



NBP

Narodowy Bank Polski

**Financial statements
of Narodowy Bank Polski
as at 31 December 2015**

Table of Contents

Balance sheet of NBP	7
Profit and loss account of NBP	9
Notes	10
1. Introduction	10
1.1. Legal basis, scope of activities and bodies of NBP	10
1.2. Legal basis of preparation of the financial statements	12
1.3. Period covered by the financial statements	12
1.4. Certified auditor and its selection	12
1.5. Information on the adoption and approval of NBP financial statements for the year 2014	12
2. Description of significant accounting principles	13
2.1. Basic accounting principles	13
2.2. Going concern	13
2.3. Recognition of transactions in the accounting books	13
2.4. Valuation as at the balance sheet date	14
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	14
2.5.1. Gold	14
2.5.2. Foreign currency	15
2.5.3. Securities purchased by NBP	16
2.5.4. Shares and participating interests	16
2.5.5. Repo / reverse repo transactions	17
2.5.6. Banknotes and coins in circulation	17
2.5.7. Securities issued by NBP	17
2.5.8. Tangible and intangible fixed assets	18
2.5.9. Inventories	19
2.5.10. Impairment of assets	19
2.5.11. Provisions for future liabilities	19
2.5.12. Provision against the foreign exchange rate risk of the zloty	20
2.5.13. Gold revaluation account	20
2.5.14. Foreign exchange forward	20
2.5.15. Foreign exchange swap	20
2.5.16. Forward transactions in securities	21
2.5.17. Futures	21

2.6. Events after the balance sheet date	22
3. Changes in accounting principles	22
4. Values based on professional judgement and estimates	22
5. Explanatory notes to balance sheet	23
Note 1 Gold and gold receivables	23
Note 2 Receivables from the IMF	24
Note 3 Balances with foreign institutions, securities, loans granted and other foreign assets	26
Note 4 Other claims on other domestic monetary financial institutions denominated in domestic currency	28
Note 5 Tangible and intangible fixed assets	28
5.1. Tangible fixed assets	29
5.2. Intangible fixed assets	31
Note 6 Other financial assets	32
Note 7 Off-balance-sheet instruments revaluation differences	35
Note 8 Accruals and prepaid expenses	35
Note 9 Sundry	36
9.1. Inventories	36
9.2. Credits and loans to employees	37
9.3. Other	37
Note 10 Banknotes and coins in circulation	37
Note 11 Liabilities to other domestic monetary financial institutions related to monetary policy operations denominated in domestic currency	38
11.1. Current accounts (incl. the required minimum reserve accounts)	38
11.2. Deposit facilities	39
11.3. Other monetary policy operations	39
Note 12 Other liabilities to other domestic monetary financial institutions denominated in domestic currency	40
Note 13 Liabilities to other residents denominated in domestic currency	41
Note 14 Liabilities to non-residents denominated in domestic currency	41
Note 15 Liabilities to residents denominated in foreign currency	42
Note 16 Liabilities to non-residents denominated in foreign currency	42
Note 17 Liabilities to the IMF	43
Note 18 Off-balance-sheet instruments revaluation differences	43
Note 19 Accruals and deferred income	44
Note 20 Sundry	44
Note 21 Provisions for future liabilities	45
21.1. Provisions for future liabilities to employees	45
21.2. Other provisions	46
Note 22 Revaluation accounts	46
Note 23 Capital and reserves	48

Note 24	Financial result	49
6.	Explanatory notes to off-balance-sheet items	50
Note 25	Spot transactions recognised on off-balance-sheet accounts	50
Note 26	Off-balance-sheet financial instruments	50
Note 27	Limits on loans in foreign currency extended to the IMF	51
Note 28	Other items recognised on off-balance-sheet accounts	52
7.	Explanatory notes to profit and loss account	53
Note 29	Interest, discount and premium income	53
29.1.	Interest and discount income on securities denominated in foreign currency	56
29.2.	Interest income on term deposits in foreign currency and gold	56
29.3.	Interest income on reverse repo transactions in foreign currency	56
29.4.	Interest income on credits and loans in foreign currency	56
29.5.	Interest income on credits and loans in domestic currency	57
29.6.	Other interest income	57
29.6.1.	Interest income on receivables from the IMF	57
29.6.2.	Interest income on bank accounts operated by NBP in foreign currency	58
Note 30	Interest, discount and premium expenses	59
30.1.	Premium expenses on securities denominated in foreign currency	61
30.2.	Discount expenses on issued securities denominated in domestic currency	61
30.3.	Interest expenses on bank accounts operated by NBP in foreign currency	62
30.4.	Interest expenses on bank accounts operated by NBP in domestic currency	62
30.5.	Other interest expenses	62
30.5.1.	Interest expenses on liabilities to the IMF due to SDR allocation	63
30.5.2.	Interest expenses on NBP bank accounts in foreign currency	63
30.5.3.	Other interest expenses	63
Note 31	Income on financial operations	64
Note 32	Expenses on financial operations	65
Note 33	Unrealised losses	66
Note 34	Expenses on transfers to risk provisions and on write-downs on financial assets	67
Note 35	Fees and commissions income	67
35.1.	Fees and commissions income on the execution of payment orders	67
35.2.	Other fees and commissions income	67
Note 36	Fees and commissions expenses	68
36.1.	Fees and commissions expenses on the opening and operation of NBP's accounts	68
36.2.	Expenses on substitution cash services	68
36.3.	Other fees and commissions expenses	68
Note 37	Income on shares and participating interests	68
Note 38	Other income	69
Note 39	Salaries and social contributions	69
39.1.	Salaries	70
39.2.	Expenses on provisions for future liabilities to employees	70
39.3.	Social contributions	70
Note 40	Administrative expenses	71

Note 41	Depreciation and amortisation expenses	71
41.1.	Tangible fixed assets depreciation expenses	72
41.2.	Intangible fixed assets amortisation expenses	72
Note 42	Expenses on issue of banknotes and coins	72
Note 43	Other expenses	73
Note 44	Financial result for the current year and its allocation	73
8.	Other explanatory notes	73
Note 45	Flexible Credit Line	73
Note 46	Events after the balance sheet date	74
9.	Financial and operational risk	75
9.1.	Financial risk	75
9.1.1.	Credit risk	76
9.1.1.1.	Maximum exposure to credit risk	76
9.1.1.2.	Credit risk in foreign exchange reserve management	79
9.1.1.2.1.	Credit quality of term deposits	79
9.1.1.2.2.	Credit quality of securities	80
9.1.1.3.	Credit risk underlying domestic credit operations	82
9.1.1.3.1.	Overdue claims on domestic credit operations	83
9.1.2.	Liquidity risk	83
9.1.2.1.	Maturity analysis for financial liabilities in foreign currency	84
9.1.3.	Interest rate risk	86
9.1.4.	Foreign exchange rate risk	87
9.1.4.1.	Exposure to foreign exchange rate risk	87
9.1.4.2.	Value at Risk and provision against the foreign exchange rate risk of the zloty	90
9.1.5.	Capital of NBP	90
9.1.6.	Market value of financial assets and liabilities and off-balance-sheet financial instruments	91
9.2.	Operational risk	93

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
Total assets		353,605,157.1	372,172,356.5

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
Total liabilities		353,605,157.1	372,172,356.5

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 Kokoszczynski
-/ Andrzej Raczko
-/ 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
A. Total net income [1+2+3+4+5]		1,184,645.2	9,404,022.5
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. Financial result for the current year [A-6-7-8-9-10]	44	0.0	8,275,780.8

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

Warsaw, 24 March 2016

Notes

1. Introduction

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 Narodowy Bank Polski, hereinafter referred to as '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 Council¹

Chairperson	<i>Marek Belka</i>		
Members	<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 NBP²

Chairperson	<i>Marek Belka</i>		
Vice President of NBP - First Deputy President of NBP	<i>Piotr Wiesiołek</i>		
Vice President of NBP	<i>Anna Trzecińska</i>		
Members	<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>

¹ 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.

² 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.³

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.

³ 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>	<i>Unlimited</i>
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
Total	13,918,505.3	13,713,371.9	-205,133.4
<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
Total	3,309.2	3,309.2*	0.0

* 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
Total	8,437,237.1	7,742,741.0	-694,496.1
<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
Total	1,661,920.3	1,431,402.3	-230,518.0

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
Reserve tranche	1,842,983.0	1,249,943.4	-593,039.6

<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
Reserve tranche	363,020.6	231,077.3	-131,943.3

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

PLN thousand	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
- current account with the ECB for settlements in the TARGET2 system	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
- discount securities	48,389,561.3	31,953,191.3	-16,436,370.0
- interest-bearing securities	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
- initial margins related to bond futures denominated in foreign currency	378.8	0.0	-378.8
- interest on term deposits in gold	613.4	4,201.7	3,588.3
Total	329,932,316.2	348,867,630.8	18,935,314.6
<i>of which</i>			
- currency revaluation differences	21,158,239.6	23,492,133.7	2,333,894.1
- price revaluation differences	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
Total	31,072,016.2	13,223,762.9	278,948,631.1	323,244,410.2

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
Total	34,718,174.9	11,908,632.8	299,263,199.9	345,890,007.6

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
Total	271.3	181,000.9	180,729.6

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>
Total	894,666.0	884,890.1	-9,775.9

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.

5.1. Tangible fixed assets

Change in tangible fixed assets*	2014						2015					
	Land**	Buildings, premises, land and water engineering objects**	Machines, devices, appliances, tools, equipment****	Vehicles	Tangible fixed assets under construction	Total	Land**	Buildings, premises, land and water engineering objects**	Machines, devices, appliances, tools, equipment****	Vehicles	Tangible fixed assets under construction	Total
<i>PLN thousand</i>												
Gross value as at start of period	108,324.2	872,582.4	856,810.6	37,369.7	37,913.0	1,912,989.9	105,705.6	878,677.9	781,789.2	34,079.8	39,730.5	1,839,983.0
Increases due to:												
- purchase	0.0	7,488.6	28,291.8	50.6	24,917.2	60,748.2	0.0	5,722.3	27,683.5	70.0	56,958.6	90,434.4
- manufacturing, adaptation, modernisation	0.0	0.0	12,383.0	19.2	0.0	12,402.2	0.0	12.3	16,235.8	70.0	0.0	16,318.1
- transfer from tangible fixed assets under construction	0.0	0.0	0.0	0.0	24,917.2	24,917.2	0.0	0.0	0.0	0.0	56,958.6	56,958.6
- transfer from intangible fixed assets under construction	0.0	7,488.6	14,750.2	31.5	0.0	22,270.3	0.0	5,710.0	9,746.1	0.0	0.0	15,456.0
- free-of-charge receipt, donation	0.0	0.0	1,133.3	0.0	0.0	1,133.3	0.0	0.0	1,683.5	0.0	0.0	1,683.5
- other increases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.2	0.0	0.0	15.2
Decreases due to:												
- liquidation	-2,618.6	-1,393.1	-103,313.2	-3,340.5	-23,099.6	-133,765.0	-2,788.2	-25,327.4	-151,618.9	-5,832.1	-15,499.0	-201,065.6
- sale	-2,618.6	-1,393.1	-99,892.4	-3.3	0.0	-98,895.7	0.0	0.0	-140,593.0	-51.0	0.0	-140,609.0
- free-of-charge transfer, donation	0.0	0.0	-1,087.2	0.0	0.0	-1,087.2	-661.1	-25,327.4	-9,060.1	-5,773.7	0.0	-40,822.2
- transfer to tangible fixed assets	0.0	0.0	0.0	0.0	-22,270.3	-22,270.3	0.0	0.0	0.0	0.0	-15,458.0	-15,458.0
- transfer to intangible fixed assets	0.0	0.0	0.0	0.0	-783.9	-783.9	0.0	0.0	0.0	0.0	-43.0	-43.0
- other decreases	0.0	0.0	-1,977.8	0.0	-46.5	-2,024.2	0.0	0.0	-3.1	0.0	0.0	-3.1
Gross value as at end of period	105,705.6	878,677.9	761,789.2	34,079.8	39,730.5	1,839,983.0	102,917.5	859,072.8	657,853.8	28,317.6	81,190.1	1,729,351.8
<i>of which fully depreciated</i>	1,020.2	18,767.0	382,971.9	2,891.5	0.0	405,640.5	1,017.2	742.0	267,566.0	4,351.7	0.0	273,676.9
Depreciation as at start of period	-25,796.7	-334,905.0	-671,148.5	-24,563.5	0.0	-1,056,414.7	-26,399.1	-352,780.5	-607,057.9	-23,797.5	0.0	-1,010,035.0
Increases due to:												
- depreciation of current period	-1,274.6	-19,083.6	-38,550.2	-2,353.9	0.0	-61,262.3	-1,215.7	-15,387.5	-40,175.0	-1,718.1	0.0	-58,486.3
- of which subject to one-off depreciation	0.0	0.0	-38,550.2	-2,353.9	0.0	-61,262.3	-1,215.7	-15,387.5	-40,175.0	-1,718.1	0.0	-58,486.3
- other increases	0.0	0.0	-2,351.5	-19.2	0.0	-2,370.6	0.0	0.0	-4,640.3	-14.0	0.0	-4,654.1
Decreases due to:												
- liquidation, sale, free-of-charge transfer, donation	672.3	1,208.0	102,641.7	3,119.9	0.0	107,642.0	715.2	7,030.6	148,395.1	4,660.4	0.0	161,801.3
- other decreases	672.3	1,208.0	100,664.6	3,119.9	0.0	105,664.9	715.2	7,030.6	148,392.1	4,660.4	0.0	161,798.2
Depreciation as at end of period	-26,399.1	-352,780.5	-607,057.9	-23,797.5	0.0	-1,010,035.0	-26,899.6	-361,137.5	-497,837.8	-20,855.3	0.0	-906,730.0
Impairment as at start of period	-149.5	-809.9	-116.2	0.0	-25,910.4	-26,985.9	-149.5	-809.9	-150.8	0.0	-25,903.9	-27,014.0
Increases	0.0	0.0	-37.5	0.0	0.0	-37.5	0.0	0.0	-11.4	0.0	0.0	-11.4
Decreases	0.0	0.0	2.9	0.0	6.6	9.4	0.0	301.9	50.1	0.0	0.0	352.0
Impairment as at end of period	-149.5	-809.9	-150.8	0.0	-25,903.9	-27,014.0	-149.5	-808.0	-112.1	0.0	-25,903.9	-26,673.4
Net value of tangible fixed assets as at end of period	79,157.1	525,087.5	174,580.5	10,282.3	13,826.7	802,934.0	75,868.4	497,427.3	159,904.0	7,462.4	55,286.2	795,948.4

* Due to rounding, individual figures in the table may not add up to totals.

** Land includes the right to perpetual usufruct of land, the net value of which as at 31 December 2015 amounted to PLN 65,010.8 thousand, with depreciation amounting to PLN 26,899.6 thousand. As at 31 December 2014 its net value amounted to PLN 68,265.7 thousand, with depreciation amounting to PLN 26,399.1 thousand.

*** Buildings, premises, land and water engineering objects include the cooperative ownership right to premises, the net value of which as at 31 December 2015 amounted to PLN 321.6 thousand and was by PLN 216.1 thousand higher than as at 31 December 2014.

**** Machines, devices, appliances, tools and equipment include the following groups of fixed tangible assets: Boilers, energy machinery; General application machines, devices and appliances; devices and appliances; Technical devices; Tools, technical instruments, movable and equipment.

The change in the gross value of tangible fixed assets in 2015 resulted mainly from:

- liquidation of IT infrastructure hardware (including servers and disc arrays) and banknote processing machines,
- sale of:
 - buildings and premises (relates mainly to the NBP Holiday Centre "Guzianka" in Ruciane-Nida),
 - machines, devices and printing equipment,
 - vehicles,
- purchase of new tangible fixed assets and incurring expenses on tangible fixed assets, mainly related to:
 - creation of new educational and exhibition facilities called "NBP Money Centre in memory of Sławomir S. Skrzypek",
 - refurbishment of the NBP Regional Branch office in Kraków.

5.2. Intangible fixed assets

Change in intangible fixed assets*	2014				2015			
	Computer software	Copyrights, proprietary rights and similar rights**	Intangible fixed assets under construction	Total	Computer software	Copyrights, proprietary rights and similar rights**	Intangible fixed assets under construction	Total
<i>PLN thousand</i>								
Gross intangible fixed assets as at start of period	361,306.7	9,291.7	5,825.4	376,423.7	372,415.2	10,422.5	8,086.4	390,924.2
Increases due to:								
- purchase	22,560.8	1,144.0	10,971.7	34,676.5	25,763.4	1,177.0	12,361.7	39,302.0
- adaptation, modernisation	14,199.5	1,142.0	0.0	15,341.5	9,097.0	1,134.0	0.0	10,230.9
- transfer from intangible fixed assets under construction	0.0	0.0	10,971.7	10,971.7	0.0	0.0	12,361.7	12,361.7
- transfer from tangible fixed assets under construction	7,577.4	0.0	0.0	7,577.4	16,666.3	0.0	0.0	16,666.3
- other increases	783.9	0.0	0.0	783.9	0.0	43.0	0.0	43.0
- other	0.0	2.0	0.0	2.0	0.0	0.0	0.0	0.0
Decreases due to:								
- liquidation	-11,452.3	-13.2	-8,710.7	-20,176.2	-5,671.2	0.0	-18,349.9	-24,021.0
- sale	-11,195.7	-13.2	0.0	-11,208.9	-5,671.2	0.0	0.0	-5,671.2
- other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- transfer to intangible fixed assets	0.0	0.0	-7,577.4	-7,577.4	0.0	0.0	-16,666.3	-16,666.3
- transfer to tangible fixed assets	0.0	0.0	-1,133.3	-1,133.3	0.0	0.0	-1,683.5	-1,683.5
- other decreases	-256.6	0.0	0.0	-256.6	0.0	0.0	0.0	0.0
Gross intangible fixed assets as at end of period	372,415.2	10,422.5	8,086.4	390,924.2	392,507.3	11,599.5	2,088.3	406,205.1
<i>of which fully amortised</i>	104,489.2	518.7	0.0	105,016.0	106,923.9	829.9	0.0	107,753.8
Amortisation as at start of period	-288,112.9	-2,849.2	0.0	-290,962.2	-295,651.4	-3,531.9	0.0	-299,183.3
Increases due to:								
- amortisation of current period	-18,939.2	-695.8	0.0	-19,635.0	-21,777.0	-848.6	0.0	-22,625.5
- of which subject to one-off amortisation	-18,939.2	-695.8	0.0	-19,635.0	-21,777.0	-848.6	0.0	-22,625.5
- other increases	-12.5	-34.6	0.0	-47.1	-105.8	-45.5	0.0	-151.3
- other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decreases due to:								
- liquidation, sale	11,400.8	13.2	0.0	11,413.9	4,554.4	0.0	0.0	4,554.4
- other decreases	11,144.2	13.2	0.0	11,157.4	4,554.4	0.0	0.0	4,554.4
- other	256.6	0.0	0.0	256.6	0.0	0.0	0.0	0.0
Amortisation as at end of period	-295,651.4	-3,531.9	0.0	-299,183.3	-312,874.0	-4,380.5	0.0	-317,254.5
Impairment as at start of period	-8.9	0.0	0.0	-8.9	-8.9	0.0	0.0	-8.9
Increases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decreases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment as at end of period	-8.9	0.0	0.0	-8.9	-8.9	0.0	0.0	-8.9
Net intangible fixed assets as at end of period	76,754.9	6,890.6	8,086.4	91,732.0	79,624.5	7,219.0	2,088.3	88,941.7

* Due to rounding, individual figures in the table may not add up to totals.

** Copyrights, proprietary rights and similar rights include the following groups of intangible assets: Copyrights and neighbouring rights; Rights related to inventions, patents, trademarks utility and ornamental designs; Other proprietary rights.

The change in the gross value of intangible fixed assets in 2015 resulted mainly from:

- purchase of new, and incurring expenses on application software, utility software and system software, server software in particular,
- liquidation of software no longer used.

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
Total	193,493.4	272,239.2	78,745.8
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/participating interest (PLN thousand)		Number of shares/participating interests 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 subscription 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>7,619,884,851.40</i>	<i>7,575,155,922.19</i>	<i>7,619,884,851.40</i>
Българска народна 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	-
Narodowy Bank Polski	5.1230%	5.1230%	554,565,112.18	554,565,112.18	20,796,191.71	20,796,191.71
Banca Națională a României	2.6024%	2.6024%	281,709,983.98	281,709,983.98	10,564,124.40	10,564,124.40
Sveriges Riksbank	2.2729%	2.2729%	246,041,585.69	246,041,585.69	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>29.6085%</i>	<i>3,249,851,147.43</i>	<i>3,205,122,218.22</i>	<i>121,869,418.02</i>	<i>120,192,083.17</i>
Total	100.0%	100.0%	10,825,007,069.61	10,825,007,069.61	7,697,025,340.21	7,740,076,934.57

* 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
Total	38,829.6	325,079.1	286,249.5

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
Total	16,217.7	39,896.4	23,678.7

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
Total	173,620.5	145,507.1	-28,113.4
<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).

9.1. Inventories

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Materials and goods	847.6	634.7	-212.9
Precious metals	39,458.4	28,150.0	-11,308.4
Collector items not in circulation	3,201.0	3,178.8	-22.2
Total	43,507.0	31,963.5	-11,543.5

The item comprises mainly precious metals – silver and gold not conforming to international standards of purity. As at 31 December 2015, NBP's stock comprised 2,999,641.79 grams of silver and 353,676.57 grams of gold, compared with 3,011,591.78 grams of silver and 448,596.97 grams of gold as at 31 December 2014.

The decrease in the item resulted mainly from the decrease in stock of gold not conforming to international standards of purity because of its use for the production of collector coins in 2015.

9.2. Credits and loans to employees

The item comprises loans denominated in domestic currency extended to employees, including loans from the Employee Benefit Fund. As at 31 December 2015, loans extended from the Fund amounted to PLN 8,164.3 thousand as compared with PLN 8,705.2 thousand as at 31 December 2014.

9.3. Other

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Funds of the Employee Benefit Fund	4,767.5	10,948.6	6,181.1
Funds on bank accounts in domestic banks related to bid bonds and collaterals paid	4,649.8	4,358.1	-291.7
Settlements related to the TARGET2 system	2,419.8	2,495.7	75.9
Other settlements	4,357.4	830.5	-3,526.9
Total	16,194.5	18,632.9	2,438.4

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
Total	142,928,806.0	163,225,778.0	20,296,972.0

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
Total	133,620,004.4	123,346,018.8	-10,273,985.6

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.

11.1. Current accounts (incl. the required minimum reserve accounts)

PLN thousand	31.12.2014	31.12.2015	Change
Current accounts	46,558,031.7	48,079,390.3	1,521,358.6
Required minimum reserve accounts of banks not having a current account with NBP and KSKOK	660,485.0	587,520.9	-72,964.1
Total	47,218,516.7	48,666,911.2	1,448,394.5

In 2015, banks, credit unions and KSKOK held the required minimum reserve with NBP, either on current accounts or – in the case of banks not having a current account with NBP, credit unions and KSKOK – on required minimum reserve accounts.

The amount of funds held by banks, credit unions and KSKOK with NBP due to the required minimum reserve, depends on the basis for calculating the required minimum reserve and the

required minimum reserve rate in force (in 2014-2015 the rate was 3.5%); the required minimum reserve is an averaged value in the maintenance period.

As at 31 December 2015, the balance of funds held on current accounts and required minimum reserve accounts with NBP was higher by PLN 1,448,394.5 thousand as compared with 31 December 2014, which was, inter alia, driven by an increase in the required minimum reserve level, which as at 31 December 2015 amounted to PLN 37,115.2 million against PLN 34,695.7 million as at 31 December 2014.

As at 31 December 2015, the interest rate on funds of the required minimum reserve amounted to 0.9 of the NBP reference rate, i.e. 1.35%. (1.80% as at 31 December 2014). As at 31 December 2015, there were no liabilities due to the interest on funds of the required minimum reserve.

11.2. Deposit facilities

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Nominal value	1,740,000.0	558,100.0	-1,181,900.0
Accrued interest	47.7	7.6	-40.1
Total	1,740,047.7	558,107.6	-1,181,940.1

In 2015, domestic banks used the possibility to deposit their liquidity surplus on term deposit accounts with NBP in the form of overnight deposit. Typically, the largest amounts were deposited on the last days of the required minimum reserve maintenance periods.

As at 31 December 2015, the NBP deposit rate was 0.50% (1.00% as at 31 December 2014).

11.3. Other monetary policy operations

<i>PLN thousand</i>	31.12.2014	31.12.2015	Change
Main operations	84,661,440.0	74,121,000.0	-10,540,440.0
Fine-tuning operations	0.0	0.0	0.0
Total	84,661,440.0	74,121,000.0	-10,540,440.0

In 2015, in order to absorb liquidity, NBP issued monetary bills, typically with a 7-day maturity, under main operations.⁴ In 2015, NBP also carried out fine-tuning operations, i.e. it issued monetary bills with maturity shorter than 7 days.⁵

⁴ In 2015, the maturity of main operations was 6, 7 and 8 days.

⁵ In 2015, the maturity of fine-tuning operations was 1, 2 and 3 days.

As at 31 December 2015, the NBP reference rate, which determines the amount of the discount to be amortised, was 1.50% (2.00% as at 31 December 2014; see Note 8).

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

<i>PLN thousand</i>	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
Total	166,764.2	132,707.9	-34,056.3

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

PLN thousand	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
Total	4,397,053.4	4,397,053.4	5,942,232.8	1,545,179.4

* 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

PLN thousand	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
Total	334,379.3	2,245,968.9	1,911,589.6

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).⁶

⁶ 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).

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
Total	17,077,974.6	10,056,776.7	-7,021,197.9
<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
Total	13,373,829.9	12,043,802.7	-1,330,027.2
<i>of which currency revaluation differences</i>	1,197,822.9	1,036,253.3	-161,569.6

The item comprises mainly:

- 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
SDR allocation	6,623,949.5	7,057,646.7	433,697.2
<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
SDR allocation	1,304,749.0	1,304,748.7	-0.3

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
Total	233.1	50,463.8	50,230.7
<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
Total	195,261.9	126,864.6	-68,397.3
<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
Total	123,234.5	396,037.4	272,802.9
<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
Total	163,958.6	133,267.4	-30,691.2

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.

21.1. Provisions for future liabilities to employees

Change in provisions in 2014.

PLN thousand	01.01.2014	Increase	Use	Release	31.12.2014
Due to retirement severance payments	54,786.0	3,977.8	-3,700.7	0.0	55,063.1
Due to disability severance payments	1,787.9	260.7	-172.6	0.0	1,876.0
Due to jubilee awards	49,825.2	8,771.4	-7,147.0	0.0	51,449.6
Due to untaken leaves	10,299.5	746.3	-288.4	0.0	10,757.4
Due to statutory and additional severance payments and additional benefits for employees under employment contracts who are laid off for reasons unrelated to employees	4,940.0	33,956.7	-1,543.7	0.0	37,353.0
Total	121,638.6	47,712.9	-12,852.4	0.0	156,499.1

Change in provisions in 2015.

PLN thousand	01.01.2015	Increase	Use	Release	31.12.2015
Due to retirement severance payments	55,063.1	2,142.4	-6,089.7	0.0	51,115.8
Due to disability severance payments	1,876.0	86.8	-171.0	0.0	1,791.8
Due to jubilee awards	51,449.6	9,875.3	-5,506.2	0.0	55,818.7
Due to untaken leaves	10,757.4	0.0	-302.1	-1,178.8	9,276.5
Due to statutory and additional severance payments and additional benefits for employees under employment contracts who are laid off for reasons unrelated to employees	37,353.0	4,378.6	-33,593.5	-578.1	7,560.0
Total	156,499.1	16,483.1	-45,662.5	-1,756.9	125,562.8

21.2. Other provisions

Change in provisions in 2014.

<i>PLN thousand</i>	01.01.2014	Increase	Use	Release	31.12.2014
For claims against NBP	1,830.0	5,506.8	-12.6	-145.7	7,178.5
For costs of court or enforcement proceedings and costs of court representation	65.3	176.1	-8.5	-5.2	227.7
For future liabilities resulting from financial operations in domestic currency	45.8	7.5	0.0	0.0	53.3
Total	1,941.1	5,690.4	-21.1	-150.9	7,459.5

Change in provisions in 2015.

<i>PLN thousand</i>	01.01.2015	Increase	Use	Release	31.12.2015
For claims against NBP	7,178.5	553.3	-22.4	-280.9	7,428.5
For costs of court or enforcement proceedings and costs of court representation	227.7	14.6	-5.9	-19.6	216.8
For future liabilities resulting from financial operations in domestic currency	53.3	6.0	0.0	0.0	59.3
Total	7,459.5	573.9	-28.3	-300.5	7,704.6

Note 22 Revaluation accounts

<i>PLN thousand</i>	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
Total	34,573,585.7	36,645,364.5	2,071,778.8

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
Total	20,571,628.4	24,214,488.4	3,642,860.0

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
Total	2,802,939.9	1,438,258.1	-1,364,681.8

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
Total	11,484,033.7	13,701,557.1	2,217,523.4

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
2014	4,696,287.6	4,044,100.6	0.0	0.0	8,740,388.2
2015	8,740,388.2	2,467,523.4	0.0	0.0	11,207,911.6

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
		Total	204,727.5	-451,200.0	

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

PLN thousand	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
Total	5,965,143.5	6,288,696.5	323,553.0

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 reserves⁷ 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.

⁷ 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).

29.1. Interest and discount income on securities denominated in foreign currency

<i>PLN thousand</i>	2014	2015	Change
Securities in USD	1,234,943.9	1,604,476.8	369,532.9
Securities in AUD	1,289,795.6	1,318,865.6	29,070.0
Securities in GBP	1,090,238.5	1,123,596.2	33,357.7
Securities in EUR	941,065.2	798,456.4	-142,608.8
Securities in other currencies	1,026,797.8	956,893.3	-69,904.5
Total	5,582,841.0	5,802,288.3	219,447.3

29.2. Interest income on term deposits in foreign currency and gold

<i>PLN thousand</i>	2014	2015	Change
Term deposits in NZD	120,924.6	155,159.9	34,235.3
Term deposits in NOK	137,235.6	123,236.4	-13,999.2
Term deposits in gold	15,840.5	28,705.5	12,865.0
Term deposits in other currencies	21,125.9	17,425.5	-3,700.4
Total	295,126.6	324,527.3	29,400.7

29.3. Interest income on reverse repo transactions in foreign currency

<i>PLN thousand</i>	2014	2015	Change
Reverse repo transactions in GBP	64,736.9	69,449.7	4,712.8
Reverse repo transactions in AUD	9,948.8	6,149.3	-3,799.5
Reverse repo transactions in USD	1,144.6	6,117.0	4,972.4
Reverse repo transactions in other currencies	746.7	159.0	-587.7
Total	76,577.0	81,875.0	5,298.0

29.4. Interest income on credits and loans in foreign currency

The item comprises interest income on loans extended to the IMF under NAB (see Note 2).

In 2015, the lower income resulted mainly from the decrease in the weighted average interest rate on SDR⁸, from 0.085% in 2014 to 0.050% in 2015, and the decrease in the average annual level of receivables from extended loans, with a simultaneous depreciation of the zloty against SDR, in average annual terms, from PLN 4.7898 in 2014 to PLN 5.2749 in 2015.

29.5. Interest income on credits and loans in domestic currency

PLN thousand	2014	2015	Change
Interest income on a refinancing loan for the restoration of bank's liquidity	0.0	6,626.8	6,626.8
Interest income on loans to employees	487.4	360.6	-126.8
Interest income on the marginal lending facility	5.3	0.8	-4.5
Total	492.7	6,988.2	6,495.5

29.6. Other interest income

PLN thousand	2014	2015	Change
Interest income on receivables from the IMF	5,609.4	3,007.8	-2,601.6
Interest income on bank accounts operated by NBP in foreign currency	2,865.6	3,676.4	810.8
Interest income on receivables from financial operations denominated in domestic currency, of which	188.0	65,233.2	65,045.2
- interest income on the debt of a bank in liquidation	186.5	65,231.8	65,045.3
Interest income on foreign exchange forwards	40.7	153.6	112.9
Interest income for non-compliance with the obligation to maintain the required minimum reserve	8.8	211.7	202.9
Other interest income	14.8	8.9	-5.9
Total	8,727.3	72,291.6	63,564.3

29.6.1. Interest income on receivables from the IMF

The item comprises interest income on the current account with the IMF and on the interest-bearing portion of the reserve tranche (see Note 2). In 2015, the components amounted to: PLN 2,504.5

⁸ Pursuant to the decision of the Executive Board of the IMF, since 27 October 2014 the SDR interest rate is calculated to three decimal places.

thousand and PLN 503.3 thousand, respectively, as compared with PLN 4,032.3 thousand and PLN 1,577.1 thousand in 2014.

The lower income resulted mainly from the lower average annual level of reserve tranche and balance of the current account with the IMF, as well as the decrease in the weighted average interest rate on SDR, with a simultaneous depreciation of the zloty against SDR in average annual terms (see Note 29.4.).

29.6.2. Interest income on bank accounts operated by NBP in foreign currency

<i>PLN thousand</i>	2014	2015	Change
Interest income on current and auxiliary accounts operated by NBP in foreign currency	279.6	2,167.7	1,888.1
Interest income on repo transactions in foreign currency, of which	2,586.0	1,508.7	-1,077.3
- <i>repo transactions in USD</i>	2,536.6	1,355.8	-1,180.8
- <i>repo transactions in EUR</i>	49.4	152.9	103.5
Total	2,865.6	3,676.4	810.8

The item comprises mainly:

- interest income on current accounts of domestic banks in EUR used for settlements in the TARGET2 system (see Note 15). It resulted from the introduction by NBP of the principle of sharing with banks the NBP's expenses arising from a negative interest rate on funds held on the current account with the ECB used for settlements in the TARGET2 system (see Note 30.5.2.);
- interest income on repo transactions with a negative interest rate, which were carried out by NBP under the foreign currency reserve management. In 2015, there was an increase in interest rates on repo transactions in USD, which resulted in a decrease in income and a simultaneous increase in interest expenses on these transactions (see Note 30.3.).

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
Total	6,320,240.8	5,237,818.5	-1,082,422.3

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.

30.1. Premium expenses on securities denominated in foreign currency

<i>PLN thousand</i>	2014	2015	Change
Securities in EUR	758,235.4	848,651.7	90,416.3
Securities in GBP	707,100.4	709,452.4	2,352.0
Securities in USD	544,059.8	678,796.1	134,736.3
Securities in AUD	449,381.5	564,208.8	114,827.3
Securities in other currencies	346,827.0	310,009.1	-36,817.9
Total	2,805,604.1	3,111,118.1	305,514.0

30.2. Discount expenses on issued securities denominated in domestic currency

<i>PLN thousand</i>	2014	2015	Change
Discount expenses on NBP monetary bills issued under main monetary policy operations	2,603,474.3	1,425,446.5	-1,178,027.8
Discount expenses on NBP monetary bills issued under fine-tuning monetary policy operations	29,733.8	19,017.5	-10,716.3
Total	2,633,208.1	1,444,464.0	-1,188,744.1

30.3. Interest expenses on bank accounts operated by NBP in foreign currency

<i>PLN thousand</i>	2014	2015	Change
Interest expenses on current and auxiliary accounts and on term deposit accounts in foreign currency*	301.4	274.5	-26.9
Interest expenses on repo transactions in foreign currency, of which	66,889.5	72,536.5	5,647.0
- repo transactions in GBP	57,158.5	63,007.0	5,848.5
- repo transactions in AUD	9,567.2	6,015.6	-3,551.6
- repo transactions in USD	90.9	3,487.4	3,396.5
- repo transactions in other currencies	72.9	26.5	-46.4
Total	67,190.9	72,811.0	5,620.1

* Concerns mainly the State budget.

30.4. Interest expenses on bank accounts operated by NBP in domestic currency

<i>PLN thousand</i>	2014	2015	Change
Interest expenses on current and auxiliary accounts in domestic currency, of which	782,039.4	520,293.7	-261,745.7
- on required minimum reserve	763,929.4	507,770.4	-256,159.0
- on deposit facilities	3,029.9	2,953.7	-76.2
- on other current and auxiliary accounts*	15,080.1	9,569.6	-5,510.5
Interest expenses on term deposit accounts in domestic currency**	21,814.8	10,380.9	-11,433.9
Total	803,854.2	530,674.6	-273,179.6

* Concerns mainly social insurance funds and the State budget.

** Concerns mainly the State budget.

30.5. Other interest expenses

<i>PLN thousand</i>	2014	2015	Change
Interest expenses on liabilities to the IMF due to SDR allocation	5,295.8	3,446.5	-1,849.3
Interest expenses on NBP's bank accounts in foreign currency	2,536.3	48,135.6	45,599.3
Interest expenses on foreign exchange forwards	11.4	42.6	31.2
Other interest expenses	2,540.0	27,126.1	24,586.1
Total	10,383.5	78,750.8	68,367.3

30.5.1. Interest expenses on liabilities to the IMF due to SDR allocation

In 2015, the lower interest expenses on liabilities to the IMF due to the SDR allocation (see Note 17) resulted mainly from the decrease in the weighted average SDR interest rate, with a simultaneous depreciation of the zloty against SDR in average annual terms (see Note 29.4.).

30.5.2. Interest expenses on NBP bank accounts in foreign currency

<i>PLN thousand</i>	2014	2015	Change
Interest expenses on NBP current accounts in foreign currency	769.4	4,722.4	3,953.0
Interest expenses on NBP term deposits in foreign currency	1,763.2	25,983.8	24,220.6
Interest expenses on reverse repo transactions in foreign currency	3.7	17,429.4	17,425.7
Total	2,536.3	48,135.6	45,599.3

The item comprises:

- interest expenses on NBP current accounts, mostly in EUR, in connection with negative interest rates on funds which were held on current accounts with central banks of the euro area countries. In 2015, the expenses concerned mainly interest expenses on the current account with the ECB held for settlements in the TARGET2 system, which amounted to PLN 2,486.4 thousand (see Note 3 and Note 29.6.2.);
- interest expenses on term deposit accounts in EUR. The increase in the expenses resulted mainly from an increase in the average annual level of foreign currency reserves in EUR, increase in the share of term deposits in the structure of foreign currency reserves (see Note 29) and a further decrease in the negative interest rates on term deposits in EUR;
- interest expenses on reverse repo transactions in EUR. The increase in the expenses resulted mainly from an increase in the share of reverse repo transactions (stand alone) in the structure of foreign currency reserves (see Note 29) under the negative interest rates on reverse repo transactions in EUR.

30.5.3. Other interest expenses

In 2015, the item comprised mainly expenses on liabilities to public authorities related to the corporate income tax (CIT) on non-residents' income earned in Poland (so-called withholding tax). These stemmed from the calculation and payment by NBP of tax liabilities on repo transactions entered into by NBP in previous years.

Note 31 Income on financial operations

<i>PLN thousand</i>	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
Total	6,897,433.2	15,232,622.6	8,335,189.4

In 2015, the item comprised mainly:

- realised foreign exchange gains on transactions in foreign currency and gold

<i>PLN thousand</i>	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
Total	5,150,923.0	12,874,818.0	7,723,895.0

- 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
Total	1,466,344.1	1,958,961.3	492,617.2

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
Total	628,051.5	2,439,268.0	1,811,216.5

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
Total	235,124.4	1,602,185.3	1,367,060.9

- 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
Total	240,704.2	629,911.7	389,207.5

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
Total	870,696.0	2,092,748.4	1,222,052.4

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
Total	843,913.5	1,755,122.6	911,209.1

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
Total	26,549.4	337,625.8	311,076.4

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
Total	34,919.0	37,138.5	2,219.5

35.1. Fees and commissions income on the execution of payment orders

The item comprises mainly income on the execution of payment orders in the SORBNET2 system – PLN 19,261.2 thousand in 2015 as compared with PLN 16,796,3 thousand in 2014. The increase in the income was predominantly a result of a higher number of payment orders processed in the system in 2015.

35.2. Other fees and commissions income

The item comprises mainly net income on fees and commissions subject to the pooling mechanism under the TARGET2 system – PLN 8,312.4 thousand in 2015 as compared with PLN 8,507.9 thousand in 2014.

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
Total	34,773.4	32,591.0	-2,182.4

36.1. Fees and commissions expenses on the opening and operation of NBP's accounts

The item comprises mainly expenses on the operation of NBP's current accounts in foreign currency and securities escrow accounts. In 2015, the increase in the expenses was mainly the result of higher expenses on the custody of securities on the escrow account with Euroclear Bank SA/NV, as a result of both higher value of the portfolio and bigger number of transactions in securities.

36.2. Expenses on substitution cash services

In 2015, a decrease in the expenses was mainly the result of a lower number of accounts operated by NBP which were serviced under the substitution cash services by other domestic banks.

36.3. Other fees and commissions expenses

The item comprises, among others:

- fee expenses due to the participation of NBP in the TARGET2 system – PLN 12,148.0 thousand in 2015 as compared with PLN 11,897.3 thousand in 2014,
- fee expenses due to the SDR allocation – PLN 114.0 thousand in 2015 as compared with PLN 41.3 thousand in 2014.

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).

PLN thousand	2014	2015	Change
Dividends received, of which	9,688.4	11,284.0	1,595.6
- <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

PLN thousand	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
Total	483,021.5	464,529.7	-18,491.8

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.

39.1. Salaries

<i>PLN thousand</i>	2014	2015	Change
- payroll	379,918.5	366,548.2	-13,370.3
- non-payroll	4,539.6	3,677.3	-862.3
Total	384,458.1	370,225.5	-14,232.6

39.2. Expenses on provisions for future liabilities to employees

<i>PLN thousand</i>	2014		2015	
	Expenses on provisions	Actuarial gains/losses*	Expenses on provisions	Actuarial gains/losses*
Expenses on provisions for future liabilities to employees, of which	13,756.2	2,474.0	12,104.5	2,887.3
- due to retirement severance payments	3,977.8	-967.6	2,142.4	-1,963.8
- due to disability severance payments	260.7	36.8	86.8	-97.9
- due to jubilee awards	8,771.4	3,404.8	9,875.3	4,949.0
- due to untaken leaves	746.3	-	0.0	-

* Actuarial gains are presented with a (-) sign

39.3. Social contributions

The item comprises pension, disability and accident insurance contributions related to payroll salaries and non-payroll remuneration, contributions to the Labour Fund and payments to the Employee Pension Scheme (PPE) (PLN 23,780.0 thousand in 2015, as compared with PLN 24,693.3 thousand in 2014).

Note 40 Administrative expenses

<i>PLN thousand</i>	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
Total	303,723.4	239,671.2	-64,052.2

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
Total	80,897.3	81,121.8	224.5

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.

41.1. Tangible fixed assets depreciation expenses

In 2015, the lower depreciation expenses were mainly the result of the extension of a period of use for office buildings comprising the NBP Head Office compound, following the review of periods of use.

Depreciation expenses by groups of tangible fixed assets are presented in Note 5.1.

41.2. Intangible fixed assets amortisation expenses

In 2015, the higher expenses resulted mainly from the adoption for use, in the last quarter of 2014 and in 2015, of IT software and an increase in the initial value of IT software after its upgrades.

Amortisation expenses by groups of intangible fixed assets are presented in Note 5.2.

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.⁹ 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).

⁹ 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. Maximum exposure to credit risk

The following table presents maximum exposure to credit risk related to NBP assets, with no consideration of collateral held (exposures presented in the table are based on amounts recognised in the balance sheet).

NBP's exposure to credit risk arises mainly from financial assets related to foreign currency reserves management (item A.2.2 of the balance sheet).

<i>PLN thousand</i>	31.12.2014	31.12.2015	Balance sheet item
Current accounts in gold	1,545.5	3,402.7	A.1
Term deposits in gold	13,255,704.6	13,058,471.8	A.1
Receivables from the IMF	8,437,237.1	7,742,741.0	A.2.1
Current accounts in foreign currency	6,562,775.3	2,847,147.0	A.2.2
Term deposits in foreign currency	31,072,016.2	34,718,174.9	A.2.2
Reverse repo transactions in foreign currency	13,223,762.9	11,908,632.8	A.2.2
Discount securities in foreign currency	48,389,561.3	31,953,191.3	A.2.2
Interest-bearing securities in foreign currency	230,559,069.8	267,310,008.6	A.2.2
Foreign banknotes and coins in stock	124,138.5	126,274.5	A.2.2
Other claims in foreign currency	992.2	4,201.7	A.2.2
Credits and loans granted in domestic currency	0.0	180,576.7	A.6
Interest for non-compliance with the obligation to maintain the required minimum reserve	246.4	420.9	A.6
Other claims on other domestic monetary financial institutions denominated in domestic currency	24.9	3.3	A.6
Revaluation differences on forward transactions in securities denominated in foreign currency	122.4	0.0	A.10.3
Credits and loans to employees	22,504.1	20,605.4	A.10.5
Other receivables	99,582.6	34,680.7	A.10.5
Total	351,749,283.8	369,908,533.3	

Moreover, when joining the IMF borrowing programmes (see Note 27), NBP pledged to grant foreign-currency-denominated loans to the IMF, respectively:

- under NAB agreement – up to the amount of SDR 2,528,590.0 thousand, of which the outstanding amount as at 31 December 2015 was SDR 2,282,117.5 thousand (see Note 46),
- under bilateral loan agreements – up to the amount of EUR 6,270,000.0 thousand, of which the outstanding amount as at 31 December 2015 was EUR 6,270,000.0 thousand.

The following table presents concentration of maximum exposure of NBP to credit risk, by counterparty sector.

<i>PLN thousand</i>	31.12.2014 data from the approved financial statements	31.12.2014 comparable data*	31.12.2015
General government institutions	260,890,977.7	260,890,977.7	288,659,276.3
- Foreign central government institutions	246,024,387.2	238,996,004.3	271,586,414.8
- Other	14,866,590.5	21,894,973.4	17,072,861.5
Monetary financial institutions	81,882,149.5	75,047,023.9	68,314,272.9
- Foreign credit institutions	63,986,530.9	57,151,405.3	52,561,655.0
- Central banks, BIS and IMF	17,081,660.5	17,081,660.5	15,566,200.9
- Domestic credit institutions	6,260.8	6,260.8	186,417.0
- Other	807,697.3	807,697.3	0.0
International financial organisations	1,142,955.0	1,142,955.0	1,025,660.6
Non-monetary financial institutions	6,009,928.9	12,845,054.5	9,984,028.6
Non-financial sector	1,694,247.9	1,694,247.9	1,788,262.3
Other	132,846.3	129,024.8	137,032.6
Total	351,753,105.3	351,749,283.8	369,908,533.3

*Changes result, among others, from statistical reclassification of some entities carried out in 2015.

The following table presents maximum exposure of NBP to credit risk, by geographical location of the counterparty.

<i>PLN thousand</i>	31.12.2014	31.12.2015
United States	101,493,316.6	122,745,776.6
Euro area	110,192,254.0	112,613,348.8
United Kingdom	68,256,006.2	64,950,883.9
Poland	115,313.0	223,377.2
Australia	29,309,832.2	30,000,556.8
Norway	15,122,680.9	13,865,336.9
New Zealand	4,754,030.0	4,294,977.1
Brazil	1,532,449.5	1,209,449.3
Mexico	3,054,421.2	3,006,228.7
Sweden	2,512,859.8	2,369,414.5
Denmark	1,543,085.6	1,186,977.0
Switzerland	2,142,573.3	2,122,812.8
Other	11,720,461.5	11,319,393.7
Total	351,749,283.8	369,908,533.3

9.1.1.2. 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.

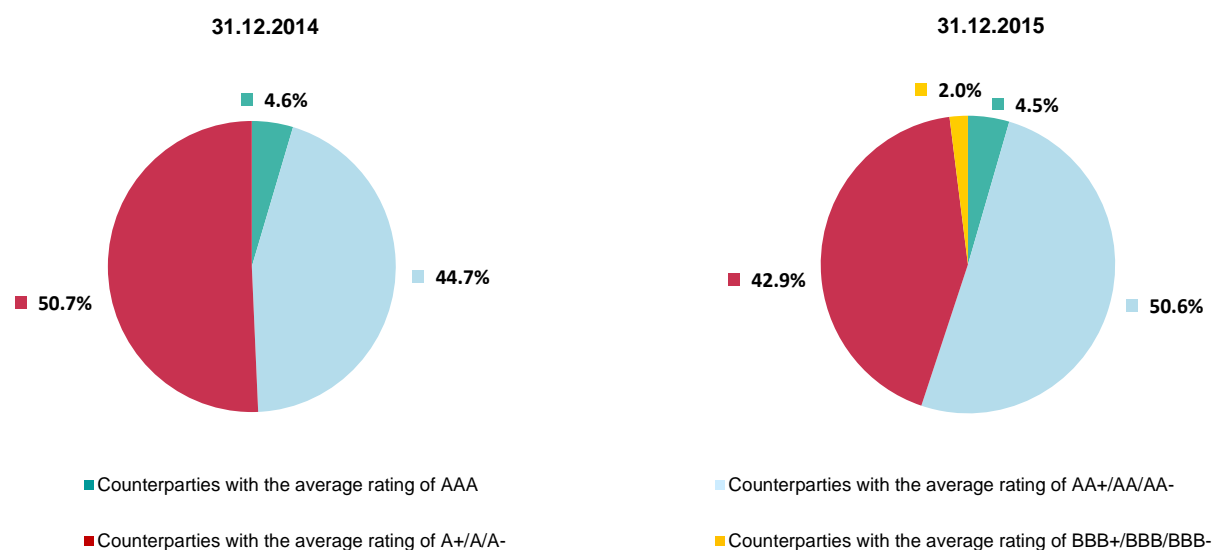
9.1.1.2.1. Credit quality of term deposits

The financial standing of NBP's counterparties with whom term deposits are concluded under the management of foreign currency reserves and gold is subject to on-going monitoring based on daily information from rating agencies about changes in creditworthiness ratings and rating forecasts, as well as implied ratings derived from the CDS market quotations.

The figure presented below shows the structure of the exposure to term deposits related to foreign currency reserves management, by counterparty average credit rating as at 31 December 2014 and 31 December 2015.¹⁰

¹⁰ The structure of exposures to term deposits was presented based on values used in the monitoring of investment limits towards the term deposit counterparties.

Figure 1. Structure of exposure to term deposits by counterparty average rating as at 31 December 2014 and 31 December 2015



NBP also concludes term deposits with central banks of the countries which were assigned an adequate rating. Both as at 31 December 2014 and 31 December 2015, NBP held term deposits at two central banks for the total nominal amount of PLN 1,820,675.4 thousand as at 31 December 2014 and PLN 4,777,829.0 thousand as at 31 December 2015.

9.1.1.2.2. Credit quality of securities

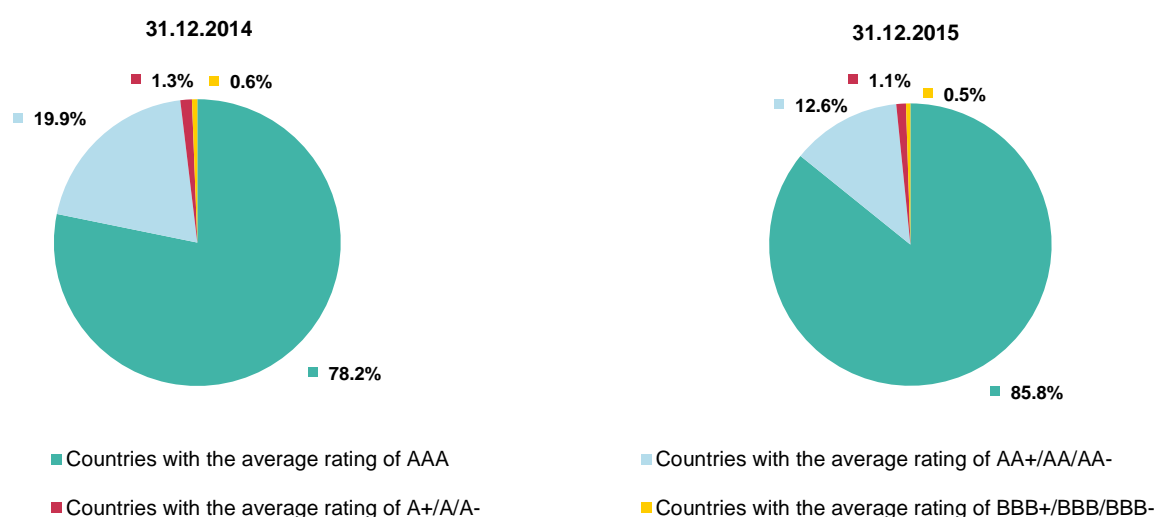
The table below presents the exposure of NBP to securities issued by governments, central banks and other entities.

PLN thousand	31.12.2014	31.12.2015	Change
Government securities denominated in foreign currency	238,995,881.9	271,586,414.8	32,590,532.9
Securities denominated in foreign currency issued by central banks	263,595.9	195,698.9	-67,897.0
Other securities in foreign currency, of which:	39,689,153.3	27,481,086.2	-12,208,067.1
- corporate securities in USD	1,536,995.9	1,656,547.2	119,551.3
Total	278,948,631.1	299,263,199.9	20,314,568.8

Government securities and securities issued by central banks

When estimating the credit quality of securities issued by governments and central banks, the creditworthiness ratings of the country of the securities issuer is taken into account. The structure of exposures to government securities and securities issued by central banks by the average rating of the issuer's country is shown below.¹¹ NBP made investments in securities of the countries rated at least as AA/Aa3. Moreover, a minor part of reserves was invested in government securities of Brazil and Mexico. Despite the lower ratings of these countries, due to the low exposure to investments in these markets, these investments do not significantly impact the credit risk of NBP.

Figure 2. The structure of exposures to government securities and securities issued by central banks by the average rating of the issuer's country as at 31 December 2014 and 31 December 2015



¹¹ The structure of exposure to securities was presented based on values used for the monitoring of credit risk.

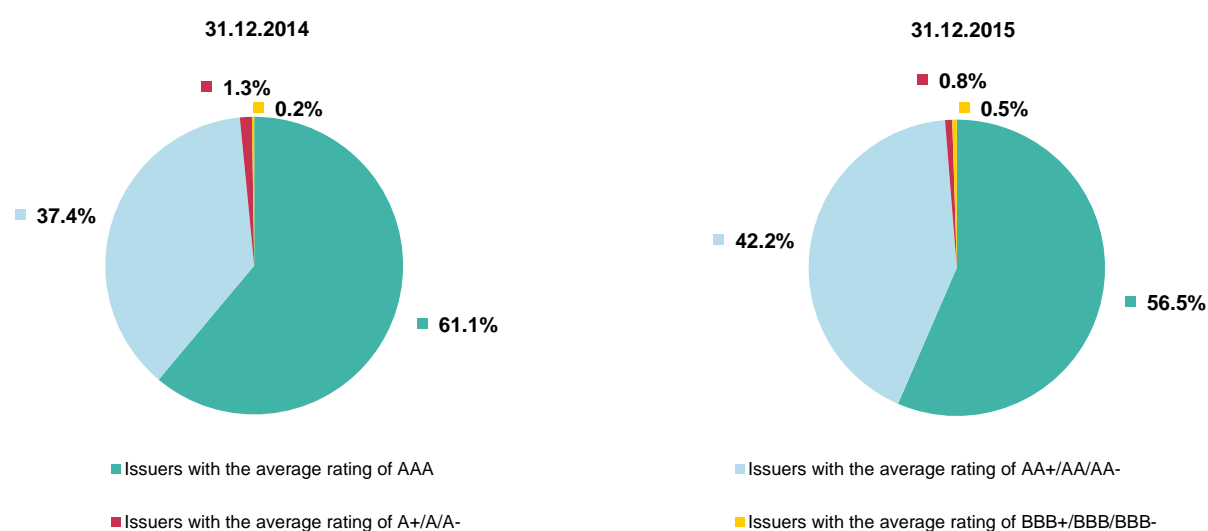
Other securities

The credit quality of the issuers of other securities is assessed based on the scoring model that takes into account:

- issuer status,
- ratings assigned by rating agencies,
- issuer's financial data.

The figure below presents the structure of exposures to other securities by issuer's average rating as at 31 December 2014 and 31 December 2015.¹²

Figure 3. Structure of exposures to other securities by issuer's average rating as at 31 December 2014 and 31 December 2015



9.1.1.3. 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

¹² The structure of exposures to securities was presented based on values used for the monitoring of the investment limits for issuers of other securities.

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).

9.1.1.3.1. 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 Law¹³ (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

¹³ 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.

9.1.2.1. Maturity analysis for financial liabilities in foreign currency

The table below presents the maturity analysis for financial liabilities of NBP denominated in foreign currency as at 31 December 2014 and 31 December 2015.

Moreover, when joining the IMF borrowing programmes (see Note 27), NBP pledged to grant foreign-currency-denominated loans to the IMF, respectively:

- under NAB agreement – up to the amount of SDR 2,528,590.0 thousand, of which the outstanding amount as at 31 December 2015 was SDR 2,282,117.5 thousand (see Note 46),
- under bilateral loan agreements – up to the amount of EUR 6,270,000.0 thousand, of which the outstanding amount as at 31 December 2015 was EUR 6,270,000.0 thousand.

31.12.2014	Total	A vista	From 1 day to 1 month	Over 1 month to 3 months	Over 3 months	Balance sheet value	L.6 Liabilities to residents denominated in foreign currency	L.7 Liabilities to non-residents denominated in foreign currency	L.8 Liabilities to the IMF	L.10 Other liabilities
PLN thousand										
Current/auxiliary accounts in foreign currency operated by NBP	16,708,189.5	16,708,189.5	0.0	0.0	0.0	16,708,189.5	16,624,487.5	83,702.0	0.0	0.0
Term deposit accounts in foreign currency operated by NBP	14,664.5	0.0	14,664.5	0.0	0.0	14,664.4	14,664.4	0.0	0.0	0.0
Repo transactions in foreign currency	13,231,191.2	0.0	5,569,679.2	4,597,892.1	3,063,619.9	13,221,902.6	0.0	13,221,902.6	0.0	0.0
Other financial liabilities denominated in foreign currency	511,851.9	0.0	511,850.8	1.1	0.0	511,851.9	438,822.7	68,225.3	0.0	4,803.9
Funds received from the IMF under SDR allocation	6,624,236.2	0.0	841.4	0.0	6,623,394.8	6,623,949.5	0.0	0.0	6,623,949.5	0.0
Foreign currency to be delivered due to spot transactions	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
Forward transactions in securities (purchase)	270,886.4	0.0	270,886.4	0.0	0.0	-	-	-	-	-
Total	37,361,019.7	16,708,189.5	6,367,922.3	4,597,893.2	9,687,014.7	37,080,557.9	17,077,974.6	13,373,829.9	6,623,949.5	4,803.9
31.12.2015	Total	A vista	From 1 day to 1 month	Over 1 month to 3 months	Over 3 months	Balance sheet value	L.6 Liabilities to residents denominated in foreign currency	L.7 Liabilities to non-residents denominated in foreign currency	L.8 Liabilities to the IMF	L.10 Other liabilities
PLN thousand										
Current/auxiliary accounts in foreign currency operated by NBP	9,624,449.2	9,624,449.2	0.0	0.0	0.0	9,624,449.2	9,579,727.5	44,721.7	0.0	0.0
Term deposit accounts in foreign currency operated by NBP	443,409.6	0.0	443,409.6	0.0	0.0	443,283.0	443,283.0	0.0	0.0	0.0
Repo transactions in foreign currency	11,913,700.9	0.0	5,381,070.2	6,532,630.7	0.0	11,907,080.0	0.0	11,907,080.0	0.0	0.0
Other financial liabilities denominated in foreign currency	130,016.0	0.0	129,909.4	106.6	0.0	130,016.0	33,766.2	91,991.0	0.0	4,258.8
Funds received from the IMF under SDR allocation	7,057,954.3	0.0	897.3	0.0	7,057,057.0	7,057,946.7	0.0	0.0	7,057,946.7	0.0
Foreign currency to be delivered due to spot transactions	2,306,290.3	0.0	2,306,290.3	0.0	0.0	-	-	-	-	-
Forward transactions in securities (purchase)	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
Total	31,475,820.3	9,624,449.2	8,261,576.8	6,532,737.3	7,057,057.0	29,162,484.9	10,056,776.7	12,043,802.7	7,057,946.7	4,258.8

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)¹⁴, 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.

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
Total	5,718.88	6,280.25	561.4

¹⁴ 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.

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	USD	EUR	GBP	AUD	NOK	NZD	BRL	MXN	SDR	Gold	Other currencies	Total
	PLN thousand												
ASSETS													
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	13,916,505.3	0.0	13,916,505.3
2. Claims on non-residents denominated in foreign currency	0.0	108,228,773.7	109,169,287.3	48,375,740.7	29,956,056.2	20,412,359.0	9,866,897.8	1,532,524.5	3,054,423.2	8,437,237.1	0.0	116,254.8	338,389,653.3
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	1,155,930.1	109.8	129,941.3	0.0	0.0	0.0	0.0	77.9	0.0	50,768.0	0.0	0.1	1,316,827.2
10. Other assets	0.0	109.8	38,597.4	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>													
TOTAL ASSETS	1,156,201.4	108,228,883.5	109,209,228.6	48,375,740.7	29,956,056.2	20,412,359.0	9,866,897.8	1,532,802.4	3,054,423.2	8,488,005.1	13,916,505.3	116,254.9	353,695,157.1
LIABILITIES													
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	133,820,004.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	133,820,004.4
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	461,959.7	16,517,485.6	195.0	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	12,938,994.0	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	56.2	1.5	0.0	188.6	0.0	0.0	0.0	1.7	318,729.5
<i>of which, adjustment and revaluation differences on off-balance sheet items</i>													
11. Provisions for future liabilities	163,958.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	163,958.6
12. Revaluation accounts	31,770,523.4	437,871.9	402,234.8	684,675.6	740,581.4	357,652.3	120,944.9	5,942.6	53,258.8	0.0	0.0	0.0	34,573,655.7
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
TOTAL LIABILITIES	313,861,987.0	1,182,304.9	17,135,162.0	13,623,814.4	740,637.6	357,653.8	120,944.9	6,041.2	53,258.8	6,623,949.5	0.0	98,776.0	353,695,157.1
OFF-BALANCE SHEET ITEMS													
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
NET HOLDING	-314,252,195.3	107,046,868.3	93,889,986.6	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	13,916,505.3	17,478.9	
<i>of which:</i>													
Balance-sheet holding*	-312,525,785.6	107,045,988.3	92,184,656.6	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	13,916,505.3	17,478.9	
Off-balance-sheet holding*	-17,726,409.7	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 (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													
ASSETS													
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	131,086,183.0	99,504,053.3	48,683,749.4	32,933,778.9	22,495,211.3	9,824,039.2	1,209,471.3	3,006,307.9	7,742,741.0	0.0	122,836.5	356,610,371.8
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	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 assets	1,149,148.7	325,053.8	118,646.7	0.0	13,822.0	0.0	6,623.4	0.0	0.0	54,082.0	0.0	25.3	1,667,611.9
of which, adjustment and revaluation differences on off-balance sheet items	0.0	325,053.8	27,052.0	0.0	13,822.0	0.0	6,623.4	0.0	0.0	0.0	0.0	25.3	372,577.0
TOTAL ASSETS	1,330,149.6	131,413,236.8	99,522,900.0	48,683,749.4	32,947,600.9	22,495,211.3	9,830,662.6	1,209,471.3	3,006,307.9	7,796,833.0	13,713,371.9	122,861.8	372,172,356.5
LIABILITIES													
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	2,245,968.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,245,968.9
6. Liabilities to residents denominated in foreign currency	0.0	1,456,161.3	8,499,428.6	50.4	0.0	0.9	0.0	0.0	0.0	0.0	0.0	100,677.5	10,095,776.7
7. Liabilities to non-residents denominated in foreign currency	0.0	1,729,961.7	136,712.7	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	15,368.0	1.1	7,579.0	0.0	0.0	0.0	0.0	31.7	573,365.8
of which, adjustment and revaluation differences on off-balance sheet items	0.0	324,766.2	27,543.7	0.0	15,341.0	0.0	7,579.0	0.0	0.0	0.0	0.0	25.3	375,255.2
11. Provisions for future liabilities	132,267.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	132,267.4
12. Revaluation accounts	35,207,106.4	161,105.6	118,200.0	327,156.4	298,243.3	307,679.9	196,244.3	0.0	28,628.6	0.0	0.0	0.0	36,645,364.5
13. Capital and reserves	13,701,557.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,701,557.1
14. Financial result	-2,332,130.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2,332,130.8
TOTAL LIABILITIES	341,196,338.3	3,672,508.7	8,785,746.5	10,504,639.0	314,611.3	307,681.9	203,823.3	0.0	28,628.6	7,057,646.7	0.0	100,708.2	372,172,356.5
OFF-BALANCE-SHEET ITEMS													
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	1,492,213.1	0.0	59,946.9	0.0	213,164.4	0.0	0.0	0.0	0.0	0.0	2,303,405.6
NET HOLDING	-59,668,289.9	130,042,951.9	89,344,837.4	38,179,110.4	32,035,042.7	22,187,529.4	9,413,674.9	1,209,471.3	2,977,079.3	739,186.3	13,713,371.9	28,334.4	28,334.4
of which:													
Balance sheet holding*	-339,866,208.7	127,740,440.5	90,837,641.7	38,179,110.4	32,634,508.6	22,187,529.4	9,627,794.9	1,209,471.3	2,977,079.3	739,186.3	13,713,371.9	22,152.6	22,152.6
Off-balance-sheet holding*	-81.2	2,302,223.8	-1,492,213.1	0.0	-59,946.9	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 against the 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>	31.12.2014	31.12.2015
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
Total	34,599,707.7	39,552,799.0
<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.

9.1.6. Market value of financial assets and liabilities and off-balance-sheet financial instruments

In line with the applicable accounting principles, NBP measures the value of financial assets and liabilities and off-balance-sheet financial instruments using market prices (mark-to-market valuation) or valuation models accepted in market practice (mark-to-model valuation) with prices or market parameters as input factors, with the exception of:

- claims and liabilities due to bank accounts, including deposits and term deposits,
- credits and loans granted,
- other financial assets,
- banknotes and coins in circulation,
- securities issued by NBP.

Bearing in mind the nature of the above mentioned financial instruments (e.g. short-term character, uniqueness of the instrument), it was assumed that their balance sheet value approximately equals their market/current value.

Financial assets and liabilities as well as off-balance-sheet financial instruments are classified into the following categories based on the methods of determining the market value for price valuation used by NBP:

Level 1

Financial assets and liabilities and off-balance-sheet financial instruments whose market value is determined directly on the basis of (unadjusted) prices quoted on active markets for identical assets, liabilities or off-balance-sheet financial instruments.

NBP has classified securities purchased by NBP into this category.¹⁵

Level 2

Financial assets and liabilities and off-balance-sheet financial instruments whose market value is determined on the basis of valuation models, for which all significant input data are observable in the market directly (as prices) or indirectly (basing on prices).

NBP has classified forward transactions in securities into this category, for the revaluation of which it uses the model with input parameters coming directly from the market. The value of such transactions as at the balance sheet date is determined by comparing the market price of securities on the valuation date with their contract price, discounted as at the spot date applicable for market prices from the valuation date.

Level 3

Financial assets and liabilities as well as off-balance-sheet financial instruments, whose market value is estimated using valuation models for which input data are not based on data observable in the market.

As at 31 December 2014 and 31 December 2015, NBP did not classify any financial assets and liabilities and off-balance-sheet financial instruments into this category.

Financial assets and liabilities and off-balance-sheet financial instruments that are presented in the balance sheet as at 31 December 2014 and 31 December 2015 according to market value, assigned to individual levels, are presented below.

¹⁵ Gold is also subject to revaluation according to market prices. To measure its value, NBP uses the average market price of gold which is converted into domestic currency according to the average NBP exchange rate of the US dollar as at the balance sheet date. In line with the applicable accounting principles, NBP does not differentiate between the effects of the currency revaluation and price revaluation of gold, treating them jointly as currency revaluation differences.

31.12.2014 PLN thousand	Level 1	Level 2	Level 3	Balance sheet value	Balance sheet item
ASSETS					
Securities purchased by NBP	278,948,631.1	0.0	0.0	278,948,631.1	A.2.2
Forward transactions in securities (revaluation gains)	0.0	122.4	0.0	122.4	A.10.3
LIABILITIES					
Forward transactions in securities (revaluation losses)	0.0	233.1	0.0	233.1	L.10.1

31.12.2015 PLN thousand	Level 1	Level 2	Level 3	Balance sheet value	Balance sheet item
ASSETS					
Securities purchased by NBP	299,263,199.9	0.0	0.0	299,263,199.9	A.2.2
Forward transactions in securities (revaluation gains)	0.0	0.0	0.0	0.0	A.10.3
LIABILITIES					
Forward transactions in securities (revaluation losses)	0.0	0.0	0.0	0.0	L.10.1

In 2014 and 2015, there were no transfers between Level 1 and Level 2.

In the second half of 2014, NBP started to conduct transactions in bond futures. These transactions are marked to market (Level 1) and settled on a daily basis (see Note 31 and 32).

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 on operational risk management in NBP, which was adopted by the Management Board of NBP, streamlines the process of risk management and reflects the change in the organisation of operational risk management system. 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.

In 2015, a review of Key Risk Indicators as regards their compliance with the provisions of the new regulation was carried out, which also strove to increase the value of the indicators as management information.

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, i.e.:

- monthly information on operational risk status,
- annual report on the operational risk management system in NBP.

Additional quarterly analyses were prepared for the Commission for Operational Risk Management covering data on the level of operational risk in individual organisational units of NBP. Additionally, as part of Commission's activities, a review of the existing safeguards against cyber attacks was carried out in NBP, and the risk related to the implementation of new banking technology and to the internet traffic was assessed. Issues related to conduct procedures in case of terrorist threat were also discussed. As a result of the activities, recommendations were issued by the Commission and informative actions were carried out among NBP employees.

Under the exercise testing the NBP Business Continuity Plans (PCD) and technological tests, analyses were conducted and risks were identified in order to streamline PCD operation.

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