



NARODOWY BANK POLSKI

Balance of payments Statistics

Methodological notes

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1. Institutional aspects

1.1. Introduction

Narodowy Bank Polski (NBP) is responsible for compiling and publishing Poland's balance of payments (b.o.p.) and related statistics (e.g. the international investment position (i.i.p.), external debt, foreign direct investment (FDI) statistics, reserve assets).

1.2. Legislative provisions

Under the Act on Narodowy Bank Polski (NBP) of August 29, 1997, published in the Dziennik Ustaw (Journal of Laws) of 2020, Item 2027, NBP is obligated to compile the balance of payments and the international investment position statement and report thereon to Parliament and Council of Ministers.

The Act on Narodowy Bank Polski and the Prawo dewizowe (Foreign Exchange Act, published in the Journal of Law of 2022, Item 309), specify the reporting requirements. Under these acts and other legal regulations, NBP is authorized to request data for compiling balance of payments statistics. Other legal regulations are:

- (1) the Regulation of the Minister of Economic Development and Finance dated August 9, 2017, published in the Journal of Law of 2022, Item 692, of 2023, Item 1279,
- (2) the Resolution of NBP's Management Board dated October 29, 2009, published in the Dziennik Urzędowy NBP (Official Journal of NBP of 2009, No. 18 as amended),
- (3) the Regulation of the Minister of Finance dated October 21, 2017, published in the Journal of Law of 2020, Item 229.

In cases of non-compliance with legal requirements, sanctions can be imposed on non-reporting agents in the form of a fine that is regulated by the Penal and Fiscal Code.

1.3. External cooperation

NBP co-operates with domestic organizations (mainly with the Statistics Poland) and foreign institutions.

The data necessary for the compilation of balance of payments are provided by business entities as well as state authorities.

The Statistics Poland forwards to NBP data on foreign trade and international trade in services, in line with methodology developed jointly by both institutions. Data on trade in goods and services from abroad are used by the Statistics Poland to calculate the rest of the world accounts in the national accounts statistics (GDP). The Statistics Poland also provides data on foreign travel (Poles and foreigners), migration statistics, which is used to estimate income of Poles working abroad and foreigners working in Poland as well as information derived from the Household Budget Survey. NBP has also been receiving, from the Statistics Poland, data required for updating register of entities engaged in the operations included in the balance of payments.

Data on foreign transactions of the Ministry of Finance (MF) NBP receives from financial agents of the government. The MF directly provides NBP information which is used in compiling balance of payments current account, i.e. the data on the import of used cars from the EU (data are not recorded by the Statistics Poland).

The Social Insurance Institution provides NBP with data on the number of foreigners, for whom social security and health premiums are paid as well as data on pensions paid abroad.

The Ministry of Economic Development and Technology provides NBP with data on the number of statements by employees willing to provide employment to foreigners as well as data on the number of employment permits issued – this data are used in estimating income from employment of foreigners in Poland and remittances.

NBP cooperates with international institutions such as the European Central Bank (ECB), Eurostat, International Monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD), World Bank (WB), Bank for International Settlements (BIS) in the area of balance of payments methodology.

1.4. Users

Data on the b.o.p., the i.i.p., the external debt, the official reserve assets, the international reserves and foreign currency liquidity are available to users on NBP's website.

Moreover, data and publications is forwarded to the Parliament, the Government, the Statistics Poland and to private and public research institutes, universities, rating agencies, etc. Analytical papers on bop are published on NBP website.

B.o.p., i.i.p. and direct investment statistics are transmitted to the ECB, the European Commission (Eurostat), the IMF, the OECD and the World Bank on regular basis.

2. Statistical system

2.1. The data collection system

The Polish balance of payments compilation system is based on direct reporting of entities involved in transactions with non-residents to NBP. Reports encompass foreign financial assets and liabilities as well as income received/paid against these assets/liabilities. Information derived from public statistics surveys as well as administrative data sources is also used in calculating current account.

In order to reduce the reporting burden for reporting agents while aiming at keeping data quality, reporting thresholds for data received from enterprises, natural persons and public finance entities have been introduced.

Investment firms, banks and investment funds provide data for balance of payments statistics irrespective of reporting thresholds.

Data on transactions is cross checked with the information on stocks. Other data sources such as: central registry of Treasury bonds, internet sources and press articles are also used to assess the plausibility of data.

2.2. Reporting agents

Financial and non-financial corporations are required to report information on the financial account of the balance of payments and income on them directly to NBP. Data is transmitted electronically through the reporting portal.

Data on foreign transactions of the Ministry of Finance is provided by two financial agents of the government (i.e. Bank Gospodarstwa Krajowego and Narodowy Bank Polski). Substantial portion of data on the current account is collected and published by external institutions (Statistics Poland – data on goods, services and – since 2013 - data on international travel).

2.3. Reporting thresholds

Entities of public finance sector in which total value of foreign assets and liabilities at year-end equal or over PLN 500 million report to NBP on monthly basis, as well as entities of public finance sector in which total value of foreign assets and liabilities at year-end above PLN 26 million and below PLN 500 million report to NBP on quarterly basis.

Natural persons whose assets and liabilities unrelated to their business activity at year-end are equal to or above PLN 7 million report to NBP on quarterly basis.

Other residents (excluding public finance sector entities, natural persons, investment entities which keep securities accounts and banks) whose total amount of assets, liabilities and equity capital at year-end is either equal to or greater than PLN 300 million report to NBP on monthly basis and residents whose total amount of assets, liabilities and equity capital at year-end is higher than PLN 10 million and lower than PLN 300 million report to NBP on quarterly basis.

Residents who have issued debt securities or money market instruments other than securities, which total nominal debt towards non-residents and residents due to a given issue exceeds PLN 3 million are obligate to submit a report to NBP on the form within 10 days from the day it is take over by non-residents.

Quarterly reporting also covers residents who have assets or liabilities related to foreign trade operations and whose total amount exceeds PLN 3 million.

All entities included in deposits taking corporates having foreign receivables and / or liabilities, provide to central bank monthly reports (no reporting threshold).

Exceeding at the end of the quarter, by the public financial sector entities and by other residents submitting quarterly reports, the amounts specified for monthly reporting entities, results in a monthly reporting obligation from the following month after a given quarter.

2.4. Data availability

Monthly b.o.p. is published 44 working days following the end of a respective month. Quarterly b.o.p. is compiled and distributed three months following the end of the reference quarter. Detailed release calendar is available on NBP website.

Breakdowns in the monthly b.o.p. are limited in detail. The quarterly b.o.p. is available with detailed instrument/category and sectoral breakdowns.

Geographical breakdown is available since 2004.

Balance of payments, international investment position, external debt and foreign direct investment data are presented in three currencies: PLN, EUR and USD.

2.5. Data checks

At the level of individual lines of the form, the data is automatically checked during the transmission when are uploaded into the database.

The data is also verified at an aggregated level through analysis of time series for each component.

Transactions are reconciled with relevant stocks.

Moreover, the data are cross-checked with other sources, e.g. information on relevant stocks from b.o.p and monetary statistics, database of T-bonds central register, securities databases, internet, press, etc.

3. Revision policy

Monthly b.o.p. data:

- first revision when the data of the following month become available;
- next revision when data of the relevant quarter is revised or published.

Quarterly b.o.p. , i.i.p. and external debt data are routinely revised:

- the first version of the data is verified in the next quarter;
- at the end of March, data for the fourth quarter is compiled; the depth of revision is limited to three quarters;
- in September, data for the second quarter is compiled; the depth of revision is limited to nine quarters in order to adapt it to the new annual data;
- in June and December, data for the first and third quarter is compiled, and the depth of revision is limited to one quarter.

4. Publication

The data on b.o.p, i.i.p., the external debt, the official reserve assets, the international reserves and foreign currency liquidity is available to users on NBP's website. Release calendars are also posted on the website.

More detailed data on the b.o.p., i.i.p., external debt, reserve assets, direct investment, international trade in services and relevant analyses are published by NBP:

- Bilans płatniczy Rzeczypospolitej Polskiej (Balance of Payments of the Republic of Poland) – on quarterly basis;
- Zagraniczne inwestycje bezpośrednie w Polsce i polskie inwestycje bezpośrednie za granicą (Polish Direct Investment abroad and foreign direct investment in Poland) – on annual basis;
- Międzynarodowa pozycja inwestycyjna Polski (International Investment Position in Poland) – on annual basis;
- International Trade in Services – on annual basis.

Moreover, the below NBP publications also comprise the b.o.p. data:

- Biuletyn informacyjny (“Information Bulletin”) – on a monthly basis;
- Raport Roczny (“NBP’s Annual Report”) – on an annual basis.

5. Balance of payments¹

Definition

The balance of payments is a statistical statements that summarizes economic transactions between Poland and all other countries (i.e., between Polish residents and non-residents) in a defined period of time. The balance of payments incorporates the current account, the capital account, the financial account as well as errors and omissions.

5.1. The current account

Definition

The current account comprises transactions in goods, services, primary income and secondary income.

5.1.1. Goods

Definition

Trade in goods item of the balance of payments includes the value of exchange of goods with foreign countries which comprises transactions between residents and non-residents, including but not limited to:

- transactions leading to the change in ownership of goods; these are mainly purchase/sale transactions, however the change in ownership of goods may also result from free-of-charge transfer (donations, aid in-kind), as well as from the in-kind contributions by foreign investors or from of financial lease of goods (such as means of transport, machinery and equipment,
- merchanting is defined as the purchase of goods by a resident from a non-resident combined with the resale of the same goods to another non-resident without the goods being present in Polish economy. Merchanting is shown on the side of exports (purchase of goods shown as negative exports and sale of goods is shown as positive exports),
- transaction for the purchase or sale of non-monetary gold.

¹ The international standards for compiling the balance of payments were defined in the following publications: Balance of payments and International Investment Position Manual, 6th edition, 2009, International Monetary Fund, OECD Benchmark Definition of Foreign Direct Investment, fourth edition 2008, OECD, External Debt Statistics 2014, International Monetary Fund, International Reserves and Foreign Currency Liquidity 2014, International Monetary Fund, System of National Accounts, 2008, Inter-Secretariat Working Group on National Accounts, European System of Accounts ESA 2010, Eurostat, 2013.

Trade in goods does not include purchase/sale transactions of monetary gold carried out between central banks as well as transactions involving goods for processing and repairs; goods are only temporarily transferred for processing, in light of the bop methodology, there is no resident-non-resident exchange of goods and therefore such transaction is not shown in trade in goods.

Specific features of data collection

The main source of data on goods in the Polish balance of payments is Foreign Trade Statistics (FTS) compiled by the Statistics Poland on the basis of INTRASTAT declarations (for intra-European Union trade) as well as from the Single Administrative Documents, SAD (for extra EU trade); this data are published by the Statistics Poland under the foreign trade item. Statistics relating to data on electricity are coming from the Energy Market Agency ARE which is situated within the framework of the Ministry of Economic Development and Technology. Statistics relating to the natural gas are coming from ARE as well who manages the data on natural gas. Transactions related to foreign trade of aircrafts and ships are coming from Civil Aircraft Register and National Ships Register (as alternative data sources) and the movement is recorded on the basis of change of economic ownership.

Due to the fact that the international methodological standards are nearly the same in case of compilation of trade in goods with foreign countries for the balance of payments and for the national accounts purposes, NBP and the Statistics Poland agreed on the principles of transition from the foreign trade data in the FTS into the trade in goods data in the balance of payments and national accounts. In order to obtain the relevant data, the following adjustments must be made:

- decrease in the value of foreign trade data on the import side by the value of costs of transport included in the invoices drawn upon the CIF basis,
- decrease in the value of foreign trade data by transactions in goods for processing and repairs, these data are obtained removing total transactions in goods for processing and repairs from trade in goods by FTS. These goods are identified by transaction type.
- reclassification of valuables from services,
- reclassification of merchanting,
- inclusion of mechanism VAT carousel fraud,
- replacing transactions made by non-residents settling VAT in Poland
- additional estimation of the trade in goods.

The value of foreign trade was decreased by the value of processing or repair transactions. The value of processing or repair service should be classified in services. These goods are identified by the nature of transaction codes.

This revision consisted in transferring selected transactions from trade in services (travel) to trade in goods. The abovementioned transfer referred to valuables which have been purchased not only

to satisfy buyer's needs during the travel but especially upon return (e.g. cars, boats, camping trailers, paintings, art objects, jewelry, computers).

Based on the mechanism of carousel frauds in VAT system it was adopted methodologies and estimates of the impact of these processes on the balance of payments statistics and national accounts. The revision estimate was built on the basis of the investigative practice reflected in the studies provided by experts from the Ministry of Finance and the National Revenue Administration. The discussed correction results in a decrease in the value of exports.

Another adjustment of foreign trade data (Intrastat and SAD) to the international standards of the balance of payments is the exclusion from the foreign trade data of transactions of non-residents settling VAT in Poland and replacing them with the actual values of transactions between Polish residents and non-residents. The primary source of data for calculating new data is the VAT system.

Additional estimation of the trade in goods with foreign countries, made for the balance of payments and for national accounts relates to the turnover which was not registered in the FTS. It includes the following four groups of goods:

1. goods transported by tourists (in tourist traffic), which were purchased for resale,
2. other goods transported across the border without either the INTRASTAT declarations or the SAD documents being filled in (these include mainly the exported goods transferred abroad in bigger quantities without either the INTRASTAT declarations or the SAD documents, such as vegetables, fruit, furniture, footwear, clothing),
3. foreign trade data are increased by the value of imports of second-hand cars from European Union, which is not included in INTRASTAT system due to the low reporting thresholds for imports of cars. This data are obtained from Ministry of Finance which collects it for fiscal purposes,
4. according to Eurostat's recommendations, illegal activities has been included in the balance of payments. These activities comprising illegal trade in goods (drugs, cigarettes, alcohol). This data are obtained from the Statistics Poland.

5.1.2. Services

Definition

The data on international trade in services comes from International Trade in Services Survey (ITSS) conducted jointly by Narodowy Bank Polski and the Statistics Poland.

The survey is based on information reported by Polish residents. The ITS survey is conducted in two editions. The first one is quarterly, and it includes only companies with the value of international trade in services above the threshold of 800 000 PLN in case of exports and 1 000 000 in case of imports. The second one is annual survey and contains the rest of Polish residents who report any international trade in services transactions (all companies below the threshold).

In the International Trade in Services Survey we are making some adjustment of the value of below-threshold transaction as well as for lack of survey answers. All kind of services collected within the International Trade in Services Survey are grossed up based on the same guidelines:

- The value of provided and acquired services for respondents who have not filled up the statistical questionnaires are grossed up (separately for each side of transaction); estimations based on historic transactions reported by enterprise
- In case of entities who are obliged to fill up annual questionnaire the data are also grossed up during the compilation sets of quarterly ITS data; estimations based on data reported by quarterly respondents

That survey is the main data source not only to transportation, business services, construction etc., but also for manufacturing services on physical inputs owned by others, maintenance and repairs. In the ITS survey respondents are asked to report acquired/provided manufacturing services on physical inputs owned by others. The respondents shall report from whom they acquire services or to whom they provide services. Reported geographical breakdown is in line with change of ownership principal.

Transport services include the services related to transport of goods, transport of passengers and other services connected with the abovementioned transport services, e.g. loading and unloading of containers, storage and warehousing, repackaging, towing and traffic control, maintenance and cleaning of equipment, rescue operations.

The trade in services concerning **travel** apply to non-residents' expenditure in Poland and the expenditure of Poles abroad due to travel. This category includes expenditure on accommodation, catering and services as well as goods purchased by tourists for their own needs (whereas as goods are classified the objects purchased for resale and the valuables used after the travel). Subject to type of travel, the expenditures are classified as business travel (including these of the seasonal and cross-border employees and other business travels) and personal travels (health, study).

Manufacturing services on physical inputs owned by others cover processing, assembly, labelling, packing, and so forth. These actions result in significant changes in physical inputs made by an entity that does not own the goods.

Maintenance and repair services cover both minor repairs that maintain the good in working order and major repairs that extend the efficiency and capacity of the good and extend its life.

In addition to the transport services and foreign travel, there is a third type of services - **other services**. This category includes a number of transactions related to:

- construction,
- insurance,
- finance,
- telecommunication, information and IT technology,
- patent fees, royalties and licence fees,
- other business services (e.g. professional services trade-related services, operational lease and other business services),
- cultural, and recreational services,
- government services.

Revenues include the value of services rendered by residents to non-residents, whereas the expenditures include the value of services rendered by non-residents to residents. On the other hand, in accordance with the international standards, certain services are presented in the balance of payments in a special way. Therefore, construction services are divided into services rendered abroad (the expenditures include the costs of those services incurred by residents) and the ones performed at home (the revenues include the costs of services incurred by non-residents). The total value of insurance and pension services is based on gross premiums earned and claims payable. Furthermore, total value of insurance services is expanded by income on insurance technical reserves. Methodology of calculating the value of insurance services is linked to components of primary income, secondary income, financial account as well as technical insurance reserves included in the i.i.p.

Specific features of data collection

The data on international trade in services comes from International Trade in Services Survey (ITSS) conducted jointly by Narodowy Bank Polski and the Statistics Poland.

The survey is based on information reported by Polish residents. The ITS survey is conducted in two editions. The first one is quarterly, and it includes only companies with the value of international trade in services above the threshold of 800 000 PLN in case of exports and 1 000 000 in case of imports. The second one is annual survey and contains the rest of Polish residents who report any international trade in services transactions (all companies below the threshold).

In the International Trade in Services Survey there are made adjustments of the value of below-threshold transaction as well as for lack of survey answers.

That survey is the main data source not only to transportation, business services, construction etc., but also for manufacturing services on physical inputs owned by others, maintenance and repairs.

In the ITS survey respondents are asked to report acquired/provided manufacturing services on physical inputs owned by others. The respondents shall report from whom they acquire services or to whom they provide services. Reported geographical breakdown is in line with change of ownership principal.

Furthermore, the value of services related to transport of goods is increased by the value of services resulting from the reclassification of a given part of the value of goods. This refers to the necessity of considering the fob-based value of goods in the balance of payments. In the FTS, only the value of export is expressed on the fob basis, whereas the value of imported goods is shown on the cif basis. Thus the decrease in the value of goods and the reclassification of the costs of transport and insurance services to a relevant category of services are required. The estimates based on tonnage of transported goods and include:

- the method of transporting goods (e.g. road, sea, etc.),
- type of goods transported,
- transport distance,
- residence of a transport company,
- type of contract (INCOTERMS), insurance services.

The cost of air tickets bought online by Poles is included in the value of transaction of air passenger transport. This is an expenditure incurred before the beginning of the travel. Data on this subject is provided by the Statistics Poland (the same data source as in travel data).

Data for the compilation of travel in the balance of payments is derived from the survey of randomly selected sample of households well as survey among non-resident travellers visiting Poland. Information is collected by the Statistics Poland. Data on expenditures of seasonal and border workers is based on same method as in calculation of remittances (see chapter on primary income). Source of data for the compilation of insurance services, besides ITS survey carried out by the Statistics Poland, is data received from Financial Supervision Authority.

As part of telecommunications and IT services, there are included household expenses for the direct purchase of digital services from non-residents providing their services remotely via the Internet. The data is compiled on the basis of reporting obtained by the Ministry of Finance (VAT MOSS - Mini One Stop Shop system).

According to Eurostat's recommendations, illegal activities have been included in the balance of payments. These activities comprising illegal trade in services. This data are obtained from the Statistics Poland.

NBP calculates the value of financial services indirect measured (FISIM) using data collected directly from domestic reporting entities. Exports of FISIM are calculated using average stocks of

loans extended and deposits received, plus accrued interest, by resident financial institutions whose clients are non-residents other than financial institutions. Exports of FISIM are calculated on the quarterly basis, broken down by currency i.e. PLN and other currencies. Imports of FISIM are calculated using average stocks of loans extended and deposits received, plus accrued interest, by non-resident financial institutions whose clients are residents other than financial institutions. Imports of FISIM are calculated on the quarterly basis, broken down by currency i.e. PLN and other currencies. Value of FISIM, produced by financial intermediaries, is calculated as difference between interest payable or receivable and the „reference rate”. To determine FISIM imports and exports the „external reference rate” is applied. The external reference rate is calculated as the ratio of accrued interest on loans plus accrued interest on deposits between resident financial institutions and non-resident financial institutions to the stock of loans plus the stock of deposits between resident financial institutions and non-resident financial institutions. The external reference rate is calculated on the quarterly basis, broken down by currency i.e. for PLN and other currencies. Exports and imports of FISIM are calculated separately for each country.

5.1.3. Primary income

Specific features of data collection and definitions

Compensation of employees

Compensation of employees comprise foreign transfers related to payment for work performed by non-residents employed in Poland and Poles employed abroad i.e. persons who have been working abroad for less than one year.

Compensation of employees is calculated with the use of an estimation method. This method rests to a great extent on determining the number of Poles working abroad for the period shorter than one year as well as non-residents working in Poland for the period shorter than one year. Major data sources for estimating the number of Poles working abroad are the Statistics Poland data on migration, data derived from LFS (household survey carried out by the Statistics Poland) as well as data from those countries in which Poles have found employment. The number of non-residents working in Poland is estimated on the basis of the number of statements on willingness to hire submitted by employers (data from Ministry of Economic Development and Technology), number of issued work permits as well as data on premiums paid by employer to Social Security System.

Remaining elements of the new estimation method have been derived from NBP survey carried out: since 2007 on Poles working abroad in selected European countries and, since 2012, on non-residents working in Poland.

The same sources of data are used for estimates of workers' remittances included under current transfers of other sectors in balance of payments both for revenues and expenses.

Data on the cross-border compensation of employees in the case of embassies and other extra-territorial organizations (Frontex, NATO) have also been included in the credit and debit side of the Polish balance of payment statistics.

Direct investment income

Income on direct investment comprises both income on equity capital and income on debt. The income on equity comprises dividends attributable to a direct investor and declared for a given reporting year (as regards public companies), share in profit (as regards limited liability companies), transferred profits of branches and reinvested earnings (loss per direct investor is deemed negative reinvested earnings). The income on debt, on the other hand, is included in the balance of accrued interest on loans extended and obtained by direct investors.

Earnings are calculated in accordance with COPC (Current Operating Performance Concept) aligned with Polish accounting standards. Monthly and quarterly bop is estimated based on financial result of banks as well as aggregated data on financial result of companies received from the Statistics Poland. Data from annual reports from individual entities (containing the result calculated in accordance with COPC), increased by corrections (at the macro level) relating to the capitalization of research and development expenditure prepared by the Statistics Poland, are subsequently broken down by respective quarters and.

Source of data for direct investment are monthly and quarterly reports received directly from reporting agents (equity and debt instruments) and annual direct investment survey (only equity). Foreign direct investment in Polish entities listed on Warsaw Stock Exchange is compiled on security-by-security basis from financial statements of issuers and monthly reports provided by custodian banks and brokerage houses.

Data on interest are presented on accrual basis. Data on dividends are based on date on which dividends were declared (for non-listed companies) and by date on which dividends were settled (for listed companies).

Reinvested earnings and undistributed earnings are allocated to their period of origin. Reinvested earnings are earnings received in a given period minus dividends. Direct investment relationship between resident and non-resident is defined in accordance with the Framework of Direct Investment Relationship (FDIR).

In case of securities with the ISIN code data on portfolio investment income in the balance of payments is calculated on the accrual "security-by-security" basis. The source of data for these calculations is security-by-security reports collected directly from Polish securities holders, issuers and financial institutions (securities trading intermediaries) and data on characteristics of securities derived from the database maintained by Narodowy Bank Polski. This database is supplied with data derived from the National Depository for Securities, Centralised Securities Database (CSDB) maintained by the ECB and data reported by Polish issuers. The only exception from the above mentioned rule are shares issued by non-residents, where due to limited availability of data (only data from CSDB), the dividends are registered at the data of payment and not at the "dividend day".

In case of securities bearing no ISIN code data on income is reported directly by reporting entities on accrual basis. Securities are broken down by security type (equity securities, long-term debt instruments, money market instruments) and by sector of resident paying or receiving the revenue (general government, banks, other sectors). Income on debt securities bearing no ISIN code issued by Polish entities on external markets is neither collected nor estimated.

Portfolio investment income

In case of securities with the ISIN code data on portfolio investment income in the balance of payments is calculated on the accrual "security-by-security" basis. The source of data for these calculations is security-by-security reports collected directly from Polish securities holders, issuers and financial institutions (securities trading intermediaries) and data on characteristics of securities derived from the database maintained by Narodowy Bank Polski. This database is supplied with data derived from the National Depository for Securities, Centralised Securities Database maintained by the ECB and data reported by Polish issuers.

In case of securities bearing no ISIN code data on income is reported directly by reporting entities on accrual basis. Securities are broken down by security type (equity securities, long-term debt instruments, money market instruments) and by sector of resident paying or receiving the revenue (general government, banks, other sectors). Income on debt securities bearing no ISIN code issued by Polish entities on external markets is neither collected nor estimated.

The reinvested earnings are calculated for the outward investment in investment funds and foreign investment in resident investment funds. The estimate is based on the income of the investment fund from their investment portfolio. The income or loss resulting from the difference in purchase price and sale price of the securities are not included in the reinvested earnings.

Other investment income

Other investment income is registered on accrual basis. It comprises income on financial instruments which are regarded as other investments of the financial account and income on reserve assets. Income received by holders of insurance policies is also allocated to this category. Income on other investment of the financial account comprises: interest on loans extended and received, interest on deposits including interest on repos, and other payments related to income on property. Insurance premiums include returns on investment of insurance technical reserves owned de facto by policy holders. Data on income on reserves assets include income on debt securities, interest on deposits and interest on repos. Pure interest has been adjusted for the worth of FISIM services.

After calculating the value of exports and imports of FISIM (see services.) the appropriate items of *income on other investment* category are increased or decreased according to the following pattern:

1. Deposit-taking corporations except the central bank, interest paid on currency and deposits placed by non-residents other than financial intermediaries, debits – value of this item is increased by the value of exports of FISIM against deposits received from non-residents other than financial intermediaries.
2. Deposit-taking corporations except the central bank, interest received on loans extended to non-residents other than financial institutions, credits – value of this item is decreased by the value of exports of FISIM against loans received by non-residents other than financial intermediaries.
3. Other sectors (S122 and S125 excluded), interest received on currency and deposits placed with non-resident financial intermediaries, credits. – value of this item is increased by the value of imports of FISIM against deposits received by non-resident financial intermediaries.
4. Other sectors (S122 and S125 excluded), interest paid on loans received from non-resident financial intermediaries, debits –value of this item is decreased by the value of imports of FISIM against loans extended by non-resident financial intermediaries.

Primary income on FISIM is increased/decreased by group of countries.

Data regarding other investment income - both Polish abroad and foreign ones in Poland in the vast majority are compiled on the basis of reports directly sent by Polish reporting entities to the central bank. On the reporting forms, data on incomes (between others, accrued interest and received/paid interest) for individual instruments are collected and refer they to deposits, loans or other assets and liabilities. While, transactions related to income pensions schemes and standardized guarantee schemes are calculated in the estimation process performed for the needs of insurance services.

Other primary income

Other primary income consists of taxes and subsidies on products and production and rent. Taxes and subsidies on products and production have been present in bop since Poland's accession to the EU. Subsidies on products and production (Common Agricultural Policy) are shown in revenues while the portion of Polish premiums paid to EU which originate from Traditional Own Resources (TOR) are shown in expenditures. Rent refers to leases of natural resources.

Monthly and quarterly data on EU transfers are compiled on the basis of statistical data provided by the Agency for Restructuring and Modernization of Agriculture in accordance with the accrual method.

Data about rents based on quarterly ITS survey.

5.1.4. Secondary income

Definition

The secondary income account shows current transfers between residents and non-residents. Current transfers such as donations, free-of-charge exports and imports of goods and services under international aid schemes, are recorded in this account to show their role in the process of income distribution between the economies. Transfers are executed, both in cash and in kind, in favour of government institutions or other sectors (private).

Secondary income of the government sector

Secondary income of the government sector is transfers from non-residents (or from residents to non-residents) transferred to the Polish government sector, i.e. units of central government and local government. These are the funds received from European Union institutions, countries and international organisations as well as paid in favour of these institutions and countries to finance current expenditures of the government – such as humanitarian aid, medicines, training, etc. These include also membership fees for the EU and international organisations outside the EU. The category includes also taxes and payments made by non-residents in favour of Polish government sector. Revenues from obligatory social insurance as well as retirement and annuity benefits paid by the Social Insurance Institution (ZUS) in favour of non-residents, and indemnities paid by the government vis-à-vis non-residents constitute other government transfers.

Secondary income of other sectors

Secondary income of other sectors is split into personal transfers and other transfers.

Personal transfers consist of all current transfers in cash or in kind made or received by resident households to or from non-resident households. Workers' remittances is the key component to personal transfers.

Workers' remittances comprise transfers of wages and salaries of persons working abroad and considered to be residents of the country in which they work. In compliance with the IMF recommendations, a person staying or intending to stay for a year or longer on the territory of a given country is a resident of that country. In such case, funds transferred in favour of the person's family are registered in current transfers as workers remittances. On the other hand, in case of the stay lasting shorter than a year, the person is treated as non-resident and his/her income is registered in the balance of payments under income as compensation of employees.

Other transfers of non-government sector include the value of current transfers abroad of residents – natural persons and other entities of national economy not included in the government sector. The other transfers of non-government sector made in kind (free-of-charge transfers of goods and services in foreign trade) and/or in cash include:

- donations and aid received from abroad, as well as rendered in favour of non-residents, related to execution of objectives not connected with investment (e.g. humanitarian aid, food, clothing, medicines, training),
- taxes and fees in favour of foreign governments,
- membership fees,
- retirement and annuity benefits received by residents from abroad,
- inheritance,
- alimony,
- fines and indemnity (e.g. related to breach of contracts, product forgery, forgery of trademarks, patents),
- competition and lottery winnings,
- fees for transfer of sportsmen,
- net non-life insurance premiums,
- non-life insurance claims.

Specific features of data collection

Monthly and quarterly data on EU transfers are compiled on the basis of statistical data provided by the Ministry of Finance and the Agency for Restructuring and Modernization of Agriculture (ARiMA) in accordance with the accrual method. Data from the Ministry of Finance include information on transfers under the Cohesion Policy, and data from ARiMA, data on transfers under the Common Agricultural and Fisheries Policy.

Data on the Cohesion Policy are included in secondary income and capital account (investment expenditure), the division is made on the basis of the budget classification of these funds. Data on the Common Agricultural and Fisheries Policy are included in other primary income, secondary income and capital account, the breakdown is made according to the type of payment.

Basic sources of transfers from the EU are supplemented with data obtained from the Ministry of Funds and Regional Policy (Technical Assistance).

Data on transfers from the EU are divided into sectors (government and other sectors) according to the beneficiary sector that receives the funds.

The data on other transfers such as retirement and annuity benefits paid by Polish government is derived directly from the Social Insurance Institution (ZUS) which is in charge of such transfers.

The source used for compilation of workers' remittances has been described in the chapter on compensation of employees.

Data on transfers of other sectors is compiled based on numerous data sources. Data on transfers of enterprises is collected in the frame of survey on international trade in services carried out by the Statistics Poland. The other transfers of other sectors on revenue side are mainly based on LFS (household survey made by the Statistics Poland); information from Ministry of Finance and the Social Insurance Institution (ZUS) is used as additional sources.

Both net non-life insurance premiums and non-life insurance claims are derived from estimations of insurance services.

5.2. Capital account

Definition

The basic components of the capital account in the balance of payments are capital transfers representing transfers of rights to tangible assets, i.e. donations and funds included in non-returnable grants, specially assigned to fixed assets financing, as well as the acquisition and disposal of non-produced, nonfinancial assets between residents and nonresidents. Capital transfers are compiled separately for the government sector and other sectors.

Capital transfers of the government sector reflect the value of funds received from EU institutions, countries and international organisations, as well as funds transferred by the Polish government in favour of these institutions. Funds in cash are allocated free-of-charge to financing investment in fixed assets e.g. construction of roads, motorways, bridges, schools, hospitals, etc. The category

of capital transfers of the government sector comprises write-offs of receivables, both principal and interest.

Capital transfers of other sectors comprise donations and grants specially assigned to fixed assets financing, which were received from or transferred abroad by nongovernment units.

Acquisition and disposal of non-produced nonfinancial assets

Acquisition and disposal of non-produced nonfinancial assets comprises mainly purchase and sale of CO₂ emission allowances as well as patents, copyrights, licenses and trademarks. This category of the capital account also includes purchase and sale of land to foreign embassies located in Poland as well as purchase and sale of land by Polish embassies abroad.

Specific features of data collection

Monthly and quarterly data on EU transfers are compiled on the basis of statistical data provided by the Ministry of Finance and the Agency for Restructuring and Modernization of Agriculture (ARMA) in accordance with the accrual method. Data from the Ministry of Finance include information on transfers under the Cohesion Policy, and data from ARMA, data on transfers under the Common Agricultural and Fisheries Policy.

Basic sources on transfers from the EU are supplemented with data obtained from the NBP Regional Branch (migration funds and OP European Territorial Cooperation).

Data on transfers from the EU are divided into sectors (government and other sectors) according to the beneficiary sector that receives the funds.

Capital transfers of other sectors are calculated based on data collected under the survey on international trade in services carried out by the Statistics Poland which, apart from the data on turnover of services, collects information on current transfers and capital transfers.

The data source for monthly data on trading CO₂ allowances is Union Registry. The Polish section of the Union Registry is managed by the National Centre for Emissions Management (KOBiZE). Revenues are generated on the primary (revenues of the government sector) and the secondary markets (revenues of other sectors). Expenditures are the purchase of allowances on the secondary market (expenditure of the other sectors).

5.3. Financial account

Definition

The **financial account** comprises financial transactions involving direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

5.3.1. Direct investment

Definition

NBP compiles data on direct investment in compliance with the OECD definition. The term „direct investment abroad” denotes an investment made by a resident entity in one economy (“direct investor”) in an entity resident in an economy other than that of the investor („direct investment enterprise”) aimed at attaining a long-term profit from the capital involved. The direct investment enterprise denotes an enterprise in which direct investor owns at least 10% of the voting power in the decision making body of the company.

The direct investment capital comprises equity capital in the form of shares and other equity, reinvestment of earnings and assets and liabilities vis-à-vis debt instruments.

Reinvestment of earnings denote the part of profits, accruing to a direct investor, which remains in the direct investment enterprise and which is allocated to its further development.

Specific features of data collection

Source of data for direct investment are monthly and quarterly reports received directly from reporting agents (equity and debt instruments) and annual direct investment survey (only equity). Foreign direct investment in Polish entities listed on Warsaw Stock Exchange is compiled on a security-by-security basis from financial statements of issuers and monthly reports provided by custodian banks and brokerage houses.

Business entities register is revised and updated with the use of information from other sources such as press information, financial statements of business entities, bilateral contacts etc.

Assets and liabilities of investment funds are not included in direct investment.

Sources of data on securities comprise, stocks and flows, security-by-security reports provided by Polish investors (assets) or issuers/brokers (liabilities).

In case of securities with the ISIN code the source of data for these data is data on characteristics of securities (price, coupon or corporate action) derived from the database maintained by Narodowy Bank Polski. This database is supplied with data derived from the National Depository for Securities, Centralised Securities Database maintained by the ECB and data reported by Polish issuers. Valuation adjustments and exchange rate fluctuations are calculated by NBP on a security-by-security basis. Data for this calculation is derived from securities database.

In case of securities without the ISIN code data on stocks (market value) and transactions are derived from received reports. Reports also encompass data on valuation adjustments, exchange rate fluctuations and other changes.

Issuers reports are data source for securities not bearing the ISIN code issued by Polish issuers on external markets. Value of interest paid is estimated on an individual basis.

In line with external statistics manuals, the borrowing and lending between fellow enterprises is covered and the debt between affiliated financial corporations is excluded. Assets and liabilities of investment funds are not included in direct investment even when above 10% threshold.

The super-dividends are identified by the reporters on the basis that those are “dividends” declared from the accumulated profits of the previous periods or coming from the sale of significant assets of the company. The super-dividends are reported together with the transactions, i.e. as a withdrawal of equity.

The most significant mode of investment in real estate in Poland is investment via company registered in Poland, therefore the data on real estate is captured in the same manner as data from regular reporters.

5.3.2. Portfolio investment

Definition

Portfolio investment is defined as cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets.

Equity securities comprise all kinds of tradable shares and stocks, including investment certificates (shares) of collective investment funds. These comprise also participation units in collective investment funds, investment certificates and depository receipts (e.g. ADR or GDR).

Debt securities comprise all kinds of long-term and short-term debt securities including government bonds, corporate bonds, T-bills, short-term corporate debt securities and negotiable certificates of deposit. Debt securities are classified as long-term securities or money market (short-term) instruments based on their original maturities. Long-term debt securities are securities with original maturity of at least one year. All other debt securities are classified as money market instruments (short-term debt securities). Debt securities category comprises also debt securities with embedded financial derivatives (e.g. convertible bonds or callable/puttable bonds).

Other financial derivatives are excluded from portfolio investment and are registered under "Financial derivatives". Repo transactions are also excluded from the portfolio investment category and registered in „Other investment“ category.

Specific features of data collection

The source of data on portfolio investments item in the balance of payments are "security-by-security" reports on positions and transactions collected directly from Polish holders of securities (in case of portfolio assets), issuers and intermediaries in trading in securities (in case of portfolio liabilities).

In case of securities bearing the ISIN code, the data used in the process of verification and compilation of reporting data are the data on characteristics of securities e.g. coupons, prices, corporate events derived from the database kept by Narodowy Bank Polski. This database is supplied with data derived from the National Depository for Securities, Centralised Securities Database (maintained by ECB) and data derived directly from Polish issuers. Data on transactions is adjusted on security-by-security basis against repo transactions. Market value of transactions (including interest accrued and paid) is calculated on a security-by-security basis.

In case of debt securities with the ISIN code issued by Polish entities on external markets residual approach applies. The data from the issuers is modified in the process of compilation with the use of the data on transactions executed by Polish holders of these securities. The security-by-security calculations include the value of interest (accrued and paid).

In case of securities without the ISIN code data on stocks (market value) and transactions are derived from received reports. Reports also encompass data on valuation adjustments, exchange rate fluctuations and other changes. Reports of issuers serve as a source of data on securities without ISIN codes issued by Polish entities on external market.

Securities are broken down by sector or resident-issuer of securities (for liabilities), sector of resident-holder of securities (for assets) as well as by country of issuer for portfolio assets.

5.3.3. Other investment

Definition

Other investment is a residual category that includes positions and transactions other than those included in direct investment, portfolio investment, and reserve assets. Other investment covers: other equity, currency and deposits, loans, insurance technical reserves, trade credits and advances, other assets and liabilities and special drawing rights. Other investment (with the exception of trade credits) is presented on accrual basis i.e. recording interest accrued and unpaid.

Other equity

Equity not in the form of securities and participation in some international organizations is classified as other equity.

Currency and deposits

On the assets side the currency and deposits are calculated on the base of stocks of claims on cash in the form of foreign currency (only the banking sector), current accounts and deposits in credit institutions and in foreign banks. This category comprises: currency accounts and deposits (including overnight deposits), term deposits, deposits redeemable at notice, blocked deposit accounts and repo transactions.

On the liabilities side the currency and deposits are calculated on the base of stocks of liabilities on current accounts and deposits held by non-residents. This category comprises: current accounts and deposits (including overnight deposits), term deposits, deposits redeemable at notice, blocked deposit accounts and repo transactions. The currency and deposits cover also liabilities on money security excluding initial margin for derivatives.

Loans

Extended and received loans, apart from the breakdown into long-term (with original maturity exceeding one year) and short-term (with original maturity up to one year), are broken down by sectors of economy. Turnover comprises not only drawings and repayments in cash but also drawings and repayments in the form of goods and services delivery, rollover, interest capitalization, conversion to Polish zloty, credit restructuring. This item covers also loan on current account and overdrafts on accounts held with credit institutions, foreign banks or entities providing financial services for capital group, and financial leasing.

Insurance technical reserves

Insurance technical reserves are estimated in the process of calculating the insurance services.

Trade credits and advances

Transactions regarding trade credits and advances are estimated based on stocks of assets and liabilities related to advances extended, payments deferred in imports and exports of goods and services and prepayment by customers for goods and services not yet provided.

Other assets and liabilities

Other financial assets and claims on non-residents comprises among others assets which result from difference of the time of transaction and the time of corresponding payment e.g. claims on the share in profit or dividend declared but not yet paid or converted into another financial instrument; funds deposited on current accounts in other intuitions i.e. other than foreign banks and credit institutions; claims on returnable variation margins (initial margin) for derivatives. The item other liabilities to non-residents covers among others liabilities which result from transactions implying difference of the time between the transaction and the time of corresponding payment (e.g. dividend declared but not yet paid or converted into another financial instrument) and liabilities on returnable variation margins (initial margin) for derivatives.

Accrual presentation of transfers from the EU in the current and capital account resulted in the creation of receivables of the Polish government sector from the European Commission. The difference between the accrual and cash data provided by the EC is included in the transactions of other assets.

Special drawing rights (SDR)

Transactions on SDR allocation are included in this position.

Method of data collection

Since 2010 data on other investment, both Polish investment abroad and foreign investment in Poland have been compiled on the basis of reports directly electronically supplied by Polish reporting entities.

5.3.4. Financial derivatives

Definition

The “Financial derivatives” constitute the separate category of the balance of payments. It comprises all derivatives with symmetrical risk such as futures, forwards, swaps, IRS, CIRS, CDS as well as instruments with unsymmetrical risk such as options. This item includes both derivatives settled by delivery of underlying instrument and derivatives settled in cash. The profit or loss on transactions involving financial derivatives is classified into this category.

The data on financial derivatives are also available in geographical breakdown. The criterion of a first identified contractor is used to determine national status of the parties of transaction. The breakdowns by the type of an underlying instrument (foreign exchange rates, interest rate, commodity, shares, credit derivatives, others) and by pairs of currencies (in case of foreign exchange instruments) or by settlement currency (for other types of derivatives) are available.

Specific features of data collection

The source of data on financial derivatives for the balance of payments is reports collected directly from Polish entities having positions which emerged as a result of transactions on derivatives with non-residents.

Financial derivatives cover all financial flows resulting from settlements of transactions involving financial derivatives, except returnable initial margins. In the discussed category variation margins and option premiums are registered. Data are registered on gross basis.

5.3.5. Reserve assets

Definition

Reserve assets are those external assets that are readily available to and controlled by monetary authority (Narodowy Bank Polski). Reserve assets cover own transactions or transactions at the request of customers made in convertible currencies by NBP with non-residents related to: monetary gold, reserve position in the IMF and other reserve assets.

Reserve assets comprises balance of transactions carried out by NBP with respect to instruments included in reserve assets, (including the balance of turnover on currency and deposits accounts in banks abroad, balance of transactions executed in foreign currencies in NBP counters, balance of turnover of securities issued by foreign entities, balance of reverse repos, change in reserve position in the IMF as well as purchase and sale of monetary gold).

Specific features of data collection

The source of data on transactions registered under the reserve assets is the accounting system of NBP.

6. International Investment Position

Definition

The international investment position is a statistical statement of the stock of foreign assets and liabilities at the end of the reporting period. Net international investment position informs whether a country is a creditor or a net debtor.

Changes of stock of foreign assets and liabilities is driven by the value of transactions with non-residents as well as exchange rate changes, differences from valuation of assets and liabilities and other changes.

Specific features of data collection

The international investment position is compiled based on data from:

- Narodowy Bank Polski,
- the Ministry of Finance,
- financial agents of the government (NBP and Bank Gospodarstwa Krajowego),
- the National Depository for Securities,
- Polish banks conducting settlements with non-residents,
- Polish companies participating in trade abroad,
- natural persons.

Foreign assets and liabilities is presented broken down into types of financial instruments and the sectors of the national economy.

6.1. Direct investment

Definition

NBP compiles data on direct investment in compliance with the OECD definition. The term „direct investment abroad” denotes an investment made by a resident entity in one economy (“direct investor”) in an entity resident in an economy other than that of the investor („direct investment enterprise”) aimed at attaining a long-term profit from the capital involved.

Foreign claims against **direct investment** comprise resident’s shares in foreign capital-linked companies. Foreign claims against direct investment also include claims against debt instruments owned (loans extended by residents to foreign capital-linked companies), claims on provision of goods and services and prepayments to foreign investors against future supply of goods and services and other debt instruments owned by capital-linked companies.

Claims against **foreign investment** comprise residents' equity claims against debt instruments owned (loans received by non-residents), claims on provision of goods and services, prepayments to foreign investors against future supply of goods and services and other debt instruments owned by capital-linked companies.

Specific features of data collection

Foreign assets and liabilities vis-à-vis direct investment have been calculated based on reports of residents that are part of capital-linked groups.

6.2. Portfolio investment

Definition

Portfolio investment is defined as transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets.

Specific features of data collection

The source of data are security-by-security reports on stocks and flows collected directly from Polish holders (in case of portfolio assets), or Polish issuers and financial intermediaries (in case of portfolio liabilities).

For securities bearing an ISIN code, descriptive data, e.g. prices, coupons, corporate events from the securities database, maintained by NBP, are used in the verification and compilation of reported data. This database is supplied with data derived from the National Depository for Securities, Centralised Securities Database maintained by the ECB and data reported by Polish issuers. For securities without ISIN codes issued by Polish entities on foreign markets, the issuer data are used.

Data on securities issued by Polish residents on domestic market and held by non-residents is derived from reports of securities intermediaries on domestic market. Custodian banks, brokerage offices/houses, central depository institutions and clearing houses (KDPW) are sources of data. Sources of data for non-resident portfolio of securities issued by the State Treasury on the domestic market are KDPW (Treasury bonds) and NBP (Treasury bills). For securities issued by the State Treasury on external markets the issuer data are used. Residual approach applies in case of securities issued by residents on external markets. Data received from the abovementioned entities are revised (decreased) against reports of Polish holdings of securities issued by residents on external markets.

Data on portfolio assets of Polish government (securities issued by non-residents) are derived from the bank that provides banking services to Polish government. In case of portfolio assets held by other domestic entities data are derived from reports of individual investors.

Portfolio assets and liabilities are subject to market-price valuation.

In order to differentiate between external liabilities in direct investment and external liabilities in portfolio investment an estimation of equity securities issued by Polish banks and non-financial corporations, held by foreign direct investors on accounts with Polish banks and brokerage offices/houses is made. The estimation is based on data on significant investors in Polish public companies, which is derived from obligatory reports of public companies. Direct investor is an investor with at least 10% of voting shares. Portfolio and direct investment – on the side of external assets – are separated by reporting entities (Polish investors) holding equity securities issued by non-residents.

For portfolio investment, securities with ISIN codes issued by Polish entities on foreign markets. Market value (including accrued interest) is calculated on an s-b-s basis using the securities database.

For securities without ISIN codes, the data on the market value of stocks and transactions reported directly by reporting entities is used for compilation. The reports also, include the data on valuation changes, exchange rate changes and on other changes.

6.3. Financial derivatives

Definition

A financial derivative is a financial instrument that is linked to another specific financial instrument or indicator or commodity (“underlying assets”) and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, and so on) can be traded in their own right in financial markets. Swaps, options, futures and warranties are all financial derivatives.

The financial derivatives category includes all symmetrical risk instruments, such as futures, forwards, swaps, IRS, CIRS, CDS and asymmetrical risk instruments, such as options. In terms of coverage, derivatives settled by underlying instrument delivery, as well as derivatives with cash settlement are included.

Assets include all derivatives with asymmetrical risk profile written by non-resident and purchased by resident and instruments with symmetrical risk profile which had positive market val-

uation as at the end of the reporting period. Liabilities cover all derivative instruments with asymmetrical risk profile written by resident and purchased by non-resident and instruments with symmetrical risk profile which had negative market valuation as at the end of the reporting period.

Specific features of data collection

Data on i.i.p. derivatives stocks and flows are derived from reports received from reporting agents, which encompass data on valuation adjustments, exchange rate fluctuations and other changes

Data on financial derivatives are also available in geographical breakdown. The criterion of a first identified contractor is used to determine national status of the parties of transaction. The breakdowns by the type of a basic instrument (foreign exchange rates, interest rate, commodity, shares, credit derivatives, others) and by pairs of currencies (in case of foreign exchange instruments) or by settlement currency (for other types of derivatives) are available.

6.4. Other investment

Definition

Other investment - includes stocks of other assets and liabilities that are not included in direct investment, portfolio investment or in the reserve assets. Other investments include: other equity, trade credits and advances, other loans, currency and deposits, insurance technical reserves, SDRs (allocation) and other accounts receivable/payable.

Other equity

Other equity includes equity in a form other than securities, so it is not included in portfolio investment. This position covers mainly equity shares in international organizations

Trade credit and advances

Stocks of assets and liabilities arising from trade credits and advances include the so-called trade credits, i.e. stocks of receivables and payables goods and services and benefits paid or received advance payments for future deliveries.

Information on these credits come directly from the monthly and quarterly survey of exporters and importers which are providers or receivers of trade credits.

The information is based on the nominal value. The data refer mainly to "other sectors".

Other loans

Loans include the stocks of receivables and liabilities arising from drawn and outstanding foreign loans (excluding trade credits and loans included in FDI) and the stocks of financial leasing. Receivables from non-residents due to credit on the current account, the stock of overdrafts, the stocks of debt on exceeding balances in accounts held in credit institutions, foreign banks and entities providing financial services for capital group are included on the stock of loans.

Information on loans is broken down into long-term (with original maturity exceeding one year) and short-term (with original maturity of up to one year) broken down by the sectors of economy. The accruals principle applies.

Trade credits and advance are presented in separate item of foreign assets and liabilities.

Loans from/to foreign investors are shown as a component of direct investment - debt instruments.

Currency and deposits

This category of foreign assets and liabilities includes:

- **on assets side:**
 - a) the stock of current (nostro) and timely accounts (deposit) in credit institutions and foreign banks;
 - b) receivables on repurchase agreement;
 - c) in the case of the banking sector further:
 - value of foreign currencies in cash desks;
 - receivables from cash collaterals;
- **on liabilities side:**
 - a) the stock of current (loro) and timely accounts (deposit) of credit institutions and foreign banks (non-residents);
 - b) the stock of current and timely accounts (deposit) of non-residents other than banks;
 - c) liabilities arising from repo transactions;
 - d) the stock of non-residents accounts in bank's brokerage houses;
 - e) liabilities from cash collateral (except initial margins for financial derivatives).

Other assets and liabilities

Other assets and liabilities cover data on assets and liabilities other than loans, debt securities, trade credit and advances, currency and deposits. To this item are recognized among other states receivables and payables, which include:

- on the assets side: e.g. receivables from share in profits or dividend which were declared but not paid out yet or not converted into some other financial instrument; funds deposited on current accounts with other institutions, i.e. other than foreign banks and credit institutions; receivables from repayable margin deposits (original deposits) for financial derivatives,
- on the liabilities side: e.g. dividends which were declared but not paid out yet or not converted into some other financial instrument); receivables from repayable margin deposits (original deposits) for financial derivatives.

Accrual presentation of transfers from the EU in the current and capital account resulted in the creation of receivables of the Polish government sector from the European Commission.

Insurance technical reserves

Financial assets of policy holders or beneficiaries and liabilities of insurers, pension funds, or issuers of standardized guarantees.

Special drawing rights (SDR) allocations

This item covers the allocation of SDRs, with a corresponding entry under SDRs in reserve assets.

Specific features of data collection

Information on the assets and liabilities from other investments come from:

- reports received directly from Polish entities and natural persons;
- financial agents of the government (NBP and Bank Gospodarstwa Krajowego),
- the accounting system of NBP.

6.5. Reserve assets

Definition

Reserve assets are those external assets that are readily available to and controlled by Narodowy Bank Polski. These assets can be used for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate and for other activities of the monetary authorities (such as maintaining confidence in the currency and the economy). Reserve assets comprise:

- monetary gold, valued on the balance sheet date at the average market price;

- special drawing rights (SDRs);
- reserve position in the International Monetary Fund;
- other reserve assets (cash, currency and deposits, reserve repo and securities issued by non-residents in convertible currency), including:
 - currency and deposits held in foreign banks, valued on the balance sheet date on the accrual basis;
 - securities issued by foreign entities– quoted at the liquid market, valued on the balance-sheet day according to average market price;
 - receivables under reverse repo (purchase of securities under repurchase agreements) - valued according to the amount receivable on the balance-sheet day;
 - foreign currencies held in NBP vaults – valued on the balance-sheet day according to nominal value.

Specific features of data collection

Data on reserve assets are collected based on accounting system of NBP.

7. External debt

Definition

Narodowy Bank Polski reports information on Poland's external debt in accordance with the following definition: "Gross external debt, at any given time, is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non-residents by residents of an economy".

The above definition refers to gross debt, i.e. it refers to the particular foreign liabilities of Poland (with no deduction of Polish assets abroad). The external debt obligations are taken into account only existing and unregulated (creditor must have a claim against the debtor). External debt covers the entire range of debt instruments, regardless of how they are constructed. Debts are usually carried out by providing economic value, i.e. a financial or non-financial assets (including commodities) by the debtor to the creditor usually under a contract that specifies the terms and conditions of repayment.

The distinction between domestic and external (foreign) debt is based solely on the criterion of residence, regardless of the currency involved.

The following debt instrument have been included in the concept of external debt:

- currency and deposits held by non-residents at Polish banks;
- debt securities held by foreign portfolio investors;
- trade credits;
- other loans and credits (including financial leases);
- insurance technical reserves;
- other foreign liabilities;
- allocations of SDRs.

External debt includes:

- liabilities of residents to non-residents, both in the domestic and foreign currency;
- securities issued in foreign markets and the domestic market, purchased by non-residents;
- liabilities to non-residents under finance leases are treated as a loan.

Data on arrears are not separately presented.

Foreign debt does not include any financial liabilities arising from shares held by non-residents and other equity (mutual funds, private equity and reinvested earnings in the framework of direct investments and real estate) and derivative financial instruments.

From the point of view of original maturity of debt instruments they have been divided into:

- long-term (with the original maturity of over one year);
- short-term (with the original maturity of one year or less).

Foreign debt is presented broken down into:

- General government and local government;
- Narodowy Bank Polski;
- Monetary Financial Institutions (MFIs);
- Other sectors (financial and non-financial entities);
- Direct investment.

Specific features of data collection

Information on the liabilities arising from debt instruments are derived:

- with reports received directly from Polish entities and natural persons;
- from the financial agents of the government (i.e. Narodowy Bank Polski and Bank Gospodarstwa Krajowego);
- from the accounting system of NBP.

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