski also contributed to developing solutions in the major areas of the functioning of the state, in particular, 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,
- the Social Dialogue Council.

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

Narodowy Bank Polski issued opinions on:

▪ Bills which subsequently became:

- Act of 26 June 2015 Amending the Act on the Operation of Cooperative Banks, their Associations and Associating Banks and Some Other Acts (Journal of Laws of 13 August 2015, item 1166),
- Act of 24 July 2015 on Mortgage Bonds and Mortgage Banks (Journal of Laws of 31 August 2015, item 1259),
- Act of 25 September 2015 Amending the Act on Payment Services (Journal of Laws of 2 November 2015, item 1764);
- Act of 29 September 2015 Amending the Banking Act and Some Other Acts (Journal of Laws of 12 November 2015, item 1854),
- Act of 9 October 2015 Amending the Banking Act and Some Other Acts (Journal of Laws of 13 November 2015, item 1864),
- Act of 5 August 2015 on Particular Principles for Foreign Currency Mortgage Loan Restructuring due to the Alteration of Exchange Rate of Foreign Currencies to Polish Currency (work on this Act is not yet finished).

- Bills:
  - parliamentary Bill on Building Societies and State Support to the Saving for Housing Purposes,
  - government Bill on the Bank Guarantee Fund, the Deposit Guarantee Scheme and Compulsory Restructuring.
  
- Government draft assumptions for bills:
  - government Bill on Amending the Act on Narodowy Bank Polski and the Law on Higher Education.

#### **12.4. Consulting the European Central Bank’s draft opinions to draft Community laws and draft national legislation of EU Member States by NBP**

In 2015, NBP participated in assessing 58 proposals for legislative acts on which the ECB issued opinions.<sup>2</sup> The ECB opinions on draft Community laws related to:

- the report of the European Commission on the mission and organisation of the ESRB,
- the proposal for a regulation of the EU Council on harmonised indices of consumer prices,
- the proposal for a Commission regulation amending Regulation (EC) No. 1708/2005 laying down detailed rules for the implementation of Council Regulation (EC) No. 2494/95 concerning the common reference periods for the harmonised index of consumer prices.

Consultations also concerned numerous national draft acts of EU Member States, including Polish draft acts set out in items 12.2 and 12.3.<sup>3</sup> They regulate, among other things, the issues related to the implementation of the Bank Recovery and Resolution Directive (BRRD) by individual countries, the reform of cooperation banks and protection of deposits.

##### **Highlights in 2015:**

- participation in the work of the state authorities concerning draft acts on economic policy with relevance to the banking system,
- issuing opinions on proposals of EU legislation and draft acts from EU Member States, including those designed to reinforce financial stability in the EU.

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<sup>2</sup> 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.

<sup>3</sup> 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.

Chapter 13

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# International activity



# International activity<sup>1</sup>

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

In 2015, NBP representatives participated in the activities of the EU bodies, including: the General Council of the ECB, the General Council of the ESRB, committees and working groups of the ESCB and ESRB, the Council of ECOFIN (informal meetings), committees and working groups of the Council of the European Union and the European Commission. The focus was on issues related to the banking union, including the implementation of the Bank Recovery and Resolution Directive (BRRD), the Deposit Guarantee Scheme Directive (DGSD) and building Capital Markets Union (CMU).

### 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 2015, 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, monetary policy of the countries outside the euro area, economic criteria taken into account in convergence reports in the assessment of the countries outside the euro area, and the monitoring of central bank activities with regard to the prohibition of monetary financing of the public sector with central bank funds<sup>2</sup> and prohibition of privileged access.<sup>3</sup>

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

- creation of union of capital markets,
- the macroeconomic situation in EU countries,
- new methods of clearing payments in TARGET2 system,
- euro banknote counterfeiting,
- amendment of the regulations on monetary and financial statistics and payment statistics, collection of granular credit data and related risk,
- accounting and financial reporting of central banks of the ESCB,
- IT related issues, in particular increasing the safety of data transmitted and processed in the framework of ESCB, and the creation of ITC platforms for the exchange of information to enable remote work.

<sup>1</sup> Tasks in this field are performed pursuant to Article 5, Article 11(2) and (3), Article 23(7) of the Act on the NBP and the Statutes of the ECB and the ESCB.

<sup>2</sup> This follows from Article 123 of the Treaty on the Functioning of the European Union.

<sup>3</sup> This follows from Article 124 of the Treaty on the Functioning of the European Union.



In 2015, two away sessions of three ESCB committees took place in Poland: the Monetary Policy Committee (MPC), the Payment and Settlement Systems Committee (PSSC) and the Information Technology Committee (ITC). On top of that, Poland hosted a sitting of the Working Group on General Economic Statistics, operating in the structures of the ESCB Statistics Committee. The meetings were attended by representatives of the ESCB central banks.

### 13.1.2. Collaboration with other EU bodies

In 2015, NBP representatives participated in the 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 2015, as part of cooperation with the OECD, NBP experts participated in:

- meetings of committees and working groups of the OECD,
- meetings and projects 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 2015, NBP representatives attended meetings with the members of the review mission by OECD Secretariat, which was preparing the 14th Economic Survey of Poland.

### 13.2.2. The World Bank Group

As part of cooperation with the World Bank Group, representatives of NBP participated, among others, in the following activities:

- Meetings of the Boards of Governors of the World Bank (WB) and the International Monetary Fund (IMF) in Washington and Lima (spring meeting and annual meetings). The above mentioned meetings of the WB and the IMF were accompanied by a meeting of the WB/IMF Development Committee,<sup>4</sup> which was chaired<sup>5</sup> by the President of NBP.

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<sup>4</sup> The Committee acts as an advisory forum for the Boards of Governors of the WB and the IMF on matters relating to development policy. It is composed of 25 members, representing almost 190 states belonging to both institutions.

<sup>5</sup> The NBP President's term of office as the Chairman of the WB/IMF Development Committee ended in 2015 (he was appointed in 2011, and re-appointed in 2013).

- A meeting dedicated to the International Development Association (IDA) mid-term review.

Furthermore, in cooperation with the Ministry of Finance and the Foreign Affairs Ministry, Narodowy Bank Polski extended and intensified its activities in the area of issuing opinions on documents of the World Bank Group (including the review of WBG shareholding, selected loan projects and the strategy of cooperation with the member states).

### 13.2.3. The International Monetary Fund (IMF)

As part of cooperation with the International Monetary Fund, representatives of NBP participated in the following activities:

- jointly with the Ministry of Finance, activities aimed at granting Poland access to the Flexible Credit Line (FCL) for the subsequent period,<sup>6</sup>
- meetings with IMF representatives, including, during the IMF's mission to Poland, held pursuant to article IV of the Agreement of the IMF.

Moreover, within the framework of cooperation with the IMF, Narodowy Bank Polski co-organised the presentation of the IMF World Economic Outlook.

Narodowy Bank Polski also participates in the activities aimed at temporary increase of financial resources of the IMF. As a part of these activities, NBP joined New Arrangements to Borrow (NAB)<sup>7</sup> in November 2011, and in March 2013 concluded a bilateral loan agreement with the IMF<sup>8</sup> for the maximum amount of EUR 6.27 billion. The funds made available by NBP to the IMF both under NAB, and under the bilateral loan agreement will retain their status of foreign reserves. Under NAB – as at the end of 2015 – the IMF used the equivalent of SDR 246.5 million.<sup>9</sup> Until 2015 the IMF did not use the funds provided under the bilateral loan.

### 13.2.4. The European Bank for Reconstruction and Development (EBRD)

In 2015:

- The XXIV annual meeting of the Board of Governors of the European Bank for Reconstruction and Development was held in Tbilisi. During the meeting, a document

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<sup>6</sup> On 14 January 2015 the IMF Executive Board decided to grant Poland access to the FCL in the amount of SDR 15.5 billion (approx. USD 22.1 billion) for the subsequent two years' period. As in the case of the FCL extended to Poland on 2 July 2010, 21 January 2011 and 18 January 2013, NBP currently also services the FCL as the Government's financial agent under Article 52(3) of the Act on NBP.

<sup>7</sup> Under NAB, Narodowy Bank Polski stands ready to extend to the IMF an interest-bearing loan up to the set limit. In November 2011, this limit was set at SDR 2.53 billion. Since 2 February 2016, that is since the day NBP paid in the funds under the increase of the Republic of Poland's membership quota in the IMF, in connection with the resolution No. 66-2 of the IMF Board of Governors, the limit was lowered to SDR 1.29 billion.

<sup>8</sup> Bilateral loan agreements were concluded for two-year periods. In 2014, following consultation with the signatories of the agreements, the IMF Executive Board decided to extend their term for the subsequent one-year period. In 2015, having received the approval by the signatories to the agreements (a decision of the NBP Management Board as regards this issue was taken on 9 July 2015), the IMF Executive Board decided to extend the term of agreements for a second one-year period.

<sup>9</sup> In the years 2011–2015 NBP granted loans to the IMF under NAB in the total amount of SDR 451.2 million and received the repayment of the loan in the total amount of SDR 204.7 million.

was adopted laying down the strategic direction of the EBRD activity for the next 5 years (*Strategic and Capital Framework 2016–2020*).

- NBP co-organised – together with the Ministry of Foreign Affairs and the Warsaw Resident Office of the EBRD – further editions of seminars for Polish entrepreneurs. The meetings aim to provide attendees with the information about the possibility to participate in EBRD projects executed outside Poland.
- In cooperation with the Ministry of Finance and the Ministry of Foreign Affairs, NBP participated in issuing opinions on documents discussed the the EBRD Board of Directors.

#### 13.2.5. The Bank for International Settlements (BIS)

In 2015, NBP representatives participated in five Governors' meetings of BIS: In June 2015, the Annual General Meeting of BIS Shareholders was held, which approved the BIS 85th Annual Report and the balance sheet of the Bank as at 31 March 2015. The profit and loss account posted a net profit of SDR 542.9 million, of which SDR 125.6 million was allocated for the payment of the dividend. NBP received a dividend amounting to SDR 1.8 million.

On 14 and 15 December 2015 a conference was held in Warsaw on *Combining micro and macro statistical data for financial stability analysis. Experiences, opportunities and challenges*, jointly organised by Narodowy Bank Polski and Irving Fisher Committee acting under the auspices of BIS.

#### 13.2.6. The International Bank for Economic Cooperation (IBEC)

In 2015, representatives of NBP, together with representatives of the Ministry of Finance, participated in meetings of the IBEC Council and working meetings to the activities of the Bank.

#### 13.2.7. The Vienna Initiative

In 2015, for the fourth consecutive year, the President of NBP acted as Chairman of the Steering Committee of the Vienna Initiative 2, which aims to support stable, cross-border banking in the countries of Central, Eastern and South-eastern Europe (CESEE).

In November 2015, in cooperation with the EBRD, Narodowy Bank Polski organised in Warsaw a meeting of the Full Forum of the participants of Vienna Initiative 2, which summed up the main results of the Initiative activities, including in particular a Memorandum of Understanding concluded between the European Banking Authority and six financial supervisors from the countries outside the EU. The meeting participants also discussed the current trends in deleveraging in the region, methods of reducing high level of non-performing loans in selected countries, and activities aimed at supporting changes of shareholding structure of banks in West Balkan countries.

### 13.2.8. Other activities on the international arena

As part of its activity on the international arena, NBP takes part in the organisation of international conferences, offers technical assistance and participates in other international initiatives related to central bank tasks.

In 2015, NBP organised or co-organised, together with international and domestic institutions, international conferences, including:

- conferences related to presentations of reports by international organisations (i.e. *World Bank Global Economic Prospects* – on 21 January 2015, and the *EBRD Transition Report 2014: Innovation in Transition* – on 26 January 2015),
- a conference organised jointly with the World Bank on *The role of relative prices in monetary policy* – 7 September 2015,
- a series of international conferences entitled *NBP Biannual EU Presidency Lecture* (in the form of lectures by presidents and governors of central banks of the countries holding the Presidency of the Council of the European Union; in 2015 lectures were delivered by the Governors of the Bank of Latvia and the Bank of Luxembourg).

In 2015, under the framework of the offered technical assistance, NBP carried out a total of 65 assistance projects, including: 22 study visits, 27 expert visits, 4 internships and 12 seminars and workshops. A total of 287 persons<sup>10</sup> from 26 central banks took part in the assistance projects.

Moreover, due to the planned launch of operations by the Asian Infrastructure Investment Bank (AIIB), in 2015 the representatives of NBP participated, hand in hand with the representatives of the Ministry of Finance, in the meetings aimed at agreeing the principles and mechanisms of the AIIB future operation.

#### Highlights of 2015:

- organisation in Warsaw of the meeting of the Full Forum of the Vienna Initiative 2 participants,
- increasing active participation in the activities of the World Bank Board of Directors.

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<sup>10</sup> Including visits of NBP experts to the beneficiary countries.

Chapter 14

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# Internal development of NBP



## Internal development of NBP

### 14.1. Human resources management

#### 14.1.1. NBP employment level

In 2015, the average employment level at NBP was 235 full-time posts lower than in 2014, amounting to 3,387 full-time posts. The reduction in the headcount was primarily the effect of the Programme on Employment Optimisation at NBP adopted by the NBP Management Board on 27 August 2014. As part of the activities aimed at the reduction of employment, for the first time a Voluntary Redundancy Scheme and the related Support programme, which covered outplacement activities, were implemented. Altogether, 541 people employed at NBP (526.25 full-time posts) were covered by the Programme on Employment Optimisation, of which 484 employees ceased their employment at NBP under the Voluntary Redundancy Scheme. The Programme on Employment Optimisation enabled headcount reduction, injection of new blood into the organisation, acquisition on the market of employees with new, sought-after competences necessary for the execution of tasks by the central bank.

Expenses related to the remuneration of employees, along with the related provisions and payroll tax expenses in 2015 were 3.6% higher than in 2014, and, including provisions for future liabilities to employees, they went up by 3.8%.

The change in the NBP average employment level in 2012–2015 is presented in Table 14.1.

**Table 14.1.** Change in the NBP average employment level in 2012–2015

Specification	2012	2013	2014	2015	2015–2014
Total	3,642	3,642	3,622	3,387	-235
NBP Head Office and Support Services Office (ZUG)	1,927	1,933	1,983	1,926	-57
Regional branches	1,715	1,709	1,639	1,461	-178

Source: NBP data.

#### 14.1.2. Developing NBP staff qualifications

The purpose of the NBP's training activity is to ensure the competence and reliability of the staff. In 2015, every employee participated, on average, in 3.3 training events (3 in 2014). NBP pursued systematic evaluation of the effectiveness of training sessions, which in 2015 continued to be very high and reached 4.8 (on a 1 to 5 scale).

Moreover, in 2015:

- The programme on Internships of the NBP President for university graduates was continued, which for the first time covered NBP regional branches. Altogether 35 people



(14 in 2014) participated in the programme. As at the end of 2015, following the completion of the Internship programme, 11 graduates were employed in NBP Head Office (10 in 2014). The effects of the edition of the programme in NBP regional branches will be assessed following its completion in 2016.

- Internships were organised for 68 students of Polish universities and 20 students of foreign universities.

## 14.2. Organisational changes

In 2015, the organisational changes introduced in Narodowy Bank Polski included in particular the following changes:

- Since 1 October 2015, the organisation of foreign business trips of NBP employees has changed (there was a shift in the competences of the Office of the President, the Personnel Department and the International Department).
- As at 1 November 2015, the Controlling Department took up tasks related to financial planning at NBP, which had previously been the remit of the Accounting and Finance Department.
- As at 5 November 2015, in connection with the entry into force of the Act of 5 August 2015 on Macroprudential Supervision of the Financial System and Crisis Management in the Financial System, the Financial Stability Department started to implement tasks related to NBP's actions for the financial system development and stability and for the elimination or mitigation of systemic risk, including in the areas of macroprudential supervision and services to the Financial Stability Committee.

## 14.3. Operational risk management

In 2015, NBP monitored operational risk level on an on-going basis and pursued activities aimed at minimising the probability of materialisation of adverse events of the nature of operational risk, arising from improper management and unreliable operation of NBP's resources or caused by external events.

In 2015, training activities continued which aimed at increasing the awareness of risk and threat to NBP as well as amended regulations on operational risk management in NBP were adopted.

## 14.4. Investment activity of NBP

In 2015, expenditure on investment purchases of NBP amounted to PLN 95.9 million (as compared to PLN 63.6 million in 2014<sup>1</sup>). The increase in expenditure on investment as compared to 2014 (by PLN 32.3 million) was mainly a result of higher expenditure on long-term construction investment projects, in accordance with the schedule of their execution.

In 2015, 171 investment tasks were implemented, while 38 are continued in 2016. Among the most important construction investments executed in 2015, there were activities related to the creation of the education and exposition facility NBP Money Centre in memory of Sławomir S. Skrzypek in the premises of the NBP Head Office as well as the refurbishment and modernisation of the building of the NBP Regional Branch in Kraków. In accordance with the plan, in 2015 work on both those tasks intensified. The programme of modernisation of technical security systems in the NBP Head Office and regional branches was continued (including the surveillance CCTV system, access control systems and monitoring of work in currency sorting facilities).

In 2015, expenditure on investment in ITC concerned mainly application and utility software, the purchase of microcomputers for NBP organisational units, upgrading software development and runtime environment for created applications, the development of a management system for resources and IT services in connection with the establishment of the Help Desk and Technical Assistance Centre (CPT) for the users of NBP's IT systems, the expansion of the infrastructure of the network firewall management system, and the purchase of an advanced data protection system.

A key investment task related to cash and issue activities is the adjustment of sorting machines to 200 zł banknotes with modernised security features.

## 14.5. IT support for the banking system and NBP

In 2015, the implemented IT systems included in particular:

- the SKARBNET4 system supporting domestic open market operations, which replaced the existing SKARBNET3, SEBOP and ELBON2 systems,
- a new NBE electronic banking system for the holders of accounts in NBP,
- a system servicing cash circulation SESCO, which enables electronic exchange of documents in this process,
- a system for the Register of Credit Liabilities (REJWK),
- the SES PH system, which is an electronic platform to service wholesale distributors of collector's items.

The conducted IT activities also consisted in upgrading the existing IT solutions, including:

- integration of the NBP accounting system, via the B2B channel, with the IT systems at the Ministry of Justice and Ministry of Finance (e-Podatki),
- implementation of version 3.0 of the SORBNET2 system, in which current accounts of banks are operated and interbank settlements of payments in zloty are performed,

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<sup>1</sup> Data after adjustment.

- functional extension of the system TKW2 (Table of Exchange Rates 2),
- launch of a new version of the online shop *Kolekcjoner*.

In 2015, the existing IT solutions for the Bank's activities in the areas of statistics and research and analysis were upgraded.

## 14.6. Internal audit

In 2015, 33 audits<sup>2</sup> were conducted, including two advisory tasks commissioned (in 2014 – 40 audits and 1 advisory task). The audits concerned mainly the implementation by the departments of the tasks in the areas of cash and issue activity, IT, foreign exchange transactions, the calculation of required minimum reserves for banks, the functioning of contingency plans, and the security of NBP's operations (IT and physical security).

Nineteen departments at the NBP Head Office and 9 NBP regional branches were inspected. The audits resulted in findings, instructions and recommendations aimed at eliminating irregularities, increasing the efficiency of operations and improving the organisational solutions used.

## 14.7. Activity of NBP Regional Branches

NBP carries out its activity in the field through 16 regional branches located in all voivodeship cities. In 2015, the activities related to changes in the structure and principles of operation of regional branches, including:

- standardization of customer service desks where holders of accounts at NBP are served,
- centralisation of cash operations servicing to be handled by one employee – a teller,
- deformalisation of the rules of placing orders related to cash depositing,
- concentration of banknote counting and sorting in regional branches,
- implementation of a new electronic banking system NBE (see also the chapter “Services to the State Treasury”).

The implementation of changes is scheduled to be completed in 2016.

## 14.8. Safety and security

In 2015, activities aimed at assuring an adequate level of security at NBP were carried out, including, in particular:

- optimisation of the physical and technical protection as well as protection of cash transports, including increasing the mobility of Bank Guards,

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<sup>2</sup> Including 2 tasks commissioned by the ESCB Internal Auditors Committee.

- continuation of technical security modernisation,
- conclusion of the implementation of new rules of ITC security management,
- optimisation of regulatory and organisational solutions concerning personal data protection.

**Highlights in 2015:**

- introduction of organisational changes related to the organisation of foreign business trips, financial planning and macroprudential supervision,
- implementation of new IT systems: SKARBNET4, NBE, SESCO, REJWK and SES PH,
- work on the changes of the structure and principles of operation of NBP regional branches.

Appendix 1

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# Economic developments abroad



## Economic developments abroad

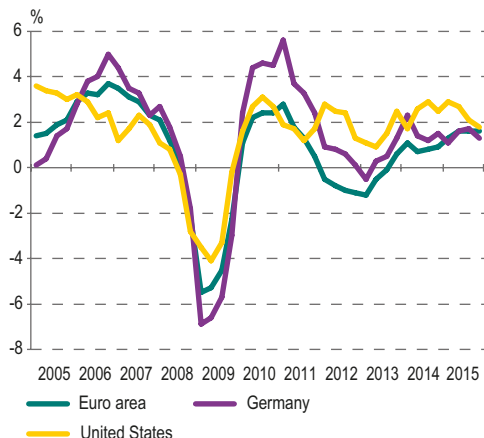
Global economic growth continued at a moderate pace in 2015, with economic conditions varying significantly across countries. In the euro area, recovery was ongoing, although GDP growth remained relatively low. In the United States, economic growth outpaced that in the euro area, yet it slowed in the second half of the year. In the emerging economies being Poland's important trading partners, i.e. Russia and Ukraine, economic conditions weakened markedly in 2015. At the same time, global commodity prices declined sharply. The relatively slow economic growth across the world, combined with the fall in the prices of most energy commodities, was supportive of sustained very low inflation in the environment of the Polish economy, including deflation in most countries of Central and Eastern Europe.

In the euro area, Poland's main trading partner, GDP growth accelerated in 2015 in comparison with 2014, yet remained relatively low (Figure A1.1). Recovery was driven by rising consumer demand, underpinned by stronger consumer sentiment, mainly due to improving labour market conditions and a rise in real disposable income. Higher economic activity in the euro area was also supported by growth in investment and general government expenditure. This, in turn, was attributable to greater credit availability and lower government bond yields resulting from highly expansionary monetary policy of the ECB, including the purchases of government bonds of the euro area countries continued since 2015 Q1. The ECB's quantitative easing was also conducive to a depreciation of the euro against other currencies, including the dollar, which boosted export growth. Despite this, the pace of economic activity in the euro area was considerably slower than in the United States, which can be related to structural problems, such as the still high public and private debt in some member states. Furthermore, the growth in the region's exports was hampered – especially in the second half of the year – by sluggish demand growth in major emerging economies.

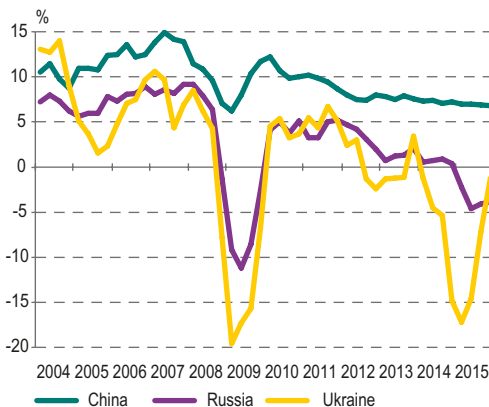
In the United States, economic situation and the assessment of its outlook varied throughout the year (Figure A1.2). In the first half of the year, incoming data and forecasts pointed to a continued recovery. GDP growth was still driven by robust labour market and sustained growth in real estate prices, which supported rising household spending. In the second half of the year, the pace of economic growth slowed down, amidst weaker corporate investment, which was in part due to a decline in the activity of the mining and quarrying sector. Another factor dragging on GDP growth were deteriorating business conditions in industry, especially its export-oriented part, in the wake of the considerable appreciation of the dollar.

In the emerging economies of significance to the business climate in Poland, i.e. Russia, China and Ukraine, economic conditions deteriorated in 2015 (Figure A1.1). Ukraine was still in economic crisis, while Russia entered a recession, which was mainly triggered by the sharp decline in commodity prices, coupled with economic sanctions launched, among others, by many European countries. At the same time, in China GDP growth gradually decelerated, to fall to the 25-year low in 2015, although it still exceeded those in many other countries. The slowdown in China was primarily driven by a decline in investment growth, particularly in the real estate market, and by the flagging demand from some important trading partners, including other emerging economies. The weaker GDP growth in China – along with rising concerns about the outlook for this economy – caused a sharp drop in the country's stock market prices starting in mid-2015, which had an additional negative impact on both economic conditions in China and sentiment in global financial markets.



**Figure A.1.1.** GDP growth in major developed economies (y/y) in 2004–2015

Source: Bloomberg, Eurostat data.

**Figure A.1.2.** GDP growth in selected emerging economies (y/y) in 2004–2015

Source: Bloomberg data.

Price growth in many economies was very low, mainly due to a moderate global economic activity and declining energy commodity prices, including oil prices (Figure A1.2, Figure A1.3). The fall in oil prices was supported by high output of this commodity in, among others, the United States, Saudi Arabia and Russia, and sluggish demand from developing economies, including China. Also a marked decline in the prices of industrial metals, as well as the prices of agricultural commodities, was observed in 2015.<sup>1</sup> In some emerging commodity-exporting economies, notably Russia and Brazil, inflation rose sharply in 2015. The steep price growth in these countries was to a great extent driven by a considerable depreciation of their currencies, related primarily to the decline in global commodity prices. At the same time, low commodity prices were conducive to lower inflation in the remaining emerging economies, including China.

Against this background, the 2015 monetary policy of major central banks continued to be highly expansionary, albeit to a varying degree. The Fed signalled the possibility of an interest rate increase, yet market expectations about its timing fluctuated considerably during the year. Ultimately, the Fed raised its interest rates in December 2015. This notwithstanding, the ECB embarked on a programme of government bond purchases, and in Q4 expanded its scale and decreased the overnight rate to an even more negative level (Figure A1.4).<sup>2</sup> The Swiss National Bank (SNB), in turn, unexpectedly abandoned the asymmetric exchange rate against the euro, which led to a sharp appreciation of the franc against most currencies, including the zloty.<sup>3</sup>

<sup>1</sup> Between December 2014 and December 2015, oil prices declined by 38.5%, coal prices by 23.8%, gas prices by 44.4%, prices of agricultural commodities by 13% and prices of industrial metals by 26.3%.

<sup>2</sup> In 2014 Q4 the ECB started a programme of financial asset purchases. In 2015 Q1, the ECB expanded the programme, to include the purchase of government bonds, announcing an extension of asset purchases until at least September 2016. In 2015 Q4 the programme was expanded to include municipal bonds as well as being extended until the end of 2017 Q1. Moreover, in 2014 Q2, the ECB, for the first time in history, decreased the overnight rate below zero (to -0.10%), to subsequently take it further down in 2014 Q3 (to -0.20%), and in 2015 Q4 (to -0.30%).

<sup>3</sup> At the same time, the SNB lowered its interest rates, causing the LIBOR CHF 3M to fall from 0% in 2014 Q4, to -0.71% in 2015 Q1.

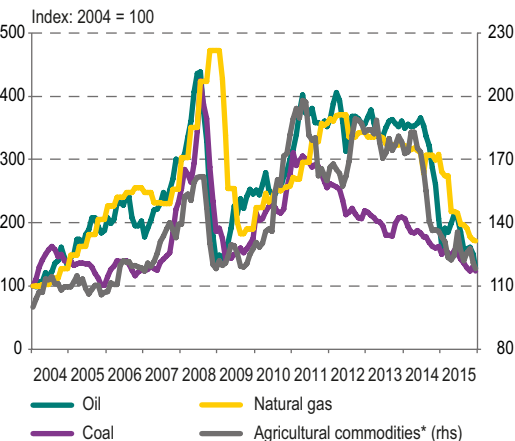
**Figure A.1.3.** Inflation in Poland's external economic environment in 2004–2015



\* Average consumer inflation in Poland's major trading partners, i.e. countries accounting for 80% of Polish imports (the euro area, China, Russia, United Kingdom and Sweden), weighted by the share of these countries in Polish imports in 2015.

Source: Bloomberg data, NBP calculations.

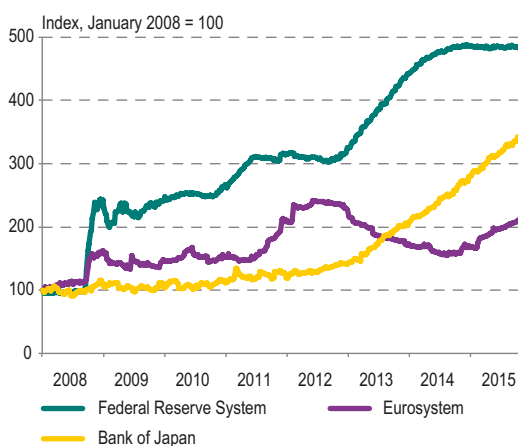
**Figure A1.4.** Global commodity prices in 2004–2015



\* The agricultural commodity price index comprises the prices of wheat, rape, pork, potatoes, sugar, cocoa, coffee, skimmed powdered milk, butter and condensed frozen orange juice. The system of weights used in ICSR reflects the consumption structure of Polish households.

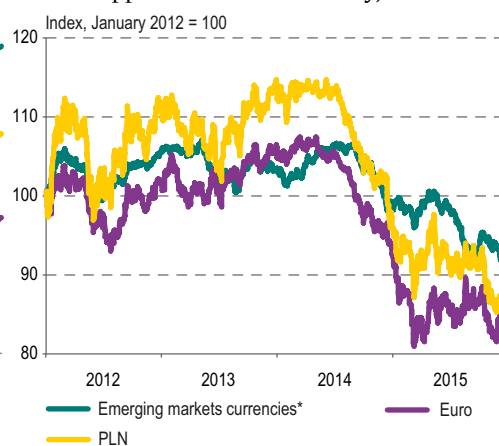
Source: Bloomberg data, NBP calculations.

**Figure A.1.5.** Assets of the major central banks in 2008–2015



Source: Bloomberg data, NBP calculations.

**Figure A.1.6.** Exchange rates of selected currencies against the US dollar (increase denotes appreciation of a currency)

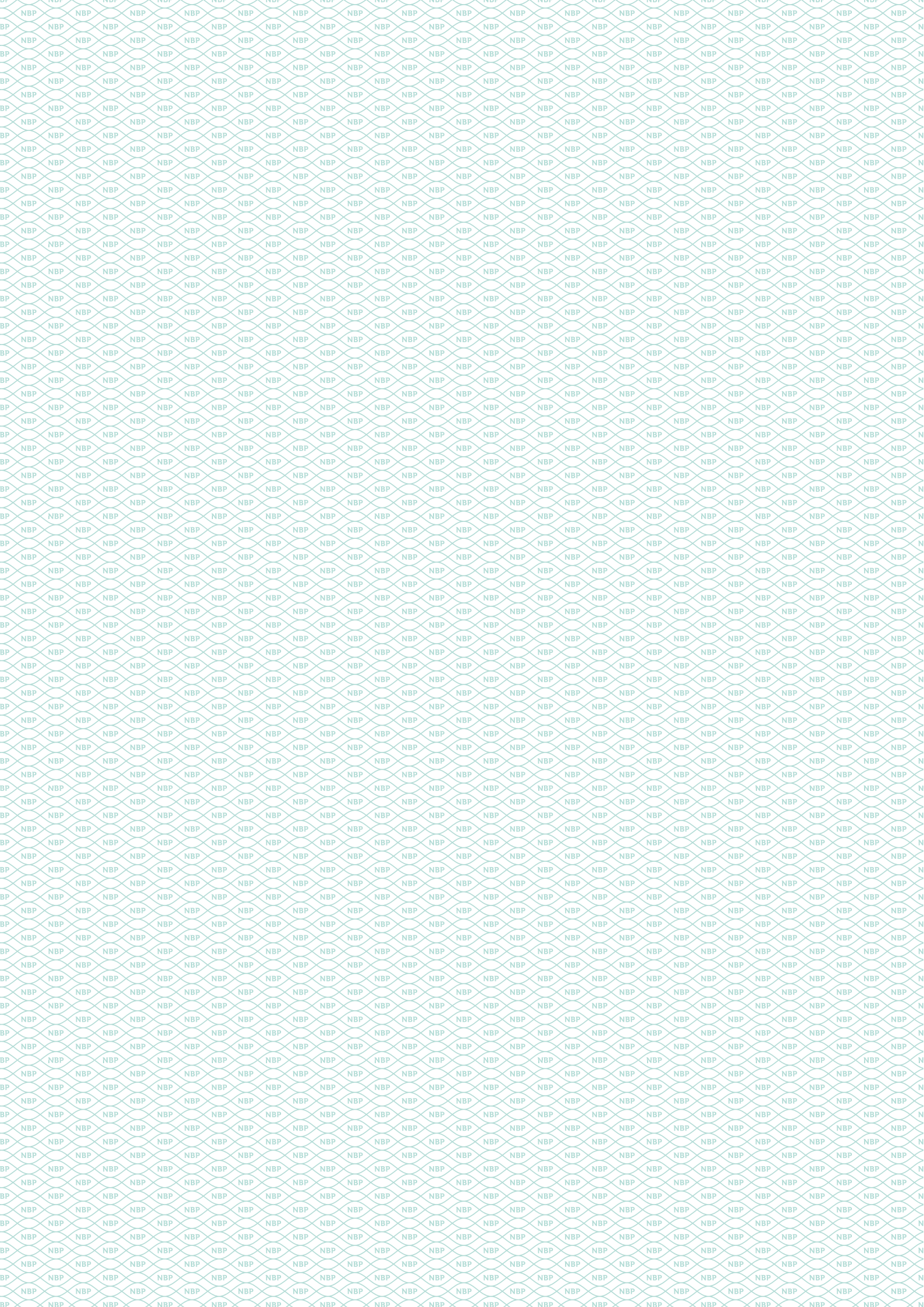


\* MSCI Emerging Markets Currency Index.

Source: Bloomberg data, NBP calculations.

In 2015, large swings in sentiment were seen in international financial markets as reflected in the elevated volatility of asset prices. In the euro area, prices of stocks and bonds were rising on the back of the ECB's decision to launch a programme of asset purchases, which was also one of the factors behind the depreciation of the euro against the dollar in this period (Figure A1.5). Next, in 2015 Q2, prices of stocks and bonds in the euro area began to decline due to

heightened concerns about Greece's insolvency. In the second half of the year, sentiment worsened in most financial markets. This was related to the signals of a possible monetary policy tightening by the Fed as well as the mounting concerns about economic situation in China. Weaker outlook for the commodity-exporting economies and the signs of a slower growth in the United States also weighed on investors' sentiment. Increased concerns of investors were reflected in rising yields on the government bonds of emerging economies and a decline in the global stock indices, primarily in emerging markets. This was combined with a considerable depreciation of the currencies of most emerging economies (Figure A1.6).





Appendix 2

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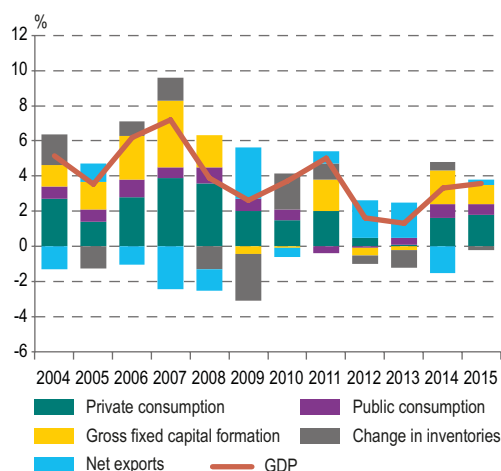
# GDP and domestic demand



## GDP and domestic demand<sup>1</sup>

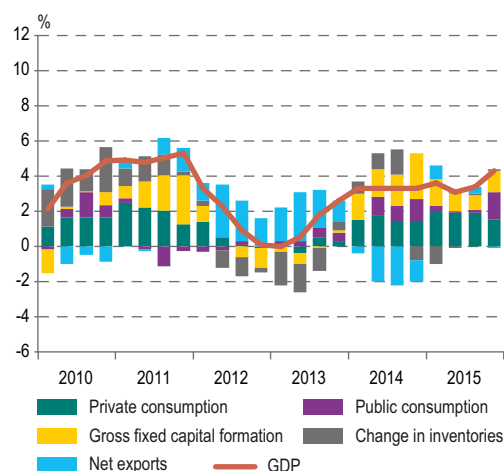
In 2015, GDP growth amounted to 3.6% (as compared to 3.3% in 2014; Figure A2.1). Like in the previous year, the primary driver of economic growth was domestic demand, especially consumer demand. Net exports also made a positive contribution to GDP growth.

**Figure A.2.1.** GDP growth and its components in 2004–2015 (annual data)



Source: GUS data.

**Figure A.2.2.** GDP growth and its components in 2010–2015 (quarterly data)



Source: GUS data.

The pace of economic growth was stable despite slight fluctuations during the year: following an acceleration in 2015 Q1, it dropped somewhat in 2015 Q2, to pick up gradually in 2015 Q3 and Q4 (Figure A2.2). Developments in the main components of aggregate demand are discussed below (see Table A2.1).

In 2015, private consumption growth accelerated compared to the previous year's pace. The rise in consumption was fuelled by an increase in households' real income due to improvement in labour market conditions, involving higher employment and real wage growth. Factors contributing to the recovery in private consumption also included growth in lending to households and stronger consumer sentiment.

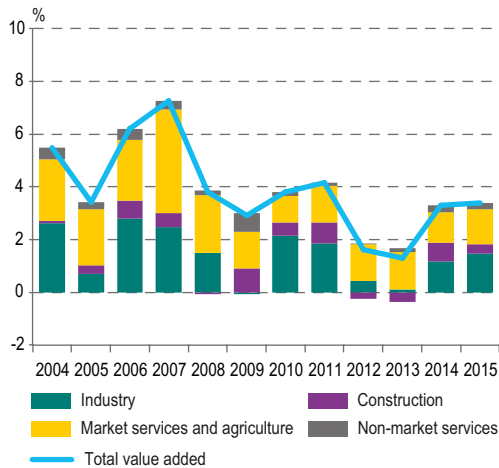
Gross fixed capital formation continued to rise in 2015, albeit at a slower rate than in 2014. Similarly to the previous years, its growth was mainly fuelled by a rise in corporate investment, which was in turn underpinned by firms' expectations of increased demand for their output, amid high capacity utilisation. Moreover, corporate investment growth benefited from firms' sound financial position enabling the self-financing of their projects, as well as from high availability of investment loans and lower interest charged on them than in the previous years. Accelerated growth in housing investment also added to the overall investment growth in the economy. Recovery in this category of investment was supported by a steady rise in employment and real wages, as well as the extension, from September

<sup>1</sup> The national accounts data presented in Appendix 2 are compliant with the ESA 2010 methodology.



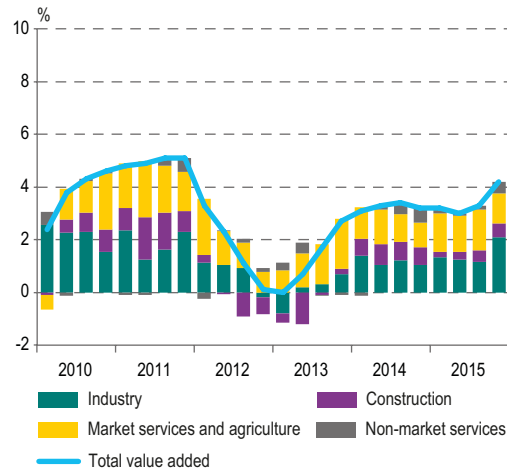
2015, of the government scheme “Flat for the Young”.<sup>2</sup> At the same time, total investment growth was dragged by the flagging growth of general government sector investment. This was due to lower local government expenditure financed from the EU funds.

**Figure A.2.3.** Gross value added growth and its components in 2004–2015 (annual data)



Source: GUS data.

**Figure A.2.4.** Gross value added growth and its components in 2010–2015 (quarterly data)



Source: GUS data.

In 2015, net exports made a slightly positive contribution to GDP growth, as export growth exceeded that of import. The rise in exports was driven by a recovery in the euro area, notably in Germany, Poland’s main trading partner. A depreciation of the real exchange rate of the zloty worked in the same direction, underpinning the price competitiveness of Polish exports. Alongside that, import growth was dampened by slower capital formation, which is a highly import-intensive component of aggregate demand.

Gross value added growth increased slightly in 2015, to reach 3.4% y/y (against 3.3% y/y in 2014; Figure A.2.3). The GDP breakdown by sectors indicates that gross value added growth was mainly generated in industry and services.

<sup>2</sup> In September 2015, the amendment to the Act on State Aid in the Purchase of a First Home for Young People came into effect, resulting, among others, in an extension of the “Flat for the Young” scheme to include the purchases in secondary home market, as well as an increase in the amount of down-payment subsidy under this scheme.

Table A.2.1. GDP and domestic demand in 2009–2015

	GDP annual growth and its components at constant prices (%)										
	2009	2010	2011	2012	2013	2014	2015	2015			
								Q1	Q2	Q3	Q4
GDP	2.6	3.7	5.0	1.6	1.3	3.3	3.6	3.7	3.3	3.5	3.9
Domestic demand	-0.3	4.2	4.2	-0.5	-0.7	4.9	3.3	2.9	3.1	3.2	4.0
Consumption	3.5	2.8	2.0	0.5	0.7	3.1	3.1	3.2	2.9	2.9	3.5
Private consumption	3.3	2.5	3.3	0.8	0.2	2.6	3.1	3.1	3.1	3.1	3.1
Capital formation	-12.7	9.7	12.8	-3.9	-5.8	12.6	4.1	1.1	4.0	4.0	5.4
Gross fixed capital formation	-1.9	-0.4	8.8	-1.8	-1.1	9.8	6.1	11.5	6.1	4.6	4.9
Exports	-6.3	12.9	7.9	4.6	6.1	6.4	6.5	8.4	4.8	3.9	9.1
Imports	-12.4	14.0	5.5	-0.3	1.7	10.0	6.0	6.8	4.5	3.1	9.4
Contribution of net exports to GDP growth	2.9	-0.5	0.9	2.1	2.0	-1.5	0.4	0.9	0.2	0.4	0.0
	Structure of GDP at current prices (%)										
GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0				–
Domestic demand	100.8	101.8	101.8	100.5	98.1	98.7	97.2				–
Consumption	80.5	80.8	79.5	79.5	79.1	78.4	76.8				–
Private consumption	60.8	60.6	60.5	60.7	60.0	59.3	58.0				–
Capital formation	20.2	21.0	22.2	21.0	19.0	20.3	20.4				–
Gross fixed capital formation	21.1	19.8	20.3	19.8	18.8	19.6	20.1				–
Exports	37.6	40.5	43.1	44.4	46.3	47.4	49.2				–
Imports	38.3	42.3	44.9	44.9	44.4	46.2	46.4				–
Net exports	-0.8	-1.8	-1.8	-0.5	1.9	1.3	2.8				–

Source: GUS data.

Appendix 3

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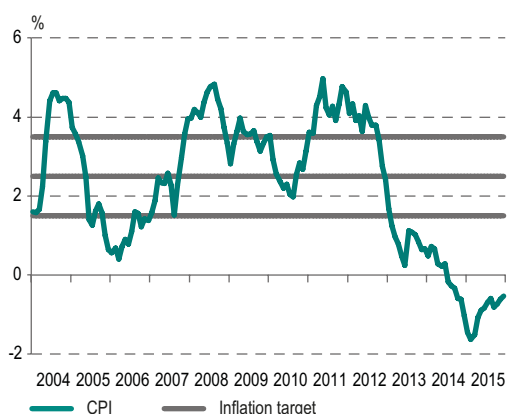
# Consumer prices



## Consumer prices

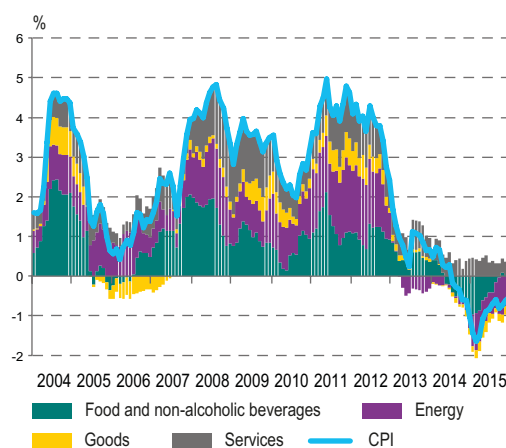
In 2015, the average annual growth rate of the consumer price index (CPI) was -0.9%, below the NBP inflation target of 2.5% +/- 1 percentage point (Figure A3.1). Price growth was weaker than in 2014 and lower than forecasted in 2014 and 2015. The decrease in inflation in 2015 was driven mainly by external factors – especially a strong and unexpected fall in global commodity prices and low inflation in the environment of the Polish economy, but also by lack of domestic demand and cost pressure. Yet, the pace of deflation was decelerating throughout 2015, mainly due to increasing rate of growth of food prices.

**Figure A3.1.** Annual CPI and the inflation target in 2004–2015



Source: GUS data.

**Figure A3.2.** Annual growth in the prices of consumer goods and services and contributions of main price categories to CPI growth in 2004–2015



Source: GUS data, NBP calculations.

The major factor behind deflation in Poland in 2015 was a fall in global commodity prices, mainly energy commodities (Figure A3.2).<sup>1</sup> In particular, a slump was recorded in oil prices, whose global output continued to rise rapidly amidst only moderate growth in demand for this commodity as well as current and projected slowdown in global economic growth (see Appendix 1 *Economic developments abroad*). The decline in oil prices led to lower domestic prices of fuels for private motor vehicles and administered gas prices. At the same time, falling commodity prices were reflected in further deflation of producer prices, which curbed cost pressure in the economy. Under these conditions, 2015 saw a continued decline in the prices of goods, which was also supported by low price growth in the environment of the Polish economy, including zero inflation in the euro area.

An important factor behind weaker average annual price growth in 2015 was also the decline in food prices. It was observed amidst falling market prices of major agricultural commodities worldwide, which was primarily related to favourable weather conditions in 2014 and in the first

<sup>1</sup> In the period from December 2014 to December 2015, oil prices dropped by 38.5%, coal prices by 23.8%, gas prices by 44.4%, agricultural commodity prices by 13% and industrial metal prices by 26.3%. See also: Appendix 1: *Economic developments abroad*.

half of 2015. In Poland, the decline in food prices was additionally driven by the Russian embargo on imports of food products from, among others, the European Union countries, as well as the loss of some foreign pork markets by Polish producers.<sup>2</sup> Yet, throughout 2015 food price growth was on a gradual rise and since October 2015 its contribution to CPI growth has been positive. Acceleration in food price growth was mainly supported by deteriorating weather conditions in the second half of 2015.<sup>3</sup>

Throughout 2015, deflation was curbed by sustained increase in the prices of services, driven by accelerating GDP growth, including a pick-up in consumer demand, amidst growing employment, falling unemployment and stable growth in lending. The relatively good economic conditions benefited from interest rate cuts in 2015 and in the previous years. An additional factor supporting price growth was the depreciation of the zloty exchange rate, particularly against the US dollar, which boosted the growth of prices of imported goods in 2015 as compared to 2014.

The consumer price index reflects price developments in four main categories (i.e. food and non-alcoholic beverages, energy, goods and services), whose growth rate in 2015 continued below the long-term average. Specifically, in 2015 price developments in individual categories were as follows.<sup>4</sup>

- Prices of energy decreased by 4.2% y/y, and their direct contribution to the change in the average annual CPI index was -0.7 percentage points. The following factors contributed to the decline in energy prices:
  - decrease in fuel prices (driven by the decline in crude oil prices in the global commodity markets);
  - reduction in gas prices (due to cuts in tariffs in January and September 2015, related to falling gas prices in the global markets);
  - decline in heating fuel prices (related to a fall in coal prices in the global markets).
- Prices of food and non-alcoholic beverages decreased by 1.7% y/y, and their contribution to the change in the average annual CPI index reached -0.4 percentage points. The decline in prices in this category was fuelled mainly by:
  - falling meat prices (associated with meat oversupply in domestic and European market);
  - falling prices of dairy products (amidst oversupply of dairy products due to the deregulation of the European milk market as of 1 April 2015 and with the Russian embargo);
  - decline in the price of oils (amidst falling prices of edible oils in the global market) and other fats (mainly due to lower prices of intermediate goods, including meat and dairy products).
- Prices of goods decreased by 0.7% y/y, contributing to the decline in the average annual CPI index by 0.2 percentage points. The decline in goods' prices was mainly due to the fall in the prices of clothing and footwear (seen for more than 10 years), as well as motor vehicles.

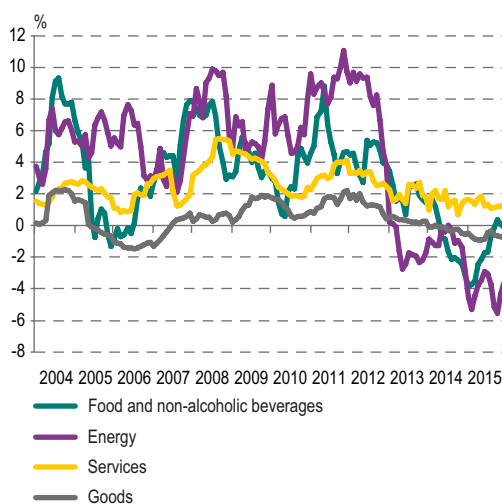
<sup>2</sup> This was the result of the introduction of restrictions in many countries on the import of pork from Poland in 2014 Q1 due to the outbreaks of African swine fever in Poland.

<sup>3</sup> Annual price growth of vegetables also benefited from the positive base effect, being the consequence of an untypical fall in the price of vegetables in 2014 Q3 related to high crops and the Russian embargo.

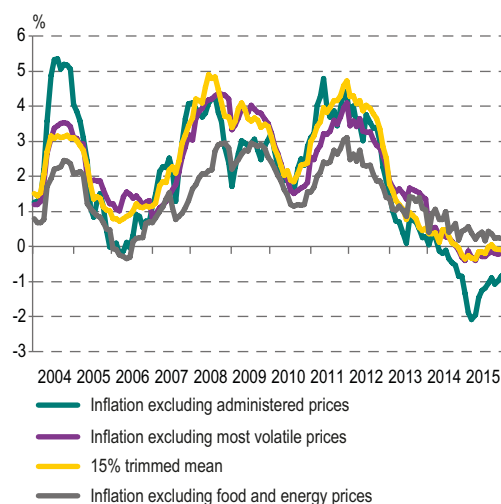
<sup>4</sup> The categories are listed in order of their contribution to the total CPI index in 2015, starting with the category with the largest negative contribution and ending with the category of the largest positive contribution.

- Prices of services increased by 1.4% y/y, and their contribution to the average annual CPI inflation rate was 0.4 percentage points. The rise in prices encompassed the majority of the main categories of services and was observed against the accelerating economic growth and improving labour market conditions.

**Figure A3.3.** Annual growth in the prices of food, non-alcoholic beverages, energy, goods and services in 2004–2015\*



**Figure A3.4.** Core inflation measures in 2004–2015 (y/y)



\* The category of energy includes energy carriers (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.

Source: GUS data, NBP calculations.

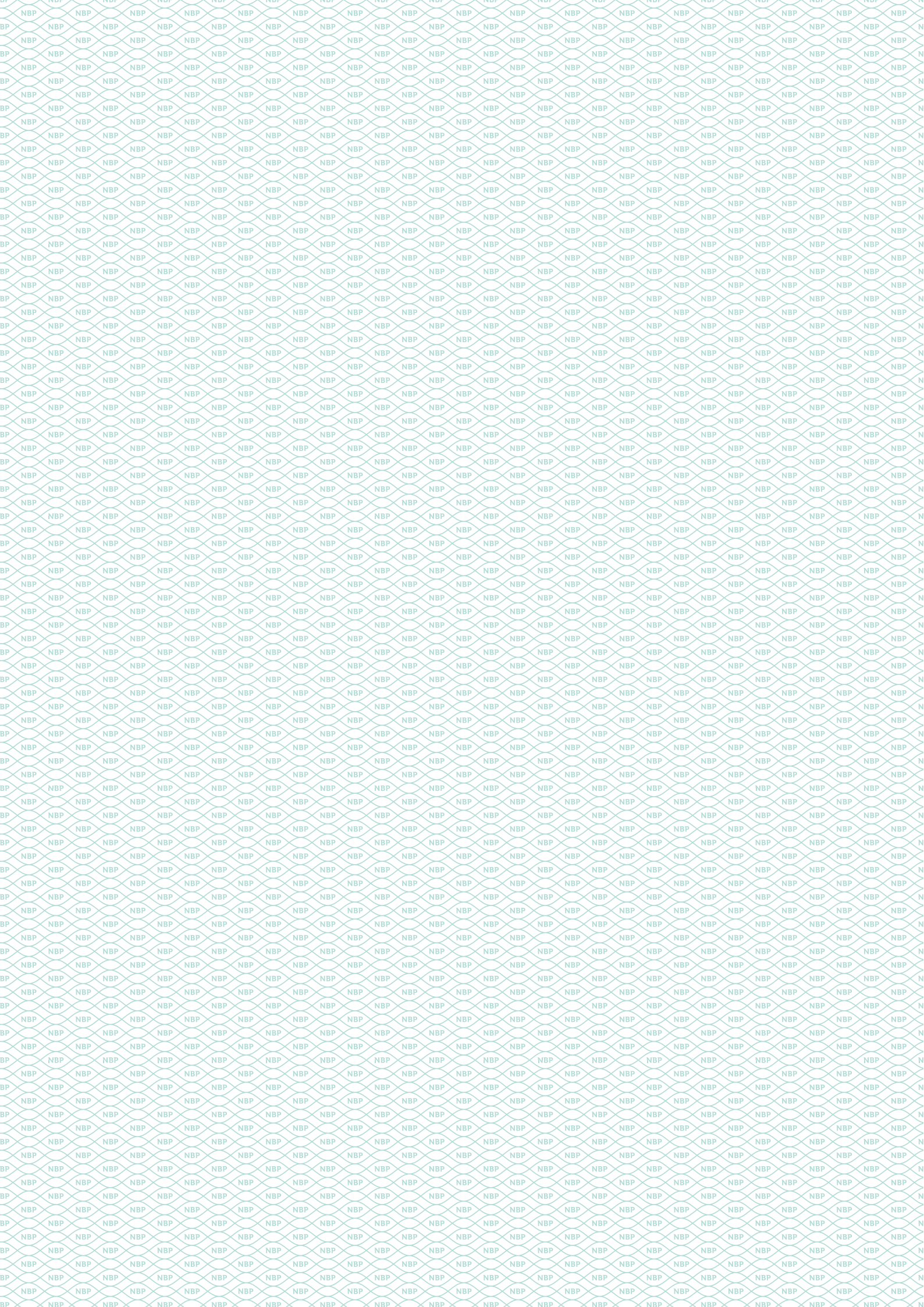
**Table A3.1.** Annual growth in consumer goods and services prices and the contribution of the main price categories to CPI

	Weights 2015, %	Change (y/y, %)												Annual average
		2015												
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
CPI	100.0	-1.4	-1.6	-1.5	-1.1	-0.9	-0.8	-0.7	-0.6	-0.8	-0.7	-0.6	-0.5	-0.9
Core inflation	58.1	0.6	0.4	0.2	0.4	0.4	0.2	0.4	0.4	0.2	0.3	0.2	0.2	0.3
Goods	29.8	-0.5	-0.7	-0.8	-0.9	-0.9	-0.8	-0.4	-0.3	-0.6	-0.6	-0.7	-0.7	-0.7
Services	28.3	1.7	1.5	1.3	1.7	1.9	1.2	1.3	1.1	1.1	1.2	1.2	1.2	1.4
Food and non-alcoholic beverages	24.4	-3.9	-3.7	-3.5	-2.5	-2.2	-1.7	-1.7	-0.7	-0.2	0.4	0.1	-0.1	-1.7
Meat	6.5	-3.3	-3.5	-2.8	-2.5	-3.3	-3.5	-4.0	-3.6	-2.6	-2.2	-2.1	-2.5	-3.0
Vegetables	2.4	-13.9	-11.2	-10.3	-6.7	-2.4	0.0	-0.4	8.3	11.1	14.1	9.0	7.0	-0.7
Fruit	1.4	-7.6	-8.3	-9.7	-5.2	-0.3	3.4	6.3	9.7	8.4	10.0	9.1	9.0	1.7
Processed	13.3	-1.9	-2.0	-2.0	-1.4	-1.8	-1.8	-1.7	-1.5	-1.5	-1.4	-1.2	-1.1	-1.6
Unprocessed	11.0	-6.2	-5.8	-5.3	-3.7	-2.5	-1.7	-1.7	0.4	1.5	2.6	1.7	1.1	-1.7
Energy	17.5	-4.6	-5.3	-4.4	-3.8	-3.4	-2.9	-3.1	-3.7	-5.2	-5.5	-4.3	-3.6	-4.2
Energy carriers	12.0	0.4	0.3	0.4	0.4	0.5	0.4	0.4	0.2	-0.5	-0.6	-0.7	-0.6	0.1
Fuels	5.5	-15.5	-17.6	-14.8	-13.0	-12.0	-10.2	-10.5	-12.2	-15.4	-16.4	-12.8	-10.8	-13.5



	Weights 2015, %	Change (y/y, %)												Annual average
		2015												
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
According to 12 COICOP groups														
Food and non-alcoholic beverages	24.4	-3.9	-3.7	-3.5	-2.5	-2.2	-1.7	-1.7	-0.7	-0.2	0.4	0.1	-0.1	-1.7
Alcohol and tobacco	6.5	2.7	1.8	1.4	1.1	0.9	0.9	0.9	0.9	1.0	0.9	0.9	0.9	1.2
Clothing and footwear	5.3	-5.1	-5.3	-5.3	-5.1	-4.9	-4.8	-4.5	-4.1	-4.4	-4.5	-4.6	-4.5	-4.8
Home maintenance and energy	21.1	0.7	0.6	0.7	0.8	0.9	0.9	0.9	0.8	0.4	0.4	0.4	0.4	0.7
Home equipment	4.9	-0.3	-0.3	-0.3	-0.2	-0.3	-0.1	-0.3	-0.2	-0.2	-0.4	-0.3	-0.4	-0.3
Health	5.2	1.5	1.5	1.1	1.1	1.0	1.0	2.5	2.7	2.3	2.6	2.6	2.6	1.9
Transportation	9.0	-10.2	-11.6	-9.9	-9.1	-8.0	-7.3	-7.0	-8.3	-10.0	-10.4	-8.2	-6.8	-8.9
Telecommunications	5.3	2.8	2.4	2.1	4.9	4.6	1.4	1.8	0.5	0.3	0.3	0.9	0.8	1.9
Recreation and culture	6.4	1.9	1.9	1.2	1.0	1.1	1.2	0.9	1.1	0.0	0.0	-0.6	-0.8	0.7
Education	1.0	1.2	1.3	1.2	1.2	1.2	1.1	1.1	1.0	1.1	1.0	0.9	0.9	1.1
Restaurants and hotels	5.2	1.3	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.3	1.2	1.2	1.2	1.3
Other goods and services	5.6	-0.2	-0.1	-0.2	-0.5	-0.5	-0.2	-0.2	-0.3	0.0	0.2	0.1	0.0	-0.1
	Weights 2015, %	Change (y/y, %)												Annual average
		2015												
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
According to 12 COICOP groups														
CPI	100.0	-1.4	-1.6	-1.5	-1.1	-0.9	-0.8	-0.7	-0.6	-0.8	-0.7	-0.6	-0.5	-0.9
Core inflation	58.1	0.3	0.2	0.1	0.2	0.2	0.1	0.3	0.2	0.1	0.1	0.1	0.1	0.2
Goods	29.8	-0.1	-0.2	-0.3	-0.3	-0.3	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
Services	28.3	0.5	0.4	0.4	0.5	0.5	0.3	0.4	0.3	0.3	0.3	0.4	0.3	0.4
Food and non-alcoholic beverages	24.4	-1.0	-0.9	-0.9	-0.6	-0.5	-0.4	-0.4	-0.2	0.0	0.1	0.0	0.0	-0.4
Meat	6.5	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.1	-0.1	-0.2	-0.2
Vegetables	2.4	-0.4	-0.3	-0.3	-0.2	-0.1	0.0	0.0	0.2	0.2	0.3	0.2	0.2	0.0
Fruit	1.4	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Processed	13.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.2
Unprocessed	11.0	-0.7	-0.7	-0.6	-0.4	-0.3	-0.2	-0.2	0.0	0.2	0.3	0.2	0.1	-0.2
Energy	17.5	-0.8	-0.9	-0.8	-0.7	-0.6	-0.5	-0.5	-0.7	-0.9	-1.0	-0.8	-0.6	-0.7
Energy carriers	12.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0	-0.1	-0.1	-0.1	-0.1	0.0
Fuels	5.5	-0.9	-1.0	-0.8	-0.7	-0.7	-0.6	-0.6	-0.7	-0.9	-0.9	-0.7	-0.5	-0.7
CPI														
According to 12 COICOP groups														
Food and non-alcoholic beverages	24.4	-1.0	-0.9	-0.9	-0.6	-0.5	-0.4	-0.4	-0.2	0.0	0.1	0.0	0.0	-0.4
Alcohol and tobacco	6.5	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Clothing and footwear	5.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3
Home maintenance and energy	21.1	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Home equipment	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health	5.2	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Transportation	9.0	-0.9	-1.0	-0.9	-0.8	-0.7	-0.7	-0.6	-0.8	-0.9	-0.9	-0.7	-0.6	-0.8
Telecommunications	5.3	0.1	0.1	0.1	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Recreation and culture	6.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	-0.1	0.0
Education	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restaurants and hotels	5.2	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
Other goods and services	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: GUS data and own calculation based on GUS data.



Appendix 4

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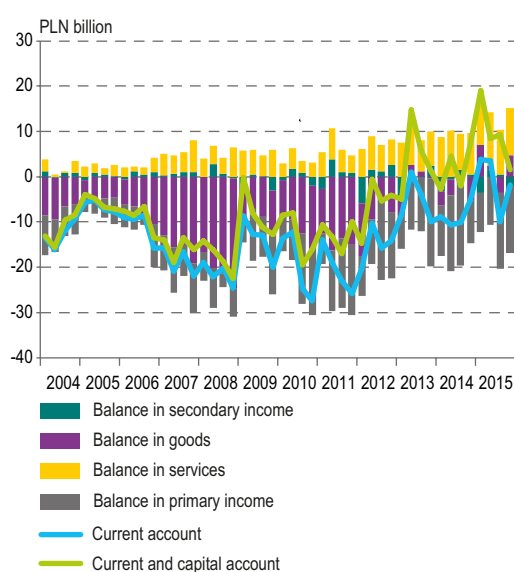
# Balance of payments



## Balance of payments

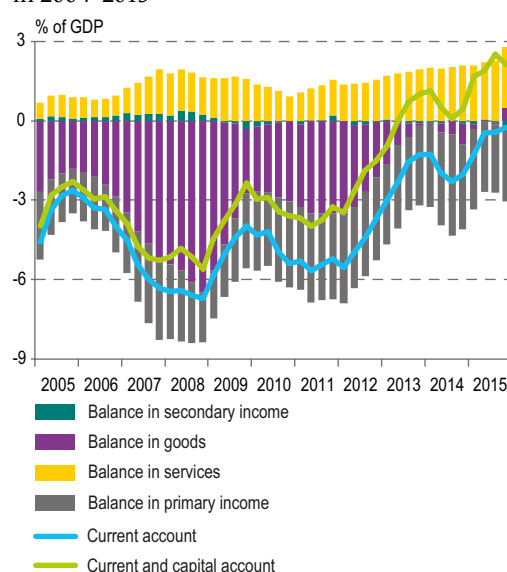
In 2015, the current account deficit was considerably lower than in the previous years and amounted to PLN 4.4 billion, accounting for 0.2% of GDP (as against 2.0% of GDP in 2014 and an average of 4.2% since 2004; Figure A4.1, Figure A4.2). The deficit narrowed as compared with the previous year mainly due to the higher trade surplus. The primary and secondary income deficits continued to be the main source of the current account deficit.

**Figure A4.1.** Current account balance in 2004–2015



Source: GUS data.

**Figure A4.2.** Current and capital account balance to GDP (4 quarters rolling window) in 2004–2015



Source: NBP and GUS data.

The growth in the foreign trade surplus was mainly driven by the surplus in the balance of goods seen for the first time since 2004, amidst an increased positive balance of services (Figure A4.2). The surplus in the trade of goods in 2015 resulted from export growth exceeding import growth. The rise in exports was primarily supported by a moderate economic recovery in the euro area observed for more than two years and the continuing high price competitiveness of Polish products in the foreign markets. The surplus in the goods account was also driven by falling prices of many commodities – especially oil – in the global markets, which curbed the growth in import value. Yet, the acceleration in domestic economic activity worked in the opposite direction.

As in the previous years, the current account balance in 2015 was adversely affected by the primary income deficit – which was close to the long-term average – and a widening of the small secondary income deficit. The negative balance of primary income was mostly attributable to the high, although lower than in the previous years, income of foreign direct investors amidst sound financial standing of enterprises operating in Poland.



**Table A4.1.** Main items of the balance of payments in 2005–2015 (PLN million)

Balance of payments	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current account	-25 796	-42 742	-75 162	-85 780	-54 261	-77 770	-81 497	-60 477	-21 039	-34 687	-4 368
Balance of trade in goods	-17 962	-30 662	-62 172	-82 538	-33 187	-43 677	-54 790	-34 128	-1 345	-13 633	9 012
Balance of services	7 944	7 902	20 119	17 983	21 715	13 174	21 073	25 145	32 070	35 874	41 051
Balance of primary income	-16 540	-22 156	-35 997	-24 209	-38 603	-47 108	-50 914	-50 874	-50 016	-55 281	-50 689
Balance of secondary income	762	2 174	2 888	2 984	-4 186	-159	-3 134	-620	-1 748	-1 647	-3 742
Capital account	3 155	6 482	12 783	14 241	22 097	25 705	30 618	35 711	37 857	41 990	42 491
Financial account	-22 701	-33 750	-68 877	-100 814	-60 189	-92 927	-80 229	-37 275	-18 673	-13 433	31 972
Direct investment: assets	13 526	32 648	20 206	10 027	19 262	28 075	12 944	4 237	-10 502	19 252	10 679
Direct investment: liabilities	35 685	65 806	69 043	34 131	43 754	53 939	53 575	23 929	2 809	53 594	23 416
Portfolio investment: assets	8 133	14 289	17 360	-6 017	4 270	-488	-2 796	1 395	6 891	17 460	41 572
Portfolio investment: liabilities	48 202	5 460	-344	-14 023	47 935	87 130	47 426	65 455	7 289	10 977	29 159
Other investment: assets	8 920	12 388	5 116	-15 369	-17 026	11 878	11 060	7 179	5 286	12 858	19 422
Other investment: liabilities	-4 976	30 991	83 444	62 174	25 254	39 230	18 944	-11 669	11 064	351	-13 143
Derivative financial instruments	-537	2 159	5 427	2 727	5 850	1 789	525	-8 942	-2 200	-58	-3 385
Official reserve assets	26 168	8 023	35 157	-9 900	44 398	46 118	17 983	36 571	3 014	1 977	3 116
Balance of errors and omissions	-60	3 510	-6 498	-29 275	-28 025	-40 862	-29 350	-12 509	-35 491	-20 736	-6 151

\* With regard to the financial account, the presented figures should be interpreted as follows: a positive (negative) value of residents' investment abroad (items: direct investment: assets, portfolio investment: assets, other investment: assets, official reserve assets) denotes an increase (decrease) in Polish assets abroad. Conversely, a positive (negative) value of non-residents' investment in Poland (items: direct investment: liabilities, portfolio investment: liabilities, other investment: liabilities) means an increase (decrease) in Polish liabilities against non-residents.

Source: NBP data.

In 2015, the capital account balance remained positive and close to the level seen in the previous years (2.4% of GDP against 2.4% in 2014 and 2.3% in 2013). As a result, due to the decline in the current account deficit, the total current and capital account balance to GDP ratio stayed positive and was higher than in the previous years.

The surplus in the current and capital accounts in 2015 resulted in the net outflow of capital abroad, which was reflected in the positive financial account balance reaching its record high. This was driven, on the one hand, by a declining inflow of foreign capital in the form of direct investment to Poland.<sup>1</sup> On the other hand, the scale of the outflow of Polish capital increased again, mainly in the form of portfolio investment, which was due to a rise in investment and pension funds' allocation in foreign assets. At the same time, however, decrease in Polish direct investment abroad, especially in the second half of the year, was narrowing financial account surplus.

The above changes brought about a further improvement in the majority of Poland's external imbalance indicators. In particular, both the trade balance and the current account balance to GDP ratio rose to record highs (Table A4.2).

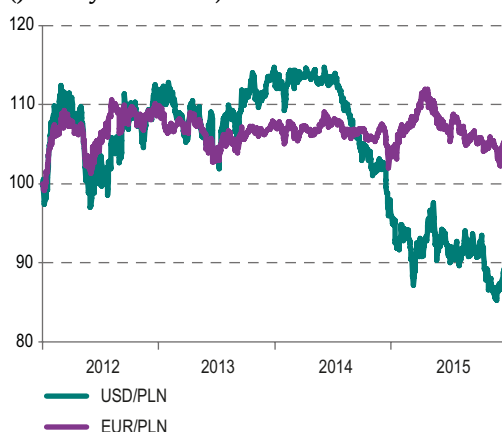
<sup>1</sup> The reduced inflow of foreign direct investment resulted largely from a decline in this investment category in 2015 Q2 due to one-off factors, namely the withdrawal of non-residents from a special purpose vehicle; *Balance of Payments of the Republic of Poland for 2015 Q2*.

**Table A4.2.** Selected external stability indicators in 2004–2015

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current account balance/GDP (%)	-5.5	-2.6	-4.0	-6.3	-6.7	-4.0	-5.4	-5.2	-3.7	-1.3	-2.0	-0.2
Current and capital account balance/GDP (%)	-5.0	-2.3	-3.4	-5.3	-5.6	-2.4	-3.6	-3.2	-1.5	1.0	0.4	2.1
Balance of trade in goods /GDP (%)	-3.3	-1.8	-2.9	-5.2	-6.5	-2.4	-3.0	-3.5	-2.1	-0.1	-0.8	0.5
Balance of trade in goods and services/GDP (%)	-2.6	-1.0	-2.1	-3.5	-5.1	-0.8	-2.1	-2.2	-0.6	1.9	1.3	2.8
Official reserve assets in terms of monthly imports of goods and services	3.8	4.7	4.0	3.8	3.4	5.2	5.5	5.7	5.5	5.2	5.3	5.3
Foreign debt/GDP (%)	42.0	44.1	46.4	47.9	56.8	58.7	65.5	70.8	70.2	69.8	72.4	71.6
Net international investment position/GDP (%)	-41.1	-42.0	-45.1	-49.3	-56.0	-57.8	-65.1	-62.4	-65.4	-69.0	-68.3	-61.9

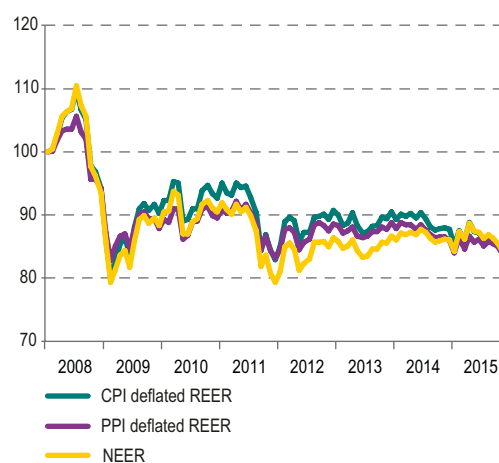
Source: NBP calculations based on GUS and NBP data.

In 2015, the nominal exchange rate of the zloty against the major currencies was largely determined by external factors, especially the monetary policy of the major central banks and changes in risk aversion in the international financial markets (Figure A4.3, Figure A4.4). In the first half of 2015, the zloty strengthened against the euro, mainly due to the extension of the asset purchase programme by the European Central Bank. In the second half of 2015, the zloty weakened against the euro, which was related to worsening investor sentiment in the financial markets driven by growing concerns about economic slowdown in China. As a result, the average annual exchange rate of the zloty against the euro remained close to the previous year's level. The exchange rate of the zloty against the US dollar was, however, significantly lower than in the previous year – mainly due to the appreciation of the US dollar in international markets – and reflected the expectations of interest rate increases in the United States. Consequently, the nominal effective exchange rate of the zloty in 2015 was lower than in 2014, which supported the price competitiveness of Polish exports, and thus the surplus of Polish foreign trade.

**Figure A4.3.** Nominal effective zloty exchange rate against major currencies in 2012–2015 (January 2012 = 100)

Note: increase denotes appreciation.

Source: Bloomberg data.

**Figure A4.4.** Real and nominal effective exchange rate in 2008–2015 (January 2008 = 100)

Note: increase denotes appreciation.

Source: Eurostat, OECD, Reuters data, NBP calculations.



Appendix 5

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# Money and credit

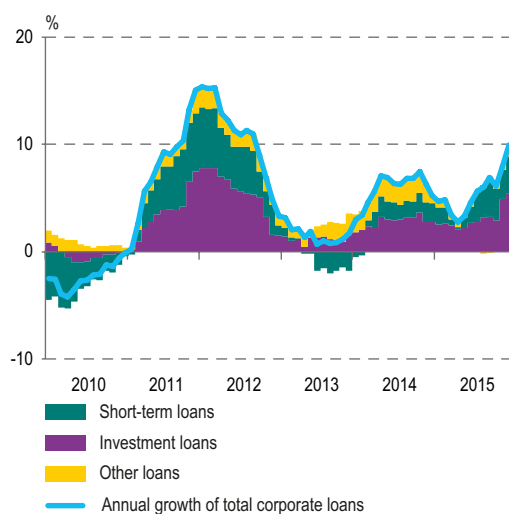


## Money and credit

In 2015, lending to non-monetary entities by monetary financial institutions increased by 5.2% (as compared to 5.5% in the previous year).<sup>1</sup> The rise in lending was underpinned by stable economic growth amidst lower interest rates charged on loans than in the previous years and the easing of lending policy by banks, especially in the case of consumer and corporate loans. At the same time, debt growth slowed down as a result of more restrictive lending criteria and lending terms for housing loans, related to macroprudential policy tightening,<sup>2</sup> and a gradual decline in the portfolio of foreign currency denominated housing loans.

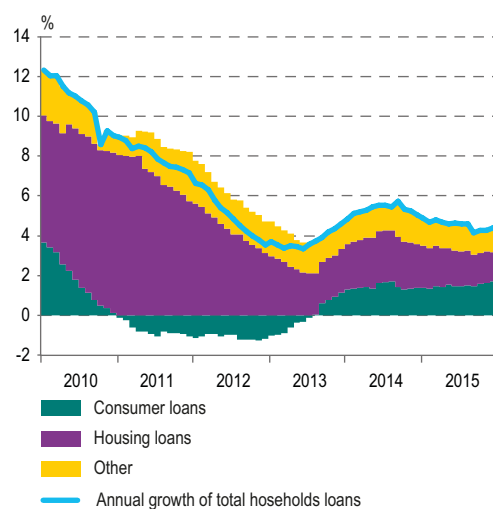
In 2015, lending to the corporate sector accelerated, fuelled by a significant rise in current credit growth and a slight increase in investment credit growth (Figure A5.1).<sup>3</sup> The rise in corporate lending was supported by the improving conditions in the domestic economy, and in particular – continued growth in corporate investment. Growth in corporate lending also benefited from the easing of lending criteria and lending terms by banks and lower interest rates on corporate loans than in the previous years.<sup>4</sup>

**Figure A5.1.** Growth rate of corporate loans and contributions of main components in 2010–2015



Source: NBP data.

**Figure A5.2.** Growth rate of household loans and contributions of main components in 2010–2015



Source: NBP data.

<sup>1</sup> Growth rates discussed in this chapter refer to transactional changes. Growth in credit to a particular sector of the economy is defined as growth in receivables of monetary financial institutions from this sector. Debt of non-monetary entities comprises debt of households, non-monetary financial institutions, enterprises, non-profit institutions operating for the benefit of households, local government units and social insurance funds. The presented growth rates are annual growth rates for private sector loans in 2014 and 2015.

<sup>2</sup> In 2015 banks significantly tightened their lending criteria and some terms of granting mortgage loans, which was mainly driven by a further reduction in the maximum admissible LTV ratios on these loans. In accordance with S Recommendation of the Polish Financial Supervision Authority, since January 2015 the loan value to real estate value ratio (LTV ratio) cannot exceed 90%, i.e. the debtor must pay a down payment of at least 10%.

<sup>3</sup> The average monthly growth rate of current corporate lending in 2015 amounted to 5.2% y/y as compared to the 3.0% in 2014; in the case of investment credit, this growth reached 6.0% y/y versus 5.4% y/y recorded in 2015.

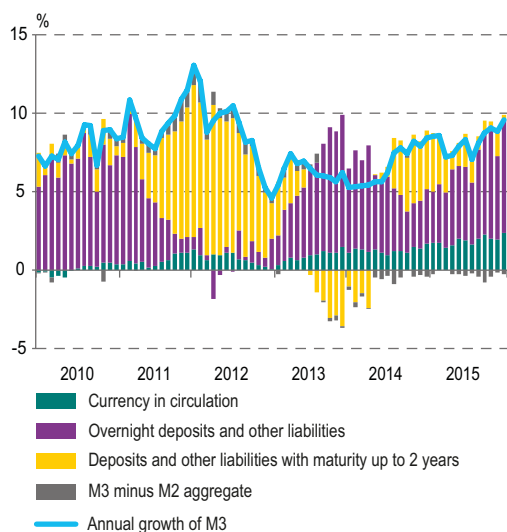
<sup>4</sup> The interest rate of PLN loans to non-financial corporations averaged 3.5% in 2015 as compared to an average of 4.2% in 2014.

The annual growth rate of loans to households slightly decreased in 2015 as compared to the previous year,<sup>5</sup> due to slower growth of housing loans combined with faster growth in consumer loans (Figure A5.2).<sup>6</sup>

Lending in the mortgage loan segment weakened on account of more restrictive lending criteria and lending terms, including an increase in mortgage margins and higher down payment requirements. At the same time, the decrease in NBP interest rates as well as the extension of the government-subsidized scheme “Flat for the Young” as of September 2015 – to include the purchase of secondary market housing and higher subsidies to down payments under this programme – were acting in the opposite direction.

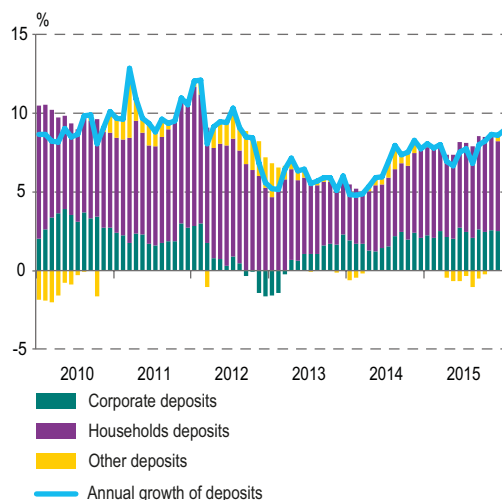
The accelerating growth rate of consumer loans was supported by robust labour market and less restrictive lending policy in this segment. In particular, due to decreased interest rates, banks significantly lowered their interest rates on consumer loans.<sup>7</sup> Moreover, consumer lending was fuelled by the continued improvement in economic situation of households, mainly due to the recovery in labour market amidst rising consumer confidence in 2015.

**Figure A5.3.** Annual growth rate of M3 aggregate and contributions of main components in 2010–2015



Source: NBP data.

**Figure A5.4** Annual growth rate of bank deposits classified as M3 aggregate and contributions of main components in 2010–2015



Source: NBP data.

<sup>5</sup> In transactional terms, the total average monthly growth rate of loans to households in 2015 was 4.5% y/y compared to 5.3% y/y in the previous year. However, taking into account changes in the value of loans resulting from changes in valuation or reclassification, including, in particular, changes in exchange rates, the average monthly growth rate of loans to households grew from 5.3% y/y in 2014 to 6.9% in 2015. This was mainly the result of the abandonment of the National Bank of Switzerland’s asymmetric exchange rate target in relation to the euro in January 2015, which triggered a sharp appreciation of the Swiss franc against other currencies, including the zloty. Consequently, in January household debt rose by PLN 17.7 billion, i.e. 5.2% of the total debt in the housing loans segment in 2014 (compared to a transaction change of loans in this category of only PLN 0.8 billion).

<sup>6</sup> The average monthly growth rate of consumer loans in 2015 stood at 6.3% y/y compared to 5.8% in the previous year, whereas the average monthly growth rate of housing loans amounted to 3.0% y/y compared to 4.1%.

<sup>7</sup> The interest rates on consumer loans to households averaged 8.6% in 2015 (compared to an average of 12.5% in 2014). The interest rates on consumer loans must not exceed four times the NBP Lombard rate, which in March 2015 was lowered from 3.0% to 2.5%.

Growth in lending in 2015 was accompanied by stable rise in household and corporate deposits, supported by favourable economic conditions in both sectors. As a result, the growth rate of M3 aggregate picked up slightly as compared to 2014, yet remained close to the long-term average (Figure A5.3).<sup>8</sup> At the same time, due to lower interest rates as compared with the previous years, the maturity structure of deposits changed (Figure A5.4). The lower growth in term deposits was accompanied by accelerating growth in current deposits and stable growth in cash in circulation.

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<sup>8</sup> Growth in M3 aggregate in transaction terms stood at 8.9% (in December 2015 as compared to December 2014).

Appendix 6

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# 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 2015, 28 open-to-public academic seminars were held in NBP (the title of the seminar is followed by the name(s) of the speaker(s) of the seminar):

- *On the dynamics of the primary housing market and the forecasting of house prices*, Jacek Łaszek – Narodowy Bank Polski, Warsaw School of Economics; Krzysztof Olszewski – Narodowy Bank Polski
- *Capital regulation in a macroeconomic model with three layers of default*, Stephane Moyen – Deutsche Bundesbank
- *Exchange rate risk and local currency sovereign bond yields in emerging markets*, Blaise Gadanecz – Bank for International Settlements
- *Nominal targeting in an economy with government debt*, Tatiana Kirsanova – University of Glasgow, Adam Smith Business School
- *The effects of capital on bank lending of EU large banks – the role of procyclicality, income smoothing, regulations and supervision*, Małgorzata Olszak – University of Warsaw, Faculty of Management
- *Government debt and banking fragility: the spreading of strategic uncertainty*, Kalin Nikolov – European Central Bank
- *Austerity*, Dirk Niepelt – Study Center Gerzensee, University of Bern
- *Crowding (out) the retirees? RDD application to raising effective retirement age in Poland*, Paweł Strzelecki – Warsaw School of Economics, Narodowy Bank Polski; Joanna Tyrowicz – University of Warsaw, Narodowy Bank Polski
- *Network model of financial linkages*, Grzegorz Hałaj – European Central Bank
- *Foreign bank presence and business regulations*, Georgios P. Kouretas – Department of Business Administration, Athens University of Economics and Business; IPAG Business School (France)
- *Fiscal union and fiscal shocks*, Alfons J. Weichenrieder – Goethe University Frankfurt, SAFE, WU Vienna, and CESifo
- *What do we know about the effects of macroprudential policy?*, Richhild Moessner – Bank for International Settlements
- *Military spending and budget deficits: the impact of US military spending on public debt in Europe (1988–2013)*, Raul Caruso – Catholic University of the Sacred Heart, Milan (Italy)



- *Agent based modelling in macroeconomics*, Alberto Russo – Università Politecnica delle Marche, Ancona (Italy)
- *Sticky price inflation index: an alternative core inflation measure*, Ádám Reiff – Magyar Nemzeti Bank (National Bank of Hungary)
- *Unemployment fluctuations, match quality, and the wage cyclicality of new hires*, Antonella Trigari – Bocconi University, Department of Economics
- *In search for appropriate lower bound. Zero lower bound vs. positive lower bound under discretion and commitment*, Piotr Ciżkowicz – Warsaw School of Economics; Andrzej Rzońca – Monetary Policy Council in Narodowy Bank Polski, Warsaw School of Economics; Andrzej Torój – Warsaw School of Economics
- *The dollar trap: How the U.S. dollar tightened its grip on global finance*, Eswar Prasad – Cornell University, Brookings Institution, NBER
- *Fear of liftoff: uncertainty, rules and discretion in monetary policy normalization*, Athanasios Orphanides – MIT Sloan School of Management
- *Optimal time-consistent macroprudential policy*, Enrique Mendoza – Department of Economics, University of Pennsylvania
- *Forecaster inattention: measurement, determinants and policy implications*, Xuguang (Simon) Sheng – Department of Economics, American University
- *The effects of special economic zones on employment and investment: spatial panel modelling perspective*, Piotr Ciżkowicz – Warsaw School of Economics
- *International liquidity management since the financial crisis*, William Anthony Allen – Cass Business School, City University; House of Commons Treasury Committee
- *Deposit insurance in times of crises: safe haven or regulatory arbitrage?*, Harald Sander – Cologne University of Applied Sciences, Maastricht School of Management
- *Banks are not intermediaries of loanable funds – and why this matters*, Michael Kumhof – Bank of England
- *Monetary transmission mechanism in Poland. What do we know in 2015?*, Tomasz Łyziak, Mariusz Kapuściński – Narodowy Bank Polski, Economic Institute
- *Why are interest rates so low?*, Benoit Mojon – Banque de France (Bank of France)
- *Inference based on SVARs identified with sign and zero restrictions: theory and applications*, Juan F. Rubio-Ramirez – Emory University, BBVA Research, Federal Reserve Bank of Atlanta.

In 2015, the following publications by NBP employees were included in the ISI Master Journal List:

- Michał Adam, Piotr Bańbuła, Michał Markun, *International dependence and contagion across asset classes: the case of Poland*, “Czech Journal of Economics and Finance” (“Finance a uver”), vol. 65(3), 254–270
- Marcin Bielecki, Karolina Goraus, Jan Hagemeyer, Krzysztof Makarski, Joanna Tyrowicz, *Small assumptions (can) have a large bearing: evaluating pension system reforms with OLG models*, “Economic Modelling”, vol. 48(C), 210–221
- Michał Brzoza-Brzezina, Jacek Kotłowski, Kamil Wierus, *Can interest rate spreads stabilize the euro area?*, “Applied Economics”, vol. 47(34–35), 3696–3709
- Michał Brzoza-Brzezina, Marcin Kolasa, Krzysztof Makarski, *Macroprudential policy and imbalances in the euro area*, “Journal of International Money and Finance”, vol. 51, 137–154
- Michał Brzoza-Brzezina, Marcin Kolasa, Krzysztof Makarski, *A penalty function approach to occasionally binding credit constraints*, “Economic Modelling”, vol. 51(C), 315–327
- Bartosz Gębka, Dobromił Serwa, *The elusive nature of motives to trade: evidence from international stock markets*, “International Review of Financial Analysis”, vol. 39, 147–157
- Jakub Growiec, *On the modeling of size distributions when technologies are complex*, “Journal of Mathematical Economics”, vol. 60, 1–8
- Jakub Growiec, Katarzyna Growiec, *Bridging social capital and individual earnings: evidence for an inverted U*, “Social Indicators Research”, vol. 122(1), 1–31
- Jakub Growiec, Christian Groth, *On aggregating human capital across heterogeneous cohorts*, “Mathematical Social Sciences”, vol. 78, 21–38
- Jan Hagemeyer, Krzysztof Makarski, Joanna Tyrowicz, *Unprivatizing the pension system: the case of Poland*, “Applied Economics”, vol. 47(8), 833–852
- Aleksandra Hałka, Tomasz Łyziak, *How to define the consumer perceived price index? An application to Polish data*, “Eastern European Economics”, vol. 53(1), 39–56
- Juliusz Jabłecki, Dariusz Gątarek, *A simple model of correlated defaults with application to repo portfolios*, “The Journal of Derivatives”, vol. 23(2), 8–23
- Andrzej Kocięcki, Michał Rubaszek, Michele Ca’Zorzi, *Bayesian forecasting of real exchange rates with a Dornbusch prior*, “Economic Modelling”, vol. 46, 53–60
- Marcin Kolasa, Michał Rubaszek, *How frequently should we reestimate DSGE models?*, “International Journal of Central Banking”, vol. 11(4), 279–305
- Jacek Kotłowski, *Do central bank forecasts matter for professional forecasters?*, “Czech Journal of Economics and Finance” (“Finance a uver”), vol. 66(6), 432–454

- Björn Ohl, Taneli Mäkinen, *Information acquisition and learning from prices over the business cycle*, "Journal of Economic Theory", vol. 158, part B, 585–633
- Małgorzata Pawłowska, Dobromił Serwa, Sławomir Zajączkowski, *International banking and liquidity risk transmission: evidence from Poland*, "IMF Economic Review", vol. 63(3), 585–605
- Ewa Stanisławska, *Interest rate pass-through in Poland: evidence from individual bank data*, "Eastern European Economics", vol. 53(1), 3–24
- Jacek Suda, Aarti Singh, Sophie Stone, *Monetary policy and the financial sector*, "Economics Letters", vol. 132, 82–86
- Joanna Tyrowicz, Lucas van der Velde, Karolina Goraus, *What is the true gender wage gap? A comparative analysis using data from Poland*, "Review of Income and Wealth"
- Joanna Tyrowicz, Karolina Goraus, Lucas van der Velde, Joanna Siwińska, *Language and (the estimates of) the gender wage gap*, "Economics Letters", vol. 136, 165–170.

In the series Materiały i Studia the following papers were published in 2015:

- Magdalena Olczyk, Aleksandra Kordalska, *Identyfikacja konkurencyjności sektorów przemysłu przetwórczego i ich wpływ na międzynarodową konkurencyjność gospodarki polskiej – analiza panelowa w modelu ECM*
- Piotr Kęłowski, *Staty czy płynny? Model PVEC realnego kursu walutowego dla krajów Europy Środkowo-Wschodniej – implikacje dla Polski*
- Lech Kujawski, Urszula Mrzyglód, Anna Zamojska, *Determinanty rentowności obligacji skarbowych Polski i wybranych krajów europejskich w latach 2005–2013*
- Iza Chmielewska, *Transfery z tytułu pracy Polaków za granicą w świetle badań Narodowego Banku Polskiego*
- Mateusz Pipień, Sylwia Roszkowska, *Szacunki kwartalnego PKB według województw w Polsce – zastosowanie estymacji funkcji parametrów modelu regresji liniowej*
- Katarzyna Śledziwska, *Ocena zmiany konkurencyjności eksportu państw UE po kryzysie 2008/2009*
- Dominika Bogusz, Mariusz Gorajski, Magdalena Ulrichs, *Optymalne strategie polityki pieniężnej dla Polski uwzględniające wrażliwość banku na ryzyko nieosiągnięcia założonego celu*
- Krzysztof Makarski, *Mnożniki fiskalne w modelu z ograniczeniami kredytowymi*
- Natalia Nehrebecka, Anna Białek-Jaworska, Michał Brzozowski, *Determinanty oszczędności przedsiębiorstw i ich wpływ na sytuację makroekonomiczną Polski w latach 1995–2012*
- Michał Brzoza-Brzezina, Marcin Kolasa, Mateusz Szetela, *Czy Polsce grozi pułapka deflacyjna?*

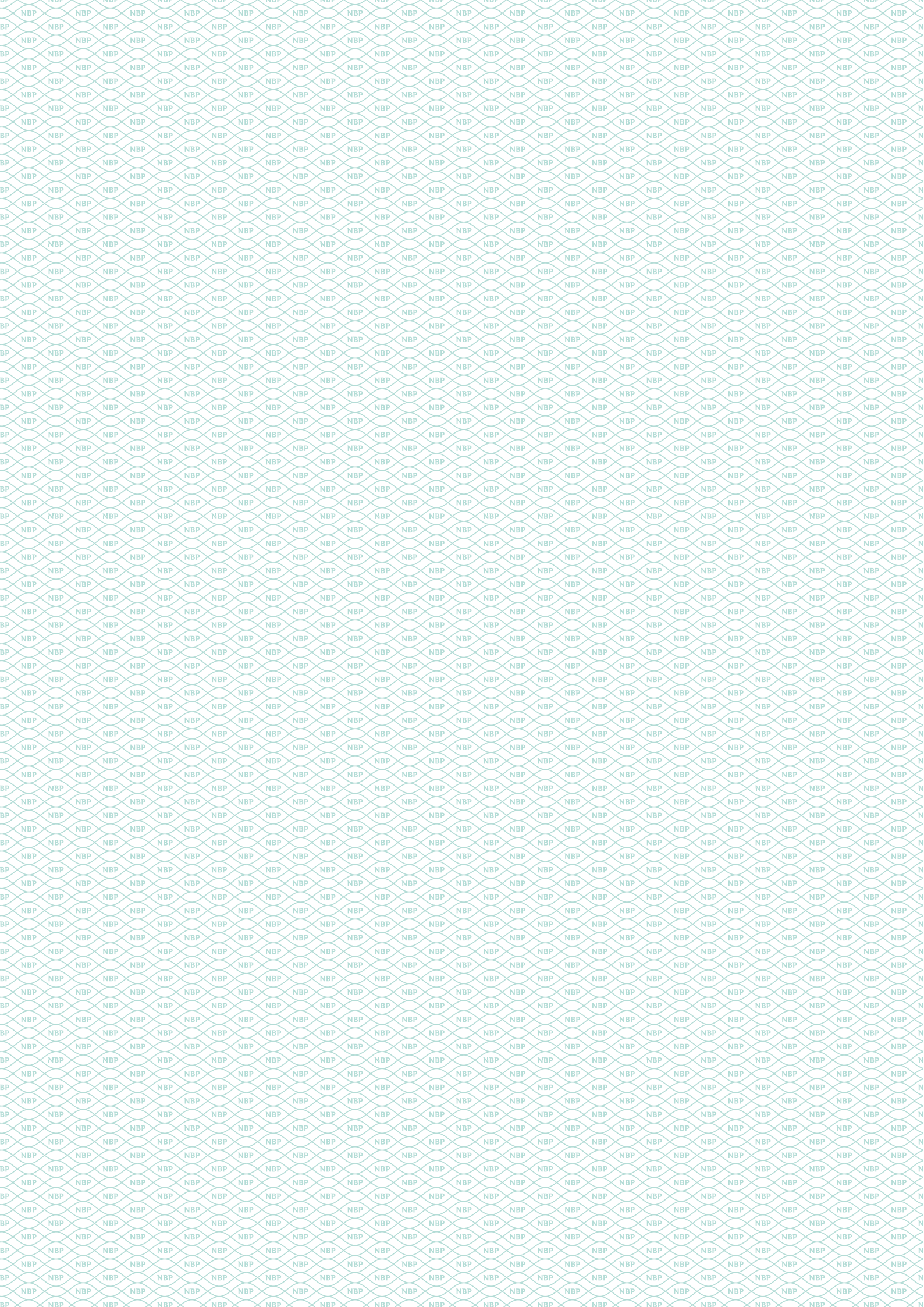
- Anna Jabłecka, Tomasz Jędrzejowicz, *Wpływ zmian inflacji na finanse publiczne i politykę fiskalną w Polsce.*

In 2015, the following papers were published in the NBP Working Paper series:

- Jakub Growiec, *On the modeling of size distributions when technologies are complex*
- Łukasz Goczek, Bartosz Witkowski, *Determinants of non-cash payments*
- Marta Widłak, Joanna Waszczuk, Krzysztof Olszewski, *Spatial and hedonic analysis of house price dynamics in Warsaw*
- Aurélien Leroy, Yannick Lucotte, *Structural and cyclical determinants of bank interest rate pass-through in Eurozone*
- Marcin Kacperczyk, Jaromir Nosal, Luminita Stevens, *Investor sophistication and capital income inequality*
- Michał Hulej, Grzegorz Grabek, *Output gap measure based on survey data*
- Jakub Growiec, *Isoelastic elasticity of substitution production functions*
- Luca Guerrieri, Matteo Iacoviello, *Collateral constraints and macroeconomic asymmetries*
- Piotr Ciżkowicz, Andrzej Rzońca, Rafał Trzeciakowski, *Membership in the euro area and fiscal sustainability. Analysis through panel fiscal reaction functions*
- Jacek Kotłowski, *Do central bank forecasts matter for professional forecasters?*
- Małgorzata Pawłowska, *Changes in the size and structure of the European Union banking sector – the role of competition between banks*
- Jacek Łaszek, Krzysztof Olszewski, *The behaviour of housing developers and aggregate housing supply*
- Anna Kosior, Michał Rubaszek, Kamil Wierus, *On the importance of the dual labour market for a country within a monetary union*
- Piotr Ciżkowicz, Magda Ciżkowicz-Pękała, Piotr Pękała, Andrzej Rzońca, *The effects of special economic zones on employment and investment: spatial panel modelling perspective*
- Grégory Levieuge, Yannick Lucotte, Sebastien Ringuede, *Central bank credibility and the expectations channel: evidence based on a new credibility index*
- Zuzanna Wośko, *Modelling credit growth in commercial banks with the use of data from Senior Loan Officers Opinion Survey*
- Jan Przystupa, Ewa Wróbel, *Modelling less developed emerging markets: the case of monetary transmission in Tunisia*

- Beata Bierut, Tomasz Chmielewski, Adam Głogowski, Andrzej Stopczyński, Sławomir Zajączkowski, *Implementing loan-to-value and debt-to-income ratios: learning from country experiences. The case of Poland*
- Karol Szafranek, *Financialisation of the commodity markets. Conclusions from the VARX DCC GARCH*
- Emanuel Gasteiger, *Do heterogeneous expectations constitute a challenge for policy interaction?*
- Piotr Ciżkowicz, Andrzej Rzońca, Andrzej Torój, *In search for appropriate lower bound. Zero lower bound vs. positive lower bound under discretion and commitment*
- Mariusz Kapuściński, *Monetary policy and financial asset prices in Poland*
- Hubert Bukowski, *Fiscal consolidation as a self-fulfilling prophecy on fiscal multipliers*
- Piotr Denderski, Wojciech Paczos, *Asymmetric financial integration bank ownership and monetary policy in emerging economies*
- Mateusz Pipień, Sylwia Roszkowska, *Quarterly estimates of regional GDP in Poland – application of statistical inference of functions of parameters*
- Małgorzata Skibińska, *What drives the labour wedge? A comparison between CEE countries and the euro area*
- Hamza Bennani, Etienne Farvaque, Piotr Stanek, *FOMC members' incentives to disagree: regional motives and background influences*
- Łukasz Gątarek, Marcin Wojtowicz, *The relation between sovereign credit default swap premium and banking sector risk in Poland*
- Aleksandra Hałka, Karol Szafranek, *Whose inflation is it anyway? The inflation spillovers between the euro area and small open economies*
- Aleksandra Hałka, *Lessons from the crisis. Did central banks do their homework?*
- Aleksandra Hałka, Grzegorz Szafranski, *What common factors are driving inflation in CEE countries?*
- Mateusz Pipień, Sylwia Roszkowska, *Returns to skills in Europe – same or different? The empirical importance of the systems of regressions approach*
- Michał Markun, Anna Mospan, *Stationarity and persistence of the term premia in the Polish money market*
- James Bullard, Jacek Suda, *The stability of macroeconomic systems with Bayesian learners*
- Małgorzata Pawłowska, *The impact of market structure and the business cycle on bank profitability: the role of foreign ownership. The case of Poland*







Appendix 7

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# **Voting records of MPC members on motions and resolutions**



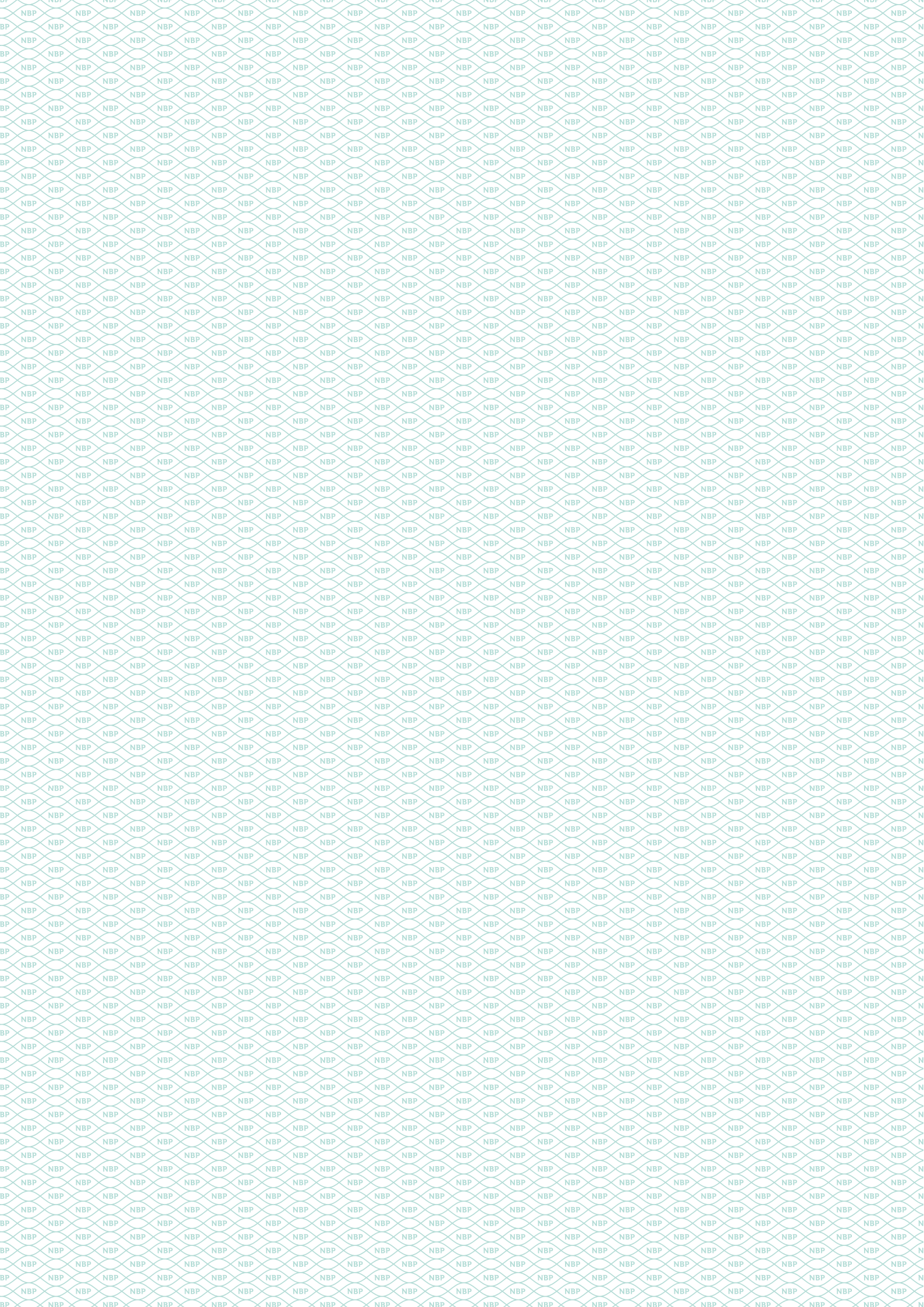
## Voting records of MPC members on motions and resolutions

Presented below are voting records of MPC members on motions and resolutions in 2015.

Date	Subject matter of motion or resolution	MPC decision:	Voting of the MPC members:	
			For	Against
14 January 2015	Motion to lower NBP interest rates by 1.0 percentage point.	Motion did not pass.	A. Bratkowski	M. Belka E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak E.J. Osiatyński A. Rzońca J. Winięcki A. Zielińska-Głębocka
14 January 2015	Motion to lower NBP interest rates by 0.25 percentage point.	Motion did not pass.	A. Bratkowski E.J. Osiatyński	M. Belka E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winięcki A. Zielińska-Głębocka
4 February 2015	Motion to lower NBP interest rates by 0.25 percentage point.	Motion did not pass.	A. Bratkowski E.J. Osiatyński	M. Belka E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak A. Rzońca J. Winięcki A. Zielińska-Głębocka
4 March 2015	Motion to lower NBP interest rates by 0.5 percentage point.	Motion was passed.	M. Belka A. Bratkowski E. Chojna-Duch J. Hausner E.J. Osiatyński A. Zielińska-Głębocka	A. Glapiński A. Kaźmierczak A. Rzońca J. Winięcki
4 March 2015	Motion to lower NBP interest rates by 0.25 percentage point.	Motion was not submitted for voting.		
4 March 2015	Resolution No. 1/2015 on the level of the reference rate, the interest rate on refinancing loans, the interest rate on term deposits and the rediscount rate at Narodowy Bank Polski.		M. Belka A. Bratkowski E. Chojna-Duch J. Hausner E.J. Osiatyński A. Zielińska-Głębocka	A. Glapiński A. Kaźmierczak A. Rzońca J. Winięcki
15 April 2015	Resolution No. 2/2015 on the approval of the Annual <i>Financial Statements of Narodowy Bank Polski as at 31 December 2014</i> .		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak E.J. Osiatyński A. Rzońca J. Winięcki A. Zielińska-Głębocka	

## 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 May 2015	Resolution No. 3/2015 on the approval of the <i>Report on Monetary Policy Implementation in 2014</i> .		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak E.J. Osiatyński A. Rzońca J. Winiecki A. Zielińska-Głębocka	
5 May 2015	Resolution No. 4/2015 on the evaluation of the activities of NBP Management Board as regards the implementation of the <i>Monetary Policy Guidelines for 2014</i> .		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak E.J. Osiatyński A. Rzońca J. Winiecki A. Zielińska-Głębocka	
19 May 2015	Resolution No. 5/2015 on the approval of the <i>Report on the Operations of Narodowy Bank Polski in 2014</i> .		M. Belka A. Bratkowski E. Chojna-Duch J. Hausner A. Kaźmierczak E.J. Osiatyński J. Winiecki A. Zielińska-Głębocka	
			A. Glapiński and A. Rzońca were absent.	
7 July 2015	Resolution No. 1/DRF/2015 of 7 July 2015 on the appointment of a certified auditor to audit the annual financial statements of NBP for the financial years 2015 and 2016.		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak E.J. Osiatyński A. Rzońca J. Winiecki	
			A. Zielińska-Głębocka was absent.	
15 September 2015	Resolution No. 6/2015 of 15 September 2015 on the setting of the <i>Monetary Policy Guidelines for 2016</i> .		M. Belka A. Bratkowski E. Chojna-Duch J. Hausner A. Kaźmierczak A. Rzońca J. Winiecki A. Glapiński	
			E.J. Osiatyński and A. Zielińska-Głębocka were absent.	
1 December 2015	Resolution No. 7/2015 of 1 December 2015 on the approval of the <i>Financial Plan of Narodowy Bank Polski for 2016</i> .		M. Belka A. Bratkowski E. Chojna-Duch A. Glapiński J. Hausner A. Kaźmierczak E.J. Osiatyński A. Rzońca J. Winiecki A. Zielińska-Głębocka	



Appendix 8

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**Condensed financial statements  
of NBP as at 31 December 2015  
and independent auditor's opinion**





## Balance sheet of NBP as at 31 December 2015

Assets	Note	31.12.2014	31.12.2015
		<i>PLN thousand</i>	
1. Gold and gold receivables	1	13,918,505.3	13,713,371.9
2. Claims on non-residents denominated in foreign currency		338,369,553.3	356,610,371.8
2.1. <i>Receivables from the IMF</i>	2	8,437,237.1	7,742,741.0
2.2. <i>Balances with foreign institutions, securities, loans granted and other foreign assets</i>	3	329,932,316.2	348,867,630.8
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	271.3	181,000.9
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		1,316,827.2	1,667,611.9
10.1. <i>Tangible and intangible fixed assets</i>	5	894,666.0	884,890.1
10.2. <i>Other financial assets</i>	6	193,493.4	272,239.2
10.3. <i>Off-balance-sheet instruments revaluation differences</i>	7	38,829.6	325,079.1
10.4. <i>Accruals and prepaid expenses</i>	8	16,217.7	39,896.4
10.5. <i>Sundry</i>	9	173,620.5	145,507.1
<b>Total assets</b>		<b>353,605,157.1</b>	<b>372,172,356.5</b>



Liabilities	Note	31.12.2014	31.12.2015
		PLN thousand	
1. Banknotes and coins in circulation	10	142,928,806.0	163,225,778.0
2. Liabilities to other domestic monetary financial institutions related to monetary policy operations denominated in domestic currency	11	133,620,004.4	123,346,018.8
2.1. Current accounts (incl. the required minimum reserve accounts)		47,218,516.7	48,666,911.2
2.2. Deposit facilities		1,740,047.7	558,107.6
2.3. Fixed-interest deposits		0.0	0.0
2.4. Other monetary policy operations		84,661,440.0	74,121,000.0
3. Other liabilities to other domestic monetary financial institutions denominated in domestic currency	12	166,764.2	132,707.9
4. Liabilities to other residents denominated in domestic currency	13	4,397,053.4	5,942,232.8
4.1. Liabilities to general government		4,380,658.1	5,917,451.3
4.2. Other liabilities		16,395.3	24,781.5
5. Liabilities to non-residents denominated in domestic currency	14	334,379.3	2,245,968.9
6. Liabilities to residents denominated in foreign currency	15	17,077,974.6	10,056,776.7
7. Liabilities to non-residents denominated in foreign currency	16	13,373,829.9	12,043,802.7
8. Liabilities to the IMF	17	6,623,949.5	7,057,646.7
9. Items in course of settlement		0.0	0.0
10. Other liabilities		318,729.5	573,365.8
10.1. Off-balance-sheet instruments revaluation differences	18	233.1	50,463.8
10.2. Accruals and deferred income	19	195,261.9	126,864.6
10.3. Sundry	20	123,234.5	396,037.4
11. Provisions for future liabilities	21	163,958.6	133,267.4
12. Revaluation accounts	22	34,573,585.7	36,645,364.5
13. Capital and reserves	23	11,484,033.7	13,701,557.1
13.1. Statutory fund		1,500,000.0	1,500,000.0
13.2. Reserve fund		1,243,645.5	993,645.5
13.3. Reserves		8,740,388.2	11,207,911.6
14. Financial result	24	-11,457,911.7	-2,932,130.8
14.1. Financial result for the current year		0.0	8,275,780.8
14.2. Loss of previous years		-11,457,911.7	-11,207,911.6
<b>Total liabilities</b>		<b>353,605,157.1</b>	<b>372,172,356.5</b>

Director of the Accounting  
and Finance Department  
of Narodowy Bank Polski:  
/-/ Krzysztof Kruszewski

Management Board  
of Narodowy Bank Polski:

/-/ Marek Belka  
/-/ Piotr Wiesiołek  
/-/ Anna Trzecińska  
/-/ Jacek Bartkiewicz  
/-/ Adam Glapiński  
/-/ Ryszard Kokoszcyński  
/-/ Andrzej Raczek  
/-/ Paweł Samecki  
/-/ Katarzyna Zajdel-Kurowska

Warsaw, 24 March 2016

## Profit and loss account of NBP for the year ended 31 December 2015

	Note	2014	2015
		PLN thousand	
1. Net result on interest, discount and premium		-355,097.3	1,050,878.0
1.1. Interest, discount and premium income	29	5,965,143.5	6,288,696.5
1.2. Interest, discount and premium expenses	30	6,320,240.8	5,237,818.5
2. Net result on financial operations		1,354,585.1	8,233,082.8
2.1. Income on financial operations	31	6,897,433.2	15,232,622.6
2.2. Expenses on financial operations	32	628,051.5	2,439,268.0
2.3. Unrealised losses	33	870,696.0	2,092,748.4
2.4. Income on transfers from risk provisions and on reversal of write-downs on financial assets		0.0	0.0
2.5. Expenses on transfers to risk provisions and on write-downs on financial assets	34	4,044,100.6	2,467,523.4
3. Net result on fees and commissions		145.6	4,547.5
3.1. Fees and commissions income	35	34,919.0	37,138.5
3.2. Fees and commissions expenses	36	34,773.4	32,591.0
4. Income on shares and participating interests	37	9,688.4	11,284.0
5. Other income	38	175,323.4	104,230.2
<b>A. Total net income [1+2+3+4+5]</b>		<b>1,184,645.2</b>	<b>9,404,022.5</b>
6. Salaries and social contributions	39	483,021.5	464,529.7
7. Administrative expenses	40	303,723.4	239,671.2
8. Depreciation and amortisation expenses	41	80,897.3	81,121.8
9. Expenses on issue of banknotes and coins	42	290,786.9	311,340.4
10. Other expenses	43	26,216.1	31,578.6
<b>B. Financial result for the current year [A-6-7-8-9-10]</b>	44	<b>0.0</b>	<b>8,275,780.8</b>

Director of the Accounting  
and Finance Department  
of Narodowy Bank Polski:  
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/-/ Ryszard Kokoszczczyński  
/-/ Andrzej Raczko  
/-/ Paweł Samecki  
/-/ Katarzyna Zajdel-Kurowska

Warsaw, 24 March 2016

# Condensed notes

## 1. Introduction

The summary financial statements of Narodowy Bank Polski (hereinafter referred to as "NBP") have been prepared based on the audited annual financial statements of NBP as at 31 December 2015 and include:

- Balance sheet of NBP as at 31 December 2015,
- profit and loss account of NBP for the year ended 31 December 2015,
- condensed notes, including an introduction to the summary financial statements of NBP and selected explanatory notes.

The summary financial statements of NBP have been prepared in compliance with the requirements set forth in Resolution No. 45/2013 of the Management Board of Narodowy Bank Polski of 12 December 2013 on performing tasks in the area of accounting at Narodowy Bank Polski, as amended. The summary financial statements include necessary information at the level of aggregation ensuring a reliable presentation of financial position of NBP. For the full understanding of financial position of NBP, the summary financial statements of NBP should be read in conjunction with the audited annual financial statements of NBP.

The audited annual financial statements of NBP, together with the auditor's opinion and the long-form auditor's report, are published on the NBP website.

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

In accordance with Article 227 para. 1 of the Constitution of the Republic of Poland NBP is the central bank of the State. It has the exclusive right to issue money as well as to formulate and implement monetary policy. NBP is responsible for the value of Polish currency.

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

- the Act of 29 August 1997 on Narodowy Bank Polski (Journal of Laws of 2013, item 908, as amended), hereinafter referred to as the "Act on NBP",
- the Act of 29 August 1997 – Banking Law (Journal of Laws of 2015, item 128, as amended),
- the Treaty on European Union and the Treaty on the functioning of the European Union (consolidated texts: Journal of Laws of the EU 2012 C 326 of 26 October 2012, p. 1).

Pursuant to Article 2 of the Act on NBP, 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.

In accordance with the Act on NBP, 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 financial system,
- acting with the aim of eliminating or mitigating systemic risk in the 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 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).

The composition of NBP bodies as at 31 December 2015 was as follows:

### **President of NBP**

*Marek Belka*

### **Monetary Policy Council<sup>1</sup>**

<b>Chairperson</b>	<i>Marek Belka</i>		
<b>Members</b>	<i>Andrzej Bratkowski</i>	<i>Jerzy Hausner</i>	<i>Andrzej Rzońca</i>
	<i>Elżbieta Chojna-Duch</i>	<i>Andrzej Kaźmierczak</i>	<i>Jan Winiecki</i>
	<i>Adam Glapiński</i>	<i>Jerzy Osiatyński</i>	<i>Anna Zielińska-Głębocka</i>

### **Management Board of NBP<sup>2</sup>**

<b>Chairperson</b>	<i>Marek Belka</i>		
<b>Vice President of NBP - First Deputy President of NBP</b>	<i>Piotr Wiesiołek</i>		
<b>Vice President of NBP</b>	<i>Anna Trzecińska</i>		
<b>Members</b>	<i>Jacek Bartkiewicz</i>	<i>Ryszard Kokoszczyński</i>	<i>Paweł Samecki</i>
	<i>Eugeniusz Gatnar</i>	<i>Andrzej Raczek</i>	<i>Katarzyna Zajdel-Kurowska</i>

<sup>1</sup> In January and February 2016, the terms of office of the following Council members ended:

- as at 20 January 2016 – Andrzej Bratkowski and Elżbieta Chojna-Duch,
- as at 24 January 2016 – Jerzy Hausner, Andrzej Rzońca and Jan Winiecki,
- as at 9 February 2016 – Anna Zielińska-Głębocka,
- as at 19 February 2016 – Adam Glapiński and Andrzej Kaźmierczak.

Therefore, the following Council members were appointed for a six-year term of office starting:

- as of 25 January 2016 – Marek Chrzanowski, Eugeniusz Gatnar and Jerzy Kropiwnicki,
- as of 9 February 2016 – Grażyna Ancyparowicz and Eryk Łon,
- as of 20 February 2016 – Łukasz Hardt and Kamil Zubelewicz.

<sup>2</sup> The term of office of Małgorzata Zaleska – member of the Management Board of NBP ended on 3 August 2015.

As of 4 August 2015, Ryszard Kokoszczyński was appointed as member of the Management Board of NBP.

As of 22 January 2016, Eugeniusz Gatnar was released from the duties of member of the Management Board of NBP, in relation with the submitted resignation.

As of 1 March 2016, Adam Glapiński was appointed as member of the Management Board of NBP.

## **1.2. Legal basis of preparation of the financial statements**

The financial statements of NBP as at 31 December 2015 were prepared on the basis of the following provisions:

- the Act on 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. 45/2013 of the Management Board of Narodowy Bank Polski of 12 December 2013 on performing tasks in the area of accounting at Narodowy Bank Polski, as amended.

## **1.3. Period covered by the financial statements**

The financial statements cover the calendar year from 1 January 2015 to 31 December 2015. Comparable data in the financial statements cover the calendar year from 1 January 2014 to 31 December 2014.

## **1.4. Certified auditor and its selection**

The annual financial statements of NBP prepared as at 31 December 2015 are subject to audit and evaluation by the certified auditor Ernst & Young Audyt Polska sp. z o.o. sp. k., with its registered office in Warsaw. The certified auditor was appointed by the Monetary Policy Council, hereinafter referred to as the "MPC", in 2015 in accordance with Article 69 para. 1 of the Act on 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 2013, item 907, as amended), for a period of two years (audit of the financial statements for the years 2015 and 2016).

## **1.5. Information on the adoption and approval of NBP financial statements for the year 2014**

The annual financial statements of NBP prepared as at 31 December 2014 were adopted by the MPC by Resolution No. 2/2015 on 15 April 2015 and approved by the Council of Ministers by Resolution No. 140/2015 on 10 August 2015. 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 prepared as at 31 December 2014, NBP recorded a zero financial result. Consequently, in 2015 NBP did not pay a contribution from profit to the State budget.



## 2. Description of significant accounting principles

### 2.1. Basic accounting principles

The accounting principles, applied by NBP on the basis of the legal regulations listed in point 1.2. of the Introduction to the financial statements, 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 the financial statements of NBP:

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

### 2.2. Going concern

NBP financial statements were prepared under the assumption of the going concern. In accordance with Article 58 of the Act on 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, the following rules are applied:

- 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 recognised in the profit and loss account at the end of each operating day.<sup>3</sup>

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. The prices of an ounce of gold expressed in USD are translated into domestic currency according to the average NBP exchange rate of the USD 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.

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<sup>3</sup> 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,
- interest on initial margins related to futures, which is recognised in the financial result on the payment date.

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 an ounce of gold, translated into domestic currency according to the average NBP exchange rate of the USD 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 average NBP exchange rate effective as at the date of the economic event or at the average NBP 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 average 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 Right (SDR) is 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 SDRs 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 (as discount income or premium expenses, respectively) 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 (as interest income) 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 participating interests**

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

- non-marketable shares and participating interests – 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 the nominal value of banknotes and coins issued, decreased by the 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 (as discount expenses or premium income, respectively) 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 (as interest expenses) 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/amortised 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 periods of use for particular groups of tangible and intangible fixed assets prevailing as at 31 December 2015.

Tangible assets	Periods of use (in months)
Land	Unlimited
<i>including: right to 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	48-240
Specialist machines, devices and appliances	86-192
Technical devices	36-300
Vehicles	72-180
Tools, technical instruments, movables and equipment	60-240
<i>including: objects of art, museum exhibits, collector objects</i>	Unlimited
Intangible assets	Periods of use (in months)
Copyrights, including the rights related to inventions, trademarks, utility and industrial designs	120
IT software licences	72 or 144
IT software developed by NBP	120

In specific cases, individual periods of use are adopted for tangible and intangible fixed assets.

Periods of use of tangible and intangible fixed assets are verified each financial year.

In the case of tangible and intangible fixed assets with a low initial value, i.e. below PLN 3.5 thousand, depreciation/amortisation is made on a one-off basis, in the amount equal to their initial value, at the end of the month when the assets were made available for use.



Tangible and intangible fixed assets are subject to periodical (at least as at the balance sheet date) review to verify if material indications of impairment have occurred, which would require recognising (increasing) an impairment loss, or if indications of impairment have ceased, which would require reversing (decreasing) an impairment loss.

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

### **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 full or partial 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 Chapter 9.1.4).

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.

#### **2.5.17. Futures**

Futures transactions are recognised on off-balance-sheet accounts, from the trade date to the settlement date, at nominal value of the purchased or sold underlying instrument.

The initial margin related to futures, deposited in cash, is recognised on balance sheet accounts as an asset. The initial margin deposited in securities does not change their holding.

Daily changes in market prices of futures are recognised in the financial result on a daily basis, including the day of closing the open position in futures.

If, on the closing day of the open position in futures, the actual supply of the underlying instrument takes place, its purchase or sale is recognised at a market price.

## **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 2015, 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 (see Chapter 9.1.4). 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 foreign currency revaluation gains. 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.

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),
- the periods of use of tangible and intangible fixed assets,
- the amount of asset impairment,
- accruals and prepaid expenses.

## 5. Explanatory notes to balance sheet

### Note 1 Gold and gold receivables

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Gold stored at NBP	661,255.2	651,497.4	-9,757.8
Gold on accounts with foreign banks, of which	13,257,250.1	13,061,874.5	-195,375.6
- <i>current accounts in gold</i>	1,545.5	3,402.7	1,857.2
- <i>term deposits in gold</i>	13,255,704.6	13,058,471.8	-197,232.8
<b>Total</b>	<b>13,918,505.3</b>	<b>13,713,371.9</b>	<b>-205,133.4</b>
<i>of which currency revaluation differences</i>	9,580,871.8	9,374,594.8	-206,277.0

<i>Thousands of ounces</i>	31.12.2014	31.12.2015	Change
Gold stored at NBP	157.2	157.2	0.0
Gold on accounts with foreign banks, of which	3,152.0	3,152.0	0.0
- <i>current accounts in gold</i>	0.4	0.8	0.4
- <i>term deposits in gold</i>	3,151.6	3,151.2	-0.4
<b>Total</b>	<b>3,309.2</b>	<b>3,309.2*</b>	<b>0.0</b>

\* which corresponds to the weight of 102.9 tons.

Gold is held at NBP and at the Bank of England.

Gold held at the Bank of England is:

- held on the current account in the Bank of England,
- invested in term deposit transactions with foreign banks and central banks; interest on term deposits in gold is accrued and paid in USD (see Note 3 and Note 29).

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

## Note 2 Receivables from the IMF

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Reserve tranche	1,842,983.0	1,249,943.4	-593,039.6
Current account with the IMF	5,012,458.8	5,121,205.3	108,746.5
Term deposit with the IMF	35,912.2	38,263.5	2,351.3
Loans extended to the IMF	1,545,883.1	1,333,328.8	-212,554.3
<b>Total</b>	<b>8,437,237.1</b>	<b>7,742,741.0</b>	<b>-694,496.1</b>
<i>of which currency revaluation differences</i>	720,978.8	962,663.9	241,685.1

<i>SDR thousand</i>	31.12.2014	31.12.2015	Change
Reserve tranche	363,020.6	231,077.3	-131,943.3
Current account with the IMF	987,326.4	946,758.4	-40,568.0
Term deposit with the IMF	7,073.8	7,073.8	0.0
Loans extended to the IMF	304,499.5	246,492.8	-58,006.7
<b>Total</b>	<b>1,661,920.3</b>	<b>1,431,402.3</b>	<b>-230,518.0</b>

The item comprises SDR-denominated:

- reserve tranche corresponding to the Republic of Poland's member quota in the International Monetary Fund (IMF) reduced by liabilities due to the account in domestic currency operated by NBP for the IMF (so-called No. 1 Account).

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
<i>Member quota in the IMF</i>	8,335,326.1	9,226,226.1	890,900.0
<i>No. 1 Account of the IMF</i>	-6,492,343.1	-7,976,282.7	-1,483,939.6
<b>Reserve tranche</b>	<b>1,842,983.0</b>	<b>1,249,943.4</b>	<b>-593,039.6</b>

<i>SDR thousand</i>	31.12.2014	31.12.2015	Change
<i>Member quota in the IMF</i>	1,688,400.0	1,688,400.0	0.0
<i>No. 1 Account of the IMF</i>	-1,325,379.4	-1,457,322.7	-131,943.3
<b>Reserve tranche</b>	<b>363,020.6</b>	<b>231,077.3</b>	<b>-131,943.3</b>

The quota in the IMF of each member country is determined on the basis of selected macroeconomic indicators and paid in full amount (in domestic currency and in foreign currencies). The size of member quota determines for a given country, among others, the number of its voting rights in the IMF, the assigned amount of SDR allocation and the limits of



loans granted to that country. The Republic of Poland's member quota in the IMF prevailing as at 31 December 2015 was set in 2011 (see Note 46).

The funds accumulated in No. 1 Account of the IMF are used by the IMF under the quarterly Financial Transaction Plans (FTP). The funds are exchanged for foreign currency and transferred to member states - IMF borrowers (which results in an increase in reserve tranche). On the other hand, loan repayments made by IMF borrowers in foreign currencies are exchanged for the domestic currency and credited to No. 1 Account of the IMF (which results in a decrease in reserve tranche),

- current account with the IMF on which funds received due to SDR allocation are maintained (see Note 17) and settlements arising from interest and fees on balances and transactions related to the IMF are made,
- the non-interest-bearing NBP term deposit in the PRG-HIPC Trust (Poverty Reduction and Growth – Heavily Indebted Poor Countries Initiative), administered by the IMF,
- loans in foreign currency extended to the IMF under the New Arrangements to Borrow (NAB) (see Note 27).

Reserve tranche (except for the non-interest bearing part, which is fixed and amounts to SDR 56,236.0 thousand), the funds accumulated on the current account with the IMF and loans extended to the IMF are remunerated on the basis of the interest rate determined by the IMF.

The decrease in the item in the original currency was due to a reduction of:

- the reserve tranche, which resulted from:
  - transactions executed under FTP – repayments made by member states in favour of the IMF to No. 1 Account of the IMF operated by NBP (SDR 140,000.0 thousand) exceeded the amounts of payments in favour of member states made by the IMF from this account (SDR 8,000.0 thousand),
  - crediting No. 2 Account of the IMF (see Note 14) with the funds from No. 1 Account of the IMF (SDR 56.7 thousand),
- receivables due to loans extended to the IMF under NAB, which resulted from the partial repayment of the debt towards NBP by the IMF (SDR 102,200.0 thousand), with a simultaneous transfer by NBP in 2015 of subsequent payments under NAB (SDR 44,200.0 thousand) and decrease in the interest accrued (by SDR 6.7 thousand),
- the balance of the current account with the IMF, which was a result of settlements of interest and fees with the IMF.

The domestic currency value of the item was also affected by the currency revaluation of SDR (see Note 22).

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

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Current accounts in foreign currency, of which:	6,562,775.3	2,847,147.0	-3,715,628.3
- <i>current account with the ECB for settlements in the TARGET2 system</i>	412,374.6	1,162,185.5	749,810.9
Term deposits in foreign currency	31,072,016.2	34,718,174.9	3,646,158.7
Reverse repo transactions in foreign currency	13,223,762.9	11,908,632.8	-1,315,130.1
Securities denominated in foreign currency, of which:	278,948,631.1	299,263,199.9	20,314,568.8
- <i>discount securities</i>	48,389,561.3	31,953,191.3	-16,436,370.0
- <i>interest-bearing securities</i>	230,559,069.8	267,310,008.6	36,750,938.8
Foreign banknotes and coins in stock	124,138.5	126,274.5	2,136.0
Other claims in foreign currency, of which	992.2	4,201.7	3,209.5
- <i>initial margins related to bond futures denominated in foreign currency</i>	378.8	0.0	-378.8
- <i>interest on term deposits in gold</i>	613.4	4,201.7	3,588.3
<b>Total</b>	<b>329,932,316.2</b>	<b>348,867,630.8</b>	<b>18,935,314.6</b>
<i>of which</i>			
- <i>currency revaluation differences</i>	21,158,239.6	23,492,133.7	2,333,894.1
- <i>price revaluation differences</i>	2,776,390.5	1,100,632.3	-1,675,758.2

The item comprises mostly the main investment instruments of foreign currency reserves in USD, EUR, GBP, AUD, NOK and NZD, that is: securities (discount securities and fixed-interest-rate securities), term deposits, and reverse repo transactions. In addition, in 2015 NBP continued investing in government securities denominated in the currencies of developing countries (Brazilian real – BRL, Mexican peso – MXN).

Investment instruments of foreign currency reserves by foreign currency are presented below.

31.12.2014	Term deposits	Reverse repo transactions	Securities	Total
<i>PLN thousand</i>				
USD	2,486,604.8	283,316.3	105,405,105.9	108,175,027.0
EUR	11,631,822.4	0.0	91,036,657.4	102,668,479.8
GBP	1,061,810.6	12,940,446.6	34,362,458.2	48,364,715.4
AUD	787,626.4	0.0	29,166,555.6	29,954,182.0
NOK	10,771,341.8	0.0	9,637,853.8	20,409,195.6
NZD	4,332,810.2	0.0	4,753,217.7	9,086,027.9
BRL	0.0	0.0	1,532,371.5	1,532,371.5
MXN	0.0	0.0	3,054,411.0	3,054,411.0
<b>Total</b>	<b>31,072,016.2</b>	<b>13,223,762.9</b>	<b>278,948,631.1</b>	<b>323,244,410.2</b>

31.12.2015	Term deposits	Reverse repo transactions	Securities	Total
<i>PLN thousand</i>				
USD	3,592,972.5	1,729,978.1	125,708,831.1	131,031,781.7
EUR	8,556,728.5	0.0	88,164,335.8	96,721,064.3
GBP	627,224.1	10,178,654.7	37,868,205.4	48,674,084.2
AUD	3,025,482.8	0.0	29,906,633.4	32,932,116.2
NOK	13,386,781.0	0.0	9,105,322.7	22,492,103.7
NZD	5,528,986.0	0.0	4,294,194.6	9,823,180.6
BRL	0.0	0.0	1,209,449.3	1,209,449.3
MXN	0.0	0.0	3,006,227.6	3,006,227.6
<b>Total</b>	<b>34,718,174.9</b>	<b>11,908,632.8</b>	<b>299,263,199.9</b>	<b>345,890,007.6</b>

All securities in foreign currency purchased by NBP are marketable securities and are valued according to average market prices. Neither on 31 December 2014 nor on 31 December 2015 did NBP hold securities classified as held-to-maturity.

The increase in the item was mainly the result of an increase in the holding of USD denominated securities, with a simultaneous decrease in NBP exposure to EUR denominated investment instruments. Furthermore, the change in the item was influenced by currency and price revaluations (see Note 22 and Note 33).

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

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Credits and loans granted in domestic currency	0.0	180,576.7	180,576.7
Interest for non-compliance with the obligation to maintain the required minimum reserve	246.4	420.9	174.5
Other claims in domestic currency	24.9	3.3	-21.6
<b>Total</b>	<b>271.3</b>	<b>181,000.9</b>	<b>180,729.6</b>

As at 31 December 2015, the item comprised:

- claims on a domestic bank due to a refinancing loan for the restoration of bank's liquidity granted in 2015,
- claims on the credit union due to interest for non-compliance with the obligation to maintain the required minimum reserve,
- claims on domestic banks due to the settlements related to the deliveries of domestic coins and notes.

#### Note 5 Tangible and intangible fixed assets

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Gross tangible fixed assets	1,839,983.0	1,729,351.8	-110,631.2
Depreciation	-1,010,035.0	-906,730.0	103,305.0
Impairment	-27,014.0	-26,673.4	340.6
<i>Net tangible fixed assets</i>	<i>802,934.0</i>	<i>795,948.4</i>	<i>-6,985.6</i>
Gross intangible fixed assets	390,924.2	406,205.1	15,280.9
Amortisation	-299,183.3	-317,254.5	-18,071.2
Impairment	-8.9	-8.9	0.0
<i>Net intangible fixed assets</i>	<i>91,732.0</i>	<i>88,941.7</i>	<i>-2,790.3</i>
<b>Total</b>	<b>894,666.0</b>	<b>884,890.1</b>	<b>-9,775.9</b>

As at 31 December 2015, similarly as at 31 December 2014, the balance sheet value of the item comprised mainly real estates, machines, devices and IT software.

## Note 6 Other financial assets

PLN thousand	31.12.2014	31.12.2015	Change
Shares and participating interests in domestic entities, of which	53,848.9	128,848.9	75,000.0
- Shares in Krajowy Depozyt Papierów Wartościowych S.A.	51,708.1	51,708.1	0.0
- Shares in Krajowa Izba Rozliczeniowa S.A.	312.5	75,312.5	75,000.0
- Participating interests in Bazy i Systemy Bankowe Sp. z o.o.	1,820.0	1,820.0	0.0
- Participating interests in housing cooperatives	8.3	8.3	0.0
Shares and participating interests in foreign entities, of which	139,644.5	143,390.3	3,745.8
- Shares in the Bank for International Settlements	50,768.0	54,092.0	3,324.0
- Participating interests in S.W.I.F.T.	236.9	675.4	438.5
- Participating interests in the European Central Bank	88,639.6	88,622.9	-16.7
<b>Total</b>	<b>193,493.4</b>	<b>272,239.2</b>	<b>78,745.8</b>
of which currency revaluation differences	6,350.2	8,373.1	2,022.9

The increase in the item was mainly a result of the purchase by NBP of additional shares in the National Clearing House [Krajowa Izba Rozliczeniowa S.A., KIR S.A.] in 2015 for the price of PLN 75,000.0 thousand (3,125 shares).

The participation of NBP in domestic entities is presented below.

Participation of NBP in domestic entities

Entity	Share capital (PLN thousand)		Nominal price per share (PLN thousand)		Number of shares held by NBP		NBP's participation in the share capital (%)	
	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015
Krajowy Depozyt Papierów Wartościowych S.A.	21,000.0	21,000.0	1.0	1.0	7,000	7,000	33.33%	33.33%
Krajowa Izba Rozliczeniowa S.A.	5,445.0	5,445.0	0.5	0.5	625	3,750	5.74%	34.44%
Bazy i Systemy Bankowe Sp. z o.o.	10,000.0	10,000.0	10.0	10.0	1,000	1,000	100.00%	100.00%

The participation of NBP in foreign entities was as follows:

- shares of the Bank for International Settlements (BIS).  
As at 31 December 2014 and 31 December 2015, NBP held 8,000 shares that translate into the same number of votes. 25% of the nominal value of shares (the nominal value of 1 share amounts to SDR 5.0 thousand) was paid up, which totals SDR 10,000.0 thousand. The share of NBP in the share capital of BIS amounts to 1.43%.
- participating interests in S.W.I.F.T.  
As at 31 December 2014, NBP held 23 shares. As a result of the share re-allocation in 2015, NBP took up additional 30 shares (in the amount of EUR 102.9 thousand) and as of 31 December 2015

it had a total of 53 shares (in the amount of EUR 158.5 thousand) of the total number of 110,251 shares.

- participating interests in the European Central Bank.  
Since 1 May 2004, i.e. the day of Poland's accession to the European Union, NBP has had participating interest in the ECB's capital. As at 31 December 2015, the amount of the capital paid up by NBP to the ECB was PLN 88,622.9 thousand (EUR 20,796.2 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 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). The subscription key of the ECB capital is adjusted every five years, as well as at the time a new country joins the European Union. The last adjustment of the key took place on 1 January 2014. As a result, the share of NBP in the ECB's subscribed capital increased from 4.8581% to 5.1230%, which corresponded to the increase in participating interest from EUR 525,889.7 thousand to EUR 554,565.1 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. As a result of the last adjustment of ECB's capital subscription key on 1 January 2014, the share of NBP in paid-up capital increased from EUR 19,720.9 thousand to EUR 20,796.2 thousand. Upon entry of Poland 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 533,768.9 thousand.



As at the end of 2014 and 2015, the weightings in the capital subscription key, and the amounts of capital subscribed and capital paid up by individual national central banks of the ESCB were as follows:

in EUR	Capital subscription key		Subscribed capital		Paid-up capital	
	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015
Oesterreichische Nationalbank	1.9631%	1.9631%	212,505,713.78	212,505,713.78	212,505,713.78	212,505,713.78
Nationale Bank van België/ Banque Nationale de Belgique	2.4778%	2.4778%	268,222,025.17	268,222,025.17	268,222,025.17	268,222,025.17
Central Bank of Cyprus	0.1513%	0.1513%	16,378,235.70	16,378,235.70	16,378,235.70	16,378,235.70
Eesti Pank	0.1928%	0.1928%	20,870,613.63	20,870,613.63	20,870,613.63	20,870,613.63
Suomen Pankki	1.2564%	1.2564%	136,005,388.82	136,005,388.82	136,005,388.82	136,005,388.82
Banque de France	14.1792%	14.1792%	1,534,899,402.41	1,534,899,402.41	1,534,899,402.41	1,534,899,402.41
Bank of Greece	2.0332%	2.0332%	220,094,043.74	220,094,043.74	220,094,043.74	220,094,043.74
Banco de España	8.8409%	8.8409%	957,028,050.02	957,028,050.02	957,028,050.02	957,028,050.02
De Nederlandsche Bank	4.0035%	4.0035%	433,379,158.03	433,379,158.03	433,379,158.03	433,379,158.03
Central Bank of Ireland	1.1607%	1.1607%	125,645,857.06	125,645,857.06	125,645,857.06	125,645,857.06
Lietuvos bankas*	-	0.4132%	-	44,728,929.21	-	44,728,929.21
Banque centrale du Luxembourg	0.2030%	0.2030%	21,974,764.35	21,974,764.35	21,974,764.35	21,974,764.35
Latvijas Banka	0.2821%	0.2821%	30,537,344.94	30,537,344.94	30,537,344.94	30,537,344.94
Central Bank of Malta	0.0648%	0.0648%	7,014,604.58	7,014,604.58	7,014,604.58	7,014,604.58
Deutsche Bundesbank	17.9973%	17.9973%	1,948,208,997.34	1,948,208,997.34	1,948,208,997.34	1,948,208,997.34
Banco de Portugal	1.7434%	1.7434%	188,723,173.25	188,723,173.25	188,723,173.25	188,723,173.25
Národná banka Slovenska	0.7725%	0.7725%	83,623,179.61	83,623,179.61	83,623,179.61	83,623,179.61
Banka Slovenije	0.3455%	0.3455%	37,400,399.43	37,400,399.43	37,400,399.43	37,400,399.43
Banca d'Italia	12.3108%	12.3108%	1,332,644,970.33	1,332,644,970.33	1,332,644,970.33	1,332,644,970.33
<i>National central banks in the euro area total</i>	<i>69.9783%</i>	<i>70.3915%</i>	<i>7,575,155,922.19</i>	<i>7,619,894,851.40</i>	<i>7,575,155,922.19</i>	<i>7,619,894,851.40</i>
Българска национална банка (Bulgarian National Bank)	0.8590%	0.8590%	92,986,810.73	92,986,810.73	3,487,005.40	3,487,005.40
Croatian National Bank	0.6023%	0.6023%	65,199,017.58	65,199,017.58	2,444,963.16	2,444,963.16
Česká národní banka	1.6075%	1.6075%	174,011,988.64	174,011,988.64	6,525,449.57	6,525,449.57
Danmarks Nationalbank	1.4873%	1.4873%	161,000,330.15	161,000,330.15	6,037,512.38	6,037,512.38
Lietuvos bankas*	0.4132%	-	44,728,929.21	-	1,677,334.85	-
<b>Narodowy Bank Polski</b>	<b>5.1230%</b>	<b>5.1230%</b>	<b>554,565,112.18</b>	<b>554,565,112.18</b>	<b>20,796,191.71</b>	<b>20,796,191.71</b>
Banca Națională a României	2.6024%	2.6024%	281,709,963.98	281,709,963.98	10,564,124.40	10,564,124.40
Svenska Riksbank	2.2729%	2.2729%	248,041,585.89	248,041,585.89	9,226,559.46	9,226,559.46
Magyar Nemzeti Bank	1.3798%	1.3798%	149,363,447.55	149,363,447.55	5,601,129.28	5,601,129.28
Bank of England	13.6743%	13.6743%	1,480,243,941.72	1,480,243,941.72	55,509,147.81	55,509,147.81
<i>National Central banks outside the euro area total</i>	<i>30.0217%</i>	<i>29.6065%</i>	<i>3,249,651,147.43</i>	<i>3,205,122,218.22</i>	<i>121,868,418.02</i>	<i>120,192,063.17</i>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>10,825,007,069.61</b>	<b>10,825,007,069.61</b>	<b>7,697,025,340.21</b>	<b>7,740,076,934.57</b>

\* On 01 January 2015 Lithuania joined the euro area.

## Note 7 Off-balance-sheet instruments revaluation differences

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Currency revaluation differences	38,707.2	325,079.1	286,371.9
Price revaluation differences	122.4	0.0	-122.4
<b>Total</b>	<b>38,829.6</b>	<b>325,079.1</b>	<b>286,249.5</b>

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

## Note 8 Accruals and prepaid expenses

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Accruals related to discount on issued securities	4,698.7	21,597.0	16,898.3
Prepaid expenses related to services	11,519.0	18,299.4	6,780.4
<b>Total</b>	<b>16,217.7</b>	<b>39,896.4</b>	<b>23,678.7</b>

The increase in the item resulted mainly from higher:

- discount to be amortised on monetary bills issued by NBP (see Note 11),
- balance of prepaid expenses relating to services concerning NBP's own administrative activities (mainly due to payments for IT services ordered by NBP).

## Note 9 Sundry

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Inventories	43,507.0	31,963.5	-11,543.5
Credit and loans to employees	22,504.1	20,605.4	-1,898.7
Receivables from financial operations, of which	82,544.5	23,186.3	-59,358.2
- interest on the debt of a bank in liquidation	77,576.3	12,344.5	-65,231.8
Claims on public authorities	2,898.2	2,707.3	-190.9
Claims on customers and suppliers	5,972.2	913.8	-5,058.4
Adjustment of off-balance-sheet instruments to the average cost of holding	0.0	47,497.9	47,497.9
Other	16,194.5	18,632.9	2,438.4
<b>Total</b>	<b>173,620.5</b>	<b>145,507.1</b>	<b>-28,113.4</b>
<i>of which currency revaluation differences</i>	<i>54.8</i>	<i>46.1</i>	<i>-8.7</i>

The decrease in the item resulted mainly from repayment of a claim due to interest on the debt of a bank in liquidation, accrued until the date on which the bank was put into liquidation (see Note 19 and Note 29).

Adjustment of off-balance-sheet instruments to the average cost of holding relates to spot transactions recognised on off-balance-sheet accounts (see Note 25).

## Note 10 Banknotes and coins in circulation

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Domestic banknotes in circulation	138,955,416.2	158,945,406.2	19,989,990.0
Domestic coins in circulation	3,973,389.8	4,280,371.8	306,982.0
<b>Total</b>	<b>142,928,806.0</b>	<b>163,225,778.0</b>	<b>20,296,972.0</b>

The item comprises banknotes and coins in circulation issued by NBP, including collector banknotes and coins, whose value as at 31 December 2015 amounted to PLN 273,893.5 thousand as compared with PLN 267,769.5 thousand as at 31 December 2014.

The average level of banknotes and coins in circulation throughout 2015 amounted to PLN 151,012.4 million as compared with PLN 132,291.9 million in 2014.

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

PLN thousand	31.12.2014	31.12.2015	Change
Current accounts (incl. the required minimum reserve accounts)	47,218,516.7	48,666,911.2	1,448,394.5
Deposit facilities	1,740,047.7	558,107.6	-1,181,940.1
Other monetary policy operations	84,661,440.0	74,121,000.0	-10,540,440.0
<b>Total</b>	<b>133,620,004.4</b>	<b>123,346,018.8</b>	<b>-10,273,985.6</b>

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

- liabilities to domestic banks due to the issue of securities – monetary bills issued by NBP under open market operations (presented 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,
  - required minimum reserve accounts of banks not having a current account with NBP,
  - required minimum reserve account of the National Association of Credit Unions [Krajowa Spółdzielcza Kasa Oszczędnościowo-Kredytowa, KSKOK], used for maintaining funds representing the required minimum reserve of credit unions and KSKOK,
- liabilities to domestic banks due to deposit facilities.

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

PLN thousand	31.12.2014	31.12.2015	Change
Settlements in the domestic payment systems of KIR, of which	160,925.9	128,051.3	-32,874.6
- in the <i>Elixir</i> system	128,056.3	78,004.6	-50,051.7
- in the <i>Express Elixir</i> system	32,869.6	50,046.7	17,177.1
Other liabilities denominated in domestic currency	5,838.3	4,656.6	-1,181.7
<b>Total</b>	<b>166,764.2</b>	<b>132,707.9</b>	<b>-34,056.3</b>

The item comprises liabilities to 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, which were under settlement as at 31 December 2015,
- funds accumulated in the account which is used to settle payments in the Express Elixir system,
- substitution cash services provided by domestic banks; it concerns cash disbursements carried out in domestic banks by State budget units and offices providing services to fiscal bodies whose headquarters are located outside of the cities in which NBP offers cash services.

### Note 13 Liabilities to other residents denominated in domestic currency

<i>PLN thousand</i>	31.12.2014 data from the approved financial statements	31.12.2014 comparable data*	31.12.2015	Change
Liabilities to general government, of which	4,380,658.1	4,380,769.9	5,917,451.3	1,536,681.4
- State budget accounts	3,134,335.7	3,134,335.7	4,071,306.0	936,970.3
- accounts of social insurance funds	1,189,546.3	1,189,546.3	1,766,180.9	576,634.6
- accounts of other entities of general government sector	56,776.1	56,887.9	79,964.4	23,076.5
Other liabilities	16,395.3	16,283.5	24,781.5	8,498.0
<b>Total</b>	<b>4,397,053.4</b>	<b>4,397,053.4</b>	<b>5,942,232.8</b>	<b>1,545,179.4</b>

\* Changes result from a statistical reclassification in 2015 of one entity from the auxiliary financial institutions sector (Liabilities item 4.2. *Other liabilities*) to general government sector (Liabilities item 4.1. *Liabilities to general government - accounts of other entities*).

The item comprises mainly current accounts, auxiliary accounts and term deposit accounts in domestic currency operated by NBP for domestic entities other than banks.

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

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Accounts of international financial institutions and central banks, of which	4,843.5	5,906.9	1,063.4
- No. 2 Account of the IMF	90.6	69.7	-20.9
Accounts of international non-financial organisations	329,535.8	2,240,062.0	1,910,526.2
<b>Total</b>	<b>334,379.3</b>	<b>2,245,968.9</b>	<b>1,911,589.6</b>

The item comprises current accounts in domestic currency operated by NBP for international financial and non-financial organisations and central banks, including the account operated by

NBP for the IMF, which is used for the Fund's administrative expenditures (so-called No. 2 Account).<sup>4</sup>

## Note 15 Liabilities to residents denominated in foreign currency

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
State budget accounts	16,238,494.7	8,946,863.2	-7,291,631.5
Accounts of domestic banks for settlements in the TARGET2 system	344,115.2	1,070,084.3	725,969.1
Other liabilities	495,364.7	39,829.2	-455,535.5
<b>Total</b>	<b>17,077,974.6</b>	<b>10,056,776.7</b>	<b>-7,021,197.9</b>
<i>of which currency revaluation differences</i>	432,614.7	364,624.0	-67,990.7

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.

Moreover, the item comprises liabilities arising from settlements of NBP's customers with foreign counterparties (among others, non-settled payment orders, payments in foreign currency to be remitted abroad, liabilities due to the sale of banker's cheques).

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

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Repo transactions in foreign currency, of which	13,221,902.6	11,907,090.0	-1,314,812.6
- repo transactions in USD	283,308.6	1,729,961.7	1,446,653.1
- repo transactions in GBP	12,938,594.0	10,177,128.3	-2,761,465.7
Accounts of international non-financial organisations	83,702.0	44,721.7	-38,980.3
Other liabilities	68,225.3	91,991.0	23,765.7
<b>Total</b>	<b>13,373,829.9</b>	<b>12,043,802.7</b>	<b>-1,330,027.2</b>
<i>of which currency revaluation differences</i>	1,197,822.9	1,036,253.3	-161,569.6

The item comprises mainly:

<sup>4</sup> The IMF funds accumulated on No. 2 Account are subject to revaluation, as requested by the IMF. This revaluation is made on the basis of the PLN/SDR exchange rate announced by the Fund. The results of the revaluation are recorded as other income/expenses on financial operations (see Note 31 and 32).



- repo transactions in foreign currency carried out with foreign financial institutions. Under the NBP's investment policy, the above repo transactions are usually executed simultaneously with reverse repo transactions (see Note 3),
- accounts in foreign currency, operated by NBP for international non-financial organisations,
- liabilities denominated in foreign currency due to non-settled cross-border payment orders of domestic banks and NBP's customers sent to the STEP2 system (a clearing system for retail payments in euro).

## Note 17 Liabilities to the IMF

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
<b>SDR allocation</b>	<b>6,623,949.5</b>	<b>7,057,646.7</b>	<b>433,697.2</b>
<i>of which currency revaluation differences</i>	<i>566,029.7</i>	<i>877,485.4</i>	<i>311,455.7</i>

<i>SDR thousand</i>	31.12.2014	31.12.2015	Change
<b>SDR allocation</b>	<b>1,304,749.0</b>	<b>1,304,748.7</b>	<b>-0.3</b>

The 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.

Liabilities to the IMF due to the SDR allocation bear the interest rate determined by the IMF.

The decrease in the item in original currency resulted from the decrease in accrued interest by SDR 0.3 thousand (from SDR 109.3 thousand as at 31 December 2014 to SDR 109.0 thousand as at 31 December 2015).

The change in the domestic currency value of the item was mainly affected by the currency revaluation of SDR (see Note 22).

## Note 18 Off-balance-sheet instruments revaluation differences

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Currency revaluation differences	0.0	50,463.8	50,463.8
Price revaluation differences	233.1	0.0	-233.1
<b>Total</b>	<b>233.1</b>	<b>50,463.8</b>	<b>50,230.7</b>
<i>of which currency revaluation differences</i>	<i>6.9</i>	<i>0.0</i>	<i>-6.9</i>

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

## Note 19 Accruals and deferred income

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Accruals	50,486.1	50,029.5	-456.6
Deferred income, of which	144,775.8	76,835.1	-67,940.7
- interest on the debt of a bank in liquidation	77,576.3	12,344.5	-65,231.8
<b>Total</b>	<b>195,261.9</b>	<b>126,864.6</b>	<b>-68,397.3</b>
<i>of which currency revaluation differences</i>	141.4	103.0	-38.4

The decrease in the item concerned mainly deferred income on interest on the debt of a bank in liquidation (see Note 9), which was transferred to the financial result (see Note 29). Other balances concerned mainly NBP's own administrative activities.

## Note 20 Sundry

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Employee Benefit Fund	13,472.6	19,112.5	5,639.9
Liabilities on financial operations	3.9	5,192.3	5,188.4
Liabilities to public authorities	27,384.3	26,252.9	-1,131.4
Liabilities to suppliers	20,136.0	20,093.1	-42.9
Adjustment of off-balance-sheet instruments to the average cost of holding	59,316.9	324,791.4	265,474.5
Other	2,920.8	595.2	-2,325.6
<b>Total</b>	<b>123,234.5</b>	<b>396,037.4</b>	<b>272,802.9</b>
<i>of which currency revaluation differences</i>	0.1	0.6	0.5

The increase in the funds of the Employee Benefit Fund resulted mainly from appropriation to the fund of the proceeds from the sale of tangible fixed assets which had served employee social activities.

Adjustment of off-balance-sheet instruments to the average cost of holding relates to spot transactions recognised on off-balance-sheet accounts (see Note 25).

## Note 21 Provisions for future liabilities

PLN thousand	31.12.2014	31.12.2015	Change
Provisions for future liabilities to employees, of which	156,499.1	125,562.8	-30,936.3
- due to retirement severance payments	55,063.1	51,115.8	-3,947.3
- due to disability severance payments	1,876.0	1,791.8	-84.2
- due to jubilee awards	51,449.6	55,818.7	4,369.1
- due to untaken leaves	10,757.4	9,276.5	-1,480.9
- due to additional severance payments and additional benefits	37,353.0	7,560.0	-29,793.0
Other	7,459.5	7,704.6	245.1
<b>Total</b>	<b>163,958.6</b>	<b>133,267.4</b>	<b>-30,691.2</b>

The decrease in the item resulted mainly from the use of the provisions for severance payments and additional employee benefits, in connection with the execution of the *Programme of employment optimisation in NBP* commenced in 2014, which ended in January 2016.

## Note 22 Revaluation accounts

PLN thousand	31.12.2014	31.12.2015	Change
Currency revaluation gains, of which	30,152,500.2	33,589,083.2	3,436,583.0
- on gold	9,580,871.8	9,374,594.8	-206,277.0
- on foreign currencies	20,571,628.4	24,214,488.4	3,642,860.0
Price revaluation gains, of which	2,803,062.3	1,438,258.1	-1,364,804.2
- on securities	2,802,939.9	1,438,258.1	-1,364,681.8
- on off-balance-sheet financial instruments	122.4	0.0	-122.4
Gold revaluation account	1,618,023.2	1,618,023.2	0.0
<b>Total</b>	<b>34,573,585.7</b>	<b>36,645,364.5</b>	<b>2,071,778.8</b>

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.

Average cost of holding of foreign currency and gold, average NBP exchange rates and average market price of gold

PLN	Average cost of holding	Average NBP exchange rate/Average price of gold	Average cost of holding	Average NBP exchange rate/Average price of gold
	31.12.2014		31.12.2015	
AUD	2.7589624338	2.8735	2.7815474073	2.8546
BRL	1.2827101828	1.3197	1.2672493104	0.9851
EUR	4.1658064400	4.2623	4.1828658257	4.2615
GBP	4.9752598745	5.4648	5.3373270404	5.7862
MXN	0.2305324942	0.2382	0.2309055561	0.2242
NOK	0.4934243647	0.4735	0.4694532178	0.4431
NZD	2.5911742231	2.7500	2.5817621826	2.6765
USD	3.0697564838	3.5072	3.3503676585	3.9011
SDR	4.6429772859	5.0768	4.7366679244	5.4092
Ounce of gold*	1,310.7821428807	4,206.0096	1,311.1032898126	4,143.9435

\* Price of an ounce of gold expressed in USD was: USD 1,199.25 as at 31.12.2014 and USD 1,062.25 as at 31.12.2015.

Currency revaluation gains by foreign currency are presented below.

PLN thousand	31.12.2014	31.12.2015	Change
AUD	1,164,525.1	819,814.7	-344,710.4
BRL	42,787.9	0.0	-42,787.9
EUR	2,125,552.0	1,648,613.3	-476,938.7
GBP	3,113,096.4	2,961,800.5	-151,295.9
MXN	96,605.5	0.0	-96,605.5
NZD	517,827.1	333,207.9	-184,619.2
USD	13,351,664.7	18,358,632.0	5,006,967.3
SDR	159,287.3	91,903.9	-67,383.4
Other	282.4	516.1	233.7
<b>Total</b>	<b>20,571,628.4</b>	<b>24,214,488.4</b>	<b>3,642,860.0</b>

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. Price revaluation gains by securities denominated in individual foreign currencies are presented below.

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Securities in GBP	684,675.6	327,156.4	-357,519.2
Securities in NOK	357,652.3	307,679.9	-49,972.4
Securities in AUD	740,581.4	299,243.3	-441,338.1
Securities in NZD	120,944.9	196,244.3	75,299.4
Securities in USD	437,871.9	161,105.6	-276,766.3
Securities in EUR	402,190.4	118,200.0	-283,990.4
Securities in other currencies	59,023.4	28,628.6	-30,394.8
<b>Total</b>	<b>2,802,939.9</b>	<b>1,438,258.1</b>	<b>-1,364,681.8</b>

As at 31 December 2015 no price revaluation gains on off-balance-sheet financial instruments were recorded due to the fact that there were no forward transactions in securities outstanding as at the balance-sheet date (see Note 26).

Due to the fact that as at 31 December 2015:

- no unrealised gold revaluation losses occurred,
- no decrease in gold holding as compared with the holding at the balance-sheet date of the previous financial year was recorded,

NBP, similarly to 2014, did not release the gold revaluation account.

## Note 23 Capital and reserves

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Statutory fund	1,500,000.0	1,500,000.0	0.0
Reserve fund	1,243,645.5	993,645.5	-250,000.0
Reserves	8,740,388.2	11,207,911.6	2,467,523.4
<b>Total</b>	<b>11,484,033.7</b>	<b>13,701,557.1</b>	<b>2,217,523.4</b>

The item comprises:

- the statutory fund, whose amount is determined by Article 61 of the Act on NBP,
- the reserve fund which, in accordance with Article 62 of the Act on 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 NBP.

The change in the item resulted from:

- partial use of the reserve fund in the amount of PLN 250,000.0 thousand to cover loss of previous years (see Note 24),
- the replenishment of the provision against the foreign exchange rate risk of the zloty in the amount of PLN 2,467,523.4 thousand (see Note 34 and Chapter 9.1.4).

The change in the provision against the foreign exchange rate risk of the zloty in 2014 and 2015 is presented in the table below:

<i>PLN thousand</i>	Opening balance	Increase	Use	Release	Closing balance
<b>2014</b>	4,696,287.6	4,044,100.6	0.0	0.0	<b>8,740,388.2</b>
<b>2015</b>	8,740,388.2	2,467,523.4	0.0	0.0	<b>11,207,911.6</b>

## Note 24 Financial result

As at 31 December 2015, the item comprised:

- financial result of the current year in the amount of PLN 8,275,780.8 (see Note 44).
- uncovered loss of previous years in the amount of PLN 11,207,911.6 thousand, which is the result of NBP's loss for the year 2007 in the amount of PLN 12,427,261.7 thousand and its partial coverage from the reserve fund:
  - in 2008 – in the amount of PLN 969,350.0 thousand,
  - in 2015 – in the amount of PLN 250,000.0 thousand.



## 6. Explanatory notes to off-balance-sheet items

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

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Currency to be received as a result of spot transactions, of which	1,726,409.7	2,303,405.6	576,995.9
- CHF	0.0	1,181.8	1,181.8
- EUR	1,725,520.0	0.0	-1,725,520.0
- USD	889.7	2,302,223.8	2,301,334.1
Currency to be delivered as a result of spot transactions, of which	1,726,409.7	2,303,405.6	576,995.9
- AUD	0.0	597,946.9	597,946.9
- EUR	0.0	1,492,213.1	1,492,213.1
- NZD	0.0	213,164.4	213,164.4
- PLN	1,726,409.7	81.2	-1,726,328.5

The increase in individual items resulted from a higher volume of spot foreign exchange purchase/sale transactions carried out by NBP towards the end of the year.

### Note 26 Off-balance-sheet financial instruments

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Securities denominated in foreign currency purchased in forward transactions	269,408.5	0.0	-269,408.5
Securities denominated in foreign currency sold in forward transactions	1,290,305.7	0.0	-1,290,305.7
Bond futures sold denominated in foreign currency	87,582.7	0.0	-87,582.7

The item comprises off-balance-sheet financial instruments used by NBP under the foreign currency reserves management.

As at 31 December 2015, there were no outstanding forward transactions in securities and bond futures.

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

### *New Arrangements to Borrow (NAB)*

As of 15 November 2011, NBP became a participant in the New Arrangements to Borrow (NAB), which can be joined by member countries of the IMF or their central banks. As a participant in the NAB, NBP has made a commitment to extend to the IMF an interest-bearing loan of up to the arranged limit (see Note 46). The funds are transferred by NBP at the request of the IMF.

As at 31 December 2015, the NBP's commitment under NAB amounted to SDR 2,282,117.5 thousand (PLN 12,344,430.0 thousand according to the average NBP exchange rate as at the balance sheet date).

SDR thousand	Opening balance	Increase		Use	Closing balance
		limit set	repayment of a loan	loan extension	
2011	0.0	2,528,590.0	0.0	-174,000.0	2,354,590.0
2012	2,354,590.0	0.0	2,500.0	-127,000.0	2,230,090.0
2013	2,230,090.0	0.0	27,200.0	-51,600.0	2,205,690.0
2014	2,205,690.0	0.0	72,827.5	-54,400.0	2,224,117.5
2015	2,224,117.5	0.0	102,200.0	-44,200.0	2,282,117.5
		<b>Total</b>	<b>204,727.5</b>	<b>-451,200.0</b>	

### *Bilateral loan agreement*

On 15 March 2013, a bilateral loan agreement between NBP and the IMF was concluded, in accordance with which NBP committed to extend interest-bearing loans to the IMF amounting up 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 quotas of member countries and loans under the NAB.

Bilateral loan agreements, including the agreement with NBP, were entered into by the IMF for the period of two years, with the option to extend it for two one-year periods. In 2014, the Executive Board of the IMF, after consultation with signatories of the agreements (including NBP), decided to extend the period of the agreements by one year. Subsequently, in 2015, having received the consent of the signatories of the agreements (NBP Management Board took the decision on this issue on 9 July 2015), the Executive Board of the IMF approved the extension of the agreements for a second one-year period. Therefore, the bilateral loan agreement between NBP and the IMF will expire in March 2017.

Until 31 December 2015, the IMF did not use the funds made available under the bilateral loan agreement with NBP. Therefore, as at 31 December 2015, the NBP's commitment to the bilateral loan agreement with the IMF amounted to EUR 6,270,000.0 thousand (PLN 26,719,605.0 thousand according to the average NBP exchange rate as at the balance sheet date).

## **Note 28 Other items recognised on off-balance-sheet accounts**

The item comprises mainly:

- collateral received in connection with a refinancing loan for the restoration of bank's liquidity in the form of claims of the domestic bank arising from loan agreements. These claims were assigned in favour of NBP (see Note 4). According to data provided by the bank which received the refinancing loan from NBP, as at 31 December 2015 the updated nominal value of the claims, reduced by the provisions created by the domestic bank in line with the Polish accounting standards, amounted to PLN 945,641.4 thousand;
- collateral received in connection with the NBP's own administrative activities – mainly guarantees and sureties received to secure the due performance of contracts for the deliveries and services by NBP contractors, and mortgage collateral established in favour of NBP related to loans extended to NBP employees; as at 31 December 2015, the value of collateral amounted to PLN 28,729.2 thousand, as compared with PLN 28,374.3 thousand as at 31 December 2014;
- interest on the debt of a bank in liquidation accrued after the date the bank was put into liquidation; as at 31 December 2015 the value of interest on the debt of the bank in liquidation did not change compared with the previous year and amounted to PLN 1,183,103.7 thousand.

## 7. Explanatory notes to profit and loss account

### Note 29 Interest, discount and premium income

<i>PLN thousand</i>	2014	2015	Change
Income on securities denominated in foreign currency, of which	5,582,841.0	5,802,288.3	219,447.3
- on discount	164,860.6	108,834.9	-56,025.7
- on interest	5,417,980.4	5,693,453.4	275,473.0
Interest income on NBP bank accounts in foreign currency and gold, of which	371,755.6	406,445.7	34,690.1
- on current accounts	52.0	43.4	-8.6
- on term deposits, of which	295,126.6	324,527.3	29,400.7
• on term deposits in gold	15,840.5	28,705.5	12,865.0
- on reverse repo transactions	76,577.0	81,875.0	5,298.0
Interest income on credits and loans, of which	1,819.6	7,670.9	5,851.3
- in foreign currency	1,326.9	682.7	-644.2
- in domestic currency	492.7	6,988.2	6,495.5
Other interest income, of which	8,727.3	72,291.6	63,564.3
- on the debt of a bank in liquidation	186.5	65,231.8	65,045.3
- on bank accounts operated by NBP in foreign currency	2,865.6	3,676.4	810.8
<b>Total</b>	<b>5,965,143.5</b>	<b>6,288,696.5</b>	<b>323,553.0</b>

The item comprises mainly income:

- on investment instruments of foreign currency reserves (see Note 3), that is:
  - income on interest and discount on securities denominated in foreign currency,
  - interest income on term deposits denominated in foreign currency,
  - interest income on reverse repo transactions in foreign currency,
- on investment instruments in gold (see Note 1).

In 2015 the increase in the item resulted mainly from:

- higher by PLN 241,281.0 thousand (from PLN 5,938,704.1 thousand in 2014 to PLN 6,179,985.1 thousand in 2015) interest and discount income on investment instruments of foreign currency reserves, which was to a large extent driven by:

- increase in the foreign currency reserves<sup>5</sup> in average annual terms (their average amount stood at PLN 324,450.3 million in 2015 as compared with PLN 276,569.9 million in 2014); the change in foreign currency reserves by individual currency is presented below,

Average annual level of foreign currency reserves by foreign currency

<i>million units of original currency</i>	2014	2015	Change
USD	31,968.8	31,712.1	-256.7
EUR	21,079.3	26,313.1	5,233.8
GBP	5,982.1	5,877.1	-105.0
AUD	9,045.6	9,787.5	741.9
NOK	37,001.6	43,230.5	6,228.9
NZD	3,015.7	3,253.8	238.1
BRL	1,143.0	1,280.3	137.3
MXN	11,504.4	12,136.9	632.5
JPY	295.7	0.0	-295.7

- change in the share of individual investment instruments in the structure of foreign currency reserves – the increase in the share of term deposits and reverse repo transactions (stand alone), with a simultaneous decrease in the share of interest-bearing securities,

Investment structure of NBP foreign currency reserves in average annual terms

%	2014	2015	Change
Term deposits	7.3	11.3	4.0 p.p.
Reverse repo transactions (stand alone)	0.2	2.5	2.3 p.p.
Discount securities	14.3	14.5	0.2 p.p.
Interest-bearing securities	78.2	71.7	-6.5 p.p.

<sup>5</sup> Foreign currency reserves include term deposits, reverse repo transactions in securities (stand alone), discount securities and interest-bearing securities.

- change in the average daily amounts invested in simultaneous reverse repo and repo transactions,

Average daily amounts invested in simultaneous reverse repo and repo transactions

<i>million units of original currency</i>	2014	2015	Change
USD	525.8	1,027.6	501.8
EUR	33.0	73.4	40.4
GBP	2,503.9	2,343.5	-160.4
AUD	135.6	100.3	-35.3
NZD	1.0	0.0	-1.0

- change in the average annual exchange rates of the zloty – a depreciation of the zloty against USD, GBP, NZD and MXN, with the simultaneous appreciation of the zloty against BRL, NOK, AUD and EUR,

Average annual foreign exchange rates

<i>PLN</i>	2014	2015	Change
USD	3.1551	3.7701	0.6150
EUR	4.1852	4.1839	-0.0013
GBP	5.1934	5.7637	0.5703
AUD	2.8437	2.8352	-0.0085
NOK	0.5009	0.4681	-0.0328
NZD	2.6165	2.6375	0.0210
BRL	1.3420	1.1496	-0.1924
MXN	0.2370	0.2380	0.0010

- change in the average interest rate on investment instruments of foreign currency reserves, in particular the increase in the average annual interest rate on reverse repo transactions in USD and the interest rate on securities denominated in USD;
- higher by PLN 12,865.0 thousand interest income on term deposits in gold (see Note 1), which resulted mainly from the increase in the average annual investment of gold in term deposits and the depreciation of the zloty against USD in average annual terms;
- interest income recorded on a refinancing loan for the restoration of bank's liquidity in the amount of PLN 6,626.8 thousand (see Note 4);
- higher by PLN 65,045.3 thousand interest income on debt of the bank in liquidation, owing to repayments of interest to NBP higher than in previous years (see Note 9 and Note 19).



## Note 30 Interest, discount and premium expenses

<i>PLN thousand</i>	2014	2015	Change
Premium expenses on securities denominated in foreign currency	2,805,604.1	3,111,118.1	305,514.0
Discount expenses on issued securities denominated in domestic currency	2,633,208.1	1,444,464.0	-1,188,744.1
Interest expenses on bank accounts operated by NBP in foreign currency, of which:	67,190.9	72,811.0	5,620.1
- on repo transactions	66,889.5	72,536.5	5,647.0
Interest expenses on bank accounts operated by NBP in domestic currency, of which	803,854.2	530,674.6	-273,179.6
- on required minimum reserve	763,929.4	507,770.4	-256,159.0
- on deposit facilities	3,029.9	2,953.7	-76.2
Other interest expenses, of which	10,383.5	78,750.8	68,367.3
- on NBP accounts in foreign currency	2,536.3	48,135.6	45,599.3
<b>Total</b>	<b>6,320,240.8</b>	<b>5,237,818.5</b>	<b>-1,082,422.3</b>

The item comprises mainly expenses on:

- instruments used by NBP under monetary policy operations (see Note 11), that is:
  - discount expenses on NBP monetary bills issued under main and fine-tuning monetary policy operations,
  - interest expenses on the required minimum reserve and deposit facilities,
- on investment instruments of foreign currency reserves (see Note 3 and Note 16), that is:
  - premium expenses on securities denominated in foreign currency,
  - interest expenses on repo transactions in foreign currency,
- interest on accounts operated by NBP for entities other than banks (mostly of the State budget).

In 2015 the decrease in the item resulted mainly from:

- lower by PLN 1,188,744.1 thousand discount expenses on issued securities denominated in domestic currency, due to a decrease in the average annual size of issue of NBP monetary bills, and a decrease in the average annual level of reference rate that determines the yield on monetary bills,

## Average annual size of main and fine-tuning operations\* and average annual reference rate

PLN million / %	2014	2015	Change
Main operations	107,190.6	87,955.6	-19,235.0
Fine-tuning operations	1,238.2	1,107.9	-130.3
NBP reference rate	2.38	1.59	-0.79 p.p.

\* All calendar days from 1 January to 31 December were taken into account in the calculation of the average annual level of main and fine-tuning operations.

- lower, by PLN 256,159.0 thousand, interest expenses on the required minimum reserve, which resulted from the decline in the average annual interest rate on the required minimum reserve, with a simultaneous increase in the average level of the required minimum reserve during the year,

## Average size of required minimum reserve\* and average annual rate of required minimum reserve\*\*

PLN million / %	2014	2015	Change
Required minimum reserve	32,990.9	35,595.0	2,604.1
Interest rate on required minimum reserve	2.32	1.43	-0.89 p.p.

\* Amounts of the required minimum reserve are calculated based on reserve periods weighted with the number of days in the period.

\*\* Pursuant to Resolution 7/2014 of MPC of 8 October 2014 amending the resolution on the required minimum reserve ratio for banks, credit unions and the National Association of Credit Unions, and on the remuneration of the required minimum reserve starting from 09 October 2014 the funds of the required minimum reserve bear interest of 0.9 of NBP reference rate. Until 8 October 2014, the funds on required minimum reserve bore interest of 0.9 of the NBP rediscount rate.

- higher, by PLN 305,514.0 thousand, premium expenses on securities, mostly denominated in USD, AUD and EUR, which resulted mainly from:
  - depreciation of the zloty against USD, in average annual terms (see Note 29),
  - increase in the average annual level of foreign currency reserves in EUR and AUD (see Note 29),
  - increase in the share of discount securities denominated in EUR for which premium was amortised,
- higher, by PLN 5,647.0 thousand, interest expenses on repo transactions in foreign currency (increase in expenses on repo transactions denominated in GBP and USD, with a simultaneous decrease in expenses on repo transactions denominated in AUD), which was driven mainly by:
  - change in the average daily amounts invested in simultaneous reverse repo and repo transactions (see Note 29),
  - depreciation of the zloty against USD and GBP and appreciation against AUD, in average annual terms (see Note 29),

- change in the average interest on term deposits (increase in the interest on term deposits in USD and GBP, with a simultaneous decrease in the interest on transactions in AUD),
- higher, by PLN 45,599.3 thousand, interest expenses on NBP's bank accounts in foreign currency, which mainly resulted from the negative interest rates of term deposits and reverse repo transactions in EUR.

### Note 31 Income on financial operations

PLN thousand	2014	2015	Change
Realised foreign exchange gains	5,150,923.0	12,874,818.0	7,723,895.0
Realised price gains, of which	1,746,508.8	2,357,802.9	611,294.1
- on spot transactions in securities	1,466,344.1	1,958,961.3	492,617.2
- on off-balance-sheet financial instruments, of which	280,164.7	398,841.6	118,676.9
• on forward transactions in securities	276,902.5	328,157.6	51,255.1
• on bond futures	3,262.2	70,684.0	67,421.8
Other income on financial operations	1.4	1.7	0.3
<b>Total</b>	<b>6,897,433.2</b>	<b>15,232,622.6</b>	<b>8,335,189.4</b>

In 2015, the item comprised mainly:

- realised foreign exchange gains on transactions in foreign currency and gold

PLN thousand	2014	2015	Change
AUD	769,710.2	537,911.9	-231,798.3
BRL	263.8	0.0	-263.8
EUR	325,228.9	855,732.2	530,503.3
GBP	1,003,521.3	2,233,141.4	1,229,620.1
MXN	6.3	0.1	-6.2
NOK	148,929.3	131,185.4	-17,743.9
NZD	409,447.8	367,337.0	-42,110.8
SDR	40,727.6	150,081.9	109,354.3
USD	2,449,438.3	8,594,748.8	6,145,310.5
Gold	492.1	906.3	414.2
Other	3,157.4	3,773.0	615.6
<b>Total</b>	<b>5,150,923.0</b>	<b>12,874,818.0</b>	<b>7,723,895.0</b>

- realised price gains on the sale of securities in spot transactions

<i>PLN thousand</i>	2014	2015	Change
Securities in EUR	756,477.1	619,035.0	-137,442.1
Securities in USD	261,915.2	508,679.0	246,763.8
Securities in GBP	308,826.0	419,128.1	110,302.1
Securities in AUD	139,125.8	406,526.6	267,400.8
Securities in other currencies	0.0	5,592.6	5,592.6
<b>Total</b>	<b>1,466,344.1</b>	<b>1,958,961.3</b>	<b>492,617.2</b>

## Note 32 Expenses on financial operations

<i>PLN thousand</i>	2014	2015	Change
Realised foreign exchange losses	235,124.4	1,602,185.3	1,367,060.9
Realised price losses, of which	392,922.5	837,077.8	444,155.3
- on spot transactions in securities	240,704.2	629,911.7	389,207.5
- on off-balance-sheet financial instruments, of which	152,218.3	207,166.1	54,947.8
• on forward transactions in securities	149,651.0	138,736.8	-10,914.2
• on bond futures	2,567.3	68,429.3	65,862.0
Other expenses on financial operations	4.6	4.9	0.3
<b>Total</b>	<b>628,051.5</b>	<b>2,439,268.0</b>	<b>1,811,216.5</b>

In 2015, the item comprised mainly:

- realised foreign exchange losses on foreign currency transactions,

<i>PLN thousand</i>	2014	2015	Change
AUD	17,825.8	189,533.0	171,707.2
BRL	0.0	22,558.0	22,558.0
EUR	84,611.0	531,357.0	446,746.0
GBP	15,742.4	121,519.8	105,777.4
MXN	0.1	0.1	0.0
NOK	62,700.7	124,187.3	61,486.6
NZD	7,264.7	348,206.0	340,941.3
SDR	1.1	11.0	9.9
USD	46,796.8	264,756.7	217,959.9
Other	181.8	56.4	-125.4
<b>Total</b>	<b>235,124.4</b>	<b>1,602,185.3</b>	<b>1,367,060.9</b>

- realised price losses on the sale of securities in spot transactions,

<i>PLN thousand</i>	2014	2015	Change
Securities in USD	75,615.8	194,096.4	118,480.6
Securities in EUR	66,137.9	165,048.5	98,910.6
Securities in GBP	76,182.3	136,711.7	60,529.4
Securities in AUD	22,768.2	134,055.1	111,286.9
<b>Total</b>	<b>240,704.2</b>	<b>629,911.7</b>	<b>389,207.5</b>

### Note 33 Unrealised losses

<i>PLN thousand</i>	2014	2015	Change
Currency revaluation losses	843,913.5	1,755,122.6	911,209.1
Price revaluation losses, of which	26,782.5	337,625.8	310,843.3
- price revaluation losses on securities	26,549.4	337,625.8	311,076.4
- price revaluation losses on off-balance-sheet instruments	233.1	0.0	-233.1
<b>Total</b>	<b>870,696.0</b>	<b>2,092,748.4</b>	<b>1,222,052.4</b>

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). Currency revaluation losses by foreign currency are presented below.

<i>PLN thousand</i>	2014	2015	Change
BRL	0.0	346,413.0	346,413.0
MXN	0.0	89,058.9	89,058.9
NOK	843,880.1	1,319,595.6	475,715.5
Other	33.4	55.1	21.7
<b>Total</b>	<b>843,913.5</b>	<b>1,755,122.6</b>	<b>911,209.1</b>

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. Price revaluation losses by securities denominated in individual foreign currencies are presented below.

<i>PLN thousand</i>	2014	2015	Change
Securities in USD	14,657.6	208,227.0	193,569.4
Securities in BRL	9,856.0	79,327.7	69,471.7
Securities in other currencies	2,035.8	50,071.1	48,035.3
<b>Total</b>	<b>26,549.4</b>	<b>337,625.8</b>	<b>311,076.4</b>

As at 31 December 2015, no price revaluation losses on off-balance-sheet financial instruments were recorded owing to lack of forward transactions in securities as at the balance-sheet date (see Note 26).

### **Note 34 Expenses on transfers to risk provisions and on write-downs on financial assets**

In 2015, expenses in the amount of PLN 2,467,523.4 thousand resulted from the replenishment of the provision against the foreign exchange risk of the zloty to the minimum level commensurate to the uncovered cumulative loss of previous years, which arose from the changes in the exchange rate of the zloty against foreign currencies (see Note 23).

In 2014, expenses in the amount of PLN 4,044,100.6 thousand resulted from the replenishment of the provision against the foreign exchange rate risk of the zloty in the amount which did not lead to a negative financial result.

### **Note 35 Fees and commissions income**

<i>PLN thousand</i>	2014	2015	Change
On the operation by NBP of bank accounts	632.6	557.2	-75.4
On the execution of payment orders	24,014.9	26,586.7	2,571.8
Other fees and commissions income	10,271.5	9,994.6	-276.9
<b>Total</b>	<b>34,919.0</b>	<b>37,138.5</b>	<b>2,219.5</b>

## Note 36 Fees and commissions expenses

<i>PLN thousand</i>	2014	2015	Change
On the opening and operation of NBP's accounts	8,181.2	8,576.7	395.5
On the execution of own payment orders	3,173.9	3,118.5	-55.4
Due to substitution cash services	11,329.7	8,242.4	-3,087.3
Other fees and commissions expenses	12,088.6	12,653.4	564.8
<b>Total</b>	<b>34,773.4</b>	<b>32,591.0</b>	<b>-2,182.4</b>

## Note 37 Income on shares and participating interests

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

<i>PLN thousand</i>	2014	2015	Change
<b>Dividends received, of which</b>	<b>9,688.4</b>	<b>11,284.0</b>	<b>1,595.6</b>
- <i>Krajowa Izba Rozliczeniowa S.A.</i>	1,587.5	1,700.0	112.5
- <i>Bank for International Settlements</i>	8,100.9	9,584.0	1,483.1

## Note 38 Other income

The item comprises mainly income on the sale of collector coins and banknotes, income on precious metals obtained from the remelting of collector coins withdrawn from sale, income on sale of tangible fixed assets, income on rental of office premises and sale of IT services.

In 2015, the item amounted to PLN 104,230.2 thousand and was lower by PLN 71,093.2 thousand as compared with 2014, which was driven, among others, by a decrease in income on precious metals from the remelting of collector coins.



## Note 39 Salaries and social contributions

<i>PLN thousand</i>	2014	2015	Change
Expenses on salaries	384,458.1	370,225.5	-14,232.6
Expenses on provisions for future liabilities to employees due to jubilee awards, retirement severance payments, disability severance payments and untaken leaves	13,756.2	12,104.5	-1,651.7
Expenses on social contributions	84,807.2	82,199.7	-2,607.5
<b>Total</b>	<b>483,021.5</b>	<b>464,529.7</b>	<b>-18,491.8</b>

In 2015, the average headcount at NBP amounted to 3,387 employees and was lower by 235 employees as compared with 2014, which was predominantly the effect of the implementation of the *Programme of employment optimisation in NBP*.

In 2015, lower salaries at NBP resulted mainly from the implementation of the above mentioned programme, and were in line with the adopted Human Resources and payroll policy.

## Note 40 Administrative expenses

PLN thousand	2014	2015	Change
Materials and energy used	31,310.5	22,903.1	-8,407.4
Benefits for employees and other eligible persons, of which	49,377.3	19,023.5	-30,353.8
- <i>developing professional qualifications</i>	9,782.8	9,284.2	-498.6
- <i>provision for additional severance payments and additional benefits for employees</i>	33,956.7	4,378.6	-29,578.1
Business travels	4,535.3	4,652.1	116.8
Services from third parties, of which	131,277.1	125,189.3	-6,087.8
- <i>IT systems operation</i>	56,520.8	56,792.7	271.9
- <i>renovation, repairs, maintenance and overhauls</i>	33,900.5	27,130.8	-6,769.7
- <i>data and news transmission</i>	16,170.2	19,113.2	2,943.0
Taxes and fees	28,314.7	31,211.2	2,896.5
Transfers to Employee Benefit Fund	4,677.7	4,419.4	-258.3
Other administrative expenses, of which	54,230.8	32,272.6	-21,958.2
- <i>expenses on informational, promotional and educational activities</i>	31,549.4	27,023.8	-4,525.6
- <i>expenses on international conferences, seminars and workshops related to granting technical and training assistance</i>	20,682.1	3,189.2	-17,492.9
<b>Total</b>	<b>303,723.4</b>	<b>239,671.2</b>	<b>-64,052.2</b>

The decrease in the item resulted mainly from lower:

- expenses on benefits for employees and other eligible persons due to the lower expenses on the creation of provision for additional severance payments and additional benefits for employees (see Note 21),
- other administrative expenses, which mainly resulted from a decrease in expenses on the organisation of international conferences; higher expenses in 2014 were related to the organisation by NBP of the Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development.

## Note 41 Depreciation and amortisation expenses

<i>PLN thousand</i>	2014	2015	Change
Tangible fixed assets depreciation expenses	61,262.3	58,496.3	-2,766.0
Intangible fixed assets amortisation expenses	19,635.0	22,625.5	2,990.5
<b>Total</b>	<b>80,897.3</b>	<b>81,121.8</b>	<b>224.5</b>

In 2015, as in 2014, tangible fixed assets depreciation expenses related mainly to the depreciation of machines and devices as well as buildings and premises, while intangible fixed assets amortisation expenses related to IT software.

## Note 42 Expenses on issue of banknotes and coins

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

In 2015, the item amounted to PLN 311,340.4 thousand and was by PLN 20,553.5 thousand higher as compared with 2014. The increase in the item resulted mainly from:

- increase in the expenses on the issue of general circulation banknotes due to an increase in the number of orders for banknotes, including 200 zloty banknotes with modernised security features,
- increase in the expenses on general circulation coins resulting from an increase in the number of orders for coins and higher production prices of coins of the nominal value from 10 grosz to 1 zloty, with a simultaneous decrease in production prices of coins of the nominal value of 2 zloty and 5 zloty,

with a simultaneous:

- reduction of the expenses on issuing collector coins, mainly in connection with a lower number of orders for collector coins and the resulting lower use of gold and silver for coin production.

## Note 43 Other expenses

The item comprises mainly expenses corresponding to the nominal value of collector coins and banknotes sold, expenses on the sale of tangible fixed assets, expenses on creation of provisions for future liabilities and expenses on adjustments of income/expenses related to previous years.

In 2015, the item amounted to PLN 31,578.6 thousand and was by PLN 5,362.5 thousand higher than in 2014, which was mainly the effect of higher expenses on the sale of tangible fixed assets, with a simultaneous decrease in expenses on adjustments of income/expenses related to previous

years (in 2015 the expenses were connected, among others, with the calculation and payment of withholding tax on selected operations related to NBP's own administrative activities carried out in previous years).

#### **Note 44 Financial result for the current year and its allocation**

The NBP financial result for 2015 amounted to PLN 8,275,780.8 thousand.

In accordance with Article 62 and Article 69 of the Act on NBP, the 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) – PLN 413,789.0 thousand,
- the State budget, as NBP's contribution from profit – PLN 7,861,991.8 thousand.

## 8. Other explanatory notes

### Note 45 Flexible Credit Line

The Flexible Credit Line (FCL) is the 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 15.5 billion as at 31 December 2015 was granted to Poland on 14 January 2015 by the Executive Board of the IMF for two years (i.e. until 13 January 2017). The Government of the Republic of Poland is the authorising entity of the FCL, while NBP acts as the fiscal agency of the Government.

On 13 January 2016, the Executive Board of the IMF accepted the request of Poland for reducing the amount of the Flexible Credit Line to SDR 13.0 billion. The Government of the Republic of Poland is still the authorising entity of the FCL, while NBP acts as the fiscal agency of the Government.

### Note 46 Events after the balance sheet date

#### The increase in the Republic of Poland's member quota in the IMF

As at 26 January 2016, a Resolution No. 66-2 of the IMF's Board of Governors on the implementation of the 14th General Review of Quotas and Reform of the Executive Board entered into force.<sup>6</sup> The Resolution stipulated the increase in the Republic of Poland's member quota in the IMF from SDR 1,688,400.0 thousand (see Note 2) to SDR 4,095,400.0 thousand, i.e. by SDR 2,407,000.0 thousand.

Therefore, on 2 February 2016, NBP paid in:

- 75% of the value of acquired member quota (SDR 1,805,250.0 thousand) in domestic currency through crediting PLN 10,093,258.9 thousand to the No. 1 Account of the IMF,
- 25% of the value of acquired member quota (SDR 601,750.0 thousand) in SDR, from the funds accumulated on the current account with the IMF.

At the same time, on the date of payment by NBP of the member quota, the amount of the lending limit for the IMF under NAB was reduced by SDR 1,243,190.0 thousand (from the initial amount of SDR 2,528,590.0 thousand to SDR 1,285,400.0 thousand; see Note 27).

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<sup>6</sup> The Resolution of the Board of Governors of the IMF of 15 December 2010.

## 9. Financial and operational risk

NBP 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 by directors of Head Office departments and NBP Regional Branches who monitor operational risk, perform the assessment of its level and take measures mitigating risk occurrence in their units;
- activities of:
  - the Financial Risk Management Department (Departament Zarządzania Ryzykiem Finansowym – DZRF) responsible for financial risk management,
  - the Operational Risk and Compliance Department (Departament Ryzyka Operacyjnego i Zgodności – DROZ) which, among others, develops regulations concerning operational risk, monitors and analyses operational risk and compliance risk at NBP, introduces new tools, reports on operational risk and compliance throughout the bank,
  - the Commission for Operational Risk Management which, among others, assesses the effectiveness of the 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 in charge of overseeing the risk management area in NBP,
- strategic decision-making by the Management Board of NBP, based on information concerning financial and operational risk.

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.

### 9.1. 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 limits, determination of which takes also into account mitigation of concentration risk. The exposure to various types of risk, under the adopted constraints, is monitored on an on-going basis by DZRF. The analysis of exposure to financial risk is presented to the Management Board of NBP on a regular basis.

### **9.1.1. 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.

#### **9.1.1.1. 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,
- criteria for the selection of counterparties 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,
- criteria for the selection of issuers of securities,
- limits for issuers of securities,
- entering into master agreements with counterparties,
- collateral in reverse repo transactions.

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 of high rating countries 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.

#### **9.1.1.2. Credit risk underlying domestic credit operations**

To support the liquidity of the financial system, NBP may grant a refinancing loan in zloty to banks in order to supplement their financial resources. Banks use intraday credit and marginal lending facility (Lombard credit), in particular. Banks also use intraday credit in euro. The risk underlying these operations is mitigated through the use of eligible collateral meeting the criteria set by NBP. Treasury and NBP securities denominated in PLN are the primary collateral presented by banks, though the list of assets accepted as collateral comprises also other securities deposited with the



Central Securities Depository of Poland [Krajowy Depozyt Papierów Wartościowych S.A.], including covered bonds, municipal bonds, corporate bonds, bonds issued by the European Investment Bank denominated in PLN, as well as EUR-denominated Treasury bonds. In the case of a refinancing loan for the restoration of bank's liquidity, a wider range of collateral may apply.

When setting the required level of collateral, the haircut rate is applied, with the purpose to reduce the probability of a drop in the market value of the collateral below the value of extended credit, among others, as a result of unfavourable changes in the market price of securities and/or exchange rates. The haircut rate for marginal lending facility (Lombard credit) and intraday credit is set with the reference to 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).

#### **9.1.1.2.1. Overdue claims on domestic credit operations**

As at 31 December 2015, NBP had an overdue claim in the amount of PLN 180,576.7 thousand from the domestic bank, which was related to the refinancing loan for the restoration of bank's liquidity granted in 2015 (see Note 4). As at the balance-sheet date, the outstanding portion of the loan was collateralised with the claims of the domestic bank arising from loan agreements which were assigned in favour of NBP (see Note 28). Under the assessment carried out, it was established that as at 31 December 2015 the discounted value of expected cash flows from the collateral fully covers the carrying amount of the claim. Claims of the domestic bank arising from loan agreements which were assigned in favour of NBP, as the collateral to the refinancing loan for the restoration of bank's liquidity, are not included in the bankruptcy estate of the domestic bank, in accordance with the provisions of Article 67 para 2 and 3 of the Act of 28 February 2003 on the Bankruptcy and Reconstruction Law<sup>7</sup> (consolidated text: Journal of Laws of 2015, item 233, as amended).

#### **9.1.2. Liquidity risk**

Liquidity risk is associated with the possibility of incurring additional expenses, if an urgent need arises to raise liquid funds.

As NBP has the exclusive right to issue banknotes and coins of the Republic of Poland, NBP is capable of creating liquidity in domestic currency. This is, however, constrained by the

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<sup>7</sup> As at 1 January 2016, pursuant to Article 428 subparagraph 1 of the Act of 15 May 2015 - Reconstruction Law (Journal of Laws of 2015, item 978), the act received the title "Bankruptcy Law". Nonetheless, pursuant to Article 449 of the Act (i.e. the Reconstruction Law), in matters for which a motion for bankruptcy was filed before the act entered into force, i.e. before 1 January 2016, the regulations binding theretofore shall apply, that is regulations of the Bankruptcy and Reconstruction Law in the wording binding theretofore.

responsibility of NBP for the stability of domestic currency. The assumptions of monetary policy are set annually by the MPC, which, based on the above assumptions, also approves the financial plan of NBP.

In the process of foreign currency reserves management, NBP ensures adequate liquidity of funds by matching current and expected cash flows. Investments are made in markets that ensure immediate availability of funds – reserve currencies and investment instruments are principally characterised by high liquidity.

### **9.1.3. 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 (MD) 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 currency reserves, NBP defines the benchmark level of modified duration of foreign currency reserves, along with admissible fluctuation bands. In 2015, modified duration of the reserves was kept at a level similar to the level binding in the preceding year.

The sensitivity analysis, conducted based on modified duration (MD)<sup>8</sup>, showed that a change in interest rates by 100 basis points (for each foreign exchange portfolio, evenly distributed along the yield curve) would result in a change of the value of securities portfolios by PLN 6,280.3 million as at 31 December 2015 (as at 31 December 2014 – by PLN 5,718.9 million). The change in value of securities portfolios in individual currencies in response to a change in interest rates by 100 basis points, as estimated based on MD analysis, is presented below.

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<sup>8</sup> In the sensitivity analysis NBP applied the MD ratio for individual foreign-currency securities portfolios as at 31 December 2014 and 31 December 2015 as a linear measure of the relationship between price and yield, as well as the holding of securities portfolios as at 31 December 2014 and 31 December 2015 based on values used in the monitoring of MD.

MD-based estimate of a change in values of securities portfolios in individual currencies in response to a 100 bp change in interest rates

<i>PLN million</i>	31.12.2014	31.12.2015	Change
USD	1,824.45	2,186.16	361.7
EUR	1,442.48	1,496.20	53.7
GBP	1,038.98	1,197.87	158.9
AUD	840.39	878.99	38.6
NOK	277.71	254.15	-23.6
NZD	158.89	142.68	-16.2
BRL	31.43	20.69	-10.7
MXN	104.55	103.51	-1.0
<b>Total</b>	<b>5,718.88</b>	<b>6,280.25</b>	<b>561.4</b>

In accordance with the accounting principles of NBP, price revaluation gains on securities at the end of the year are recorded as revaluation accounts on the liabilities side of the balance sheet, while losses are debited to NBP's financial result.

#### 9.1.4. 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 (VaR) 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 Chapter 4).

In the process of foreign currency reserves management, NBP defines the currency structure of the strategic benchmark, along with admissible fluctuation bands. In 2015, the share of EUR in the strategic benchmark currency composition was limited – the benchmark was as follows: 39% USD, 29% EUR, 12% GBP, 10% AUD, 7% NOK and 3% NZD. In addition, 1.5% of the reserves were investments in currencies of developing countries – MXN and BRL.

##### 9.1.4.1. Exposure to foreign exchange rate risk

Below, foreign currency holdings of NBP as at 31 December 2014 and 31 December 2015 by currency are presented, wherein items in foreign currency related to own administrative activities are presented as part of PLN holdings since they are immaterial.

31.12.2014	PLN thousand	PLN	USD	EUR	GBP	AUD	NOK	NZD	BRL	MXN	SDR	Gold	Other currencies	Total
<b>ASSETS</b>														
1.	Gold and gold receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,918,505.3	0.0	13,918,505.3
2.	Claims on non-residents denominated in foreign currency	0.0	108,228,773.7	108,169,287.3	48,375,740.7	29,956,056.2	20,412,358.0	9,086,897.8	1,532,524.5	3,054,423.2	8,437,237.1	0.0	116,254.8	338,369,553.3
3.	Claims on residents denominated in foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.	Claims on non-residents denominated in domestic currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.	Other claims on domestic monetary financial institutions denominated in domestic currency	271.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	271.3
7.	Securities of residents denominated in domestic currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8.	Claims on general government denominated in domestic currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Items in course of settlement	1,135,930.1	109.8	129,941.3	0.0	0.0	0.0	0.0	77.9	0.0	50,768.0	0.0	0.0	1,316,827.2
10.	Other assets	0.0	109.8	38,97.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	38,707.2
	<i>of which, adjustment and revaluation differences on off-balance sheet items</i>	1,135,201.4	108,228,883.5	109,299,228.6	48,375,740.7	29,956,056.2	20,412,358.0	9,086,897.8	1,532,602.4	3,054,423.2	8,438,105.1	13,918,505.3	116,254.9	333,605,157.1
	<b>TOTAL ASSETS</b>													
<b>LIABILITIES</b>														
1.	Banknotes and coins in circulation	142,928,806.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	142,928,806.0
2.	Liabilities of other domestic monetary financial institutions related to monetary policy operations denominated in domestic currency	133,620,004.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	133,620,004.4
3.	Other liabilities to other domestic monetary financial institutions denominated in domestic currency	166,764.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	166,764.2
4.	Liabilities to other residents denominated in domestic currency	4,397,053.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,397,053.4
5.	Liabilities to non-residents denominated in domestic currency	334,379.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	334,379.3
6.	Liabilities to residents denominated in foreign currency	0.0	461,559.7	16,517,485.6	155.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98,774.3	17,077,974.6
7.	Liabilities to non-residents denominated in foreign currency	0.0	283,308.6	151,927.3	12,338,594.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,373,829.9
8.	Liabilities to the IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,623,949.5	0.0	0.0	6,623,949.5
9.	Items in course of settlement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10.	Other liabilities	254,375.7	164.7	63,514.3	416.8	58.2	1.5	0.0	198.6	0.0	0.0	0.0	1.7	316,729.5
	<i>of which, adjustment and revaluation differences on off-balance sheet items</i>	0.0	118.5	59,197.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	59,316.9
11.	Provisions for future liabilities	163,988.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	163,988.6
12.	Revaluation accounts	31,770,523.4	437,871.9	402,234.8	684,675.6	740,581.4	357,662.3	120,944.9	5,842.6	53,259.8	0.0	0.0	0.0	34,573,585.7
13.	Capital and reserves	11,484,033.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11,484,033.7
14.	Financial result	-11,457,911.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-11,457,911.7
	<b>TOTAL LIABILITIES</b>	313,661,987.0	1,182,904.9	17,135,162.0	13,623,841.4	740,637.6	357,662.3	120,944.9	6,041.2	53,259.8	6,623,949.5	0.0	98,776.0	333,605,157.1
<b>OFF-BALANCE SHEET ITEMS</b>														
	Currency to be received as a result of spot transactions	0.0	889.7	1,725,520.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,726,409.7
	Currency to be delivered as a result of spot transactions	1,726,409.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,726,409.7
	<b>NET HOLDING</b>	-314,252,195.3	107,046,868.3	93,889,586.6	34,751,899.3	29,215,418.6	20,054,704.2	8,965,952.9	1,526,561.2	3,001,164.4	1,864,055.6	13,918,505.3	17,478.9	
<i>of which:</i>	Balance-sheet holding*	-312,525,765.6	107,045,968.3	92,184,666.6	34,751,899.3	29,215,418.6	20,054,704.2	8,965,952.9	1,526,561.2	3,001,164.4	1,864,055.6	13,918,505.3	17,478.9	
	Off-balance-sheet holding*	-17,726,429.7	889.0	1,704,920.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

\* The effects of the adjustments to the average cost of holding and currency revaluation of the off-balance sheet holding in foreign currency (presented in items A.10 and L.10) are accounted for in the off-balance sheet holding. Values presented in the tables may not add up to totals due to rounding.

31.12.2015	PLN	USD	EUR	GBP	AUD	NOK	NZD	BRL	MXN	SDR	Gold	Other currencies	Total
PLN thousand													
<b>ASSETS</b>													
1. Gold and gold receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,713,371.9	0.0	13,713,371.9
2. Claims on non-residents denominated in foreign currency	0.0	131,088,183.0	99,504,053.3	48,883,749.4	32,933,778.9	22,495,211.3	9,824,089.2	1,209,471.3	3,006,307.9	7,742,741.0	0.0	122,886.5	386,610,371.8
3. Claims on residents denominated in foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Claims on non-residents denominated in domestic currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other claims on domestic monetary financial institutions denominated in domestic currency	181,000.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	181,000.9
7. Securities of residents denominated in domestic currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. Claims on general government denominated in domestic currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Items in course of settlement	1,149,148.7	325,053.8	118,846.7	0.0	13,822.0	0.0	6,623.4	0.0	0.0	54,092.0	0.0	25.3	1,667,611.9
10. Other assets	0.0	325,053.8	27,052.5	0.0	13,822.0	0.0	6,623.4	0.0	0.0	0.0	0.0	25.3	372,577.0
<i>of which: adjustment and revaluation differences on off-balance sheet items</i>													
<b>TOTAL ASSETS</b>	<b>1,330,449.6</b>	<b>131,413,236.8</b>	<b>99,622,900.0</b>	<b>48,883,749.4</b>	<b>32,947,800.9</b>	<b>22,495,211.3</b>	<b>9,830,862.6</b>	<b>1,209,471.3</b>	<b>3,006,307.9</b>	<b>7,756,833.0</b>	<b>13,713,371.9</b>	<b>122,881.8</b>	<b>372,172,366.5</b>
<b>LIABILITIES</b>													
1. Banknotes and coins in circulation	163,225,778.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	163,225,778.0
2. Liabilities of other domestic monetary financial institutions related to monetary policy operations denominated in domestic currency	123,346,018.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	123,346,018.8
3. Other liabilities to other domestic monetary financial institutions denominated in domestic currency	132,707.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	132,707.9
4. Liabilities to other residents denominated in domestic currency	5,942,232.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,942,232.8
5. Liabilities to non-residents denominated in domestic currency	2,245,988.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,245,988.9
6. Liabilities to residents denominated in foreign currency	0.0	1,458,619.3	8,498,428.6	50.4	0.0	0.9	0.0	0.0	0.0	0.0	0.0	100,677.5	10,056,776.7
7. Liabilities to non-residents denominated in foreign currency	0.0	1,729,981.7	138,712.7	10,177,128.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12,043,802.7
8. Liabilities to the IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,057,646.7	0.0	0.0	7,057,646.7
9. Items in course of settlement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. Other liabilities	193,851.8	324,822.1	31,408.2	303.9	15,388.0	1.1	7,579.0	0.0	0.0	0.0	0.0	31.7	573,365.8
<i>of which: adjustment and revaluation differences on off-balance sheet items</i>													
11. Provisions for future liabilities	133,267.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.3	376,255.2
12. Revaluation accounts	36,207,106.4	161,105.6	118,200.0	327,156.4	299,243.3	307,679.9	196,244.3	0.0	28,628.6	0.0	0.0	0.0	36,845,394.5
13. Capital and reserves	13,701,567.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,701,567.1
14. Financial result	-2,932,130.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2,932,130.8
<b>TOTAL LIABILITIES</b>	<b>341,196,888.3</b>	<b>3,672,598.7</b>	<b>8,785,749.5</b>	<b>10,504,639.0</b>	<b>314,611.3</b>	<b>307,881.9</b>	<b>203,823.3</b>	<b>0.0</b>	<b>28,628.6</b>	<b>7,057,646.7</b>	<b>0.0</b>	<b>100,709.2</b>	<b>372,172,366.5</b>
<b>OFF-BALANCE-SHEET ITEMS</b>													
Currency to be received as a result of spot transactions	0.0	2,302,223.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,181.8	2,303,405.6
Currency to be delivered as a result of spot transactions	81.2	0.0	1,482,213.1	0.0	597,946.9	0.0	213,164.4	0.0	0.0	0.0	0.0	0.0	2,303,405.6
<b>NET HOLDING</b>	<b>-339,866,289.9</b>	<b>130,042,951.9</b>	<b>89,344,937.4</b>	<b>38,179,110.4</b>	<b>32,035,042.7</b>	<b>22,187,529.4</b>	<b>9,413,674.9</b>	<b>1,209,471.3</b>	<b>2,977,679.3</b>	<b>739,186.3</b>	<b>13,713,371.9</b>	<b>23,334.4</b>	<b>23,334.4</b>
<i>of which:</i>													
Balance sheet holding*	-339,866,208.7	127,740,440.5	90,837,644.7	38,179,110.4	32,634,506.6	22,187,529.4	9,627,794.9	1,209,471.3	2,977,679.3	739,186.3	13,713,371.9	22,152.6	22,152.6
Off-balance-sheet holding*	-81.2	2,302,511.4	-1,492,707.3	0.0	-599,465.9	0.0	-214,120.0	0.0	0.0	0.0	0.0	1,181.8	1,181.8

\* The effects of the adjustments to the average cost of holding and currency revaluation of the off-balance sheet holding (presented in items A.10 and L.10) are accounted for in the off-balance sheet holding. Values presented in the tables may not add up to totals due to rounding.

#### **9.1.4.2. Value at Risk and provision against the foreign exchange rate risk 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 unrealised foreign currency revaluation gains estimated on the basis of statistical distribution analysis. The estimation is based on the foreign currency holdings in the structure of foreign currency reserves as at the balance sheet date along with historical time series of the average cost of currency holdings and 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 for foreign exchange rate risk of the zloty.

As at 31 December 2014, the amount of the provision amounted to PLN 8,740,388.2 thousand. Bearing in mind that, pursuant to Resolution No. 12/2010, the amount of the estimated provision cannot be lower than the amount of uncovered accumulated loss of previous years arising from changes in the exchange rate of the zloty against foreign currencies (PLN 11,207,911.6 thousand), as at 31 December 2015 the provision was replenished as an expense to the amount equal to the minimum level, i.e. by PLN 2,467,523.4 thousand (in 2014, the expenses connected with replenishment of the provision were PLN 4,044,100.6 thousand). As at 31 December 2015, the amount of the provision was set at PLN 11,207,911.6 thousand.

#### **9.1.5. Capital of NBP**

As the central bank of the State, NBP is not subject to regulations on capital adequacy of banks.

According to practice adopted by central banks, NBP classifies the following as its capital components:

- statutory fund,
- reserve fund,
- provision against the foreign exchange rate risk of the zloty,
- gold revaluation account,
- currency and price revaluation gains,
- NBP's balance sheet loss,
- a part of profit of current year at the disposal of NBP (i.e. 5%), which will be appropriated to the reserve fund of NBP.

The table below presents values of the components of NBP capital.

<i>PLN thousand</i>	<b>31.12.2014</b>	<b>31.12.2015</b>
Statutory fund	1,500,000.0	1,500,000.0
Reserve fund	1,243,645.5	993,645.5
Provision against the foreign exchange rate risk of the zloty	8,740,388.2	11,207,911.6
Revaluation account	1,618,023.2	1,618,023.2
Revaluation gains	32,955,562.5	35,027,341.3
NBP balance sheet loss of previous years	-11,457,911.7	-11,207,911.6
Part of the profit at the disposal of NBP*	0.0	413,789.0
<b>Total</b>	<b>34,599,707.7</b>	<b>39,552,799.0</b>
<i>% of the balance sheet total of NBP</i>	<i>9.8%</i>	<i>10.6%</i>

\* 5% of NBP profit, which in 2015 amounted to PLN 8,275,780.8 thousand; in 2014 the financial result was zero.

## 9.2. Operational risk

Operational risk is the potential possibility of incurring financial or non-financial damages by NBP, including failure to carry out tasks or a negative impact on NBP reputation resulting from inadequate or failed internal processes, personnel or systems, or from external events.

In 2015, five operational risk sub-categories were defined at NBP: management risk, safety risk, personnel risk, legal risk, technological risk, which is divided into ICT technological risk (related, inter alia, to IT and ICT systems, IT software and hardware) and non-ICT technological risk (related, inter alia, to construction facilities and elements of mobile equipment).

The risk mitigation mechanisms used at NBP 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,
- implementation of access control as well as IT and telecommunications, physical and electronic safeguards,
- backup copies, contingency and evacuation plans,
- insurance,
- control and internal audit.

In 2015 work continued on amending the existing resolution on operational risk management in NBP and the resulting additional regulations. The resolution entered into force on 1 January 2016.



A round of training sessions followed (including e-learning sessions and workshops), which aimed to promote the knowledge of operational risk among NBP personnel.

Moreover, in 2015 regular information on operational risk in NBP was prepared for the Management Board of NBP and the Commission for Operational Risk Management.

In January 2015, a new Code of Ethics for Narodowy Bank Polski employees entered into force. The Operational Risk and Compliance Department (DROZ), on behalf of a member of the Management Board of NBP in charge of the NBP corporate ethics, took up a number of activities monitoring the scope of application of the Code of Ethics for NBP employees. Moreover, the member of the Management Board of NBP in charge of the NBP corporate ethics issued interpretations, in particular in the form of opinions on issues regarding compliance with the ethics rules which were submitted by NBP departments and employees. Training on the application of the new Code of Ethics was organised, and information activities were carried out to promote ethical behaviour in the bank.

Director of the Accounting  
and Finance Department  
of Narodowy Bank Polski:  
/-/ Krzysztof Kruszewski

Management Board  
of Narodowy Bank Polski:

/-/ Marek Belka  
/-/ Piotr Wiesiołek  
/-/ Anna Trzecińska  
/-/ Jacek Bartkiewicz  
/-/ Adam Glapiński  
/-/ Ryszard Kokoszczyński  
/-/ Andrzej Raczko  
/-/ Paweł Samecki  
/-/ Katarzyna Zajdel-Kurowska

Warsaw, 24 March 2016

## INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

### To the Monetary Policy Council of Narodowy Bank Polski

The attached summary financial statements for the year ended 31 December 2015 of Narodowy Bank Polski (hereinafter 'NBP'), with its registered office in Warsaw, at Świętokrzyska 11/21, containing the balance sheet as at 31 December 2015, the profit and loss account for the year ended 31 December 2015 and the condensed notes (hereinafter 'the attached summary financial statements of NBP') have been prepared by the NBP's Management Board on the basis of the annual financial statements of NBP for the year ended 31 December 2015 (hereinafter 'the annual financial statements of NBP'), prepared in accordance with the Act of 29 August 1997 on Narodowy Bank Polski (Journal of Laws of 2013, item 908 with subsequent amendments), 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 with subsequent amendments), 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), Resolution No. 45/2013 of the Management Board of Narodowy Bank Polski of 12 December 2013 on performing tasks in the area of accounting at Narodowy Bank Polski, with subsequent amendments and based on properly maintained accounting records.

We conducted our audit of the annual financial statements of NBP, based on which the attached summary financial statements of NBP have been prepared, in accordance with:

- chapter 7 of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330 with subsequent amendments),
- National Auditing Standards issued by the National Council of Statutory Auditors in Poland.

On 24 March 2016 we issued an unqualified opinion on the annual financial statements of NBP. The annual financial statements of NBP, as well as the attached summary financial statements of NBP do not reflect the effects of events which occurred subsequent to the date of issuance of the above opinion.

Summary financial statements do not contain all the elements and disclosures required for the preparation of the annual financial statements. For the full understanding of financial result of NBP for the year ended 31 December 2015, as well as financial position<sup>1</sup> of NBP as at 31 December 2015 and the scope of our audit of annual financial statements of NBP, complete annual financial statements of NBP should be read in conjunction with the auditor's opinion and the long-form auditor's report on those financial statements.

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<sup>1</sup> Translation of the following expression in Polish: '*sytuacja majątkowa i finansowa*'

*Responsibility of the NBP's Management Board for the attached summary financial statements of NBP*

In accordance with § 91 of Resolution No. 45/2013 of the Management Board of Narodowy Bank Polski of 12 December 2013 on performing tasks in the area of accounting at Narodowy Bank Polski, with subsequent amendments, the NBP's Management Board is responsible for the preparation and publication of the attached summary financial statements of NBP with the auditor's report on the attached summary financial statements of NBP in the Report on the Activity of NBP and in the Annual Report of NBP.

*Auditor's Responsibility*

Our responsibility was to express an opinion on the attached summary financial statements of NBP based on our procedures, which were conducted in accordance with National Auditing Standard No. 3, guided by the principles contained in International Standard on Auditing 810 'Engagements to Report on Summary Financial Statements'.

*Opinion*

In our opinion, the attached summary financial statements of NBP derived from the annual financial statements of NBP for the year ended 31 December 2015 are consistent, in all material aspects, with those financial statements.

on behalf of  
Ernst & Young Audyt Polska spółka  
z ograniczoną odpowiedzialnością sp. k.  
Rondo ONZ 1, 00-124 Warsaw  
Reg. No. 130

Key Certified Auditor

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Arkadiusz Krasowski  
Certified Auditor  
No. 10018

Warsaw, 16 May 2016

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# Statistical annex



**Table I. Basic statistical 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 2014	95 140.2	108.1	97.4	10 320.3	105.0	129.6	99.0	99.7	99.0	97.3	98.8
January 2015	92 237.3	101.6	96.8	3 581.5	101.3	34.8	98.6	99.8	99.8	97.2	99.9
February	93 382.1	105.0	101.4	4 175.3	99.7	116.7	98.4	99.9	99.6	97.2	99.9
March	105 902.8	108.8	113.4	5 355.1	102.9	128.2	98.5	100.2	99.8	97.5	100.1
April	97 024.5	102.4	92.0	5 821.0	108.5	108.7	98.9	100.4	100.3	97.3	99.6
May	95 981.0	102.8	98.6	6 195.3	101.3	106.4	99.1	100.0	100.3	97.9	100.4
June	100 807.2	107.4	104.6	6 961.4	97.5	112.5	99.2	100.0	100.3	98.6	100.6
July	99 288.2	103.8	98.7	7 184.8	99.9	103.4	99.3	99.9	100.2	98.2	99.6
August	91 672.1	105.3	92.9	7 124.0	104.8	99.2	99.4	99.6	99.9	97.3	99.3
September	105 347.0	104.0	115.1	7 959.1	97.5	111.6	99.2	99.7	99.6	97.2	99.9
October	107 440.3	102.4	101.9	8 273.4	94.8	104.2	99.3	100.1	99.7	97.7	100.1
November	104 788.0	107.8	97.4	7 997.4	101.2	96.6	99.4	99.9	99.6	98.2	100.0
December	104 783.1	106.7	96.4	10 211.2	99.6	127.7	99.5	99.8	99.5	99.2	99.8

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 & 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 2014	99.2	99.9	5 774	5 549	1 825.2	11.4	4 379.26	283 542.7	312 520.2	-32 336.6
January 2015	99.5	99.9	5 805	5 573	1 918.6	11.9	3 942.78	28 115.7	28 702.7	8 910.7
February	99.6	99.9	5 808	5 573	1 918.7	11.9	3 981.75	47 158.8	58 482.9	-5 193.0
March	99.7	100.0	5 811	5 576	1 860.6	11.5	4 214.14	67 825.3	84 485.4	-19 366.1
April	99.7	100.0	5 816	5 575	1 782.2	11.1	4 123.26	96 077.7	112 770.8	-24 578.9
May	99.7	99.9	5 815	5 577	1 702.1	10.7	4 002.16	116 283.4	135 914.6	-26 946.4
June	99.6	100.0	5 819	5 578	1 622.3	10.2	4 039.70	137 023.0	163 162.8	-34 872.1
July	99.6	99.9	5 830	5 583	1 585.7	10.0	4 095.26	163 479.4	190 071.1	-34 189.3
August	99.4	99.9	5 831	5 588	1 563.5	9.9	4 024.95	187 237.5	213 097.9	-35 120.1
September	99.4	99.9	5 839	5 593	1 539.4	9.7	4 059.19	210 045.7	241 181.8	-34 403.7
October	99.3	99.9	5 858	5 608	1 516.9	9.6	4 110.77	238 911.1	273 399.0	-33 520.7
November	99.3	99.9	5 868	5 617	1 530.6	9.6	4 164.01	263 764.2	299 892.9	-34 150.2
December	99.1	99.9	5 867	5 626	1 563.3	9.8	4 515.28	289 136.7	331 743.4	-31 205.9

Table I. Basic statistical 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 2014	2 442 964.7	1 443 377.4	2 337 425.6	1 484 961.6	105 685.9	15 527.3	90 158.6	95.7	3.7	102.5	768 733.6	275 197.8	269 925.8
January 2015	.	.	.	.	.	.	.	.	.	.	.	.	.
February	.	.	.	.	.	.	.	.	.	.	.	.	.
March	592 326.0	354 535.7	563 936.9	361 853.8	28 354.4	5 033.6	23 320.8	95.2	3.9	104.4	780 638.2	284 169.5	261 291.2
April	.	.	.	.	.	.	.	.	.	.	.	.	.
May	.	.	.	.	.	.	.	.	.	.	.	.	.
June	1 211 368.2	721 083.5	1 146 901.9	736 532.2	64 367.5	9 895.9	54 471.6	94.7	4.5	101.1	800 574.6	291 039.7	268 948.6
July	.	.	.	.	.	.	.	.	.	.	.	.	.
August	.	.	.	.	.	.	.	.	.	.	.	.	.
September	1 850 894.1	1 099 925.7	1 764 860.5	1 133 019.5	86 011.1	13 003.9	73 007.2	95.4	3.9	103.0	822 742.6	297 205.8	272 107.4
October	.	.	.	.	.	.	.	.	.	.	.	.	.
November	.	.	.	.	.	.	.	.	.	.	.	.	.
December	2 520 937.8	1 498 883.5	2 412 760.6	1 543 999.1	108 215.2	16 674.0	91 541.1	95.7	3.6	101.0	806 897.0	283 182.9	277 950.9

**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 <sup>1</sup>	Total required reserves held
						demand	time	demand	time			
	%	%	%	%	%	%	%	%	%	%	%	million zloty
1	2	3	4	5	6	7	8	9	10	11	12	
December 2014	2.00	3.00	1.00	2.25	.	3.5	3.5	3.5	3.5	0.0	0.9	34 695.7
January 2015	2.00	3.00	1.00	2.25	.	3.5	3.5	3.5	3.5	0.0	0.9	34 695.7
February	2.00	3.00	1.00	2.25	.	3.5	3.5	3.5	3.5	0.0	0.9	34 815.9
March	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	35 213.8
April	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	35 272.8
May	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	35 272.8
June	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	35 322.0
July	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	35 657.5
August	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	35 882.9
September	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	36 101.6
October	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	36 101.6
November	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	37 194.3
December	1.50	2.50	0.50	1.75	.	3.5	3.5	3.5	3.5	0.0	0.9	37 115.2

<sup>1</sup> Rediscount rate – as from 9 October 2014 NBP reference 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)
	13	14	15	16	17	18
December 2014	0	0.00	0.00	0.00	0.00	0.00
January 2015	0	0.00	0.00	0.00	0.00	0.00
February	0	0.00	0.00	0.00	0.00	0.00
March	0	0.00	0.00	0.00	0.00	0.00
April	0	0.00	0.00	0.00	0.00	0.00
May	0	0.00	0.00	0.00	0.00	0.00
June	0	0.00	0.00	0.00	0.00	0.00
July	0	0.00	0.00	0.00	0.00	0.00
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 2014	6	541 500.00	511 392.46	511 392.46	2.00	84 642.65
January 2015	8	599 000.00	532 179.58	531 541.38	2.00	106 808.79
February	5	417 500.00	404 187.38	400 791.14	2.00	99 245.38
March	5	398 500.00	396 580.92	393 542.04	1.50	91 855.16
April	6	478 500.00	466 703.15	466 653.70	1.50	86 461.31
May	5	398 000.00	362 140.03	362 140.03	1.50	97 378.94
June	5	391 000.00	368 951.73	368 951.73	1.50	76 281.12
July	6	451 000.00	438 074.11	438 074.11	1.50	80 858.93
August	5	333 000.00	334 475.40	322 375.64	1.50	69 355.38
September	5	352 000.00	340 831.12	340 625.53	1.50	91 873.66
October	6	461 000.00	437 971.05	434 179.65	1.50	101 623.49
November	5	384 000.00	363 196.97	360 221.13	1.50	81 788.79
December	6	475 000.00	433 345.82	433 345.82	1.50	74 096.32

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 2014	471	591 164.9	19.7	2 315.9	2 362.7	3 483.5	3 537.1	12 108.1	12 075.1	15 551.4	36.3
January 2015	472	595 568.6	20.4	2 341.0	2 308.7	3 537.2	3 493.0	12 509.3	12 261.7	17 739.1	40.1
February	471	609 491.9	21.0	2 367.1	2 348.5	3 657.0	3 564.3	13 253.2	12 762.5	15 016.3	33.3
March	471	618 248.9	22.7	2 395.9	2 358.1	3 732.0	3 737.8	13 443.4	13 459.9	19 239.1	37.8
April	473	648 861.6	22.5	2 514.6	2 477.8	3 863.7	3 814.1	13 757.5	13 610.5	16 628.3	34.1
May	472	635 960.5	21.4	2 437.8	2 507.1	3 848.6	3 907.2	13 756.8	13 867.2	17 206.1	34.4
June	474	605 185.1	20.5	2 317.8	2 353.7	3 685.5	3 759.7	12 901.6	13 311.6	16 228.1	32.9
July	476	591 707.1	16.2	2 227.5	2 240.2	3 815.0	3 703.9	13 286.1	13 058.5	17 522.7	33.7
August	476	577 330.5	15.7	2 163.7	2 177.1	3 677.3	3 764.8	13 207.4	13 468.0	17 675.5	38.1
September	476	556 085.8	19.2	2 066.4	2 135.9	3 576.8	3 619.4	13 105.0	13 145.8	16 968.3	35.7
October	479	559 031.2	19.5	2 060.0	2 104.0	3 681.3	3 711.4	13 605.2	13 409.6	18 038.0	37.7
November	479	529 097.1	18.6	1 925.7	2 001.0	3 654.3	3 649.7	13 371.3	13 410.1	14 782.7	35.3
December	487	516 785.2	18.2	1 859.2	1 841.7	3 567.1	3 511.7	13 211.2	12 843.7	16 419.8	41.8

**Table III. PLN/USD and PLN/EUR daily exchange rates**

Days	December 2014			January 2015			February 2015		
	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	3.3519	4.1788	1.2467	3.5072	4.2623	1.2153	3.7204	4.2081	1.1311
2	3.3466	4.1620	1.2437	3.5725	4.3078	1.2058	3.6801	4.1762	1.1348
3	3.3730	4.1574	1.2326	3.5725	4.3078	1.2058	3.6886	4.1812	1.1335
4	3.3728	4.1538	1.2316	3.5725	4.3078	1.2058	3.6440	4.1712	1.1447
5	3.3619	4.1585	1.2369	3.5975	4.3008	1.1955	3.6656	4.1739	1.1387
6	3.3619	4.1585	1.2369	3.5975	4.3008	1.1955	3.6395	4.1695	1.1456
7	3.3619	4.1585	1.2369	3.6375	4.3115	1.1853	3.6395	4.1695	1.1456
8	3.3978	4.1655	1.2259	3.6482	4.2985	1.1783	3.6395	4.1695	1.1456
9	3.3688	4.1594	1.2347	3.6252	4.2837	1.1816	3.6811	4.1760	1.1344
10	3.3572	4.1595	1.2390	3.6252	4.2837	1.1816	3.7220	4.2017	1.1289
11	3.3611	4.1749	1.2421	3.6252	4.2837	1.1816	3.7094	4.1999	1.1322
12	3.3639	4.1805	1.2428	3.6218	4.2782	1.1812	3.6926	4.1884	1.1343
13	3.3639	4.1805	1.2428	3.6252	4.2802	1.1807	3.6552	4.1783	1.1431
14	3.3639	4.1805	1.2428	3.6525	4.2885	1.1741	3.6552	4.1783	1.1431
15	3.3621	4.1761	1.2421	3.6588	4.2897	1.1724	3.6552	4.1783	1.1431
16	3.3522	4.1935	1.2510	3.7174	4.3220	1.1626	3.6665	4.1812	1.1404
17	3.3928	4.2286	1.2463	3.7174	4.3220	1.1626	3.6788	4.1904	1.1391
18	3.4428	4.2365	1.2305	3.7174	4.3220	1.1626	3.6784	4.1905	1.1392
19	3.4791	4.2705	1.2275	3.7176	4.3165	1.1611	3.6631	4.1770	1.1403
20	3.4791	4.2705	1.2275	3.7346	4.3335	1.1604	3.6895	4.1800	1.1329
21	3.4791	4.2705	1.2275	3.7358	4.3218	1.1569	3.6895	4.1800	1.1329
22	3.4767	4.2625	1.2260	3.6994	4.2997	1.1623	3.6895	4.1800	1.1329
23	3.4937	4.2743	1.2234	3.7687	4.2354	1.1238	3.6933	4.1777	1.1312
24	3.5290	4.3060	1.2202	3.7687	4.2354	1.1238	3.6948	4.1763	1.1303
25	3.5290	4.3060	1.2202	3.7687	4.2354	1.1238	3.6649	4.1668	1.1369
26	3.5290	4.3060	1.2202	3.7601	4.2293	1.1248	3.6519	4.1542	1.1375
27	3.5290	4.3060	1.2202	3.7348	4.2285	1.1322	3.6980	4.1495	1.1221
28	3.5290	4.3060	1.2202	3.7276	4.2348	1.1361	3.6980	4.1495	1.1221
29	3.5270	4.3053	1.2207	3.7418	4.2344	1.1316	.	.	.
30	3.5458	4.3138	1.2166	3.7204	4.2081	1.1311	.	.	.
31	3.5072	4.2623	1.2153	3.7204	4.2081	1.1311	.	.	.
Average monthly rate	3.4287	4.2233	X	3.6739	4.2797	X	3.6766	4.1776	X

Table III. PLN/USD and PLN/EUR daily exchange rates, cont'd.

Days	March 2015			April 2015			May 2015		
	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	3.6980	4.1495	1.1221	3.7890	4.0665	1.0732	3.5987	4.0337	1.1209
2	3.7053	4.1559	1.1216	3.7524	4.0640	1.0830	3.5987	4.0337	1.1209
3	3.7190	4.1557	1.1174	3.7449	4.0748	1.0881	3.5987	4.0337	1.1209
4	3.7485	4.1723	1.1131	3.7449	4.0748	1.0881	3.6320	4.0465	1.1141
5	3.7525	4.1415	1.1037	3.7449	4.0748	1.0881	3.6205	4.0179	1.1098
6	3.7649	4.1292	1.0968	3.7449	4.0748	1.0881	3.6116	4.0552	1.1228
7	3.7649	4.1292	1.0968	3.7435	4.0615	1.0849	3.5830	4.0685	1.1355
8	3.7649	4.1292	1.0968	3.7135	4.0340	1.0863	3.6095	4.0552	1.1235
9	3.7890	4.1259	1.0889	3.7414	4.0198	1.0744	3.6095	4.0552	1.1235
10	3.8345	4.1233	1.0753	3.7894	4.0198	1.0608	3.6095	4.0552	1.1235
11	3.9091	4.1435	1.0600	3.7894	4.0198	1.0608	3.6489	4.0767	1.1172
12	3.8928	4.1251	1.0597	3.7894	4.0198	1.0608	3.6447	4.1030	1.1257
13	3.9141	4.1529	1.0610	3.8088	4.0198	1.0554	3.6300	4.0765	1.1230
14	3.9141	4.1529	1.0610	3.8001	4.0088	1.0549	3.5921	4.0945	1.1399
15	3.9141	4.1529	1.0610	3.7875	4.0083	1.0583	3.5719	4.0587	1.1363
16	3.9260	4.1373	1.0538	3.7746	4.0140	1.0634	3.5719	4.0587	1.1363
17	3.9034	4.1397	1.0605	3.7277	4.0330	1.0819	3.5719	4.0587	1.1363
18	3.9073	4.1450	1.0608	3.7277	4.0330	1.0819	3.5550	4.0468	1.1383
19	3.8596	4.1230	1.0682	3.7277	4.0330	1.0819	3.6152	4.0465	1.1193
20	3.8645	4.1255	1.0675	3.7302	4.0112	1.0753	3.6538	4.0606	1.1113
21	3.8645	4.1255	1.0675	3.7275	3.9822	1.0683	3.6605	4.0836	1.1156
22	3.8645	4.1255	1.0675	3.7125	4.0015	1.0778	3.6690	4.0980	1.1169
23	3.8180	4.1287	1.0814	3.7371	4.0075	1.0724	3.6690	4.0980	1.1169
24	3.7453	4.1090	1.0971	3.6895	4.0161	1.0885	3.6690	4.0980	1.1169
25	3.7355	4.0927	1.0956	3.6895	4.0161	1.0885	3.7500	4.1149	1.0973
26	3.7050	4.0886	1.1035	3.6895	4.0161	1.0885	3.7898	4.1279	1.0892
27	3.7890	4.0993	1.0819	3.7115	4.0214	1.0835	3.7906	4.1405	1.0923
28	3.7890	4.0993	1.0819	3.6751	4.0075	1.0904	3.7858	4.1419	1.0941
29	3.7890	4.0993	1.0819	3.6396	4.0060	1.1007	3.7671	4.1301	1.0964
30	3.7685	4.0940	1.0864	3.5987	4.0337	1.1209	3.7671	4.1301	1.0964
31	3.8125	4.0890	1.0725	.	.	.	3.7671	4.1301	1.0964
Average monthly rate	3.8138	4.1278	X	3.7347	4.0291	X	3.6520	4.0783	X

**Table III. PLN/USD and PLN/EUR daily exchange rates, cont'd.**

Days	June 2015			July 2015			August 2015		
	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	3.7850	4.1260	1.0901	3.7625	4.1923	1.1142	3.7929	4.1488	1.0938
2	3.7676	4.1374	1.0982	3.7859	4.1935	1.1077	3.7929	4.1488	1.0938
3	3.7108	4.1307	1.1132	3.7726	4.1896	1.1105	3.7705	4.1360	1.0969
4	3.7108	4.1307	1.1132	3.7726	4.1896	1.1105	3.7792	4.1463	1.0971
5	3.6949	4.1600	1.1259	3.7726	4.1896	1.1105	3.8359	4.1655	1.0859
6	3.6949	4.1600	1.1259	3.7960	4.1990	1.1062	3.8385	4.1798	1.0889
7	3.6949	4.1600	1.1259	3.8313	4.2026	1.0969	3.8326	4.1868	1.0924
8	3.7381	4.1559	1.1118	3.8225	4.2213	1.1043	3.8326	4.1868	1.0924
9	3.6975	4.1705	1.1279	3.8290	4.2277	1.1041	3.8326	4.1868	1.0924
10	3.6760	4.1602	1.1317	3.7709	4.1905	1.1113	3.8246	4.1933	1.0964
11	3.6817	4.1481	1.1267	3.7709	4.1905	1.1113	3.8087	4.2035	1.1037
12	3.7094	4.1423	1.1167	3.7709	4.1905	1.1113	3.7805	4.2093	1.1134
13	3.7094	4.1423	1.1167	3.7543	4.1550	1.1067	3.7625	4.1822	1.1115
14	3.7094	4.1423	1.1167	3.7645	4.1545	1.1036	3.7557	4.1849	1.1143
15	3.6905	4.1486	1.1241	3.7470	4.1319	1.1027	3.7557	4.1849	1.1143
16	3.6933	4.1595	1.1262	3.7694	4.1111	1.0907	3.7557	4.1849	1.1143
17	3.6873	4.1535	1.1264	3.7676	4.1021	1.0888	3.7613	4.1775	1.1107
18	3.6556	4.1615	1.1384	3.7676	4.1021	1.0888	3.7578	4.1616	1.1075
19	3.6879	4.1715	1.1311	3.7676	4.1021	1.0888	3.7718	4.1690	1.1053
20	3.6879	4.1715	1.1311	3.7868	4.1083	1.0849	3.7659	4.1946	1.1138
21	3.6879	4.1715	1.1311	3.7875	4.1112	1.0855	3.7308	4.2014	1.1261
22	3.6799	4.1724	1.1338	3.7629	4.1174	1.0942	3.7308	4.2014	1.1261
23	3.7040	4.1637	1.1241	3.7559	4.1285	1.0992	3.7308	4.2014	1.1261
24	3.7103	4.1640	1.1223	3.7654	4.1195	1.0940	3.6971	4.2390	1.1466
25	3.7305	4.1737	1.1188	3.7654	4.1195	1.0940	3.6613	4.2309	1.1556
26	3.7275	4.1764	1.1204	3.7654	4.1195	1.0940	3.6937	4.2381	1.1474
27	3.7275	4.1764	1.1204	3.7455	4.1495	1.1079	3.7450	4.2255	1.1283
28	3.7275	4.1764	1.1204	3.7303	4.1280	1.1066	3.7493	4.2325	1.1289
29	3.7671	4.1893	1.1121	3.7471	4.1452	1.1062	3.7493	4.2325	1.1289
30	3.7645	4.1944	1.1142	3.7754	4.1429	1.0973	3.7493	4.2325	1.1289
31	.	.	.	3.7929	4.1488	1.0938	3.7780	4.2344	1.1208
Average monthly rate	3.7103	4.1597	X	3.7734	4.1540	X	3.7685	4.1936	X

Table III. PLN/USD and PLN/EUR daily exchange rates, cont'd.

Days	September 2015			October 2015			November 2015			December 2015		
	NBP average exchange rates			NBP average exchange rates			NBP average exchange rates			NBP average exchange rates		
	PLN/USD	PLN/EUR	USD/EUR	PLN/USD	PLN/EUR	USD/EUR	PLN/USD	PLN/EUR	USD/EUR	PLN/USD	PLN/EUR	USD/EUR
	28	29	30	31	32	33	34	35	36	37	38	39
1	3.7503	4.2297	1.1278	3.8005	4.2437	1.1166	3.8748	4.2652	1.1008	4.0248	4.2651	1.0597
2	3.7626	4.2440	1.1279	3.8028	4.2451	1.1163	3.8590	4.2490	1.1011	4.0305	4.2815	1.0623
3	3.7645	4.2314	1.1240	3.8028	4.2451	1.1163	3.8678	4.2495	1.0987	4.0400	4.2665	1.0561
4	3.7952	4.2290	1.1143	3.8028	4.2451	1.1163	3.8876	4.2455	1.0921	3.9607	4.3141	1.0892
5	3.7952	4.2290	1.1143	3.7730	4.2475	1.1258	3.8925	4.2306	1.0869	3.9607	4.3141	1.0892
6	3.7952	4.2290	1.1143	3.7890	4.2453	1.1204	3.9075	4.2458	1.0866	3.9607	4.3141	1.0892
7	3.7928	4.2335	1.1162	3.7604	4.2272	1.1241	3.9075	4.2458	1.0866	3.9853	4.3111	1.0818
8	3.7878	4.2360	1.1183	3.7543	4.2405	1.1295	3.9075	4.2458	1.0866	3.9877	4.3282	1.0854
9	3.7634	4.2129	1.1194	3.7242	4.2170	1.1323	3.9605	4.2651	1.0769	3.9705	4.3402	1.0931
10	3.7648	4.2153	1.1197	3.7242	4.2170	1.1323	3.9570	4.2485	1.0737	3.9601	4.3440	1.0969
11	3.7264	4.2080	1.1292	3.7242	4.2170	1.1323	3.9570	4.2485	1.0737	3.9718	4.3471	1.0945
12	3.7264	4.2080	1.1292	3.7148	4.2273	1.1380	3.9434	4.2245	1.0713	3.9718	4.3471	1.0945
13	3.7264	4.2080	1.1292	3.7199	4.2336	1.1381	3.9388	4.2362	1.0755	3.9718	4.3471	1.0945
14	3.7124	4.2090	1.1338	3.7129	4.2365	1.1410	3.9388	4.2362	1.0755	3.9695	4.3500	1.0959
15	3.7238	4.2094	1.1304	3.6948	4.2295	1.1447	3.9388	4.2362	1.0755	3.9523	4.3580	1.1026
16	3.7315	4.1994	1.1254	3.7243	4.2315	1.1362	3.9581	4.2472	1.0730	3.9644	4.3304	1.0923
17	3.7129	4.2065	1.1329	3.7243	4.2315	1.1362	3.9775	4.2433	1.0668	3.9646	4.3048	1.0858
18	3.6738	4.2059	1.1448	3.7243	4.2315	1.1362	3.9802	4.2509	1.0680	3.9558	4.2816	1.0824
19	3.6738	4.2059	1.1448	3.7265	4.2342	1.1362	3.9754	4.2477	1.0685	3.9558	4.2816	1.0824
20	3.6738	4.2059	1.1448	3.7385	4.2472	1.1361	3.9706	4.2441	1.0689	3.9558	4.2816	1.0824
21	3.7080	4.1896	1.1299	3.7627	4.2745	1.1360	3.9706	4.2441	1.0689	3.9200	4.2545	1.0853
22	3.7438	4.1924	1.1198	3.7806	4.2769	1.1313	3.9706	4.2441	1.0689	3.8787	4.2411	1.0934
23	3.7801	4.2007	1.1113	3.8200	4.2520	1.1131	3.9880	4.2395	1.0631	3.8872	4.2460	1.0923
24	3.7687	4.2200	1.1197	3.8200	4.2520	1.1131	4.0021	4.2609	1.0647	3.8695	4.2411	1.0960
25	3.7818	4.2115	1.1136	3.8200	4.2520	1.1131	4.0215	4.2680	1.0613	3.8695	4.2411	1.0960
26	3.7818	4.2115	1.1136	3.8645	4.2605	1.1025	4.0298	4.2763	1.0612	3.8695	4.2411	1.0960
27	3.7818	4.2115	1.1136	3.8669	4.2709	1.1045	4.0333	4.2692	1.0585	3.8695	4.2411	1.0960
28	3.7861	4.2334	1.1181	3.8826	4.2902	1.1050	4.0333	4.2692	1.0585	3.8663	4.2448	1.0979
29	3.7799	4.2434	1.1226	3.8974	4.2732	1.0964	4.0333	4.2692	1.0585	3.8659	4.2440	1.0978
30	3.7754	4.2386	1.1227	3.8748	4.2652	1.1008	4.0304	4.2639	1.0579	3.8801	4.2423	1.0933
31	.	.	.	3.8748	4.2652	1.1008	.	.	.	3.9011	4.2615	1.0924
Average monthly rate	3.7513	4.2169	X	3.7807	4.2460	X	3.9571	4.2503	X	3.9417	4.2905	X

**Table IV.** Average MFI interest rates on outstanding amounts, PLN denominated (in %)

	Sector	Category	Original maturity	No.	December 2014	January	February	March
						2015		
Deposits in PLN	households and non-profit institutions serving households	overnight		1	0.82	0.77	0.73	0.70
		with agreed maturity	up to 2 years	2	2.43	2.31	2.25	2.17
			over 2 years	3	2.24	2.48	2.37	2.36
			total	4	2.42	2.32	2.25	2.17
		total, overnight included		5	1.61	1.52	1.47	1.41
	non-financial corporations	overnight		6	0.81	0.80	0.83	0.71
		with agreed maturity	up to 2 years	7	2.12	2.07	2.01	1.88
			over 2 years	8	2.06	2.01	1.98	1.95
			total	9	2.12	2.07	2.01	1.88
		total, overnight included		10	1.42	1.37	1.40	1.28
		total, overnight excluded		11	2.34	2.26	2.19	2.10
		total, overnight included		12	1.56	1.49	1.45	1.38
Loans in PLN	households and non-profit institutions serving households	revolving loans and overdrafts		13	9.18	9.14	8.99	8.48
		credit cards		14	9.80	9.71	9.52	8.50
		for consumption	up to 1 year	15	6.50	6.19	6.16	5.32
			over 1 and up to 5 years	16	10.61	10.44	10.66	9.22
			over 5 years	17	10.77	10.63	10.90	9.46
			total	18	10.57	10.41	10.66	9.24
		for house purchases	up to 1 year	19	n/a	n/a	n/a	n/a
			over 1 and up to 5 years	20	6.67	6.62	6.52	6.40
			over 5 years	21	4.08	3.98	4.03	3.84
			total	22	4.12	4.02	4.06	3.88
		for other purposes	up to 1 year	23	4.62	4.76	4.34	4.63
			over 1 and up to 5 years	24	5.76	5.72	5.65	5.47
	over 5 years		25	4.57	4.33	4.27	4.18	
	total		26	4.76	4.57	4.49	4.40	
	total, overdrafts included		27	6.25	6.12	6.17	5.69	
	non-financial corporations	revolving loans and overdrafts		28	4.04	4.02	3.96	3.76
		credit cards		29	8.44	8.62	8.10	7.83
		up to 1 year		30	3.75	3.61	3.56	3.43
over 1 and up to 5 years		31	4.27	4.20	4.18	3.96		
over 5 years		32	4.17	4.13	4.07	3.94		
total		33	4.17	4.11	4.06	3.91		
total, overdrafts included		34	4.13	4.08	4.03	3.87		
total, overdrafts included		35	5.55	5.45	5.47	5.09		

n/a – category not available due to confidentiality issues.

Note: since December 2014 a new methodology of calculating average interest rates has been employed.

**Table IV.** Average MFI interest rates on outstanding amounts, PLN denominated (in %)

April	May	June	July	August	September	October	November	December
2015								
0.63	0.58	0.57	0.54	0.53	0.53	0.53	0.53	0.52
2.10	2.02	1.94	1.90	1.82	1.80	1.76	1.72	1.71
2.26	2.26	2.28	2.24	2.21	2.29	2.25	2.27	2.29
2.11	2.03	1.96	1.91	1.84	1.82	1.78	1.75	1.73
1.33	1.26	1.22	1.17	1.14	1.13	1.11	1.10	1.09
0.69	0.64	0.65	0.65	0.68	0.66	0.66	0.66	0.62
1.75	1.70	1.72	1.69	1.72	1.71	1.75	1.72	1.73
1.84	1.78	1.82	1.81	1.84	1.78	1.76	1.79	1.71
1.75	1.70	1.72	1.69	1.72	1.71	1.75	1.72	1.72
1.19	1.15	1.16	1.14	1.15	1.14	1.14	1.13	1.10
2.02	1.95	1.89	1.85	1.81	1.79	1.77	1.74	1.73
1.30	1.23	1.20	1.16	1.14	1.13	1.12	1.11	1.09
8.16	8.08	8.12	8.10	8.06	8.12	8.09	8.14	8.10
8.07	8.04	8.01	8.04	8.09	8.12	8.07	8.25	8.17
5.07	4.97	4.97	5.03	5.09	5.14	5.18	5.25	5.22
8.93	8.80	8.84	8.73	8.68	8.71	8.59	8.61	8.50
9.15	8.90	8.95	8.78	8.70	8.76	8.60	8.67	8.53
8.95	8.75	8.80	8.66	8.60	8.65	8.51	8.56	8.44
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6.33	6.20	5.98	5.96	5.84	5.76	5.72	5.72	5.82
3.71	3.61	3.60	3.56	3.55	3.59	3.56	3.59	3.57
3.74	3.64	3.63	3.59	3.58	3.61	3.59	3.61	3.59
4.32	4.01	3.99	4.74	4.12	4.37	4.55	3.89	4.38
5.35	5.22	5.21	5.27	5.17	5.27	5.27	5.20	5.27
3.88	3.89	3.73	3.76	3.66	3.89	3.67	3.65	3.87
4.15	4.12	4.00	4.08	3.95	4.16	3.99	3.94	4.14
5.50	5.39	5.38	5.33	5.29	5.36	5.29	5.31	5.29
3.58	3.57	3.56	3.53	3.51	3.47	3.45	3.47	3.42
7.94	8.38	8.22	8.04	8.38	8.36	7.99	7.83	7.90
3.19	3.15	3.18	3.07	3.06	3.07	3.03	3.06	3.04
3.74	3.68	3.66	3.76	3.67	3.65	3.72	3.67	3.63
3.74	3.65	3.72	3.75	3.70	3.70	3.63	3.62	3.62
3.70	3.63	3.67	3.71	3.64	3.64	3.61	3.59	3.58
3.67	3.61	3.64	3.65	3.60	3.59	3.56	3.55	3.53
4.89	4.80	4.82	4.79	4.74	4.77	4.73	4.74	4.72



**Table V.** Average MFI interest rates on new and renegotiated business, PLN denominated (in %)

	Sector	Category	Original maturity, initial rate fixation	No.	December	January	February	March	
					2014	2015			
Deposits in PLN	households and non-profit institutions serving households	with agreed maturity	up to 1 month	1	2.17	2.13	2.11	1.83	
			over 1 and up to 3 months	2	2.52	2.42	2.48	2.34	
			over 3 and up to 6 months	3	2.36	2.23	2.19	2.08	
			over 6 months and up to 1 year	4	2.00	2.28	2.43	2.12	
			over 1 year	5	2.28	2.19	2.32	2.25	
			total	6	2.31	2.25	2.27	2.09	
	non-financial corporations	with agreed maturity	up to 1 month	7	1.88	1.73	1.77	1.52	
			over 1 and up to 3 months	8	2.13	2.08	2.06	1.78	
			over 3 and up to 6 months	9	2.25	2.19	2.16	1.93	
			over 6 months and up to 1 year	10	2.31	2.02	2.09	1.82	
			over 1 year	11	1.77	1.65	1.68	1.73	
			total	12	1.92	1.81	1.83	1.58	
			total	13	2.02	1.93	1.97	1.73	
Loans in PLN	households and non-profit institutions serving households	for consumption	floating rate and up to 3 months initial rate fixation	14	10.65	10.75	10.36	9.29	
			over 3 months and up to 1 year initial rate fixation	15	4.24	4.73	4.78	4.28	
			over 1 year and up to 5 years initial rate fixation	16	8.48	8.68	9.31	8.08	
			over 5 years initial rate fixation	17	10.20	9.80	9.63	8.55	
			total	18	9.45	9.72	9.72	8.61	
				annual percentage rate of charge (APRC)	19	16.83	16.62	16.51	15.55
		for house purchases	floating rate and up to 3 months initial rate fixation	20	4.81	4.83	4.68	4.49	
			over 3 months and up to 1 year initial rate fixation	21	n/a	n/a	n/a	n/a	
			over 1 year initial rate fixation	22	n/a	n/a	n/a	n/a	
			total	23	4.70	4.70	4.56	4.37	
			annual percentage rate of charge (APRC)	24	4.97	4.97	4.84	4.68	
		for sole proprietors and unincorporated partnerships	floating rate and up to 3 months initial rate fixation	25	6.04	6.15	6.19	5.71	
			over 3 months and up to 1 year initial rate fixation	26	n/a	n/a	n/a	n/a	
			over 1 year initial rate fixation	27	n/a	n/a	n/a	n/a	
			total	28	6.14	6.27	6.22	5.77	
			annual percentage rate of charge (APRC)	29	6.01	6.11	6.08	5.73	
		for other purposes	floating rate and up to 3 months initial rate fixation	30	5.74	n/a	n/a	n/a	
			over 3 months and up to 1 year initial rate fixation	31	n/a	n/a	-	-	
			over 1 year initial rate fixation	32	5.99	6.21	6.14	5.77	
	total		33	7.36	7.55	7.48	6.74		
				total	34	3.69	3.82	3.63	3.53
	non-financial corporations	up to PLN 1 million, overdrafts excluded	floating rate and up to 3 months initial rate fixation	35	3.74	3.80	3.66	3.62	
			over 3 months and up to 1 year initial rate fixation	36	4.28	n/a	n/a	n/a	
			over 1 year initial rate fixation	37	3.70	3.82	3.64	3.54	
			total	38	4.18	4.35	4.04	4.35	
		over PLN 1 million up to PLN 4 million, overdrafts excluded	floating rate and up to 3 months initial rate fixation	39	3.90	3.82	3.91	3.41	
			over 3 months and up to 1 year initial rate fixation	40	4.00	n/a	4.17	3.94	
			over 1 year initial rate fixation	41	n/a	n/a	n/a	n/a	
			total	42	3.90	3.82	3.92	3.43	
		over PLN 4 million, overdrafts excluded	floating rate and up to 1 year initial rate fixation, with original maturity over 1 year	43	4.20	4.75	4.34	3.93	
			floating rate and up to 3 months initial rate fixation	44	3.23	3.48	3.60	3.04	
			over 3 months and up to 1 year initial rate fixation	45	4.62	n/a	n/a	n/a	
			over 1 year initial rate fixation	46	n/a	n/a	n/a	n/a	
total			47	3.38	3.55	3.59	3.09		
floating rate and up to 1 year initial rate fixation, with original maturity over 1 year			48	3.52	3.62	3.71	3.45		
		total	49	3.54	3.68	3.66	3.27		
		total	50	5.33	5.72	5.80	5.10		

n/a – category not available due to confidentiality issues.

Note: since December 2014 a new methodology of calculating average interest rates has been employed.

**Table V.** Average MFI interest rates on new and renegotiated business, PLN denominated (in %)

April	May	June	July	August	September	October	November	December
2015								
1.66	1.46	1.49	1.50	1.53	1.54	1.51	1.55	1.54
2.25	2.08	2.03	2.02	1.99	1.93	1.97	1.95	1.89
1.77	1.82	1.64	1.72	1.73	1.82	1.78	1.86	1.85
1.86	1.82	2.03	1.95	1.89	1.70	1.91	1.92	1.92
1.67	1.76	1.68	1.71	1.73	1.77	1.76	1.74	1.79
1.91	1.78	1.74	1.77	1.75	1.74	1.75	1.77	1.76
1.41	1.41	1.46	1.40	1.44	1.45	1.42	1.44	1.39
1.73	1.72	1.73	1.72	1.75	1.77	1.76	1.79	1.83
1.89	1.81	1.97	1.95	1.99	1.91	1.95	2.02	1.90
1.56	1.74	1.92	1.83	1.88	1.85	1.99	2.05	1.90
1.47	1.47	1.69	1.26	1.40	1.20	1.16	1.28	1.74
1.49	1.49	1.53	1.48	1.53	1.53	1.50	1.52	1.49
1.62	1.58	1.59	1.57	1.61	1.59	1.58	1.60	1.57
9.09	9.11	9.01	9.21	9.10	8.83	8.89	8.81	9.04
4.32	4.31	4.41	4.39	4.38	4.38	4.43	4.00	3.77
8.36	8.11	8.15	8.10	7.80	7.70	7.75	7.71	7.35
8.58	7.91	8.35	8.43	7.83	7.34	7.94	7.95	7.93
8.60	8.42	8.48	8.57	8.32	8.12	8.25	8.15	8.04
15.58	15.36	15.42	15.91	15.65	15.20	15.29	15.03	15.29
4.35	4.36	4.36	4.42	4.43	4.45	4.48	4.45	4.52
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.24	4.27	4.29	4.36	4.36	4.39	4.40	4.36	4.40
4.50	4.53	4.55	4.62	4.61	4.61	4.63	4.58	4.60
5.47	5.47	5.16	5.37	5.20	5.36	5.46	5.49	5.26
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5.53	5.50	5.24	5.42	5.25	5.47	5.48	5.48	5.34
6.05	5.97	5.81	5.45	5.58	5.12	5.34	5.36	5.01
n/a	3.95	n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	-	-	-	n/a	-	-	-	-
5.97	5.67	5.74	5.41	5.54	5.12	5.32	5.38	5.05
6.60	6.57	6.51	6.61	6.54	6.46	6.43	6.35	6.23
3.27	3.24	3.41	3.36	3.23	3.42	3.44	3.34	3.15
3.50	3.08	3.35	3.39	3.32	3.58	3.57	3.36	3.34
n/a	n/a	8.32	5.69	5.95	7.87	n/a	n/a	n/a
3.29	3.24	3.42	3.37	3.24	3.43	3.44	3.35	3.16
3.62	3.47	3.84	3.65	3.41	3.87	3.85	3.82	3.33
3.66	3.36	3.52	3.90	3.67	3.36	3.61	3.64	3.68
n/a	2.79	3.45	n/a	3.60	n/a	3.34	3.66	3.24
n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.75	n/a
3.67	3.36	3.53	3.89	3.67	3.36	3.59	3.64	3.66
3.85	3.82	3.51	4.13	3.80	3.67	3.88	3.86	4.07
3.68	3.55	3.60	3.45	3.54	3.56	3.65	3.57	3.69
n/a	4.21	3.96	n/a	3.82	n/a	n/a	3.74	4.51
n/a	n/a	n/a	n/a	n/a	4.10	n/a	n/a	n/a
3.70	3.60	3.66	3.43	3.58	3.58	3.76	3.61	3.75
3.81	3.88	3.77	3.55	3.82	3.63	3.80	3.63	3.73
3.55	3.45	3.57	3.47	3.47	3.54	3.62	3.53	3.56
5.30	5.20	5.18	5.12	5.17	4.77	5.14	5.03	4.79

**Table VI.** Average MFI interest rates on new and renegotiated business, EUR denominated (in %)

	Sector	Category	Original maturity, initial rate fixation	No.	December 2014	January	February	March	
					2015				
Deposits in EUR	households and non-profit institutions serving households	overnight <sup>1</sup>		1	0.12	0.12	0.12	0.11	
		with agreed maturity	up to 1 month		2	0.49	0.53	0.55	0.54
			over 1 and up to 3 months		3	0.55	0.60	0.57	0.54
			over 3 and up to 6 months		4	0.67	0.57	0.57	0.53
			over 6 months and up to 1 year		5	0.65	0.63	0.63	0.59
			over 1 year		6	0.55	0.89	0.56	0.39
			total		7	0.57	0.58	0.57	0.54
	non-financial corporations	overnight <sup>1</sup>		8	0.03	0.03	0.03	0.02	
		with agreed maturity	up to 1 month		9	0.17	n/a	0.16	0.13
			over 1 and up to 3 months		10	0.27	0.25	0.22	0.25
			over 3 and up to 6 months		11	0.15	0.38	0.43	0.29
			over 6 months and up to 1 year		12	0.69	0.36	n/a	0.38
			over 1 year		13	n/a	n/a	n/a	n/a
			total		14	0.17	0.16	0.17	0.15
		total, overnight excluded			15	0.23	0.22	0.23	0.21
Loans in EUR	households and non-profit institutions serving households	revolving loans and overdrafts <sup>1</sup>		16	1.92	1.90	1.89	1.99	
		for consumption	total		17	n/a	n/a	n/a	4.71
			annual percentage rate of charge (APRC)		18	n/a	n/a	n/a	4.71
		for house purchases	total		19	n/a	n/a	n/a	3.36
			annual percentage rate of charge (APRC)		20	n/a	n/a	n/a	3.50
		for other purposes			21	2.39	2.14	1.69	1.84
		total, overdrafts excluded			22	2.39	2.33	2.36	2.41
	non-financial corporations	revolving loans and overdrafts <sup>1</sup>		23	1.46	1.41	1.41	1.76	
		up to EUR 1 million		24	1.64	1.62	1.63	1.52	
		over EUR 1 million		25	2.72	1.95	2.28	2.31	
		total, overdrafts excluded		26	2.59	1.88	2.17	2.16	
		total, overdrafts excluded			27	2.58	1.89	2.17	2.17

<sup>1</sup> Category calculated on a basis of an outstanding amounts. Excluded from "total" average.

n/a – category not available due to confidentiality issues.

Note: since December 2014 a new methodology of calculating average interest rates has been employed.

**Table VI.** Average MFI interest rates on new and renegotiated business, EUR denominated (in %)

April	May	June	July	August	September	October	November	December
2015								
0.10	0.09	0.08	0.08	0.08	0.08	0.07	0.08	0.08
0.47	0.44	0.40	0.40	0.42	0.41	0.42	0.44	0.47
0.49	0.43	0.52	0.51	0.59	0.56	0.61	0.56	0.45
0.33	0.58	0.45	0.50	0.49	0.46	0.59	0.50	0.48
0.56	0.50	0.55	0.52	0.50	0.55	0.56	0.56	0.52
0.40	0.33	0.43	n/a	0.39	0.14	0.44	0.17	0.35
0.47	0.47	0.45	0.46	0.48	0.44	0.51	0.47	0.47
0.02	0.02	0.03	0.03	0.04	0.04	0.03	0.03	0.03
0.12	0.12	0.13	0.12	0.12	n/a	n/a	n/a	0.09
0.24	0.23	0.20	0.16	0.25	0.21	0.21	0.16	0.22
0.20	0.24	n/a	0.26	0.17	0.25	0.28	n/a	0.24
0.24	n/a	0.31	0.29	0.39	n/a	0.07	0.25	0.34
n/a	0.32	0.15	0.17	n/a	n/a	0.08	0.26	0.11
0.13	0.13	0.20	0.12	0.13	n/a	n/a	0.12	0.10
0.19	0.19	0.24	0.18	0.17	0.22	0.19	0.17	0.14
2.00	2.07	2.42	2.02	2.07	2.05	2.00	1.95	1.87
-	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
-	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
3.25	n/a	3.22	3.03	3.47	3.76	3.61	n/a	3.64
3.35	n/a	3.32	3.10	3.60	3.96	3.80	n/a	3.82
1.96	1.83	1.86	1.91	1.76	2.26	1.89	1.87	1.96
2.17	2.05	2.10	2.16	2.23	2.61	2.18	2.16	2.18
1.88	1.54	1.52	1.50	1.49	1.41	1.42	1.36	1.29
1.64	1.66	1.51	1.64	1.50	1.42	1.40	1.39	1.43
n/a	2.44	2.10	2.24	1.42	1.96	2.32	1.63	2.08
n/a	2.34	2.03	2.16	1.43	1.90	2.22	1.60	2.04
n/a	2.33	2.03	2.16	1.44	1.91	2.21	1.61	2.02

**Table VII. Aggregated balance sheet of other monetary financial institutions (million zloty)****Assets**

Period								other domestic residents <sup>1</sup>
	Loans to domestic residents	monetary financial institutions	general government	other domestic residents <sup>1</sup>	Holdings of securities other than shares issued by domestic residents	monetary financial institutions	general government	
	1	2	3	4	5	6	7	
December 2014	1 107 309.4	100 071.9	79 184.2	928 053.3	318 020.8	95 231.6	198 488.3	24 300.9
January 2015	1 118 150.4	93 387.1	79 390.9	945 372.4	340 518.9	117 445.9	198 403.4	24 669.6
February	1 114 201.4	93 044.7	78 597.7	942 559.0	338 622.1	110 459.4	203 156.5	25 006.2
March	1 127 064.2	94 957.2	77 845.6	954 261.4	330 359.0	102 102.4	203 398.4	24 858.2
April	1 119 100.9	94 176.8	77 380.7	947 543.4	327 761.4	96 240.3	206 684.4	24 836.7
May	1 121 376.1	82 096.6	77 774.0	961 505.5	342 333.6	107 687.1	209 709.1	24 937.4
June	1 154 655.8	102 347.5	78 200.7	974 107.6	323 835.3	87 139.9	211 089.6	25 605.8
July	1 143 670.9	92 136.4	77 764.5	973 770.0	326 771.0	92 262.8	208 886.3	25 621.9
August	1 163 599.1	102 863.5	78 058.1	982 677.5	320 645.4	80 652.0	214 136.7	25 856.7
September	1 154 963.6	86 323.2	78 972.3	989 668.1	351 369.8	103 801.0	219 786.1	27 782.7
October	1 144 130.6	72 615.8	79 385.6	992 129.2	353 330.8	113 077.4	212 461.1	27 792.3
November	1 174 219.7	100 197.9	79 459.8	994 562.0	336 743.7	95 229.5	213 690.5	27 823.7
December	1 172 655.3	97 022.9	80 711.7	994 920.7	326 078.4	85 510.4	212 099.9	28 468.1

Period					External assets	Fixed assets <sup>2</sup>	Remaining assets	Total assets
	Money Market Fund shares/units	Holdings of shares / other equity issued by domestic residents	monetary financial institutions	other domestic residents <sup>1</sup>				
	9	10	11	12				
December 2014	0.0	15 083.7	3 761.0	11 322.7	78 435.4	48 157.4	54 999.8	1 622 006.5
January 2015	0.0	15 839.8	3 758.7	12 081.1	89 950.4	48 362.6	54 389.3	1 667 211.4
February	0.0	15 947.6	3 764.6	12 183.0	84 305.5	48 313.6	52 516.5	1 653 906.7
March	0.0	15 929.4	3 779.8	12 149.6	83 574.6	48 263.6	53 289.0	1 658 479.8
April	0.0	15 708.7	3 654.9	12 053.8	78 028.6	48 344.7	53 010.9	1 641 955.2
May	0.0	15 987.4	3 682.8	12 304.6	78 146.3	48 397.8	52 477.5	1 658 718.7
June	0.0	15 563.7	3 646.3	11 917.4	71 495.0	48 520.9	50 389.6	1 664 460.3
July	0.0	15 642.1	3 784.2	11 857.9	73 591.0	48 753.8	49 752.4	1 658 181.2
August	0.0	16 361.6	4 513.7	11 847.9	76 400.5	48 828.8	51 561.3	1 677 396.7
September	0.0	17 021.3	4 890.9	12 130.4	75 045.7	48 853.2	49 502.4	1 696 756.0
October	0.0	17 179.2	4 873.4	12 305.8	77 949.1	48 968.8	50 658.8	1 692 217.3
November	0.0	17 174.5	4 831.5	12 343.0	81 597.1	48 915.3	46 456.2	1 705 106.5
December	0.0	17 569.5	5 043.2	12 526.3	72 104.3	49 341.6	42 986.2	1 680 735.3

<sup>1</sup> Non-monetary financial institutions and non-financial sector.<sup>2</sup> Excluding financial fixed assets, included in column 10.

**Table VII.** Aggregated balance sheet of other monetary financial institutions (million zloty)

## Liabilities

Period								
	Deposits of domestic residents	Monetary financial institutions	Central government	Other domestic residents <sup>1</sup>	overnight	with agreed maturity	redeemable at notice	repurchase agreements
	1	2	3	4	5	6	7	8
December 2014	1 031 300.5	51 218.8	35 952.3	944 129.4	474 996.7	458 780.6	1.8	10 350.3
January 2015	1 044 434.1	60 853.2	54 119.1	929 461.8	465 580.6	455 683.0	1.6	8 196.6
February	1 045 371.8	58 263.7	50 934.3	936 173.8	470 998.3	455 341.8	1.4	9 832.3
March	1 051 289.7	53 943.6	49 425.3	947 920.8	485 983.9	450 860.4	1.3	11 075.2
April	1 036 174.7	55 482.3	44 538.1	936 154.3	476 719.3	451 136.7	1.3	8 297.0
May	1 041 348.3	53 728.7	44 093.0	943 526.6	483 251.4	451 184.8	1.2	9 089.2
June	1 047 234.4	54 214.3	38 076.4	954 943.7	498 931.1	447 851.5	1.2	8 159.9
July	1 050 750.5	53 547.2	34 840.5	962 362.8	497 364.5	455 215.1	1.3	9 781.9
August	1 063 227.6	56 023.1	39 044.7	968 159.8	508 548.0	451 961.5	1.2	7 649.1
September	1 086 392.4	55 962.9	49 750.3	980 679.2	512 022.7	459 876.3	1.4	8 778.8
October	1 074 058.6	49 452.4	32 514.0	992 092.2	510 237.5	471 709.7	1.3	10 143.7
November	1 098 860.0	54 188.4	43 409.7	1 001 261.9	529 008.0	463 084.6	1.5	9 167.8
December	1 094 580.1	47 259.0	23 864.0	1 023 457.1	540 622.9	475 565.8	1.3	7 267.1

<sup>1</sup> Non-monetary financial institutions, local government, social security funds and non-financial sector.

Period								External liabilities	Remaining liabilities	Total liabilities
	Money Market Fund shares / units	Debt securities issued	Capital and reserves	Tier-1 capital	Tier-2 capital	reserves				
	9	10	11	12	13	14				
December 2014	0.0	55 255.8	243 104.9	149 314.6	5 038.1	88 752.2	237 585.3	54 760.0	1 622 006.5	
January 2015	0.0	56 426.5	245 607.4	148 280.5	6 675.4	90 651.5	259 231.9	61 511.5	1 667 211.4	
February	0.0	57 326.6	245 221.9	147 721.6	5 676.1	91 824.2	246 633.4	59 353.0	1 653 906.7	
March	0.0	56 927.6	245 580.1	149 041.6	4 949.5	91 589.0	245 866.6	58 815.8	1 658 479.8	
April	0.0	57 220.6	243 239.6	153 761.4	4 280.6	85 197.6	247 647.8	57 672.5	1 641 955.2	
May	0.0	57 053.8	243 806.1	155 713.0	3 289.0	84 804.1	259 756.1	56 754.4	1 658 718.7	
June	0.0	58 216.6	242 706.0	159 308.1	2 265.8	81 132.1	260 952.4	55 350.9	1 664 460.3	
July	0.0	58 069.4	244 715.4	159 493.9	2 836.1	82 385.4	254 219.4	50 426.5	1 658 181.2	
August	0.0	58 432.4	247 753.6	160 923.1	2 662.9	84 167.6	257 819.1	50 164.0	1 677 396.7	
September	0.0	59 073.4	248 888.2	161 182.0	2 585.9	85 120.3	251 699.9	50 702.1	1 696 756.0	
October	0.0	59 632.0	251 529.7	161 558.9	3 447.5	86 523.3	254 138.6	52 858.4	1 692 217.3	
November	0.0	58 737.4	250 403.5	161 568.9	3 378.6	85 456.0	246 995.9	50 109.7	1 705 106.5	
December	0.0	58 538.4	249 327.5	161 599.2	3 635.2	84 093.1	233 757.0	44 532.3	1 680 735.3	

**Table VIII.** Balance sheet of Narodowy Bank Polski (million zloty)**Assets**

Period	Loans to domestic residents	other monetary financial institutions	general government	other domestic residents <sup>1</sup>	Holdings of securities other than shares issued by domestic residents	other monetary financial institutions	general government	Holdings of shares / other equity issued by domestic residents	other monetary financial institutions	other domestic residents <sup>1</sup>	External assets	Fixed assets <sup>2</sup>	Remaining assets	Total assets
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
December 2014	22.5	0.0	0.0	22.5	0.0	0.0	0.0	53.8	0.0	53.8	358 922.3	2 224.6	241.3	361 464.5
January 2015	22.0	0.0	0.0	22.0	0.0	0.0	0.0	53.8	0.0	53.8	376 697.5	2 181.1	408.2	379 362.6
February	21.9	0.0	0.0	21.9	0.0	0.0	0.0	53.8	0.0	53.8	367 498.3	2 184.7	854.3	370 613.0
March	21.8	0.0	0.0	21.8	0.0	0.0	0.0	53.8	0.0	53.8	377 778.8	2 187.6	2 364.9	382 406.9
April	21.8	0.0	0.0	21.8	0.0	0.0	0.0	53.8	0.0	53.8	378 124.1	2 186.0	3 402.4	383 788.1
May	21.8	0.0	0.0	21.8	0.0	0.0	0.0	53.8	0.0	53.8	395 065.8	2 170.6	1 254.0	398 566.0
June	21.8	0.0	0.0	21.8	0.0	0.0	0.0	53.8	0.0	53.8	399 081.9	2 178.4	1 119.7	402 455.6
July	22.0	0.0	0.0	22.0	0.0	0.0	0.0	128.8	0.0	128.8	381 817.4	2 176.3	2 384.2	386 528.7
August	271.6	250.0	0.0	21.6	0.0	0.0	0.0	128.8	0.0	128.8	380 712.5	2 181.7	3 311.2	386 605.8
September	471.5	450.0	0.0	21.5	0.0	0.0	0.0	128.8	0.0	128.8	390 960.5	2 172.4	4 066.7	397 799.9
October	471.0	450.0	0.0	21.0	0.0	0.0	0.0	128.8	0.0	128.8	398 398.8	2 139.7	2 073.6	403 211.9
November	394.1	373.2	0.0	20.9	0.0	0.0	0.0	128.8	0.0	128.8	403 035.9	2 140.9	1 017.9	406 717.6
December	201.1	180.5	0.0	20.6	0.0	0.0	0.0	128.8	0.0	128.8	378 445.6	2 129.2	525.3	381 430.0

<sup>1</sup> Non-monetary financial institutions and non-financial sector.<sup>2</sup> Excluding financial fixed assets, included in column 8.**Liabilities**

Period	Currency in circulation	Deposits of domestic residents	other monetary financial institutions	central government	other domestic residents <sup>1</sup>	Debt securities issued	Capital and reserves	Tier-1 capital	reserves	External liabilities	Remaining liabilities	Total liabilities
	1	2	3	4	5	6	7	8	9	10	11	12
December 2014	142 661.0	69 990.5	49 302.6	19 431.9	1 256.0	84 661.4	36 130.7	2 743.6	33 387.1	26 825.8	1 195.1	361 464.5
January 2015	140 367.2	44 336.0	33 573.6	9 955.3	807.1	106 847.0	46 336.0	2 743.6	43 592.4	40 648.5	827.9	379 362.6
February	141 405.6	54 659.9	35 206.2	18 670.3	783.4	99 281.8	44 200.7	2 743.6	41 457.1	30 038.6	1 026.4	370 613.0
March	143 700.3	66 300.7	39 950.7	25 665.7	684.3	91 882.0	48 015.4	2 743.6	45 271.8	31 686.1	822.4	382 406.9
April	146 254.8	77 403.5	40 279.1	36 339.3	785.1	86 490.1	38 996.8	2 743.6	36 253.2	33 768.0	874.9	383 788.1
May	148 331.5	69 515.7	29 049.0	39 829.0	637.7	97 405.0	46 504.3	2 743.6	43 760.7	36 026.9	782.6	398 566.0
June	149 901.2	88 349.8	48 181.3	39 557.6	610.9	76 303.4	46 670.7	2 743.6	43 927.1	40 498.7	731.8	402 455.6
July	152 510.4	74 227.7	38 454.6	35 047.6	725.5	80 882.6	45 010.3	2 743.6	42 266.7	33 012.9	884.8	386 528.7
August	154 331.6	86 619.4	48 946.1	37 050.0	623.3	69 375.6	46 230.2	2 743.6	43 486.6	29 485.8	563.2	386 605.8
September	154 621.3	66 973.2	31 898.4	34 416.2	658.6	91 900.5	45 880.2	2 743.6	43 136.6	36 448.5	1 976.2	397 799.9
October	157 783.4	56 773.9	24 393.5	31 536.8	843.6	101 650.5	51 668.4	2 743.6	48 924.8	34 419.8	915.9	403 211.9
November	158 578.6	73 187.9	46 159.4	26 264.7	763.8	81 812.7	58 273.9	2 743.6	55 530.3	34 090.4	774.1	406 717.6
December	162 951.9	65 179.9	50 295.1	13 100.0	1 784.8	74 121.0	48 829.5	2 493.6	46 335.9	29 324.5	1 023.2	381 430.0

<sup>1</sup> Non-monetary financial institutions, local government, social security funds and non-financial sector.



**Table IX.** Consolidated balance sheet of monetary financial institutions (million zloty)

## Assets

Period	Loans to domestic residents			Holdings of securities other than shares issued by domestic residents			Holdings of shares / other equity <sup>2</sup> issued by other domestic residents <sup>1</sup>	External assets	Fixed assets <sup>3</sup>	Remaining assets <sup>4</sup>	Total assets
	1	General government	Other domestic residents <sup>1</sup>	4	General government	Other domestic residents <sup>1</sup>					
		2	3		5	6					
December 2014	1 007 260.0	79 184.2	928 075.8	222 789.2	198 488.3	24 300.9	11 376.5	437 357.7	50 382.0	42 609.9	1 771 775.3
January 2015	1 024 785.3	79 390.9	945 394.4	223 073.0	198 403.4	24 669.6	12 134.9	466 647.9	50 543.7	44 615.5	1 821 800.3
February	1 021 178.6	78 597.7	942 580.9	228 162.7	203 156.5	25 006.2	12 236.8	451 803.8	50 498.3	43 623.4	1 807 503.6
March	1 032 128.8	77 845.6	954 283.2	228 256.6	203 398.4	24 858.2	12 203.4	461 353.4	50 451.2	45 375.6	1 829 769.0
April	1 024 945.9	77 380.7	947 565.2	231 521.1	206 684.4	24 836.7	12 107.6	456 152.7	50 530.7	45 213.7	1 820 471.7
May	1 039 301.3	77 774.0	961 527.3	234 646.5	209 709.1	24 937.4	12 358.4	473 212.1	50 568.4	43 499.4	1 853 586.1
June	1 052 330.1	78 200.7	974 129.4	236 695.4	211 089.6	25 605.8	11 971.2	470 576.9	50 699.3	40 690.8	1 862 963.7
July	1 051 556.5	77 764.5	973 792.0	234 508.2	208 886.3	25 621.9	11 986.7	455 408.4	50 930.1	41 216.8	1 845 606.7
August	1 060 757.2	78 058.1	982 699.1	239 993.4	214 136.7	25 856.7	11 976.7	457 113.0	51 010.5	43 733.2	1 864 584.0
September	1 068 661.9	78 972.3	989 689.6	247 568.8	219 786.1	27 782.7	12 259.2	466 006.2	51 025.6	42 162.2	1 887 683.9
October	1 071 535.8	79 385.6	992 150.2	240 253.4	212 461.1	27 792.3	12 434.6	476 347.9	51 108.5	41 145.5	1 892 825.7
November	1 074 042.7	79 459.8	994 582.9	241 514.2	213 690.5	27 823.7	12 471.8	484 633.0	51 056.2	35 941.8	1 899 659.7
December	1 075 653.0	80 711.7	994 941.3	240 568.0	212 099.9	28 468.1	12 655.1	450 549.9	51 470.8	30 246.0	1 861 142.8

<sup>1</sup> Non-monetary financial institutions and non-financial sector.

<sup>2</sup> Including units in investment funds and financial fixed assets.

<sup>3</sup> Excluding financial fixed assets, incorporated in column 7.

<sup>4</sup> Including rights issues.

## Liabilities

Period	Deposits of other domestic residents <sup>1</sup>							Money Market Fund shares/ units	Debt securities issued	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities	Total liabilities
	Currency in circulation	Deposits of central government	overnight	with agreed maturity	redeemable at notice	repurchase agreements	3							
December 2014	130 029.8	55 384.2	945 385.4	476 252.7	458 780.6	1.8	10 350.3	0.0	44 685.6	275 474.6	264 411.1	55 954.8	449.8	1 771 775.3
January 2015	130 185.2	64 074.4	930 268.9	466 387.7	455 683.0	1.6	8 196.6	0.0	45 827.6	288 184.7	299 880.4	62 339.4	1 039.7	1 821 800.3
February	131 658.1	69 604.6	936 957.2	471 781.7	455 341.8	1.4	9 832.3	0.0	46 149.0	285 658.0	276 672.0	60 379.4	425.3	1 807 503.6
March	133 421.9	75 091.0	948 605.1	486 668.2	450 860.4	1.3	11 075.2	0.0	46 707.2	289 815.7	277 552.7	59 638.2	-1 062.8	1 829 769.0
April	135 055.2	80 877.4	936 939.4	477 504.4	451 136.7	1.3	8 297.0	0.0	47 470.4	278 581.5	281 415.8	58 547.4	1 584.6	1 820 471.7
May	138 099.8	83 922.0	944 164.3	483 889.1	451 184.8	1.2	9 089.2	0.0	46 771.7	286 627.6	295 783.0	57 536.9	680.8	1 853 586.1
June	139 082.6	77 634.0	955 554.6	499 542.0	447 851.5	1.2	8 159.9	0.0	47 380.1	285 730.4	301 451.1	56 082.6	48.3	1 862 963.7
July	141 590.6	69 888.1	963 088.3	498 090.0	455 215.1	1.3	9 781.9	0.0	46 689.2	285 941.5	287 232.3	51 311.2	-134.5	1 845 606.7
August	143 192.5	76 094.7	968 783.1	509 171.3	451 961.5	1.2	7 649.1	0.0	47 156.0	289 470.1	287 304.9	50 727.2	1 855.5	1 864 584.0
September	143 214.5	84 166.5	981 337.8	512 681.3	459 876.3	1.4	8 778.8	0.0	47 172.9	289 877.5	288 148.4	52 678.3	1 088.0	1 887 683.9
October	146 196.7	64 050.8	992 935.8	511 081.1	471 709.7	1.3	10 143.7	0.0	48 205.1	298 324.7	288 558.4	53 774.1	780.1	1 892 825.7
November	147 046.3	69 674.4	1 002 025.7	529 771.8	463 084.6	1.5	9 167.8	0.0	45 320.6	303 845.9	281 086.3	50 883.8	-223.3	1 899 659.7
December	149 686.4	36 964.0	1 025 241.9	542 407.7	475 565.8	1.3	7 267.1	0.0	47 149.0	293 113.8	263 081.5	45 555.6	350.6	1 861 142.8

<sup>1</sup> Non-monetary financial institutions, local government, social security funds and non-financial sector.

**Table Xa. M3 and counterparts (milion zloty)**

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 2014	130 029.9	142 661.0	12 631.1	476 252.7	300 786.4	18 573.9	124 239.3	11 305.4	19 494.2	1 853.5	606 282.7
January 2015	130 185.1	140 367.2	10 182.0	466 387.6	304 200.9	20 273.7	113 953.0	11 068.6	15 383.8	1 507.6	596 572.8
February	131 658.1	141 405.6	9 747.5	471 781.7	309 692.7	20 442.1	111 464.8	11 099.2	17 185.8	1 897.2	603 439.9
March	133 421.9	143 700.3	10 278.4	486 668.2	311 670.2	19 811.2	122 338.3	11 229.0	20 019.2	1 600.3	620 090.1
April	135 055.2	146 254.8	11 199.6	477 504.4	313 860.1	20 501.9	113 803.6	11 131.0	16 685.9	1 521.9	612 559.5
May	138 099.7	148 331.5	10 231.8	483 889.1	316 355.4	20 181.7	116 317.5	11 363.7	18 558.5	1 112.3	621 988.8
June	139 082.7	149 901.2	10 818.6	499 542.0	321 088.8	20 086.7	127 077.1	11 943.4	17 908.0	1 438.0	638 624.6
July	141 590.6	152 510.4	10 919.8	498 090.0	322 389.6	24 033.4	122 079.9	12 234.6	16 048.1	1 304.4	639 680.6
August	143 192.4	154 331.6	11 139.2	509 171.3	325 912.2	24 083.5	127 977.6	12 447.2	17 356.9	1 393.9	652 363.7
September	143 214.5	154 621.3	11 406.8	512 681.3	325 011.3	21 675.8	133 677.9	12 622.2	18 328.1	1 366.0	655 895.8
October	146 196.7	157 783.4	11 586.7	511 081.0	327 952.1	23 394.6	128 402.3	12 653.0	17 521.2	1 157.8	657 277.7
November	147 046.3	158 578.6	11 532.3	529 771.8	332 181.1	22 291.5	142 191.8	12 859.8	18 155.5	2 092.1	676 818.1
December	149 686.4	162 951.9	13 265.5	542 407.7	341 115.5	20 293.3	145 982.7	12 518.0	18 867.9	3 630.2	692 094.1

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 2014	438 268.5	290 768.7	33 350.1	101 639.2	6 800.0	4 526.3	1 184.4	1.8	1 044 552.9	10 350.3	4 112.0	0.0	1 059 015.3
January 2015	435 850.2	292 444.0	29 458.2	97 400.9	7 208.5	8 514.7	824.0	1.5	1 032 424.4	8 196.6	4 126.3	0.0	1 044 747.4
February	435 319.3	293 582.7	25 631.8	98 102.2	7 243.6	10 041.1	717.9	1.4	1 038 760.6	9 832.3	4 153.3	0.0	1 052 746.1
March	430 757.6	293 030.9	26 269.2	93 873.4	7 288.9	9 611.4	683.8	1.3	1 050 848.9	11 075.2	4 118.1	0.0	1 066 042.2
April	430 880.8	289 427.5	25 628.9	96 063.0	7 443.3	11 615.4	702.7	1.3	1 043 441.6	8 297.0	4 110.6	0.0	1 055 849.2
May	430 751.0	288 855.8	23 989.7	97 669.4	7 457.8	11 809.6	968.8	1.2	1 052 741.0	9 089.2	3 977.6	0.0	1 065 807.8
June	427 271.5	287 791.6	24 300.7	97 121.3	7 213.4	9 615.0	1 229.4	1.2	1 065 897.3	8 159.9	3 670.3	0.0	1 077 727.5
July	434 392.7	290 904.6	24 235.1	100 062.4	7 334.5	10 848.2	1 007.9	1.2	1 074 074.5	9 781.9	3 465.5	0.0	1 087 321.9
August	430 843.8	291 805.8	24 140.6	96 542.5	7 222.6	10 356.5	775.8	1.2	1 083 208.7	7 649.1	3 639.1	0.0	1 094 496.9
September	438 413.3	294 520.7	26 024.6	99 345.2	7 291.6	10 103.9	1 127.4	1.3	1 094 310.5	8 778.8	3 450.3	0.0	1 106 539.7
October	450 019.1	297 776.1	28 339.6	103 974.8	7 280.1	10 531.0	2 117.5	1.2	1 107 298.1	10 143.7	3 243.4	0.0	1 120 685.2
November	441 474.3	298 919.5	28 523.7	95 626.2	7 247.3	9 792.2	1 365.5	1.3	1 118 293.7	9 167.8	2 561.5	0.0	1 130 023.0
December	453 571.9	304 872.2	30 940.7	103 379.7	7 022.0	5 633.5	1 723.7	1.3	1 145 667.3	7 267.1	2 466.7	0.0	1 155 401.0

**Table Xb.** M3 and counterparts (million zloty)

## M3 counterparts

Period	Net external assets			Credit to other domestic residents	Loans to other domestic residents				
	Net external assets	External assets	External liabilities		households	non-monetary financial institutions	non-financial corporations	non-profit institutions serving households	
									Loans to other domestic residents
1	2	3	4	5	6	7	8	9	
December 2014	172 946.6	437 357.7	264 411.1	1 017 017.1	963 655.2	593 272.7	53 346.3	275 774.0	5 682.8
January 2015	166 767.4	466 647.9	299 880.5	1 036 096.6	981 423.1	611 924.9	49 884.8	277 888.2	5 696.5
February	175 131.8	451 803.8	276 672.0	1 033 299.4	978 145.6	607 261.4	51 046.7	278 598.9	5 674.0
March	183 800.8	461 353.4	277 552.7	1 044 485.8	989 371.2	610 496.5	55 881.6	282 245.1	5 660.1
April	174 736.9	456 152.7	281 415.8	1 037 550.2	982 536.5	609 556.7	52 308.4	280 064.9	5 635.2
May	177 429.1	473 212.1	295 783.0	1 051 811.8	996 523.3	619 335.3	52 927.3	283 605.1	5 659.8
June	169 125.8	470 576.9	301 451.1	1 064 471.3	1 009 069.1	624 564.6	54 669.5	289 159.1	5 736.3
July	168 176.0	455 408.3	287 232.4	1 064 108.1	1 008 583.4	622 948.9	55 483.6	289 572.1	5 787.3
August	169 808.3	457 113.1	287 304.8	1 073 135.9	1 017 502.3	625 703.3	55 384.9	295 766.0	5 844.8
September	177 857.8	466 006.2	288 148.4	1 081 910.2	1 024 165.3	626 202.5	57 355.5	300 216.3	5 915.3
October	187 789.6	476 348.0	288 558.4	1 084 684.6	1 026 573.4	629 865.2	54 731.6	301 535.2	6 018.3
November	203 546.8	484 633.1	281 086.3	1 086 917.5	1 028 582.7	631 353.5	53 946.5	303 231.9	6 050.9
December	187 468.5	450 549.9	263 081.4	1 089 094.5	1 029 201.0	632 551.6	58 343.5	297 975.3	6 070.9

Period	Holdings of securities other than shares		Holdings of securities other than shares	of which issued by			Holdings of shares/other equity	of which:										
	local government	social security funds		non-monetary financial institutions	non-financial corporations	local government		non-monetary financial institutions	non-financial corporations									
										10	11	12	13	14	15	16	17	18
										10	11	12	13	14	15	16	17	18
December 2014	35 579.3	0.2	41 985.3	1 713.1	22 587.8	17 684.4	11 376.6	8 970.8	2 405.8									
January 2015	36 028.4	0.2	42 538.6	1 533.1	23 136.6	17 868.9	12 135.0	9 235.9	2 899.1									
February	35 564.4	0.2	42 917.1	1 529.0	23 477.1	17 910.9	12 236.8	9 637.9	2 598.9									
March	35 087.7	0.2	42 911.1	1 598.9	23 259.3	18 052.9	12 203.5	9 650.6	2 552.9									
April	34 971.1	0.2	42 906.1	1 588.7	23 248.0	18 069.4	12 107.7	9 698.8	2 408.8									
May	34 995.8	0.2	42 930.0	1 458.5	23 478.8	17 992.7	12 358.4	9 875.4	2 483.0									
June	34 939.5	0.2	43 430.9	1 429.2	24 176.6	17 825.2	11 971.3	9 649.8	2 321.5									
July	34 791.3	0.2	43 537.9	1 295.6	24 326.2	17 916.0	11 986.8	9 604.7	2 382.0									
August	34 803.0	0.2	43 656.9	1 474.1	24 382.6	17 800.2	11 976.7	9 608.3	2 368.5									
September	34 475.5	0.2	45 485.6	1 984.5	25 798.2	17 703.0	12 259.3	10 124.1	2 135.2									
October	34 422.9	0.2	45 676.6	2 142.6	25 649.6	17 884.4	12 434.6	10 207.0	2 227.6									
November	33 999.7	0.2	45 863.0	2 164.9	25 658.8	18 039.2	12 471.8	10 264.0	2 207.9									
December	34 259.5	0.2	47 238.4	2 358.9	26 109.2	18 770.3	12 655.1	10 399.2	2 255.9									

**Table Xb. M3 and counterparts (milion zloty), 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				
December 2014	168 872.5	224 408.6	701.4	180 803.9	55 536.1	336 408.6	20 512.2	13 756.4
January 2015	159 504.3	223 896.6	728.1	180 534.4	64 392.3	349 401.0	19 832.9	13 889.4
February	158 404.5	228 278.7	696.3	185 245.6	69 874.2	347 406.7	20 022.5	14 105.3
March	151 505.6	228 103.1	703.1	185 345.5	76 597.5	351 001.4	20 102.9	14 279.4
April	148 640.5	231 024.4	695.5	188 615.0	82 383.8	340 690.9	20 255.9	14 523.3
May	149 685.3	234 494.5	647.5	191 716.5	84 809.2	348 968.3	20 433.9	14 743.7
June	158 014.7	236 525.5	705.6	193 264.5	78 510.7	349 143.7	20 580.1	14 973.9
July	163 322.4	233 943.3	689.7	190 970.2	70 620.9	349 254.9	20 822.4	15 239.6
August	162 581.8	239 591.4	680.9	196 336.5	77 009.6	353 189.9	21 117.7	15 548.5
September	161 466.2	246 579.7	726.3	202 083.1	85 113.6	354 115.9	21 463.0	15 914.4
October	173 461.0	239 539.2	677.9	194 576.7	66 078.2	362 949.6	21 690.6	16 164.8
November	171 194.9	241 111.1	985.2	195 651.3	69 916.2	367 973.6	21 610.6	16 112.3
December	201 338.0	239 781.7	1 141.7	193 329.7	38 443.7	358 310.5	21 993.9	16 551.9

Period								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	Debt securities issued with maturity over 2 years	Capital and reserves		
	27	28	29	30	31	32	33		
December 2014	5 851.1	812.9	64.4	27.3	0.1	40 421.7	275 474.7	50 382.0	-13 794.3
January 2015	5 038.7	825.9	55.8	23.0	0.1	41 383.4	288 184.8	50 543.7	-18 763.7
February	5 066.3	776.8	51.3	22.7	0.1	41 726.0	285 658.1	50 498.3	-17 181.2
March	5 006.9	746.3	47.3	22.9	0.1	41 082.7	289 815.8	50 451.2	-13 199.7
April	4 970.4	694.6	44.7	22.9	0.1	41 853.4	278 581.5	50 530.7	-14 918.4
May	4 908.2	715.1	44.1	22.8	0.1	41 906.9	286 627.6	50 568.4	-14 718.5
June	4 789.7	738.0	54.8	23.6	0.1	42 833.1	285 730.5	50 699.3	-15 439.9
July	4 746.4	742.6	70.2	23.5	0.1	42 490.9	285 941.6	50 930.1	-9 959.8
August	4 721.5	754.7	69.0	23.9	0.1	42 602.0	289 470.1	51 010.5	-8 849.7
September	4 708.9	742.1	73.5	23.9	0.1	42 775.4	289 877.5	51 025.6	-11 604.2
October	4 665.9	754.1	81.8	24.0	0.1	42 934.3	298 324.7	51 108.5	-13 408.9
November	4 662.8	745.7	65.0	24.7	0.1	42 517.2	303 845.8	51 056.2	-14 718.7
December	4 623.8	725.4	68.1	24.7	0.1	43 202.6	293 114.0	51 470.8	-15 660.2

**Table XI.** Reserve money and counterparts (million zloty)

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 2014	332 096.6	352 256.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
January 2015	336 049.0	370 037.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
February	337 459.7	360 588.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
March	346 092.8	370 293.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
April	344 356.2	370 370.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
May	359 038.9	387 714.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
June	358 583.2	391 735.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
July	348 804.5	374 253.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
August	351 226.8	373 053.5	250.0	0.0	0.0	0.0	0.0	250.0	0.0
September	354 512.0	383 089.8	450.0	0.0	0.0	0.0	0.0	450.0	0.0
October	363 979.1	390 509.4	450.0	0.0	0.0	0.0	0.0	450.0	0.0
November	368 945.6	395 158.6	373.2	0.0	0.0	0.0	0.0	0.0	373.2
December	349 121.1	370 296.7	180.5	0.0	0.0	0.0	0.0	0.0	180.5

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 2014	-84 661.4	0.0	0.0	-84 661.4	-19 431.9	-36 383.8	191 619.6	142 661.0	48 298.0	660.5
January 2015	-106 847.0	0.0	0.0	-106 847.0	-9 955.3	-47 883.6	171 363.1	140 367.2	30 346.4	649.5
February	-99 281.8	0.0	0.0	-99 281.8	-18 670.3	-43 792.7	175 715.0	141 405.6	33 520.2	789.1
March	-91 882.0	0.0	0.0	-91 882.0	-25 665.7	-46 445.5	182 099.6	143 700.3	37 598.1	801.2
April	-86 490.1	0.0	0.0	-86 490.1	-36 339.3	-36 069.1	185 457.7	146 254.8	38 533.4	669.5
May	-97 405.0	0.0	0.0	-97 405.0	-39 829.0	-45 135.1	176 669.8	148 331.5	27 628.6	709.7
June	-76 303.4	0.0	0.0	-76 303.4	-39 557.6	-46 407.8	196 314.4	149 901.2	45 589.5	823.6
July	-80 882.6	0.0	0.0	-80 882.6	-35 047.6	-43 265.0	189 609.3	152 510.4	36 150.3	948.5
August	-69 375.6	0.0	0.0	-69 375.6	-37 050.0	-42 533.6	202 517.6	154 331.6	47 456.6	729.4
September	-91 900.5	0.0	0.0	-91 900.5	-34 416.2	-43 640.0	185 005.3	154 621.3	29 827.3	556.8
October	-101 650.5	0.0	0.0	-101 650.5	-31 536.8	-49 818.4	181 423.4	157 783.4	23 082.4	557.5
November	-81 812.7	0.0	0.0	-81 812.7	-26 264.7	-56 886.6	204 354.7	158 578.6	45 077.6	698.5
December	-74 121.0	0.0	0.0	-74 121.0	-13 100.0	-49 903.8	212 176.9	162 951.9	48 637.5	587.5

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# Methodological notes

## Table I. Basic statistical 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 pts. 1, 2, 6, 7, 10 and 12 comprise national economy entities regardless of their ownership type.
2. The corporate sector comprises entities, which conduct their economic activities in the fields of: forestry, including the provision of services; marine fishing; mining and quarrying, manufacturing; electricity, water, gas and conditioned air production and supply; sanitation management and other sanitation services and re-cultivation services; construction; wholesale and retail trade; repair of motor vehicles, motorcycles; transport, storage and communication; hotels and restaurants; information and communication; real estate market services; legal services; accounting and tax services, head offices activities, management solutions; architecture and engineering services; technological research and analysis; advertising; market and public opinion polls; other professions, technical or academic activity; administration and support; recreational, cultural, sporting and other services computer repair and maintenance for individual clients; other business activities.
3. According to the Polish Statistical Classification of Economic Activities (PKD 2007), the notion of “industry” applies to the following sections: “mining and quarrying”, “manufacturing” and “electricity, gas and water production and supply” as well as water supply sanitation management and other sanitation services and re-cultivation services.
4. Data on the sold production of industry (pt. 1), and the construction and assembly production (pt. 2) refer to economic entities with of more than 9 employees.
5. Data on the value of the sold production of industry (pt. 1) and the construction and assembly production (pt. 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 (pt. 2) refer to works performed in Poland on commission (i.e. for third-party) and directly (i.e. without subcontractors) by the business entities of the construction sector, i.e. classified “under construction” according to the PKD 2007.
7. Information on the sold production of industry (pt. 1) and the construction assembly production (pt. 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 (pt. 9) is calculated as a percentage share of the unemployed in the 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 (pt. 11).
11. Data on financial results of enterprises (pt. 12) pertain to business units that keep accounting books (except for the following units, classified according to PKD 2007 under “agriculture, forestry hunting and fishing” and “financial and insurance services”) with more than 49 employees.

## Table II. Financial market – basic information

Information comprised in Table II has been derived from Narodowy Bank Polski (save for the data in pt. 6, 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. As from 1 January 2011, NBP no longer sets the central bank discount rate.
3. Total reserve requirements (pt. 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.
4. Information on Treasury bill tenders (pt. 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.
5. Information on tenders for the NBP money-market bills (pt. 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.
6. The below presentation of indices comprises precise data involving the situation of the largest (WIG 20), medium (mWIG40) and small stock companies (sWIG80):



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- 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 an 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 1000 points. mWIG40 is an 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 an 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.
7. The indices comprise companies from all the quotation markets.
  8. Capitalization refers only to domestic companies.
  9. 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.
  10. The turnover ratio shows the relation between the value of sold shares to the average value of shares quoted in a given month.
  11. 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 institutions<sup>1</sup> (including the central bank and other monetary financial institutions); in Poland, the concept of other monetary financial institutions applies to banks, credit unions (SKOK) and money market funds;
  - insurance corporations and pension funds;
  - other financial intermediaries (including: investment funds financial leasing companies, factoring companies, brokerage offices, and financial companies created for securitization of assets);
  - 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;<sup>2</sup>
  - 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, public universities, state institutions of culture and welfare etc.);
  - local government (including, among others, local administrative offices (at województwo, gmina and powiat level), local parliaments, public elementary schools

<sup>1</sup> In accordance with the ECB definition, monetary financial institutions (MFIs) comprise financial institutions whose business is to receive deposits or close substitutes for deposits from entities other than MFIs and, for their own account, to grant credits or to make investments in securities.

<sup>2</sup> Natural persons conducting business activities on their own account, with a maximum of 9 employees.

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- administered by local government units, 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 National Healthcare Fund and its branches).

#### **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 Ochrony Środowiska SA
15. Credit Agricole Bank Polska SA
16. Santander Consumer Bank SA.

At the end-December 2015, the above banks held 75% of deposits of residents and 71% of credit to households and non-financial corporations. From December 2014 onwards, new methodology for calculating average weighted interest has been applied. New method involves using data on reporting agent's homogenous groups (layers). For more information please refer to [http://www.nbp.pl/statystyka/pieniężna\\_i\\_bankowa/dwn/instrukcja\\_mir.pdf](http://www.nbp.pl/statystyka/pieniężna_i_bankowa/dwn/instrukcja_mir.pdf).

#### **Table V. Average MFI interest rates on new and renegotiated business, PLN denominated**

Information refers to agreements carried out in a given reporting month. Renegotiated 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. Weighted average is calculated with the use of the same method.

### **Table VI. Average MFI interest rates on new and renegotiated business, 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) and money market funds.
2. The presentation is structured in accordance with the ECB standards.
3. Assets in Tables VII, VIII, 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. The category 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.

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2. Debt securities issued by domestic residents (assets col. 5) held by other monetary financial institutions.
  3. Money Market Funds shares/units purchased by other MFIs (assets col. 9). Starting from January 2012 the list of Polish monetary financial institutions (MFIs) does not include money market funds (MMFs), as no investment fund meets the criteria of MMF definition as set forth in the regulation of the European Central Bank No. 1071/2013 of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33). As a consequence of the above change shares/units issued by MMFs deleted from the list of MFIs and held by banks have been reclassified to “Holdings of shares and other equity issued by domestic residents – other domestic residents”
  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 against the liabilities of 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 maturity, 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 shares/units issued by the MMF (liabilities col. 9). Zero-sum in “Money Market Fund shares/units” results from change indicated in pt. 3 above.
  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 the 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, subordinated liabilities, other operations, interest on subordinated liabilities, value adjustments.

#### **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, current year profit/loss, loss from previous years and valuation adjustment.

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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.

**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
bp	basis point
CPI	Consumer Price Index
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
ECOFIN	Economic and Financial Affairs Council
ESCB	European System of Central Banks
ESRB	European Systemic Risk Board
EU	European Union
FCL	Flexible Credit Line
Fed	Federal Reserve System
FSC	Financial Stability Committee (Komitet Stabilności Finansowej)
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 SA)
KDPW SA_CCP	National Depository for Securities – Central Counterparty
KIR SA	National Clearing House (Krajowa Izba Rozliczeniowa SA)
KNF	Polish Financial Supervision Authority (Komisja Nadzoru Finansowego)
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
SORBNET2	Real-Time Gross Settlement System (RTGS) at the NBP Head Office
TARGET2	Trans-European Automated Real-Time Gross Settlement Express Transfer System
WB	World Bank

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