

Annual Report 2012

Banking Sector Liquidity

Monetary Policy Instruments of the National Bank of Poland

Table of Contents

INTRODUCTION.....	5
1. BANKING SECTOR LIQUIDITY.....	9
1.1. LIQUIDITY DEVELOPMENTS IN 2012	9
1.2. IMPACT OF AUTONOMOUS FACTORS ON CHANGES IN BANKING SECTOR LIQUIDITY	12
1.2.1. Purchase and Sale of Foreign Currencies by the NBP	12
1.2.2. Currency in Circulation.....	15
1.2.3. Public Sector Deposits held with the Central Bank.....	17
2. MONETARY POLICY INSTRUMENTS.....	21
2.1. INTEREST RATE.....	21
2.2. REQUIRED RESERVE.....	21
2.3. OPEN MARKET OPERATIONS.....	23
2.3.1. Main Operations	23
2.3.2. Fine-tuning Operations.....	24
2.4. STANDING FACILITIES	25
2.4.1. Deposit Facility.....	25
2.4.2. Marginal Lending Facility.....	26
3. OTHER OPERATIONS	26
3.1. INTRA-DAY CREDIT FACILITY.....	26
3.2. INTRA-DAY CREDIT FACILITY IN EURO	26
4. POLONIA RATE.....	27
GLOSSARY.....	31
<i>Annex 1. Volatility of the shortest interest rates in the interbank market against changes in open market operations in 1998-2012.....</i>	<i>35</i>
<i>Annex 2. NBP monetary policy instruments in 1990 – 2012.....</i>	<i>36</i>
<i>Annex 3. Tenders for the NBP bills in 2012 – main operations.....</i>	<i>37</i>
<i>Annex 4. Tenders for the NBP bills in 2012 – fine-tuning operations.....</i>	<i>38</i>
<i>Annex 5. Agreements with the Ministry of Finance</i>	<i>38</i>
<i>Annex 6. Banks - Money Market Dealers in 2012</i>	<i>39</i>
<i>Annex 7. Daily information (as at the month-end).....</i>	<i>40</i>

Introduction

In 2012, the monetary policy of the National Bank of Poland was pursued in accordance with the *Monetary Policy Guidelines for 2012*. The key objective of the policy, similarly to the previous years, was to maintain inflation at 2.5% in a mid-term horizon while supporting sustainable economic growth.

The primary instrument of monetary policy is the interest rate. By setting the NBP basic interest rates, the Monetary Policy Council determines the yields on the monetary policy instruments. Changes in the NBP reference rate set the course of the monetary policy and affect the market rates. The deposit rate and the lombard rate determine the fluctuation band for overnight interest rates in the interbank market, symmetric to the reference rate.

In 2012, the Monetary Policy Council changed the basic NBP interest rates three times, including the reference rate, within the corridor for fluctuations in short-term market rates of +/-1.5 percentage points. As at the end of 2012, the reference rate stood at 4.25%, the deposit rate at 2.75%, and the lombard rate at 5.75%. Comparing to the end of the previous year, the interest rates were reduced by 0.25%.

The NBP manages the banking sector liquidity and implements the adopted monetary policy guidelines by carrying out open market operations. In 2012, the main open market operations involved the issuance of 7-day NBP bills, on a regular basis, while fine-tuning operations consisted in the regular (on the last working day of the reserve maintenance period) and ad-hoc issuance of NBP bills with shorter maturities. The yield on those securities was determined at the level of the NBP reference rate.

Access to all main and fine-tuning open market operations was granted to the banks complying with the terms and conditions set by the NBP, whereas access to main operations was also granted to the Bank Guarantee Fund.

In 2012, fifteen commercial banks, the most active in the money market and foreign currency markets, had the status of a Money Market Dealer.

In 2012, short-term liquidity of the banking sector amounted on average to PLN 96,306 million, comparing with PLN 95,928 million in 2011. Thus, the annual average liquidity rose by PLN 378 million.

In 2012, commercial banks made use of standing facilities put at their disposal by the NBP, which facilitated current liquidity management. Banks were able to cover liquidity shortages via marginal lending facility and to deposit excess funds with the NBP via overnight deposit facility.

In 2012, the NBP did not carry out any structural operations targeted at long-term change in the banking sector liquidity.

Table 1. Open market operations, repo operations, FX swaps and standing facilities in 2001 – 2012 (in PLN millions)

Period	NBP bills	Repos	FX swaps	Standing facilities		
				Deposit facility	Marginal lending facility	Balance (deposit - credit)
2012	95 913	0	0	393	0	393
2011	95 217	0	0	711	0	711
2010	74 968	5 097	0	1 036	0	1 036
2009	31 873	11 456	1 076	2 461	14	2 447
2008	11 530	2 135	162	1 421	14	1 407
2007	19 302			530	18	512
2006	19 758			150	50	100
2005	16 699			162	29	133
2004	5 275			310	22	288
2003	6 251			167	34	133
2002	10 565			80	170	-89
2001	14 701			715	234	481

- the values are quoted in annualized terms in the reserve maintenance periods

Source: NBP

The reserve requirement system was an instrument used by the NBP to mitigate the fluctuations in short-term interest rates and stabilize banking sector liquidity. In the respective reserve maintenance periods, banks were obliged to maintain average holdings at least equal to the amount of the required reserve. In 2012, the required reserve ratio remained unchanged and amounted to 3.5%.

The year 2012 saw the volatility of the POLONIA rate decrease compared to its level in 2011. As the result of regular fine-tuning operations, the average absolute deviation of the POLONIA rate from the reference rate in 2012 was 21 bps versus 43 bps in 2011, while its volatility (measured by standard deviation) declined to 21 bps from 34 bps in 2011.

In order to curb the volatility of the POLONIA rate, in 2012 the NBP carried out 23 fine-tuning operations in the form of the issuance of short-term NBP bills.

Table 2. Market rates in 2001 – 2012

Period	Average reference rate (%)	Deviation of rates from reference rate in basis points (annual average)				
		O/N	SW	2W	1M	POLONIA
2012	4,61	10	3	5	11	21
2011	4,22	21	3	3	9	43
2010	3,50	49	17	10	7	69
2009	3,77	69	23	14	11	89
2008	5,72	30	16	19	30	32
2007	4,40	19	9	11	16	23
2006	4,06	10	6	6	7	16
2005	5,34	21	6	6	9	29
2004	5,79	40	11	10	15	
2003	5,67	28	8	7	9	
2002	8,82	90	60		32	
2001	16,13	142			42	

- average reference rate was weighted by its duration
- deviations of rates from the reference rate were calculated on uniform basis of 365 days per year

Source: NBP

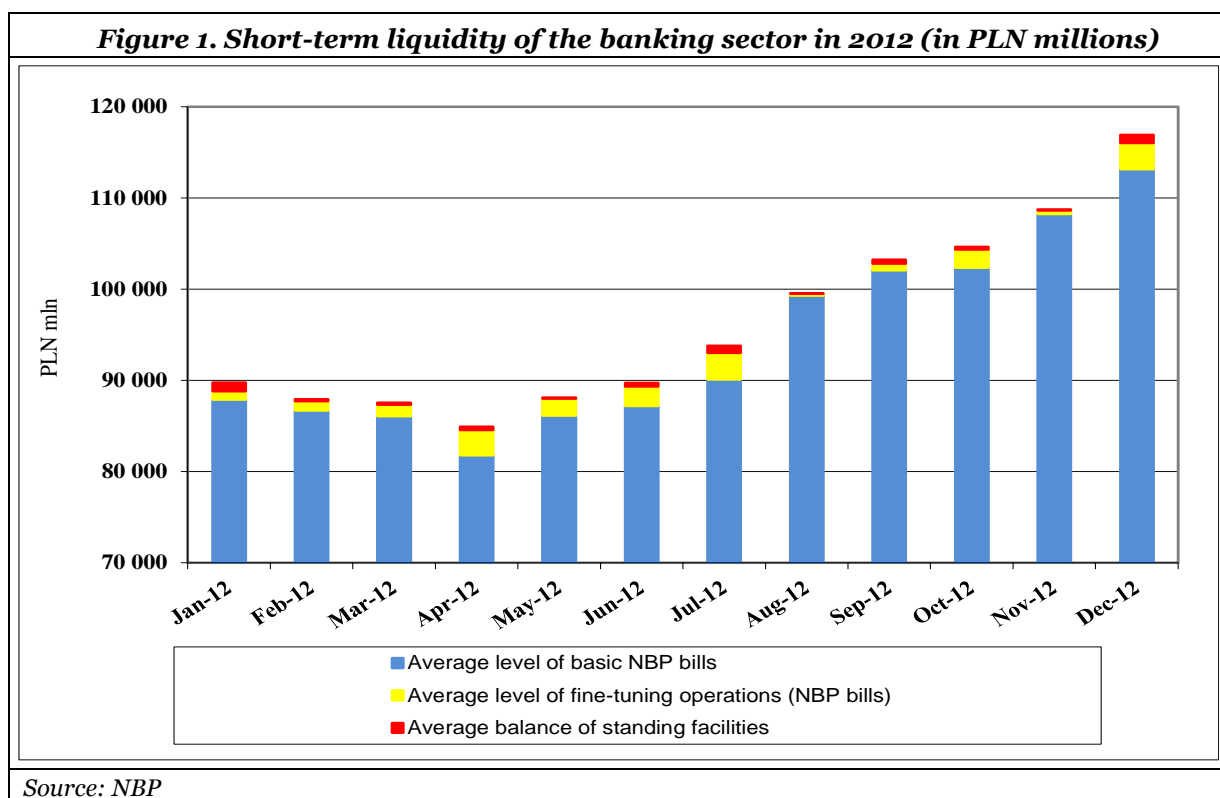
Changes in autonomous factors influencing the banking sector liquidity resulted in fluctuations, often significant, in the level of the banking sector liquidity in the respective months. In particular, liquidity was boosted by factors such as purchase of foreign currencies by the NBP and transfer of part of the NBP's profit to the State Budget.

Among factors conducive to reducing the level of liquidity, of prime significance were the increase in currency in circulation and the rise in the required reserve ratio.

1. Banking Sector Liquidity

1.1. Liquidity Developments in 2012

In 2012, short-term liquidity of the banking sector (expressed by the size of the NBP bills issue and the use of standing facilities) demonstrated considerable fluctuations over the year, as the result of volatility of autonomous factors. From January to April in 2012, short-term liquidity of the banking sector was fairly stable, with a slight downward trend. In the subsequent months – from May to December 2012 – surplus liquidity in the banking sector rose steadily, to reach a level higher by PLN 31,997 million, that is, by 37.68% than in April. The following figure shows the development of short-term liquidity in average monthly terms.



In December 2012, the average level of short-term liquidity of the banking sector was higher by PLN 25,961 million, that is by 28.5% comparing with December 2011.

Among the most important autonomous factors contributing to liquidity growth was the purchase of foreign currencies by the NBP from the European Union funds (structural funds, Common Agricultural Policy and others) and the purchase of foreign currencies from the Ministry of Finance's foreign currency account held with the NBP. The total balance of the purchase and sale of foreign currencies increased the liquidity of the banking sector on average, by PLN 16.172 million comparing December 2012 to December 2011. It should be mentioned that the purchase of foreign currencies by the NBP was mainly observed in the period from August to December 2012. In the first half of the year, the purchase was lower as the Ministry of Finance continued to convert foreign currencies mostly in the domestic money market, not at the central bank. Consequently, annual average liquidity level was only slightly higher comparing to 2011.

The increase in the banking sector's liquidity was largely driven by the amount paid from the 2011 profit of the National Bank of Poland to the State Budget on 18 June 2012 in the amount of PLN 8,205 million. The increase in the liquidity was also stimulated by payments made by the NBP to the banking sector coming from the discount of the NBP bills and required reserve remuneration.

The increase in currency in circulation was one of the factors reducing the liquidity surplus in 2012. Its annual growth rate amounted to 1.4% in December 2012. A particularly rapid increase in average monthly terms was recorded in April (increase of PLN 2,444 million) and in December (increase of PLN 1,348 million) and was attributed to seasonal factors of the year (the holiday periods). Another important factor reducing liquidity surplus was an increase in the average level of banks' reserve requirement, resulting from the increase in the zloty and foreign currency deposits, which constituted the basis for the calculation of the required reserve.

In order to maintain the interest rates stable, the central bank absorbed the liquidity surplus by issuing the NBP bills with a maturity of 7 days as main open market operations (the average amount in 2012 was PLN 94,331 million), and the NBP bills with shorter maturities as fine-tuning operations (the average value in 2012 amounted to PLN 1,582 million). 23 fine-tuning open market operations were executed in 2012.

The excess funds, not invested in open market operations with the NBP, were put by commercial banks as an overnight deposit. Average deposit amounted to PLN 393 million in 2012.

As the situation in foreign markets continued to be difficult, banks operating in Poland remained reluctant to provide unsecured loans in the interbank market. Similarly to the previous years, vast majority of transactions in the interbank deposit market in 2012 were concluded for a one-day term: O/N, T/N and S/N (over 90% of the total turnover).

**Table 3. Absorption of short-term liquidity as part of operations
executed by the NBP in 2012 (in PLN millions)**

	Average level of NBP bills (7 days)	Average level of NBP bills (1,2,3 and 4 days)	Average level of overnight deposits	Average level of marginal lending facility	Short-term banking sector liquidity
2012	1	2	3	4	1+2+3+4
I	87 898	923	948	0	89 769
II	86 703	1 009	230	0	87 942
III	86 085	1 261	201	0	87 547
IV	81 777	2 791	358	0	84 926
V	86 127	1 859	105	0	88 091
VI	87 191	2 147	376	0	89 714
VII	90 104	2 916	784	0	93 804
VIII	99 311	193	48	0	99 552
IX	102 085	713	420	0	103 218
X	102 348	2 023	283	0	104 654
XI	108 262	367	129	0	108 758
XII	113 155	2 885	883	0	116 923
on average *	94 331	1 582	393	0	96 306

- yearly average figures over required reserve maintenance period

„+” – denotes the absorption of zloty liquidity from the banking sector

„-” – denotes the supply of zloty liquidity to the banking sector

Source: NBP

1.2. Impact of Autonomous Factors on Changes in Banking Sector Liquidity

1.2.1. Purchase and Sale of Foreign Currencies by the NBP

As in the previous year, the purchase and sale of foreign currencies by the NBP had the largest impact on the liquidity increase of the banking sector in 2012.

The purchase of foreign currencies by the NBP was related to:

- the use of EU aid funds in the amount of PLN 38,139 million,
- the conversion of part of the funds deposited in the Ministry of Finance's foreign currency account held with the NBP to PLN 734 million,
- services provided to the central government entities whose accounts are held with the NBP in the amount of PLN 721 million,
- the conversion of funds coming from loans granted by international financial organisations, receipts of collateral funds and repayments of loans granted to governments of other states in the amount of PLN 1,096 million,
- the conversion of some of proceeds from bonds issued on foreign markets to PLN 1,823 million.

The year 2012 saw a particularly significant increase in the value of the euro-to-zloty conversion related to the use of the EU funds. The increase was not stable over the year. In the first quarter of 2012, the conversion of the EU funds amounted to PLN 3,015 million, in the second quarter – PLN 4,980 million, in the third quarter – PLN 12,794 million, and in the fourth quarter – PLN 17,350 million. A relatively low purchase in the first quarter was caused by the sale of currencies by the Ministry of Finance on a larger scale directly on the market. Since the second quarter, these transactions have been executed again mainly with the NBP.

Funds deposited in the Ministry of Finance currency account at the NBP were converted to PLN on a much smaller scale than in the previous year (slightly over 10% of the value of this type of transactions executed in 2011).

Operations consisting in the conversion of funds originating from foreign loans or from issuance of Treasury bills on foreign markets to the domestic currency were of a markedly higher value than those executed in 2011. At the same time, the amount of transactions relating to services provided to the central government entities was lower by half comparing to those executed in 2011.

The sale of foreign currencies by the NBP was a result of:

- the conversion to foreign currency of the membership fee paid to the account of the European Commission (EC) in the amount of PLN 16,106 million,
- services provided to the central government entities, whose accounts are held with the NBP in the amount of PLN 2,647 million.

FX operations carried out by the central bank as part of its currency purchase and sale activities in 2012

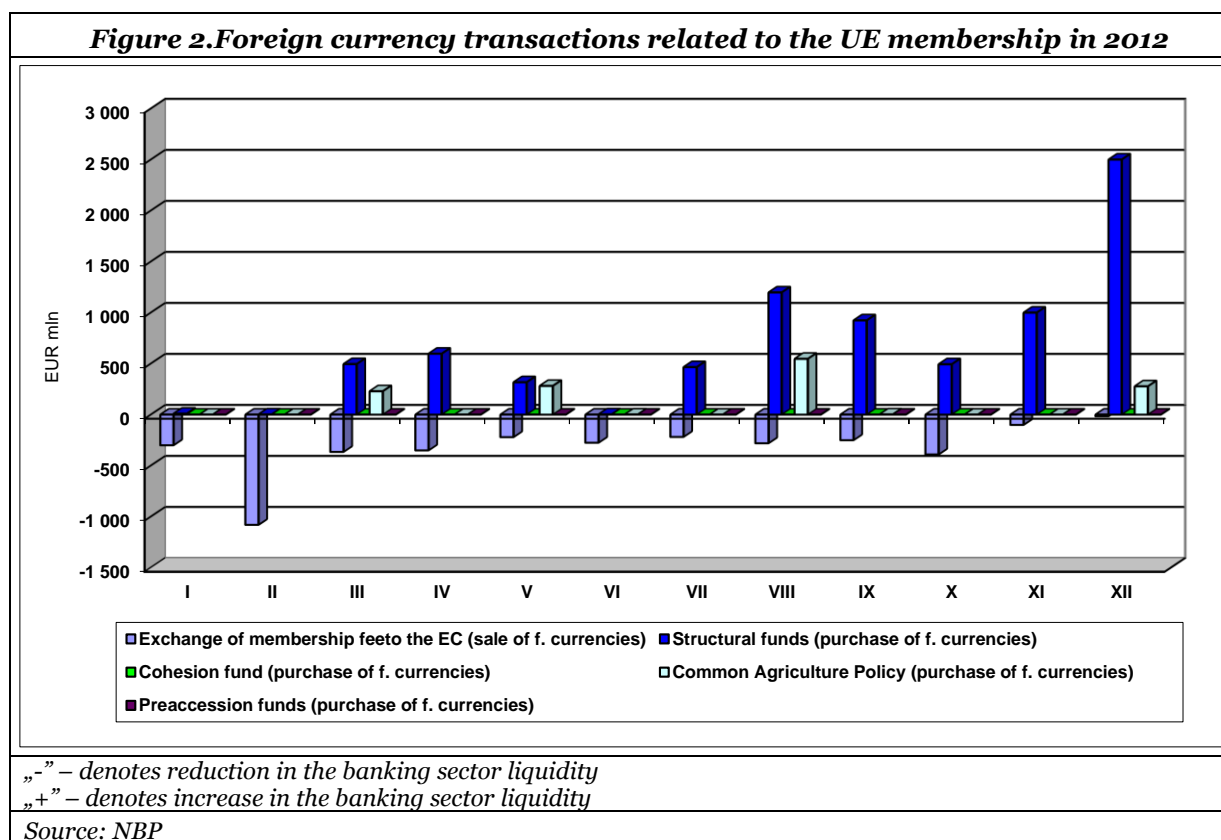
Transactions connected with the membership in the European Union

The aid funds coming from the EU remain at the disposal of the Ministry of Finance. Such funds are earmarked for programmes and projects relating to the reduction of differences in the economic development of particular regions in Poland. The majority of funds are used by the end beneficiary in PLN, following a prior conversion from foreign to the domestic currency, mainly at the NBP.

In 2012, funds received by Poland as part of the Common Agricultural Policy (CAP) and structural funds were converted into PLN at the NBP. The conversion of EUR into the domestic currency connected with the use of structural funds amounted to PLN 32,692 million (as compared to PLN 8,563 million in 2011). Other operations involving funds earmarked for the development of agriculture amounted to PLN 5,444 million (in 2011 – PLN 8,729 million).

The Cohesion Fund, supporting the country development, provided means transferred from the NBP almost entirely in EUR, which did not affect the banking sector liquidity level.

The sale of foreign currencies by the NBP was connected with the conversion of the membership fee paid to the account of the European Union budget in PLN. In 2012, the conversion of the membership fee to EUR amounted to the equivalent of EUR 3,843 million.



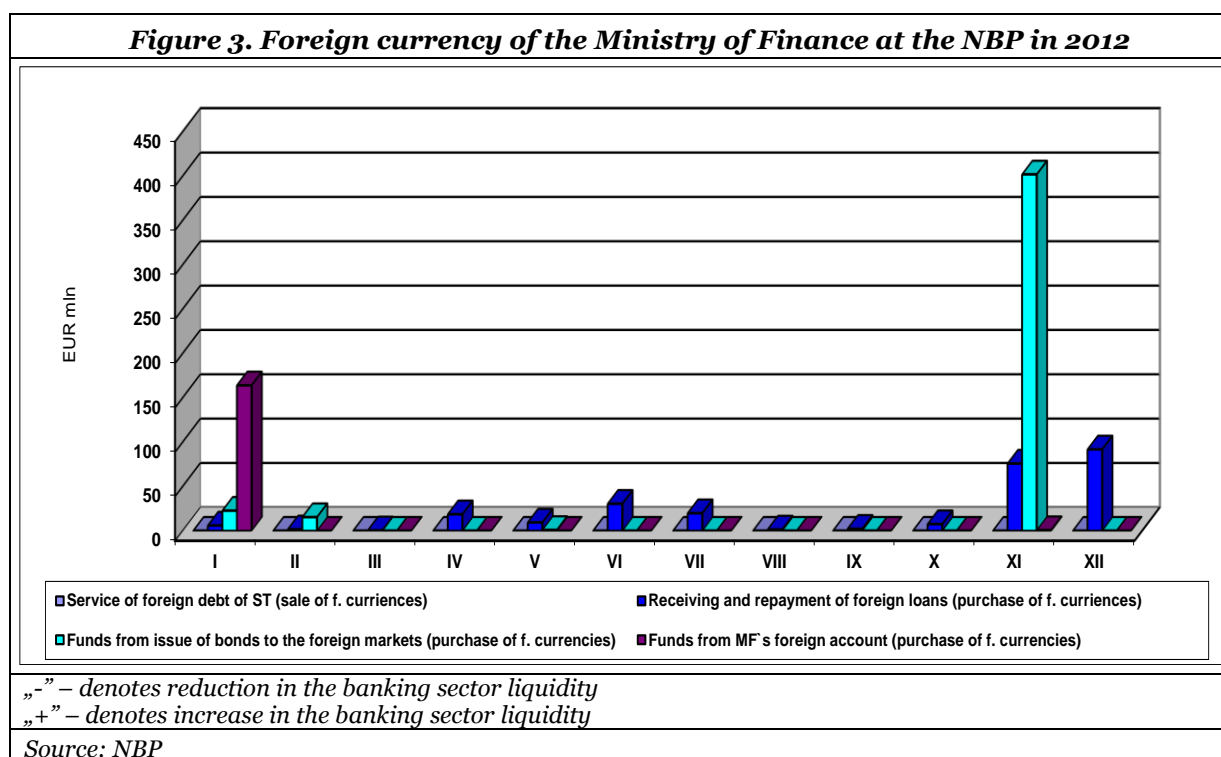
Foreign operations of the State Treasury

The purchase and sale of foreign currencies by the NBP relating to servicing of the Treasury's foreign liabilities and receivables also influence the banking sector liquidity. In 2012, as in the previous year, the Ministry of Finance did not buy foreign currencies from the NBP. All the Treasury's foreign liabilities were settled from funds coming mainly from the issuance of Treasury bonds by the Ministry of Finance on foreign markets (in the amount equal to EUR 8,718 million) and loans incurred at international financial institutions (in the amount equal to EUR 1,250 million). Such operations concerned the payments to creditors of the London Club (EUR 240 million), payments of interests or principal instalments to holders of international Treasury bonds (EUR 5,609 million), repayments of incurred foreign loans, payment of shares and other liabilities (EUR 860 million). These transactions did not affect the banking sector liquidity level.

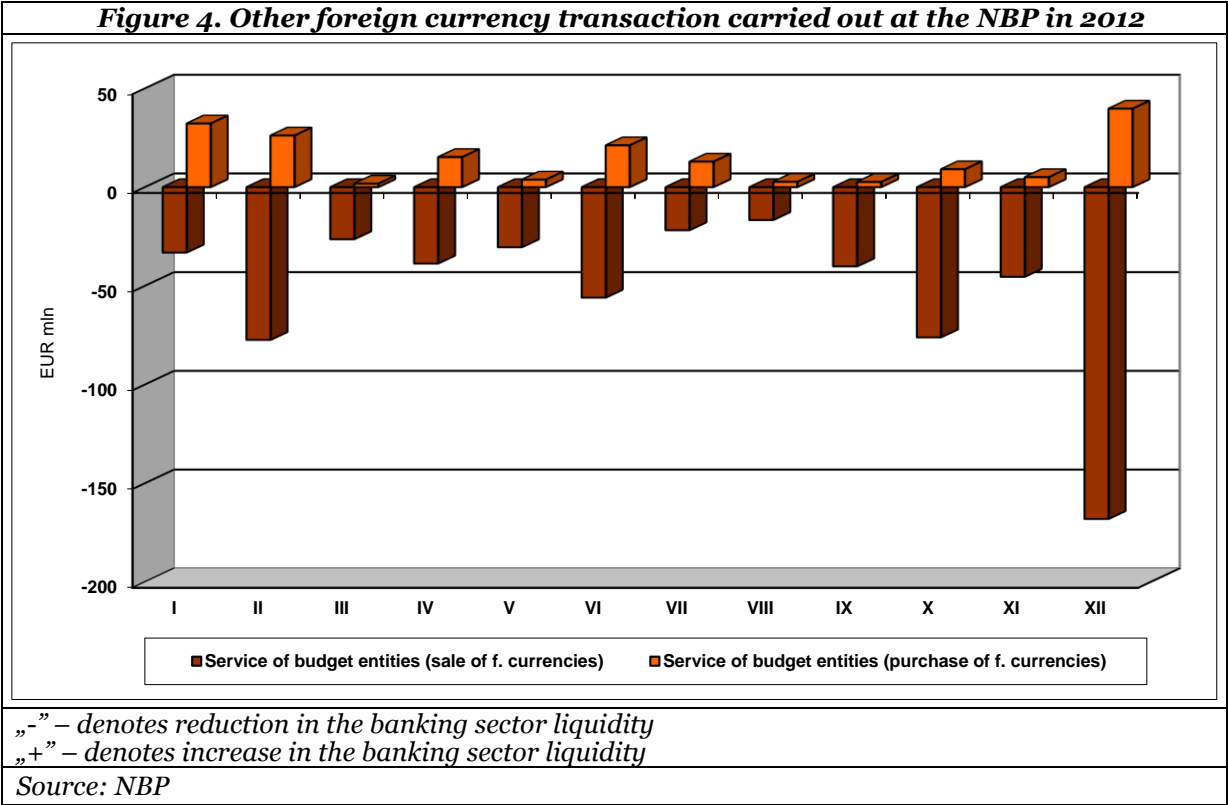
In 2012, transactions involving the sale of foreign currencies by the Ministry of Finance to the NBP (purchase of foreign currencies by the central bank) related to:

- ✓ loans received from international monetary institutions and extended to other states,
- ✓ the issuance of bonds on the international markets,
- ✓ the use of a part of funds from the MF currency account with the NBP to finance the current budgetary needs.

The total volume of these transactions in 2012 amounted to the equivalent of PLN 3,653 million (i.e. EUR 868 million), when they amounted to the equivalent of PLN 7,363 million in 2011.



Apart from foreign currency operations relating to servicing foreign liabilities and receivables of the State Treasury and transactions involving the use of EU funds, the central bank carried out foreign currency operations with entities authorised to purchase or sell foreign currencies at the central bank under bank account agreements (e.g. other ministries, the National Atomic Energy Agency). In 2012, the value of transactions consisting in the purchase of foreign currencies by the NBP amounted to the equivalent of PLN 721 million while the sale of foreign currencies by the central bank under this category of agreements amounted to the equivalent of PLN 2,647 million.

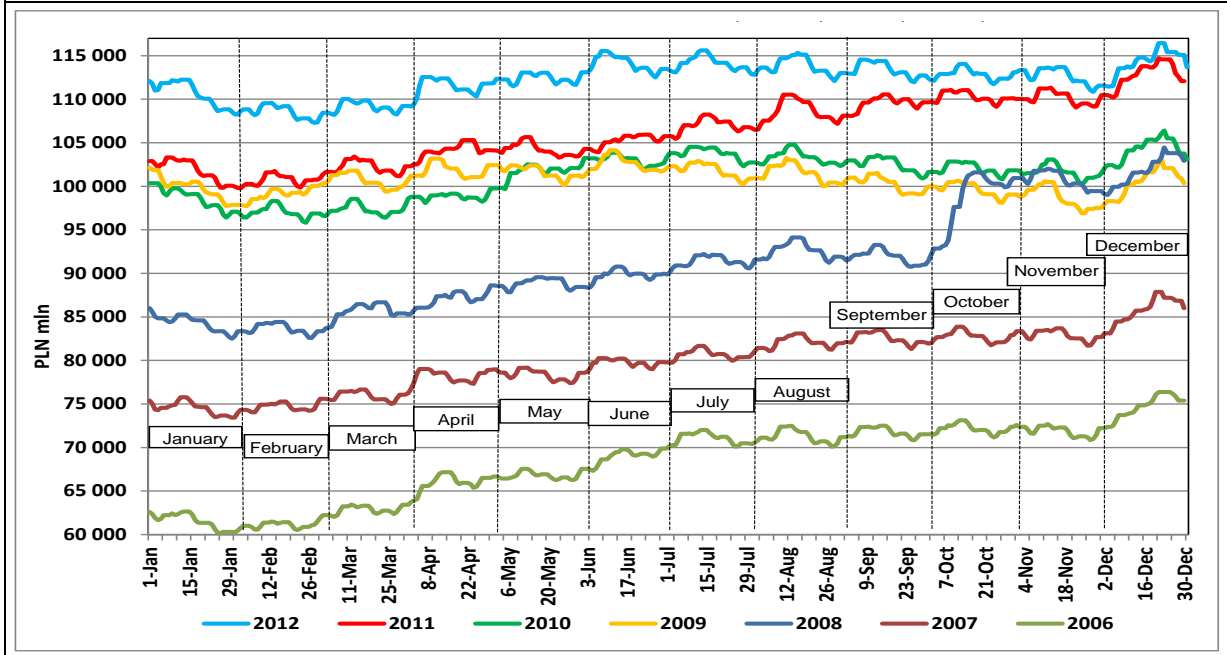


1.2.2. Currency in Circulation

In 2012, currency in circulation reflected the changes in factors of a seasonal nature (significant increases in the level of currency before public holidays). Following intensive disturbances in long-term seasonal trends during the crisis, changes in the level of currency in circulation in 2012 returned to classical trends observed over the past years.

In 2012, the average level of currency in circulation came to PLN 112,271 million, which represents an increase of PLN 5,908 million, that is 5.55% year-on-year. A year earlier, the increase amounted to 5.15 % (against 2010).

Figure 5. Currency in Circulation 2006 – 2012

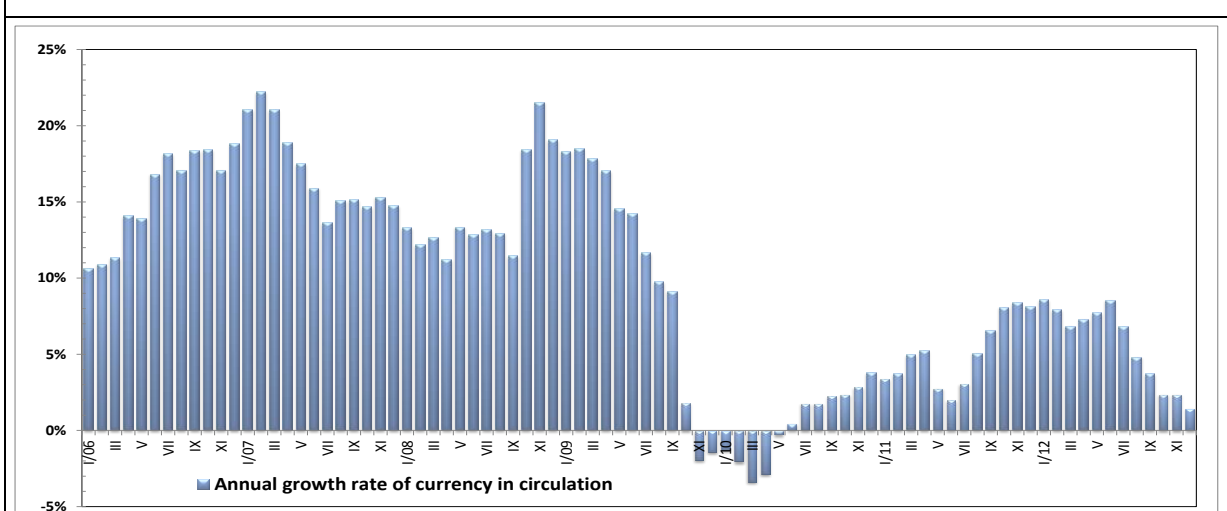


Source: NBP

The periods from January to March and from June to December 2012 saw steady declines in the annual currency in circulation growth. The highest value for the rate was observed in January (8.57%), while in December 2012 it came to 1.44% year-on-year.

In the last month of 2012, the average level of currency in circulation increased by PLN 1,384 million comparing to November average level and was lower comparing to the previous year (in 2011 the increase amounted to PLN 2,314 million). The December growth in the currency in circulation was of a seasonal nature and resulted from a higher demand for transactional cash due to extensive Christmas shopping and disbursements of additional bonuses made to some groups of employees.

Figure 6. Growth rate of Currency in Circulation 2006 – 2012



Source: NBP

1.2.3. Public Sector Deposits held with the Central Bank

Public sector deposits on account with the central bank include mainly funds on current accounts and term deposits of the State Budget.

The level of public sector deposits with the NBP was an outcome of the following:

- changes in the volume of budgetary incomes and expenses,
- settlements resulting from the issue and redemption of State Treasury securities,
- funds coming from the MF's foreign currency account with the NBP converted into PLN,
- limits set for the Ministry of Finance's PLN term deposits with the central bank,
- flows of funds between Poland and the European Union (including, among others, payment of Poland's membership fee to the EU budget and disbursement of the EU funds),
- the degree of using of the EU funds,
- payments resulting from servicing other transactions connected with the State Budget's borrowing needs,
- payment of part of the NBP's profit to the State Budget.

As a result of consolidation of the public finance liquidity management, in 2011 the deposits of budget entities and special-purpose funds were transferred in accordance with the Public Finance Act, from the NBP to the banking sector. This resulted in further liquidity rise in the banking sector in 2012 and a decrease in the public sector deposits with the NBP.

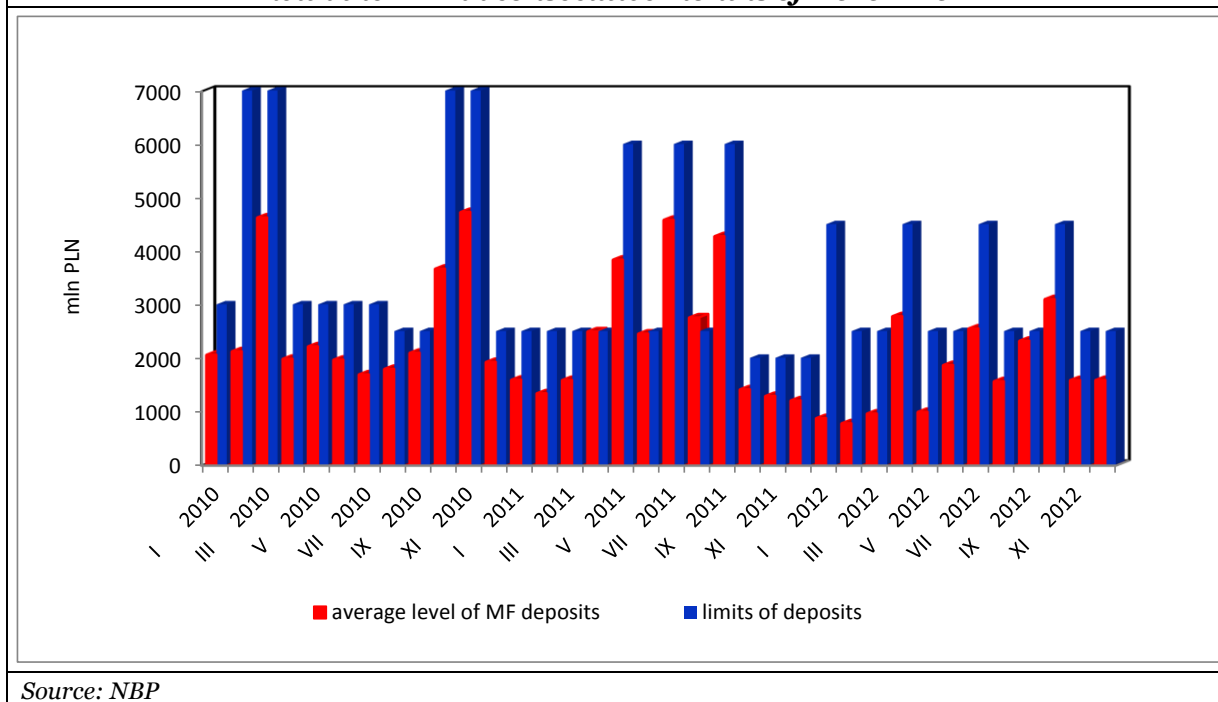
The average level of public sector deposits in 2012 stood at PLN 4,268 million and was lower by PLN 1,234 million comparing to the previous year (PLN 5,502 million).

The level of the public sector deposits held on current accounts with the NBP demonstrated a downward trend. In 2012, average level of deposits amounted to PLN 2,533 million (against PLN 3,072 million in 2011).

In 2012, the Ministry of Finance's term deposits with the NBP represented the largest item in the structure of public sector PLN deposits. On average, the MF deposits amounted to PLN 1,736 million throughout the year, which was by PLN 664 million less comparing to 2011 (the average limit during the year was PLN 3,232 million). In 2012, the share of the Ministry of Finance's PLN term deposits in total budgetary deposits amounted to 40.7%, compared with 43.6% in 2011.

The Ministry of Finance invested surplus funds of the State Budget on a temporary basis in the form of PLN deposits for periods of 1 to 7 days with the National Bank of Poland. The deposits invested for 7 days accounted for less than 56.8 % of the total deposits.

Figure 7. Average level of the Ministry of Finance's term deposits with the NBP in consecutive months of 2010 – 2012



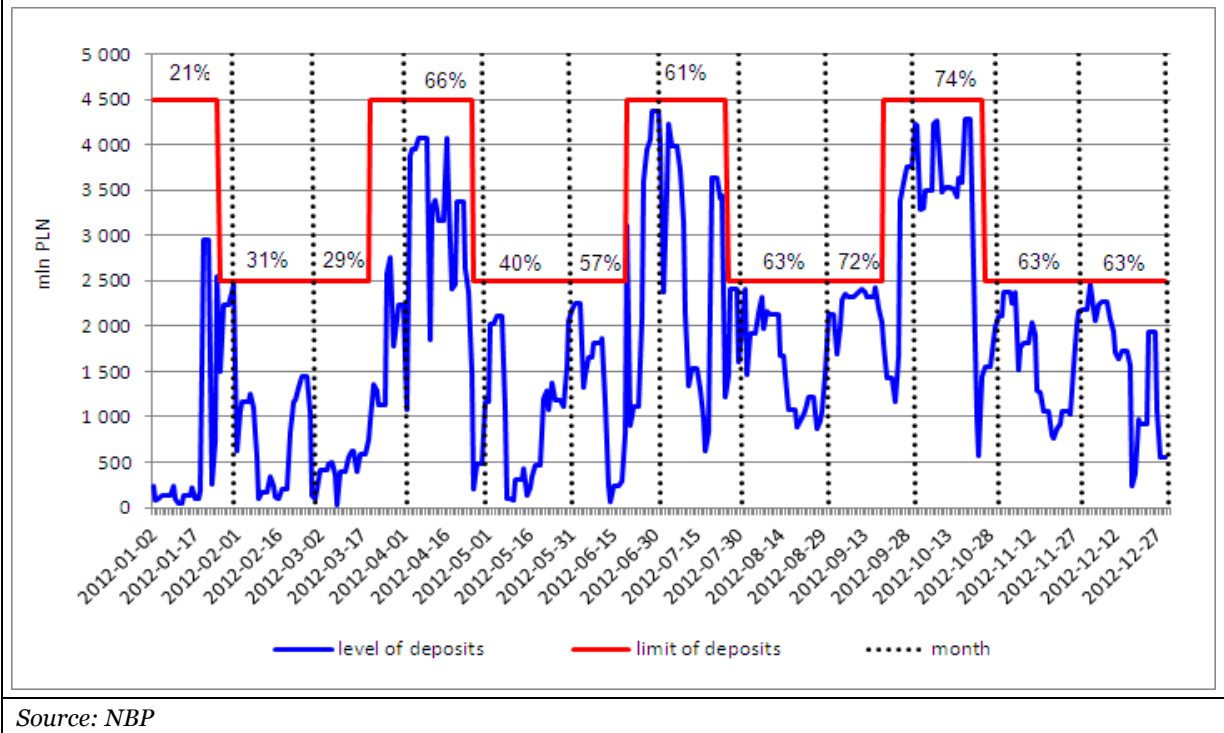
Source: NBP

The average level of the Ministry of Finance's term deposits with the NBP has been trending downwards in recent years (from the level of PLN 2.1 billion in January 2010 to PLN 1.6 billion in December 2012). 2012 recorded temporary increase in April, July, September and October to PLN 2.8 billion, PLN 2.6 billion, PLN 2.3 billion and PLN 3.1 billion respectively, which related to the temporary increase of the Ministry of Finance's deposits with the NBP (to the level of PLN 4.5 billion). These developments were linked with the need to accumulate by the Ministry of Finance funds in PLN due to the redemption of Treasury Bonds (OK0112) on 25 January 2012, (PS0412) on 25 April 2012, (OK0712) on 25 July 2012, and (OK1012) on 25 October 2012.

The highest use of deposit limits was recorded in the third and fourth quarters (on average, approximately 66%). In the first quarter, it was markedly lower and amounted to 27%, while in the second quarter it was only slightly lower than in the third and fourth quarters and amounted to approximately 54%. Increased use of limits in the second half of the year was connected with PLN liquidity position of the State Budget.

In 2012 the value of deposits amounted to 53.4% of the daily limit (comparing to approximately 73.3% in 2011).

Figure 8. The use of the limit for Ministry of Finance's deposits with the NBP in 2012



Source: NBP

In 2012, as in the previous year, part of funds from the State Budget was invested in the interbank market through the Bank Gospodarstwa Krajowego (on average PLN 9,371 million per year). The Ministry of Finance invested such funds in the interbank market of uncollateralised term deposits as well as in a form of transactions collateralised with Treasury bills and Treasury bonds.

The Ministry of Finance transferred most of the funds to the banking sector between June and November 2012 (the same as last year) – on average, almost PLN 13 billion per month against PLN 15 billion in the same period last year. In 2012, the average level of deposits of the Ministry of Finance invested with the commercial banks was lower by PLN 937 million (i.e. approximately 9%) comparing with the previous year.

Additionally, in 2012, the Ministry of Finance placed surplus funds through the Bank Gospodarstwa Krajowego as deposit facility with the NBP (in the periods: from January to February, from April to July and in December 2012).

In 2012, contrary to the previous years, other ministries did not invest their excess funds with the NBP.

2. Monetary Policy Instruments

2.1. Interest Rate

The short-term interest rate, is the primary instrument of the monetary policy; the NBP reference rate determines the yield on main open market operations, affecting at the same time the level of short-term market interest rates. Changes in the NBP reference rate stem from the course of the monetary policy pursued by the central bank. The NBP deposit and lombard rates set the fluctuation band of the overnight interest rate in the interbank market.

In 2012, the Monetary Policy Council changed the NBP basic interest rates three times, including the reference rate, maintaining a symmetrical corridor for fluctuations in short-term market rates of +/- 1.5 percentage point set by the deposit and lombard rates. As at the end of 2012, the reference rate stood at 4.25%, which was 25 basis points lower than the level at the end of 2011. A similar scale of changes applied to the deposit and the lombard rates.

Applicable from:	Reference rate	Lombard rate	Deposit rate
10.05.2012	4,75%	6,25%	3,25%
08.11.2012	4,50%	6,00%	3,00%
06.12.2012	4,25%	5,75%	2,75%

Source: NBP

2.2. Required Reserve

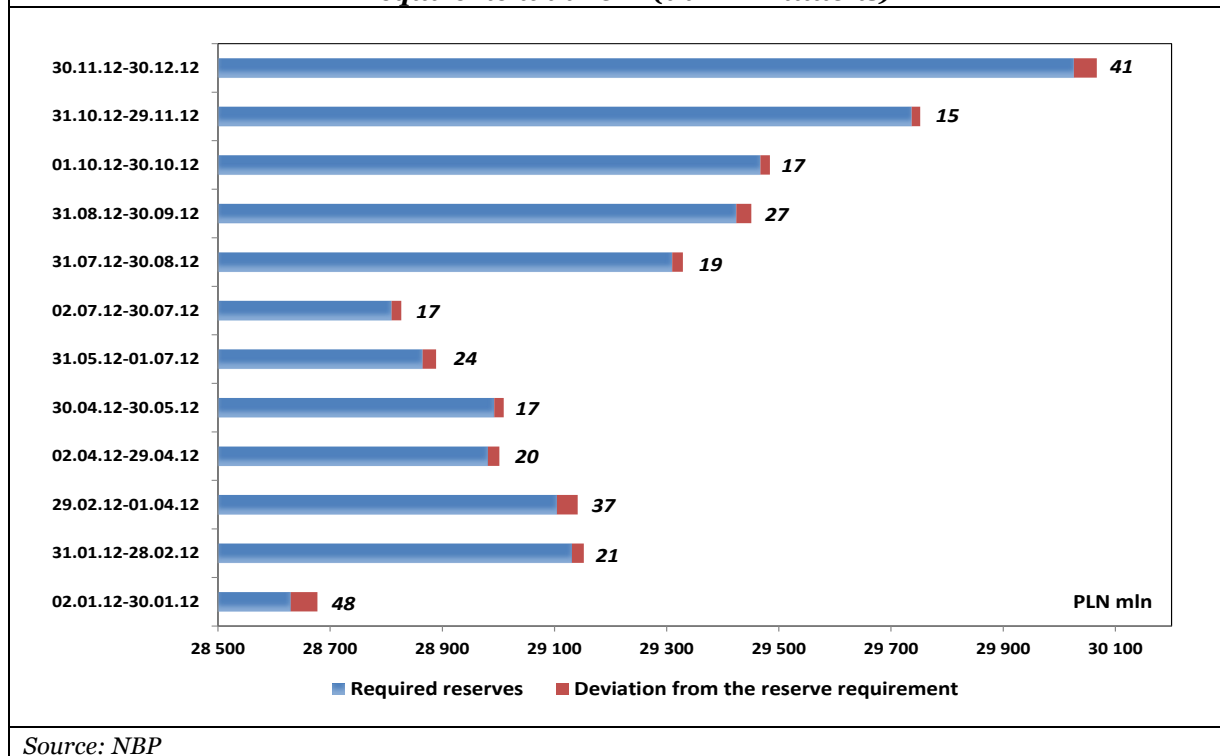
In the year 2012 there were no changes in the required reserve system. In the reserve maintenance period, banks were obliged to maintain average balances on accounts with the NBP equivalent to, at least, the amount of the required reserve. Such a solution was conducive to stabilising the short-term interest rates.

The required reserve ratio in 2012 was 3.5% on all liabilities, except for funds received from repo operations and sell-buy-back securities, on which the required reserve ratio was 0%.

The required reserve as at 31 December 2012 amounted to PLN 29,918 million and was higher by PLN 1,879 million - an increase of 6.7% - comparing to the level as at 31 December 2011.

Banks' required reserve funds maintained on accounts with the NBP were remunerated at 0.9 of the NBP rediscount rate. In 2012 the average interest rate on reserve holdings was 4.37% against 4.03% in 2011. This increase resulted from the changes in the rediscount rate, whose average level was raised from 4.47% in 2011 to 4.86% in 2012.

Figure 9. Changes in the required reserves and deviations from the reserve requirement in 2012 (in PLN millions)



In 2012, in all the reserve maintenance periods banks recorded a small surplus of the average holdings on banks' accounts comparing to the required reserve, ranging from PLN 15.2 million in November (the lowest surplus) to PLN 47.8 million in January (the highest surplus). The mean balance on the bank accounts deviated from the reserve requirements by PLN 25.2 million accounting for 0.09% of the average reserve requirement level in 2012.

Minimising the differences between reserve holdings and the required reserve in the respective reserve periods was enabled by the use of instruments facilitating the management of funds stored by banks on account with the NBP (deposit facility, marginal lending facility and intraday credit facility) as well as the remuneration of reserve funds only up to the amount of the required reserves.

The year 2012 recorded one case of non-compliance with the required reserve requirement by a commercial bank. In 2012, all cooperative banks maintained the required reserves.

2.3. Open Market Operations

In 2012, the following open market operations represented the key instrument used to shape market interest rates:

- main operations – in the form of a regular issuance of the NBP bills, usually with a maturity of seven days¹;
- fine-tuning operations – in the form of the issuance of the NBP bills with maturities shorter than those of main operations (1-, 2-, 3-, and 4-day).

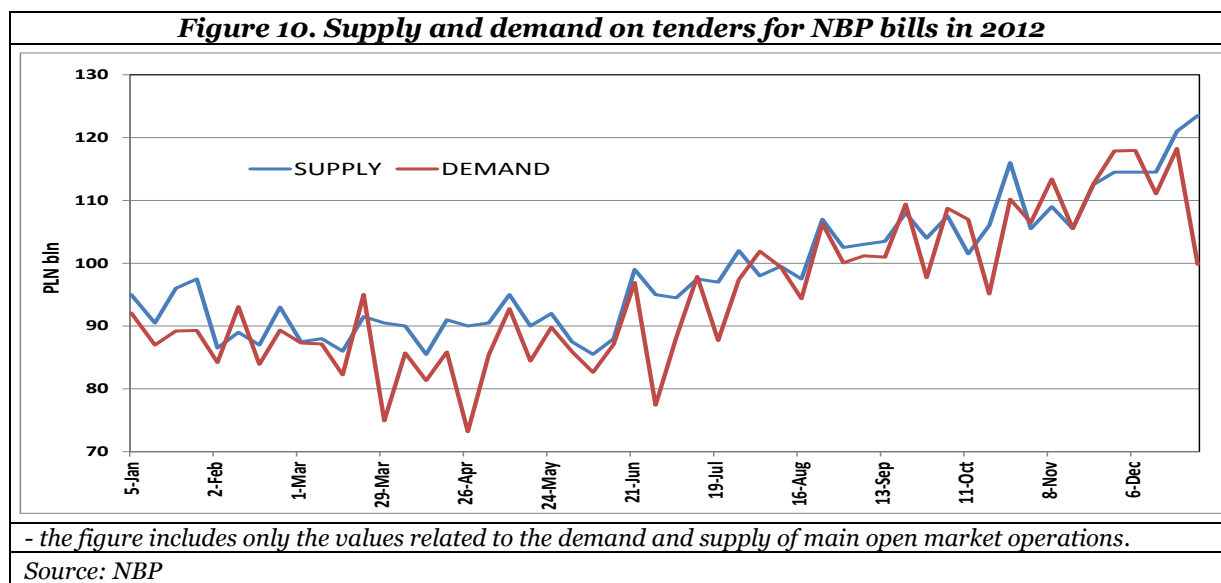
From the beginning of 2012 until the end of April, the level of open market operations was persistently trending downwards and fluctuated between PLN 88,821 million and PLN 84,568 on average during the reserve maintenance period. Starting from May, purchase of the NBP bills by banks began to increase gradually up to the average level of PLN 116,040 million in the December reserve maintenance period.

2.3.1. Main Operations

In 2012, the NBP carried out main open market operations which consisted in issuance of the NBP bills with a maturity of seven days. The NBP bills were issued regularly once a week, on Fridays. As in the previous year, access to main open market operations was available to all banks participating in the SORBNET system with an account in the Securities Register operated by the NBP and equipped with the ELBON application, as well as the Bank Guarantee Fund. Tenders for the NBP bills had a settlement period of t+0 and the yield equal to the NBP reference rate.

In 2012, the average level of the NBP bills issued under the main operations amounted to PLN 94,331 million and was higher by PLN 567 million as compared to the average level in 2011. In 2012, the central bank offered the NBP bills for sale in the main operations of the value of PLN 5,122,500 million. In that period, the bids received from banks amounted to PLN 4,949,843 million, while the value of bids accepted by the central bank amounted to PLN 4,917,404 million.

Figure 10. Supply and demand on tenders for NBP bills in 2012



¹ In 2012, regular operations with the maturity of 8 days, were carried out once, on 5th January.

Although the cumulative values of supply and demand were at similar levels in 2012, at individual tenders commercial banks and the central bank represented a different assessment of liquidity conditions. Therefore, both overbidding and underbidding occurred, with predominance of the latter. During the year, the ratio of commercial banks' demand for the NBP bills in individual tenders in comparison to the supply offered by the NBP fluctuated between 0.81 and 1.05

2.3.2. Fine-tuning Operations

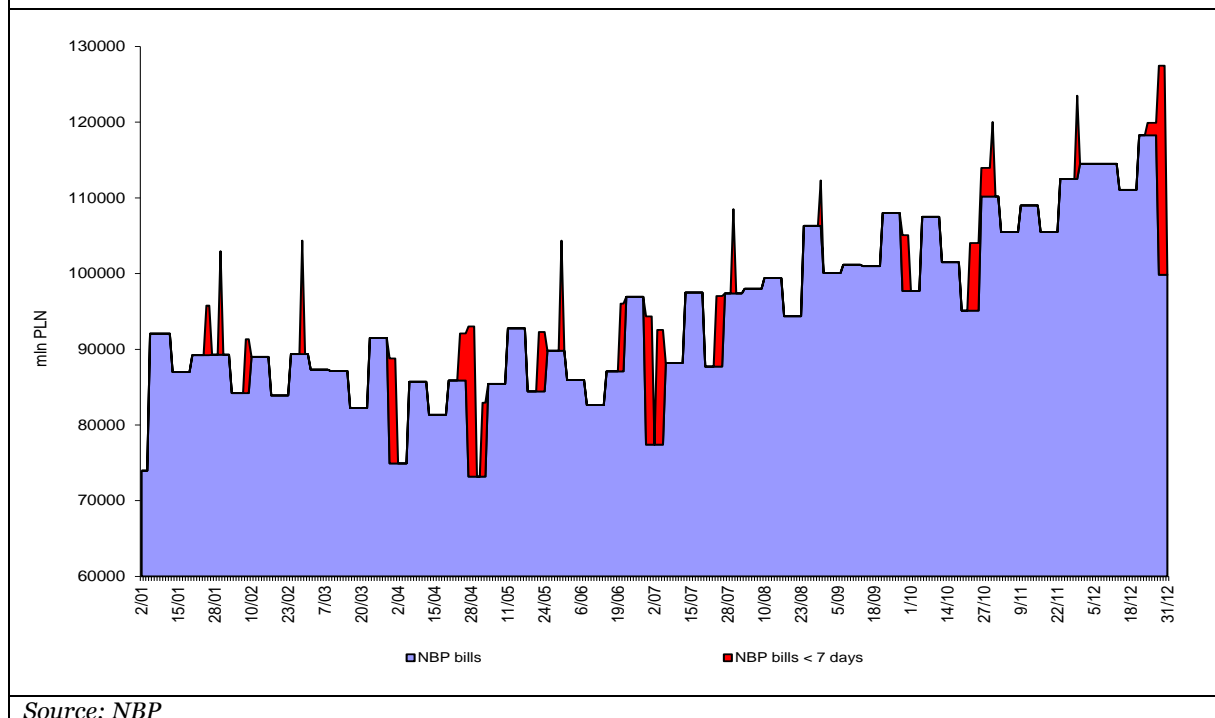
In the first half of 2012, the banking sector liquidity level remained, on average, within a narrow band, ranging from PLN 84,926 million to PLN 89,769 million during the maintenance reserve period. In the second half of the year, zloty-denominated funds in the banking sector increased, which encouraged banks to buy NBP bills. The average level of the short-term banking sector liquidity in December reserve maintenance period amounted to PLN 116,923 million.

In 2012, in order to mitigate the impact of changes in banking sector liquidity conditions on short-term market interest rates, the NBP launched fine-tuning operations at least once per month by issuing NBP bills with a maturities shorter than in the case of main operations. Every month, the central bank carried out open market operations on the last working day of the required reserve maintenance period. Additionally, in case of liquidity changes, fine-tuning operations could be conducted within the month.

All fine-tuning operations carried out in 2012 were aimed at absorbing liquidity from the banking sector.

In 2012, the NBP conducted 23 fine-tuning operations, out of which 12 at the end of the reserve maintenance period. The average level of NBP bills under this type of operations came to PLN 1,582 million and exceeded the average level in 2011 by PLN 129 million. In 2012, the central bank offered bills for sale in fine-tuning operations amounting to PLN 345,500 million. Bids received from banks in that period amounted to PLN 253,889 million, whereas bids accepted by the central bank amounted to PLN 252,138 million.

Figure 11. Operations carried out by the NBP in 2012



Source: NBP

2.4. Standing Facilities

Standing facilities were used on the initiative of commercial banks. They ensured the stability of interbank liquidity level and of the range of fluctuations in short-term market rates. Standing facilities offered banks an opportunity to invest surplus liquidity with the NBP in the form of overnight deposit and cover their short-term liquidity needs by drawing on marginal lending facility with an overnight maturity.

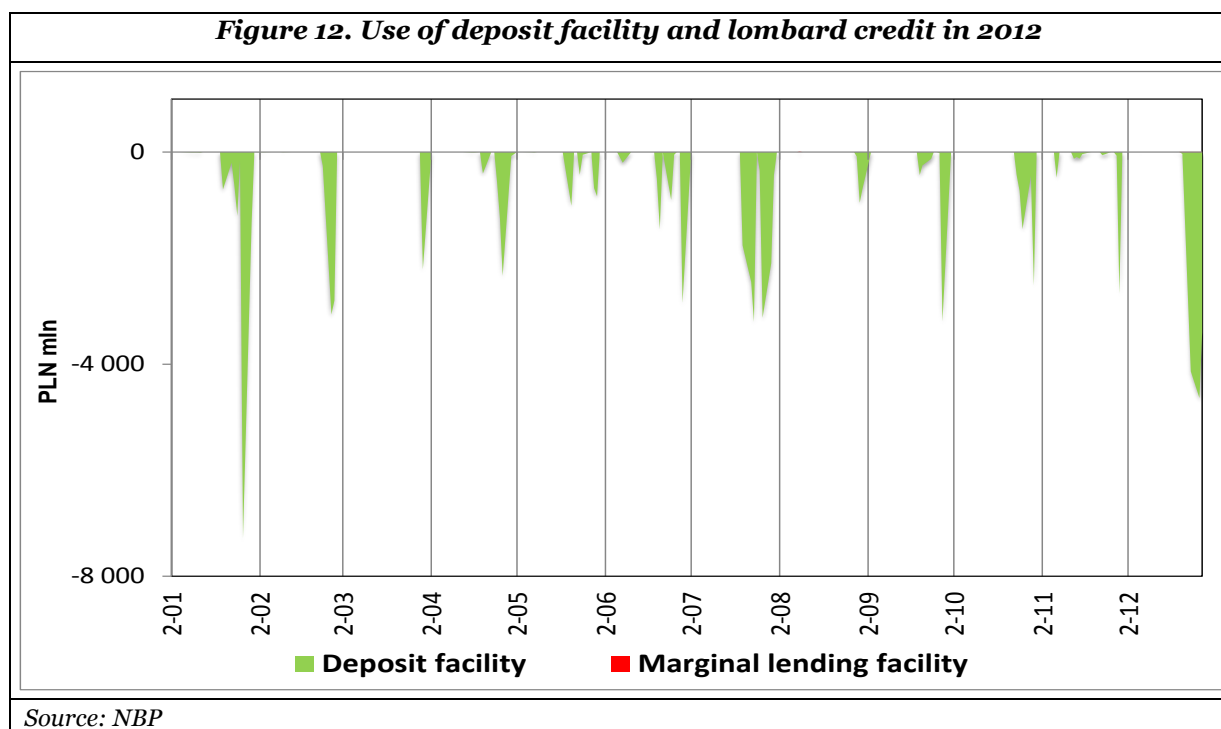
The lombard interest rate set the maximum price of funds obtained from the NBP, indicating at the same time the ceiling of rate fluctuations in the interbank market while the interest rate on deposit facility set the floor for the rate fluctuations.

2.4.1. Deposit Facility

The year 2012 was the consecutive year of a decline in term deposits held with the NBP. The total value of the deposit facility counted for the days of its use amounted to PLN 143 billion and was lower by 45.21% comparing to deposits placed in 2011. The total value of a single deposit placed by banks with the overnight facility ranged from PLN 100 thousand to PLN 7,278 million. Its average level amounted to PLN 393 million against PLN 711 million in the previous year. Banks invested the largest funds on the last days of the required reserve maintenance periods.

2.4.2. Marginal Lending Facility

In 2012 banks were able to make use of the marginal lending facility collateralised with securities in order to provide current liquidity to current accounts with the NBP. The total value of the lombard credit amounted to PLN 21 million throughout the year, which accounted for approximately 12% of the 2011 amount (PLN 173 million). Its average daily use came to the amount of PLN 56 thousand against PLN 471 thousand in 2011.



3. Other Operations

3.1. Intra-day Credit Facility

Intraday credit facility is an instrument that facilitates banks to manage liquidity during the operating day and to make interbank settlements at the NBP. It is a non-interest bearing facility collateralised with securities that is taken and repaid on the same operating day. In 2012, daily provision of operating liquidity to banks ranged from PLN 31,365 million to 57,016 million. The use of this facility rose by 34.46% comparing to 2011.

3.2. Intra-day Credit Facility in Euro

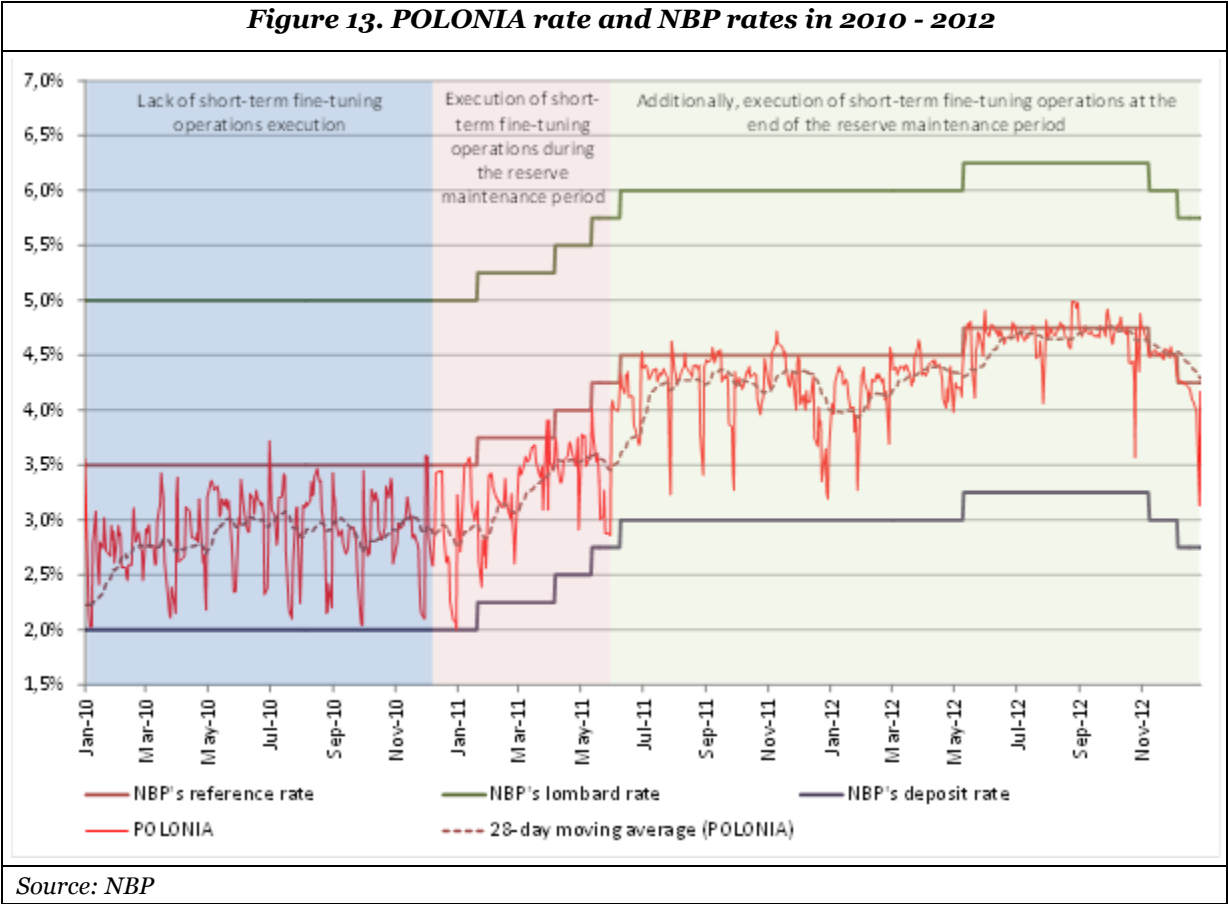
Intraday credit facility in euro is an instrument that ensures the liquidity of settlements in the TARGET2-NBP system. The loan collateralised with Treasury bonds accepted by the ECB is incurred and repaid during an operating day. In 2012 daily provision of operating liquidity to the bank amounted to approximately EUR 10 million. The drawing on the facility rose by 67.80% comparing to 2011.

4. POLONIA Rate

In line with the *Monetary Policy Guidelines*, in 2012 the NBP strove – through open market operations – to make POLONIA rate run close to the NBP reference rate.

In 2012 the gap between the POLONIA rate and the NBP reference rate narrowed comparing to previous years. The changes took place in the persistent tension in the global financial markets which were indirectly limiting efficiency of the domestic interbank depo market. These strains resulted in, among others, banks’ heightened caution in managing their liquidity positions, together with a parallel tendency to manage liquidity on an overnight basis, and the preference for building up liquidity buffers. Participants in the interbank market continued to maintain low-level lending limits imposed on mutual transactions.

Figure 13. POLONIA rate and NBP rates in 2010 - 2012

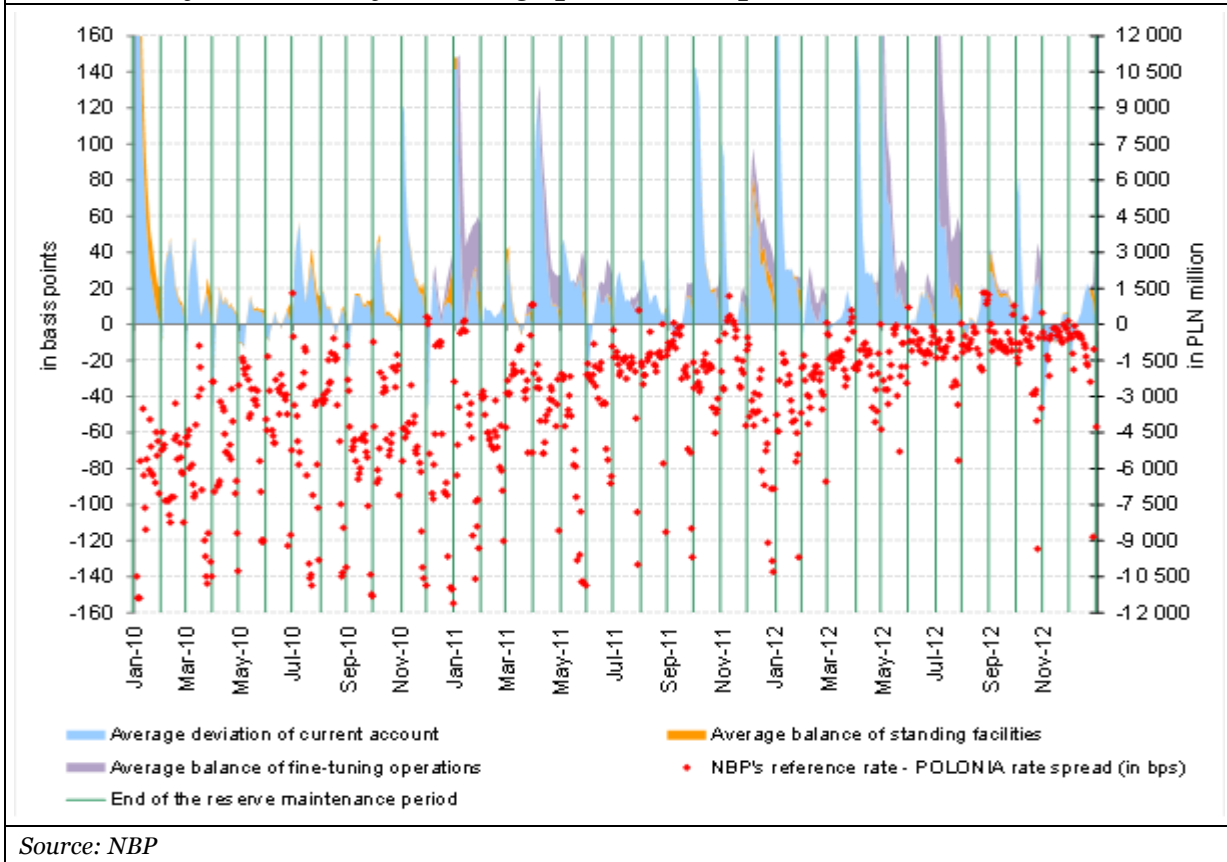


Source: NBP

The gap between the POLONIA rate and the NBP reference rate narrowed considerably in 2011, primarily as a result of the introduction by the NBP of short-term fine-tuning open market operations conducted within as well as at the end of the required reserve maintenance period.

The fact that in 2012 the NBP continued the above-mentioned approach used for banking sector liquidity management in 2011 contributed to further improvement in the POLONIA rate in relation to the NBP's reference rate. Noteworthy are the levels of indicators measuring the spread between the above-mentioned indices observed since March 2012, which were comparable to those noted before the escalation of the financial crisis, i.e. before October 2008. The growing confidence of interbank market participants in central bank operations aimed at balancing liquidity conditions in the banking sector could be of key importance here (since the introduction by the NBP fine-tuning operations, the average scale of balance in the liquidity conditions during the required reserve maintenance period has improved significantly). Consequently, in the course of subsequent months in 2012, the price of money was gradually becoming closer to the level of the NBP reference rate. Banks began to expect that should the situation required it, the NBP would intervene in the money market carrying out a fine-tuning operation of an adequate scale.

Figure 14. Volatility of the POLONIA rate compared to the average deviation of the aggregate level of banks' current accounts with the NBP in the maintenance period from the required reserve level, taking into account the use of NBP standing facilities and fine-tuning open market operations in 2010-2012



The average absolute deviation of the POLONIA rate from the NBP reference rate in 2012 was 21 bps, as compared to the average of 43 bps in 2011, whereas the volatility rate (measured by standard deviation) dropped accordingly from 34 bps to 21 bps.

Glossary

Banking sector short-term liquidity – liquidity defined as the balance of open market operations conducted by the NBP, i.e. main and fine-tuning operations as well as foreign exchange swaps and standing facilities.

Deposit facility – an instrument which enables banks to deposit their liquidity surplus on an overnight basis with the central bank. The interest rate on that deposit constitutes the lower limit for the market rate quoted for that particular period.

Fine-tuning operations – operations which may be conducted by the NBP in order to limit the impact of changes in the banking sector liquidity conditions on the short-term market interest rates.

Foreign exchange swaps – operations under which the NBP is able to purchase (or sell) the zloty for foreign currencies, in the spot market, and simultaneously to resell (or repurchase) the zloty under forward transaction on a specific value date.

Intraday credit facility (PLN or EUR) – a non-interest bearing credit facility which enables banks to obtain funds on an intraday basis, collateralised with securities accepted by the central bank. It is an instrument which allows commercial banks to manage intraday liquidity.

Main operations – operations used in the conditions of the banking sector liquidity surplus, consisting in the issue of the NBP bills, typically with 7-day maturity. They are basically conducted on a regular basis (once a week). During the tenders a fixed yield at the level of the NBP reference rate is binding.

Marginal lending facility (lombard credit) – an instrument which enables commercial banks to obtain credit on an overnight basis. The interest on that facility indicates the marginal cost of obtaining funds from the central bank. It is collateralised with securities accepted by the central bank.

Money Market Dealers – banks that are the most active in the money and foreign exchange markets, with which the NBP enters into contracts on acting as the Money Market Dealer. In addition to the access to the main open market operations, these banks are involved in fine-tuning operations. Money Market Dealers participate in the fixing of the WIBOR and the WIBID reference rates, provide the NBP with information concerning overnight transactions concluded on a given day which are the base for the POLONIA fixing.

NBP deposit rate – determines the interest rate on deposits with the NBP. It sets the floor for fluctuations of the overnight market rate. The deposit rate and the lombard rate create the corridor for the overnight rate fluctuations which is symmetric to the central bank's reference rate.

NBP lombard rate – determines the costs of funding obtainable from the NBP. It sets the ceiling for the growth in the overnight market rate.

NBP reference rate – determines the yield obtainable on the main open market operations, affecting, at the same time, the level of short-term market interest rates.

Open market operations – a principal instrument of the central bank which is used to maintain short-term market interest rates at a level consistent with the NBP reference rate determined by the Monetary Policy Council.

POLONIA rate – the POLONIA rate (Polish Overnight Index Average) was introduced by the NBP and ACI Polska in early 2005. It is an average overnight rate weighted by the value of transactions in the interbank deposit market. The rate reflects the actual interest rates on short-term interbank deposits. The POLONIA rate is published by the NBP in the Reuters service on the NBPS page each day at 5.00 p.m.

The POLONIA rate's fixing is carried out by the NBP on each operating day at 4.45 p.m. The participant is obliged to provide the central bank with the list of overnight transactions concluded with other participants and submitted for settlement on a given day until 4.30 p.m.

Repo operations – short- and long-term refinancing operations aimed at providing the liquidity to the banking sector collateralised with securities approved by the NBP.

Reserve requirement – a monetary policy instrument used by the central bank, among other things, to regulate the banking sector liquidity and to mitigate volatility of short-term interest rates. The obligation to maintain the reserve is also an element of liquidity management at banks. The reserve requirement is an obligation imposed on banks to maintain a specific average level of funds (set as a percentage) on their accounts with the central bank.

The obligation to maintain required reserve on accounts with the NBP applies to banks, branches of credit institutions and branches of foreign banks operating in Poland. The required reserves are maintained in the averaged system. Banks are obliged to maintain an average balance of funds in their accounts with the NBP over the maintenance period at a level not lower than the value of the required reserve. The required reserve is calculated on the basis of returnable funds deposited in bank accounts and the funds obtained from the sale of securities. The basis for the reserve's calculation does not include funds accepted from another domestic bank, obtained from abroad for minimum two years and deposited in savings & credit accounts with building societies and in individual pension accounts. The required reserve is calculated and maintained in zloty. The value of the reserve calculated is diminished by banks by an equivalent of EUR 500 thousand.

Standing facilities – operations conducted at the initiative of commercial banks under which commercial banks are able to deposit their liquidity surplus with the NBP using deposit facility or reduce short-term liquidity shortages using marginal lending facility.

Structural operations – operations conducted in order to change the long-term structure of liquidity in the banking sector. Under these operations the central bank may carry out the following structural operations: issue of bonds, early redemption of bonds, purchase or sale of securities in the secondary market.

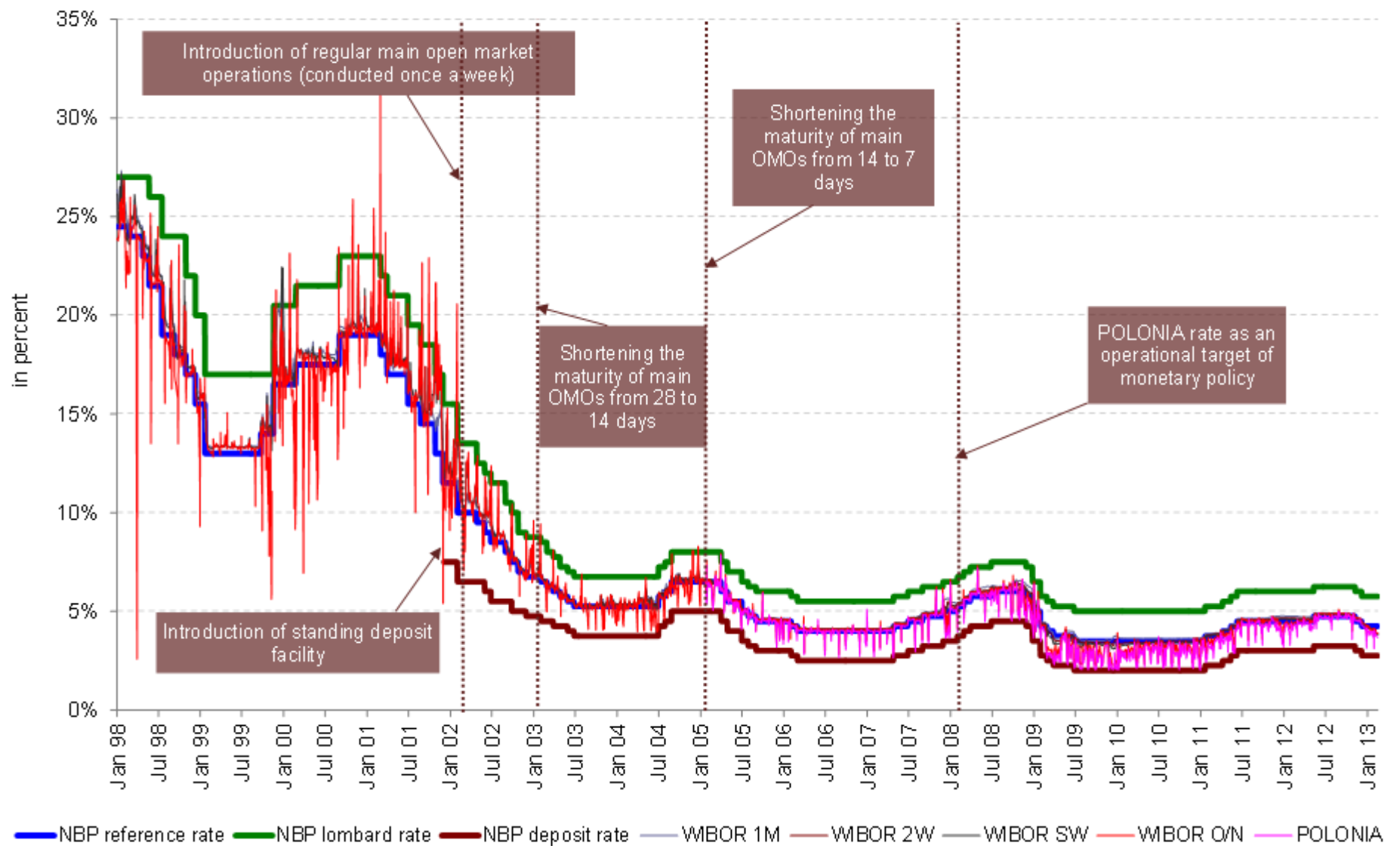
Publication of information in information services – in the Reuters service on the NBPM site and in the Bloomberg service on the NBPX site, NBP provides banks with information on the current market liquidity situation, specifically concerning:

- banks' current accounts, deposit facility placed with the NBP and marginal lending facility (lombard credit) provided by the NBP, on a daily basis,
- level of required reserve during a specific reserve maintenance period,
- average balance of banks' current accounts during the required reserve maintenance period,
- forecast of an average daily balance of the current account in the period from the issue date of the NBP bills (under main operations) until the day preceding their maturity. Information on the forecasted average balance of the current account of banks is published on the Reuters website at the moment the decision on the value of the NBP bills offered by the NBP is taken.

Information on current auctions for NBP bills is also published on the NBPT site of the Reuters news service and the NBP7 site of the Bloomberg news service. The outcome of tenders is posted on the NBPU site (Reuters) and NBP8 site (Bloomberg).

Current information concerning the liquidity situation and auctions carried out by the NBP under open market operations is regularly published on the NBP website (www.nbp.pl).

Annex 1. Volatility of the shortest interest rates in the interbank market against changes in open market operations in 1998-2012



Annex 2. NBP monetary policy instruments in 1990 – 2012

Item	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Required reserves																							
Issue of NBP bills																							
Issue/repurchase of NBP bonds																							
Repo/reverse repo																							
Outright																							
Loans for central investments																							
Rediscount loan																							
Marginal lending facility																							
Deposit facility																							
Loan limits																							
Deposits for households																							
Intraday credit																							
FX swap																							

Annex 3. Tenders for the NBP bills in 2012 – main operations

	Ternder date	Maturity date	Maturity period (in days)	Nominal value of sales offers (PLN mln)	Nominal value of offers to buy (PLN mln)	Nominal value of accepted offers (PLN mln)	Average yield on bills (annual 365/360)
1	2012-01-05	2012-01-13	8	95 000,00	92 068,88	92 068,88	4,50%
2	2012-01-13	2012-01-20	7	90 500,00	86 986,22	86 986,22	4,50%
3	2012-01-20	2012-01-27	7	96 000,00	89 223,35	89 223,35	4,50%
4	2012-01-27	2012-02-03	7	97 500,00	89 283,30	89 283,30	4,50%
5	2012-02-03	2012-02-10	7	86 500,00	84 207,32	84 207,32	4,50%
6	2012-02-10	2012-02-17	7	89 000,00	93 087,55	89 000,00	4,50%
7	2012-02-17	2012-02-24	7	87 000,00	83 897,45	83 897,45	4,50%
8	2012-02-24	2012-03-02	7	93 000,00	89 362,18	89 362,18	4,50%
9	2012-03-02	2012-03-09	7	87 500,00	87 313,84	87 313,84	4,50%
10	2012-03-09	2012-03-16	7	88 000,00	87 139,86	87 139,86	4,50%
11	2012-03-16	2012-03-23	7	86 000,00	82 236,00	82 236,00	4,50%
12	2012-03-23	2012-03-30	7	91 500,00	95 026,00	91 500,00	4,50%
13	2012-03-30	2012-04-06	7	90 500,00	74 918,35	74 918,35	4,50%
14	2012-04-06	2012-04-13	7	90 000,00	85 712,30	85 712,30	4,50%
15	2012-04-13	2012-04-20	7	85 500,00	81 345,70	81 345,70	4,50%
16	2012-04-20	2012-04-27	7	91 000,00	85 877,45	85 877,45	4,50%
17	2012-04-27	2012-05-04	7	90 000,00	73 178,88	73 178,88	4,50%
18	2012-05-04	2012-05-11	7	90 500,00	85 432,71	85 432,71	4,50%
19	2012-05-11	2012-05-18	7	95 000,00	92 761,48	92 761,48	4,75%
20	2012-05-18	2012-05-25	7	90 000,00	84 432,46	84 432,46	4,75%
21	2012-05-25	2012-06-01	7	92 000,00	89 808,45	89 808,45	4,75%
22	2012-06-01	2012-06-08	7	87 500,00	85 938,92	85 938,92	4,75%
23	2012-06-08	2012-06-15	7	85 500,00	82 631,30	82 631,30	4,75%
24	2012-06-15	2012-06-22	7	88 000,00	87 081,52	87 081,52	4,75%
25	2012-06-22	2012-06-29	7	99 000,00	96 932,25	96 932,25	4,75%
26	2012-06-29	2012-07-06	7	95 000,00	77 405,25	77 405,25	4,75%
27	2012-07-06	2012-07-13	7	94 500,00	88 193,83	88 193,83	4,75%
28	2012-07-13	2012-07-20	7	97 500,00	97 892,69	97 500,00	4,75%
29	2012-07-20	2012-07-27	7	97 000,00	87 716,53	87 716,53	4,75%
30	2012-07-27	2012-08-03	7	102 000,00	97 377,60	97 377,60	4,75%
31	2012-08-03	2012-08-10	7	98 000,00	101 901,54	98 000,00	4,75%
32	2012-08-10	2012-08-17	7	99 500,00	99 402,08	99 402,08	4,75%
33	2012-08-17	2012-08-24	7	97 500,00	94 361,86	94 361,86	4,75%
34	2012-08-24	2012-08-31	7	107 000,00	106 308,00	106 308,00	4,75%
35	2012-08-31	2012-09-07	7	102 500,00	100 064,98	100 064,98	4,75%
36	2012-09-07	2012-09-14	7	103 000,00	101 169,93	101 169,93	4,75%
37	2012-09-14	2012-09-21	7	103 500,00	100 982,07	100 982,07	4,75%
38	2012-09-21	2012-09-28	7	108 000,00	109 404,86	108 000,00	4,75%
39	2012-09-28	2012-10-05	7	104 000,00	97 703,02	97 703,02	4,75%
40	2012-10-05	2012-10-12	7	107 500,00	108 750,39	107 500,00	4,75%
41	2012-10-12	2012-10-19	7	101 500,00	106 964,43	101 500,00	4,75%
42	2012-10-19	2012-10-26	7	106 000,00	95 104,00	95 104,00	4,75%
43	2012-10-26	2012-11-02	7	116 000,00	110 178,16	110 178,16	4,75%
44	2012-11-02	2012-11-09	7	105 500,00	106 487,08	105 500,00	4,75%
45	2012-11-09	2012-11-16	7	109 000,00	113 412,15	109 000,00	4,50%
46	2012-11-16	2012-11-23	7	105 500,00	105 534,96	105 500,00	4,50%
47	2012-11-23	2012-11-30	7	112 500,00	112 647,85	112 500,00	4,50%
48	2012-11-30	2012-12-07	7	114 500,00	117 878,94	114 500,00	4,50%
49	2012-12-07	2012-12-14	7	114 500,00	117 950,64	114 500,00	4,25%
50	2012-12-14	2012-12-21	7	114 500,00	111 058,46	111 058,46	4,25%
51	2012-12-21	2012-12-28	7	121 000,00	118 266,25	118 266,25	4,25%
52	2012-12-28	2013-01-04	7	123 500,00	99 841,81	99 841,81	4,25%
Total in 2012:				5 122 500,00	4 949 843,08	4 917 404,00	

- date of payment for the NBP bills on the tender date

Annex 4. Tenders for the NBP bills in 2012 – fine-tuning operations

	Ternder date	Maturity date	Maturity period (in days)	Nominal value of sales offers (PLN mln)	Nominal value of offers to buy (PLN mln)	Nominal value of accepted offers (PLN mln)	Average yield on bills (annual 365/360)
1	2012-01-25	2012-01-27	2	17 000,00	6 548,00	6 548,00	4,50%
2	2012-01-30	2012-01-31	1	15 000,00	13 680,73	13 680,73	4,50%
3	2012-02-08	2012-02-10	2	11 500,00	7 124,00	7 124,00	4,50%
4	2012-02-28	2012-02-29	1	15 000,00	16 196,17	15 000,00	4,50%
5	2012-03-30	2012-04-02	3	15 500,00	13 869,13	13 869,13	4,50%
6	2012-04-24	2012-04-27	3	14 000,00	6 215,00	6 215,00	4,50%
7	2012-04-27	2012-04-30	3	22 000,00	19 840,82	19 840,82	4,50%
8	2012-05-02	2012-05-04	2	20 000,00	9 760,00	9 760,00	4,50%
9	2012-05-22	2012-05-25	3	14 000,00	7 852,00	7 852,00	4,75%
10	2012-05-30	2012-05-31	1	15 000,00	14 547,29	14 547,29	4,75%
11	2012-06-20	2012-06-22	2	20 000,00	8 950,00	8 950,00	4,75%
12	2012-06-29	2012-07-02	3	20 000,00	16 936,99	16 936,99	4,75%
13	2012-07-03	2012-07-06	3	20 000,00	15 155,00	15 155,00	4,75%
14	2012-07-24	2012-07-27	3	18 000,00	9 319,00	9 319,00	4,75%
15	2012-07-30	2012-07-31	1	12 000,00	11 138,18	11 138,18	4,75%
16	2012-08-30	2012-08-31	1	6 000,00	6 185,94	6 000,00	4,75%
17	2012-09-28	2012-10-01	3	9 000,00	7 371,50	7 371,50	4,75%
18	2012-10-22	2012-10-26	4	19 000,00	8 932,00	8 932,00	4,75%
19	2012-10-26	2012-10-30	4	5 000,00	3 780,00	3 780,00	4,75%
20	2012-10-30	2012-10-31	1	10 500,00	9 852,00	9 852,00	4,75%
21	2012-11-29	2012-11-30	1	11 000,00	11 368,50	11 000,00	4,50%
22	2012-12-24	2012-12-28	4	7 000,00	1 645,00	1 645,00	4,25%
23	2012-12-28	2012-12-31	3	29 000,00	27 621,40	27 621,40	4,25%
Total in 2012:				345 500,00	253 888,65	252 138,04	

- date of payment for the NBP bills on the tender date

Annex 5. Agreements with the Ministry of Finance

The agreement on the purchase and sale of foreign currencies for servicing of liabilities and receivables of the State Treasury and principles for the performance of such service. The agreement sets the rules, terms and conditions of transactions concluded between the Ministry of Finance and the NBP relating to the purchase and sale of foreign currencies. The agreement sets out the following limits on FX transactions in 2012 in the following amounts: the total sales of foreign currencies by the NBP to the Ministry of Finance shall not exceed the equivalent of EUR 6,200 million; the total amount of foreign currencies purchased by the NBP from the Ministry of Finance shall not exceed the equivalent of EUR 6,500 million. Furthermore, the accumulated absolute difference between the amount of foreign currencies sold and purchased as at the year-end shall not exceed the equivalent of EUR 6,000 million, while the accumulated absolute difference between the amount of foreign currencies purchased and sold as at year-end shall not exceed the equivalent of EUR 3,000 million.

The agreement on PLN the MF's term deposits with the NBP – pursuant to the Public Finance Act, the Minister of Finance is authorised to make interest bearing deposits with the National Bank of Poland or with another bank should there be a temporary surplus of funds on the central account of the State Budget. In 2012, the limit for the Ministry of Finance term deposits placed with the NBP, counted in terms of daily balances, was as follows: PLN 4.5 billion in the period from 1 January to 25 January, 20 March to 25 April, 20 June to 25 July, and 20 September to 25 October while on other days of 2012 the daily limit was set at the level of PLN 2.5 billion.

Annex 6. Banks - Money Market Dealers in 2012

In 2012, access to the main open market operations and fine-tuning operations was granted to all banks that:

- participate in the SORBNET system,
- have accounts with the Securities Register kept with NBP,
- have an ELBON application.

The rules governing participation in the main open market operations are set forth in the *Regulations for the NBP operation of securities accounts and deposit accounts and for handling of securities operations and their registration on accounts and deposit accounts thereof* introduced under Resolution No. 29/2003 of the Management Board of the NBP of 12 September 2003 (as amended).

Banks that have access to open market operations include Money Market Dealer banks that additionally perform the following functions:

- participate in the fixing of WIBOR and WIBID reference rates,
- provide to the NBP information on overnight transactions concluded on a given day, on the basis of which the POLONIA rate is fixed,
- provide to the NBP information and data concerning a bank's current and forecasted financial liquidity and situation in the money, foreign exchange and bond markets.

Candidates for the position of a Money Market Dealer are subject to assessment by the NBP based on standard criteria of the Dealer Activity Index (IAD), comprising:

- bank's settlement and offer potential,
- bank's activity in the interbank deposit market,
- bank's activity in the REPO and sell/buy/back market,
- bank's activity in the interest rate derivatives (FRA, IRS) and in the FX swaps.

Money Market Dealers in 2012 (the order by the bank's sort code):

- | | |
|--|---|
| 1. Powszechna Kasa Oszczędności BP S. A. | 9. Bank Polska Kasa Opieki S. A. |
| 2. Bank Handlowy w Warszawie S. A. | 10. Kredyt Bank S. A. |
| 3. ING Bank Śląski S. A. | 11. Raiffeisen Bank Polska S. A. |
| 4. Bank BPH S. A. | 12. Societe Generale S. A. Oddział w Polsce |
| 5. Bank Zachodni WBK S. A. | 13. Deutsche Bank Polska S. A. |
| 6. Bank Gospodarstwa Krajowego | 14. Bank Gospodarki Żywnościowej S. A. |
| 7. BRE Bank S. A. | 15. BNP Paribas S. A. Oddział w Polsce |
| 8. Bank Millenium S. A. | |

Annex 7. Daily information (as at the month-end)

Items	XII 2011	I 2012	II 2012	III 2012	IV 2012	V 2012	VI 2012	VII 2012	VIII 2012	IX 2012	X 2012	XI 2012	XII 2012
(PLN mln)													
CENTRAL BUDGET:													
revenues	280 726,85	29 403,39	48 683,58	65 348,45	96 846,23	115 834,56	143 632,46	168 358,18	192 381,41	216 751,57	241 015,99	265 990,88	287 886,05
expenditures	303 155,88	32 280,51	62 764,41	86 490,30	118 710,93	140 536,64	162 807,04	190 404,77	212 458,14	235 051,44	272 240,06	293 377,88	318 573,86
deficit(-)/surplus(+)	-22 429,04	-2 877,13	-14 080,83	-21 141,85	-21 864,70	-24 702,07	-19 174,58	-22 046,59	-20 076,74	-18 299,88	-31 224,07	-27 387,00	-30 687,81
central budget funds	85,16	92,84	93,10	89,80	89,40	87,39	88,86	82,94	81,64	79,88	73,21	67,60	67,06
MF foreign currency account	131,07	2 445,78	2 161,82	191,12	1 073,15	2 657,12	4 996,03	101,43	104,39	298,96	77,48	200,42	990,40
MF zloty term deposits	1 145,00	2 457,00	100,00	2 230,00	1 170,00	2 174,00	4 366,00	1 989,00	2 135,00	3 753,00	2 112,00	2 176,00	1 252,00
CURRENCY IN CIRCULATION	112 089,54	108 268,12	107 333,98	109 240,67	111 833,35	112 323,60	113 495,81	112 845,25	113 020,76	112 738,55	113 086,61	111 568,14	113 667,18
CURRENT ACCOUNT	20 308,64	30 380,87	29 959,40	26 108,78	43 670,92	27 220,94	24 235,58	28 394,07	31 613,43	25 196,91	25 772,45	28 815,86	48 815,55
balance deviation from required reserve	548,69	1 251,17	855,05	232,50	14 678,32	-1 643,97	334,36	-915,45	2 189,48	320,35	-3 964,92	-1 208,22	18 897,05
REFINANCING LOAN	356,40	358,21	359,91	272,60	268,62	269,98	182,17	179,11	180,01	91,75	89,55	89,99	0,00
marginal lending	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
rediscount	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
INTRADAY CREDIT	35 592,79	40 158,17	45 510,14	35 544,89	40 628,94	42 241,70	37 140,57	57 016,19	40 329,41	38 661,12	45 051,60	42 412,53	38 791,43
DEPOSIT FACILITY	5 975,28	0,00	1,00	2 209,79	75,00	0,00	2 840,76	430,00	700,00	3 191,92	0,00	0,53	4 975,00
OPEN MARKET OPERATIONS*/	93 430,71	89 283,30	89 362,18	88 787,48	73 178,88	89 808,45	94 342,24	97 377,60	100 064,98	105 074,52	110 178,16	114 500,00	99 841,81
repo (-)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
NBP money market bills 7 days (+)	73 965,96	89 283,30	89 362,18	74 918,35	73 178,88	89 808,45	77 405,25	97 377,60	100 064,98	97 703,02	110 178,16	114 500,00	99 841,81
NBP money market bills < 7 days (+)	19 464,75	0,00	0,00	13 869,13	0,00	0,00	16 936,99	0,00	0,00	7 371,50	0,00	0,00	0,00
POLONIA	3,65%	4,32%	4,51%	4,32%	3,98%	4,91%	4,78%	4,70%	4,78%	4,92%	4,77%	4,51%	3,74%
turnover	412,00	2 358,00	1 573,00	610,00	1 378,00	1 867,00	300,00	2 388,00	2 101,00	2 558,00	1 319,00	2 345,00	375,00
WIBOR													
O/N	4,24%	4,44%	4,59%	4,65%	4,42%	4,92%	4,90%	4,87%	4,88%	4,90%	4,90%	4,64%	4,30%
T/N	4,54%	4,48%	4,57%	4,65%	4,49%	4,90%	4,90%	4,87%	4,88%	4,90%	4,90%	4,64%	4,30%
SW	4,61%	4,61%	4,60%	4,61%	4,61%	4,83%	4,83%	4,84%	4,84%	4,84%	4,80%	4,58%	4,26%
2W	4,66%	4,65%	4,64%	4,62%	4,62%	4,86%	4,85%	4,85%	4,85%	4,84%	4,79%	4,55%	4,24%
1M	4,77%	4,75%	4,74%	4,72%	4,72%	4,92%	4,91%	4,91%	4,90%	4,90%	4,77%	4,51%	4,21%
3M	4,99%	4,99%	4,96%	4,94%	4,95%	5,11%	5,13%	5,11%	4,99%	4,92%	4,73%	4,49%	4,11%
12M	5,00%	5,00%	4,98%	4,96%	4,98%	5,14%	5,15%	5,15%	5,02%	4,95%	4,72%	4,44%	3,98%
WIBID													
O/N	3,94%	4,14%	4,29%	4,35%	4,12%	4,62%	4,60%	4,57%	4,59%	4,60%	4,60%	4,36%	4,00%
T/N	4,24%	4,18%	4,27%	4,35%	4,19%	4,61%	4,60%	4,58%	4,59%	4,60%	4,60%	4,36%	4,00%
SW	4,41%	4,41%	4,40%	4,41%	4,41%	4,63%	4,63%	4,64%	4,64%	4,64%	4,60%	4,38%	4,06%
2W	4,46%	4,45%	4,44%	4,42%	4,42%	4,66%	4,65%	4,65%	4,65%	4,64%	4,59%	4,35%	4,04%
1M	4,57%	4,55%	4,54%	4,52%	4,52%	4,72%	4,71%	4,71%	4,70%	4,70%	4,57%	4,31%	4,01%
3M	4,79%	4,79%	4,76%	4,74%	4,75%	4,91%	4,93%	4,91%	4,79%	4,72%	4,53%	4,29%	3,91%
12M	4,80%	4,80%	4,78%	4,76%	4,78%	4,94%	4,95%	4,95%	4,82%	4,75%	4,52%	4,24%	3,78%
USD/PLN (fix)	3,4174	3,2032	3,0730	3,1191	3,1509	3,5372	3,3885	3,3508	3,3353	3,1780	3,1806	3,1585	3,0996
EUR/PLN (fix)	4,4168	4,2270	4,1365	4,1616	4,1721	4,3889	4,2613	4,1086	4,1838	4,1138	4,1350	4,1064	4,0882
EUR/USD	1,2924	1,3196	1,3461	1,3342	1,3241	1,2408	1,2576	1,2262	1,2544	1,2945	1,3001	1,3001	1,3189
official reserve assets													
(as at the end of the month)													
mln PLN	334 447,20	321 341,80	313 120,90	311 057,20	323 940,30	347 405,20	343 553,60	342 717,30	345 283,20	336 130,90	336 925,00	339 644,70	337 592,00
mln EUR	75 721,60	76 021,20	75 697,10	74 744,60	77 644,40	79 155,40	80 621,80	83 414,60	82 528,60	81 708,10	81 481,30	82 711,10	82 577,20
(-purchase) sale of foreign currency	1 991,24	607,03	4 713,50	-1 358,32	-928,47	-1 443,94	1 180,32	-1 057,84	-5 869,54	-2 601,10	-166,17	-5 450,21	-10 999,30
*/ - Average deviation of current account from the required reserve calculated cumulatively from the beginning of reserve requirement period.													
**/ - Open market operations are reported at nominal value. The balance of this position includes NBP bills minus repo operation.													