



NARODOWY  
BANK POLSKI

---

# Annual Report 2020

Banking Sector Liquidity  
Monetary Policy Instruments  
of Narodowy Bank Polski





---

# **Annual Report 2020**

## **Banking Sector Liquidity Monetary Policy Instruments of Narodowy Bank Polski**

Developed by:  
Domestic Operations Department

Published by:  
Narodowy Bank Polski  
ul. Świętokrzyska 11/21  
00-919 Warszawa,  
[www.nbp.pl](http://www.nbp.pl)

© Copyright Narodowy Bank Polski, 2021

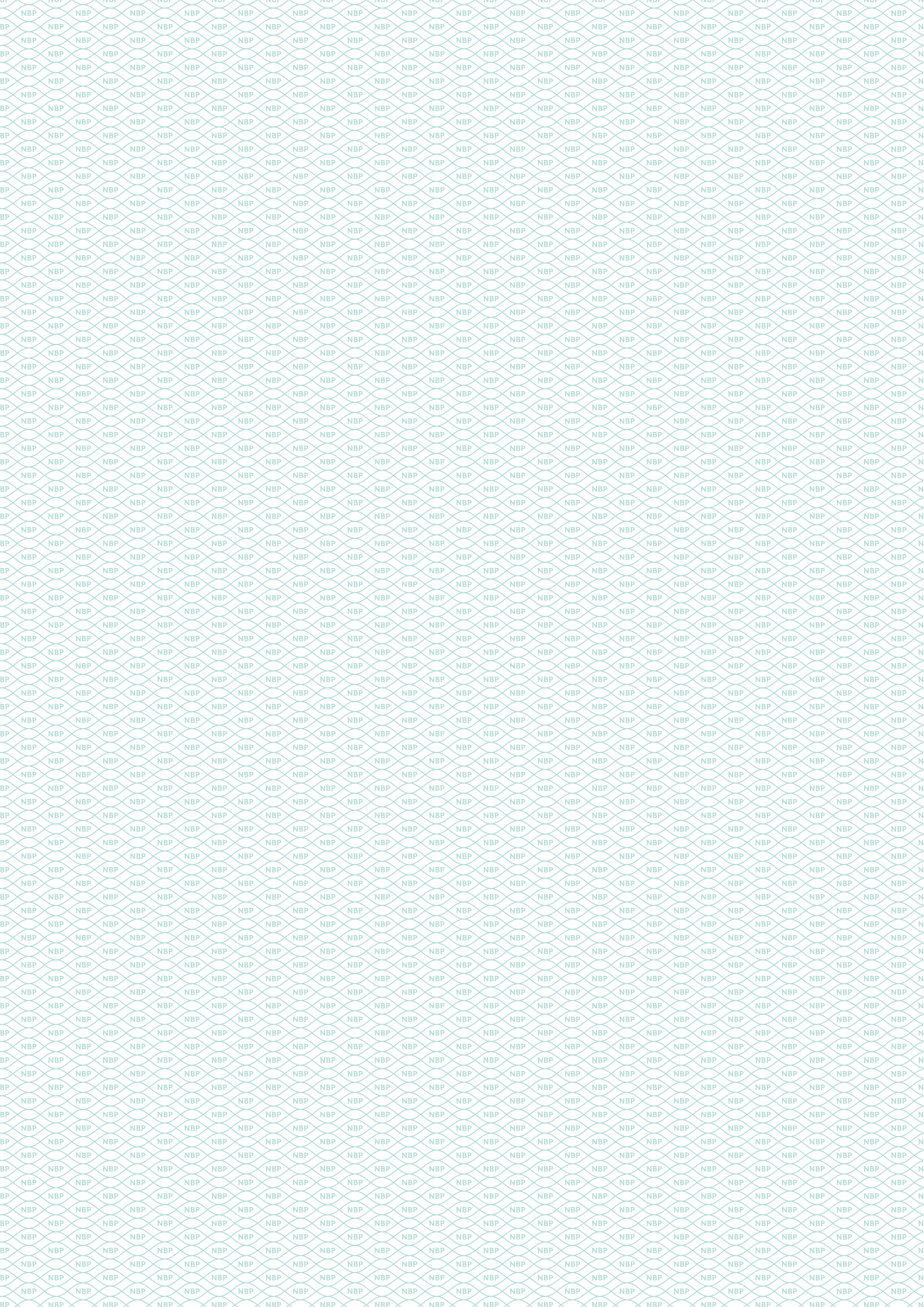
---

# Table of contents

---

Introduction	5
Chapter 1 Banking sector liquidity	11
1.1 Liquidity developments in 2020	12
1.2 Impact of autonomous factors on changes in banking sector liquidity	15
1.2.1 Purchase and sale of foreign currencies by NBP	15
1.2.2 Currency in circulation	19
1.2.3 Public sector deposits held with the central bank	20
Chapter 2 Monetary policy instruments	23
2.1 NBP interest rates	24
2.2 Open market operations	25
2.2.1 Main operations	26
2.2.2 Fine-tuning operations	27
2.2.3 Structural operations	28
2.3 Reserve requirement	30
2.4 Standing facilities	31
2.4.1 Deposit facility	32
2.4.2 Marginal lending facility	32
2.5 Bill discount credit	32
2.6 Foreign exchange interventions	33
Chapter 3 Other operations	35
3.1 Intraday credit facility	36
3.2 Intraday credit facility in euro	36
Glossary	37
Annexes	41
Annex 1. POLONIA rate as the operating objective of NBP monetary policy in 2008–2020	42
Annex 2. NBP monetary policy instruments in 1990–2020	43
Annex 3. Main operations in 2020	44
Annex 4. Fine-tuning operations in 2020	45
Annex 5. Structural operations in 2020	46
Annex 6. Agreements with the Ministry of Finance	48
Annex 7. Money Market Dealers in 2020	49
Annex 8. Daily information (as at the month-end)	50
List of Tables	51
List of Figures	52

---





---

# Introduction



---

# Introduction

In 2020, Narodowy Bank Polski (NBP) pursued monetary policy in accordance with the *Monetary Policy Guidelines for 2020*.

The key monetary policy instrument in 2020 was the NBP interest rates. Among those, the most important was the NBP reference rate, which – by determining the yield on main open market operations – influenced the level of short-term market interest rates. The NBP lombard rate determined the interest on the NBP marginal lending facility, which allowed overnight borrowing from the central bank. The NBP deposit rate determined the interest on the deposit facility allowing placement of overnight deposits with NBP.

In 2020, the Monetary Policy Council (MPC) decided to cut the NBP interest rates on three occasions. At the end of 2020, the NBP reference rate stood at 0.10%, the deposit rate at 0.00% and the lombard rate at 0.50%. Compared to the end of the previous year, these rates had been reduced by 1.4, 0.5 and 2 pp., respectively. As a result of the changes, the width of the NBP interest rate band, determined by the levels of the NBP lombard rate and the NBP deposit rate, narrowed down from 200 bps to 50 bps. At the same time, the band had become asymmetrical (+40/-10 bps from the NBP reference rate).

The operational objective of monetary policy in 2020 was to keep the path of the POLONIA rate close to the NBP reference rate. To achieve this, the central bank took recourse to main and fine-tuning (liquidity-absorbing) open market operations. By using these, NBP strived to ensure that the liquidity conditions in the banking sector were conducive to the above operational objective.

The average absolute deviation of the POLONIA rate from the reference rate in 2020 was 17 bps (versus 14 bps in 2019).

Like in previous years, the main open market operations in 2020 involved issuance of 7-day NBP bills on a regular basis (typically on Fridays).

The fine-tuning operations, in the form of NBP bill issuance, were conducted up to and including May. The last quasi-regular operation of this type (i.e. one launched on the last business day of the reserve maintenance period) was carried out in April 2020. As for absorbing fine-tuning operations conducted on an ad-hoc basis (on days other than the previously mentioned final day of the reserve maintenance period), the last of those took place in May 2020. The discontinuation of both instruments was related to the prevailing market conditions and changes in the manner in which the operational parameters of monetary policy were set in 2020.

In 2020, all the banks meeting the NBP criteria defined in Resolution 56/2010 of the NBP Management Board of 21 October 2010, as amended, had access to the quasi-regular main and fine-tuning operations (those conducted at the end of the required reserve maintenance period).



In the case of occasional fine-tuning operations launched in the first months of 2020 (i.e. January, February, and partially in March), access to those was restricted to banks with the status of a Money Market Dealer (MMD). In 2020, this status was enjoyed by 12 banks characterised by sufficient activity in the market for unsecured interbank deposits and in NBP main open market operation tenders.

The situation changed on 12 March 2020, when the central bank decided to offer access to all open market operations (including the above-mentioned fine-tuning operations as well as structural operations) to all banks eligible for participation in the main NBP open market operations.

In March 2020, in response to a significant deterioration in the domestic financial markets, including the interbank market, NBP launched additional open market operations. The situation observed in the domestic market at that point resulted from a slump in global financial market conditions in early 2020. This was related to the considerable uncertainty about the outlook for the global economy due to the spread of the SARS-CoV-2 epidemic.

Swift and firm monetary policy actions enabled NBP to mitigate the adverse impact of the pandemic, by supporting economic activity and to stabilise inflation at a level close to the mid-term NBP inflation target. At the same time, through its positive impact on the financial situation of borrowers, it also helped strengthen the stability of the financial system.

Due to fund shortages reported by commercial banks, on 16 March 2020 NBP conducted a fine-tuning open market operation of the repo type. The amount of the operation was PLN 7,255 million, i.e. PLN 79 million in average annual terms.

In the second half of March 2020, NBP decided to launch structural open market operations, initially involving purchase of Treasury securities. From April 2020, the purchases were expanded to include government-guaranteed debt securities. As a result of the above-mentioned operations, NBP provided the banking sector with funds averaging PLN 71,849 million during the year.

The purpose of the structural operations was to transform the long-term liquidity structure of the banking sector as well as securing the liquidity of the secondary market for eligible securities and strengthening the monetary transmission mechanism. The launch of the above-mentioned NBP operations stabilized the market for the eligible bonds.

Apart from open market operations, another NBP instrument conducive to reducing the volatility of short-term interest rates and stabilising liquidity conditions in the banking sector was the reserve requirement. In the reserve maintenance period, banks were required to keep funds on accounts with NBP whose average level was not lower than the required reserve.

In order to mitigate the risk that the economic turmoil would affect the supply of credit, the Monetary Policy Council decided to lower the reserve requirement from 3.5% to 0.5% from the last day of April 2020. This boosted funds at the disposal of the banking sector by PLN 41,306 million. The Council also decided to change the remuneration of the required reserve funds, equalising it with the NBP reference rate.

Commercial banks were also able to use the overnight deposit and credit facilities provided by NBP to support their liquidity management.

Banks could deposit excess funds with NBP via the overnight deposit facility and replenish liquidity shortages through the marginal lending facility.

As of 10 April 2020, Narodowy Bank Polski made the bill discount credit, designed to refinance loans granted to entrepreneurs, available to the banks.

As part of its foreign exchange interventions, in December 2020 NBP purchased a certain amount of foreign currencies for PLN.

**During 2020, there was an increase in short-term monetary policy operations measured as the average annual balance of main and fine-tuning open market operations along with marginal facility operations.**

The average level of short-term monetary policy operations in 2020 was PLN 137,814 million. Compared to the average level in the previous year, liquidity had increased by PLN 56,296 million. During the year, the level of banking sector liquidity increased from an average of PLN 86,330 million in December 2019 to PLN 155,777 million in December 2020, i.e. by PLN 69,447 million.

The average level of standing facility operations in 2020 was PLN 3,193 million.

**Table I.** Average level of open market operations (NBP bills and repo), FX swaps and standing facilities as well as structural operations in 2004–2020 (in PLN million)

Period	NBP bills	Repos	FX swaps	Standing facilities		
				Deposit facility	Marginal lending facility	Balance (deposit – credit)
2020	134 700	79	0	3 193	0	71 849
2019	80 393	0	0	1 125	0	0
2018	88 796	0	0	1 370	0	0
2017	72 786	0	0	846	0	0
2016	72 438	0	0	772	4	0
2015	89 092	0	0	500	0	0
2014	108 518	0	0	298	0	0
2013	126 078	0	0	463	0	0
2012	95 913	0	0	393	0	0
2011	95 217	0	0	711	0	0
2010	74 968	5 097	0	1 036	0	0
2009	31 873	11 456	1 076	2 461	14	0
2008	11 530	2 135	162	1 421	14	0
2007	19 302	0	0	530	18	0
2006	19 758	0	0	150	50	0
2005	16 699	0	0	162	29	0
2004	5 275	0	0	310	22	0

Note: average values are quoted in annualized terms in the required reserve maintenance periods.  
Source: NBP.

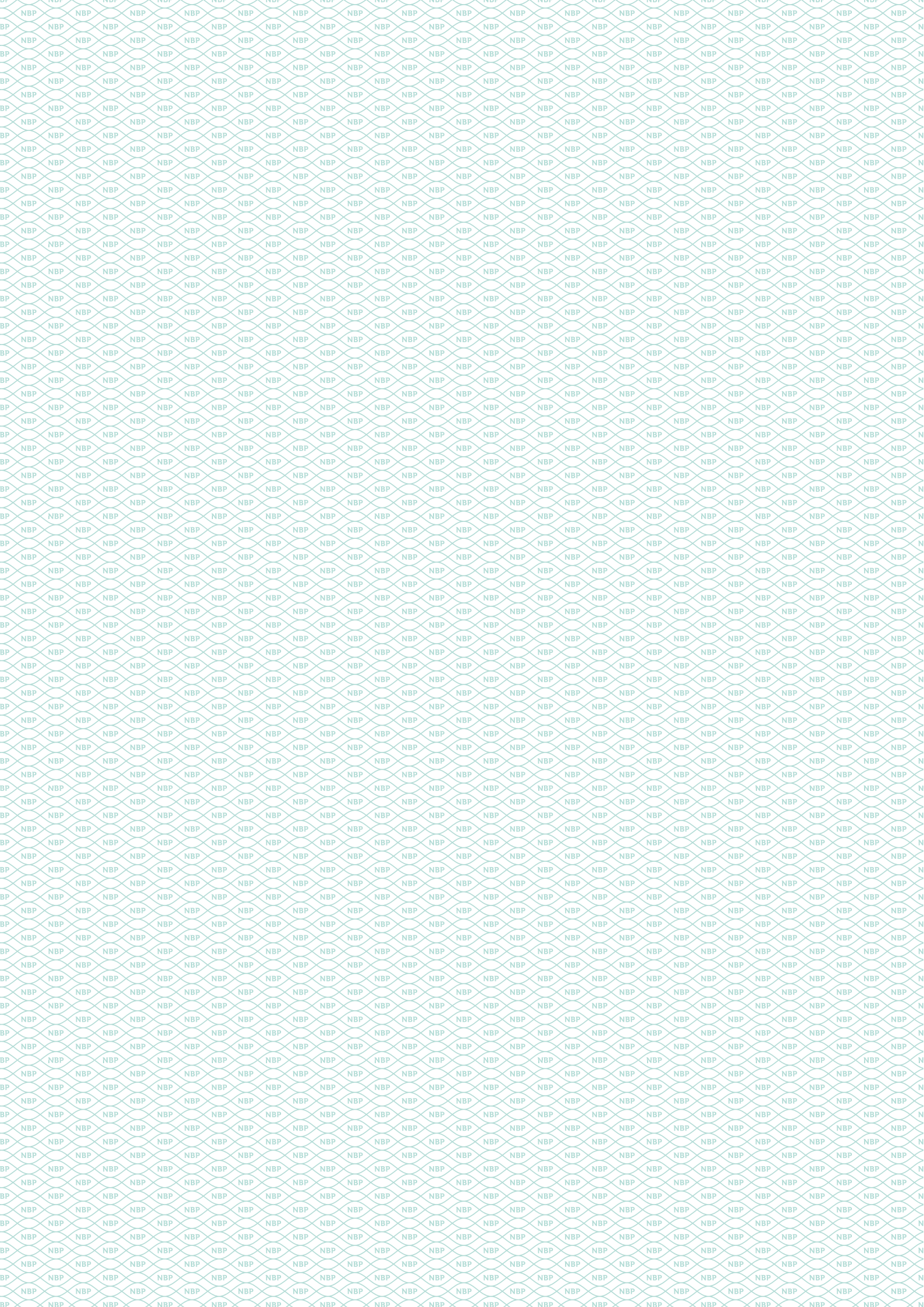
**Table II.** Deviation of market rates from the NBP reference rate in 2004–2020

Period	Average reference rate (in %)*	Deviation of rates from reference rate in basis points (annual average)**				
		O/N	SW	2W	1M	POLONIA
2020	0.51	4	3	6	11	17
2019	1.50	8	5	7	12	14
2018	1.50	9	4	8	12	21
2017	1.50	9	7	10	14	12
2016	1.50	15	7	8	10	16
2015	1.58	10	9	10	12	12
2014	2.39	9	6	6	7	11
2013	2.94	8	5	5	7	18
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	0

\* NBP average reference rate was weighted by its duration.

\*\* Deviations of rates against the NBP reference rate – a uniform basis of 365 days per year was used.

Source: NBP.





Chapter 1

---

# Banking sector liquidity



# Banking sector liquidity

## 1.1. Liquidity developments in 2020

In 2020 monetary policy was conducted against the background of excess liquidity in the banking sector.

In December 2019, the average level of short-term monetary policy operations, measured in terms of average annualised balance of central bank operations carried (issuance of the NBP bills, repo operations and standing facility operations) was PLN 86,330 million. The level of liquidity in the banking sector decreased steadily until March 2020, when it reached PLN 78,103 million. In the subsequent months, funds at the disposal of the banking embarked on a gradual upward trend, owing to, among other things, launch of new NBP monetary policy instruments, coupled with a change in the parameters of some of the instruments already in use.

On 16 March 2020, in order to meet a surge in the banking sector's demand for liquidity, NBP conducted the fine-tuning open market operation of the repo type. On 19 March 2020, the central bank initiated structural open market operations involving secondary-market purchases of selected debt securities. This provided liquidity to the banking system on a more sustained basis.

The purpose of these operations was to alter the long-term liquidity structure of the banking sector, to ensure liquidity in the secondary market for the securities under purchase and to enhance the impact of the NBP interest rate cuts on the economy, i.e. to strengthen the monetary transmission mechanism.<sup>1</sup> The introduction of this instrument increased the scale of the main open market operations, which were the key central bank instrument to absorb funds from the banking sector, including the funds issued under the NBP structural operations.

Banking sector liquidity was also boosted by the MPC's decision to lower the required reserve ratio from 3.5% to 0.5%, which rendered a decline of slightly over PLN 41 billion in the required reserve funds as of 30 April 2020.

Banks with surpluses of funds which they had not invested in NBP bills placed them with NBP as overnight deposit or left them on accounts in the central bank. In 2020 there was an increase in the take-up of the overnight deposit facility by banks relative to previous years. Also, funds kept on banks' accounts in excess of the required reserve rose considerably.

---

<sup>1</sup> On 19 March 2020, the first tender for the operations of this kind was organised.



The level of funds at the disposal of the banking sector construed as the sum of operations carried out by the central bank (issue of the NBP bills, repo operations and standing facility operations) additionally increased by funds on banks' accounts with NBP in excess of the required reserve, in December 2020 stood at PLN 183,798 million on average, and was PLN 97,357 higher than in the corresponding period of 2019 (PLN 86,441 million).

**Table 1.1.** Short-term NBP monetary policy operations in 2020 and the average level of funds at the disposal of the banking sector (PLN million)

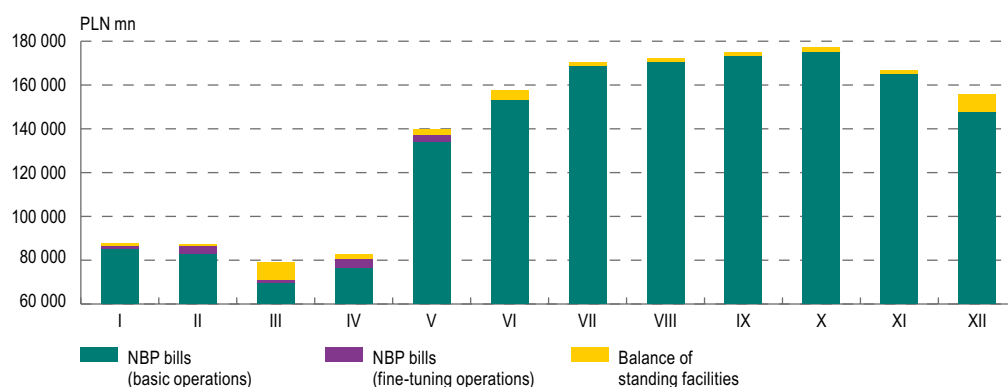
2020	Average level of NBP bills (main operations)	Average level of NBP bills (fine-tuning operations)	Average level of overnight deposit	Average level of marginal lending facility	Average level of short-term banking sector liquidity	Average level of short-term banking liquidity
	(1)	(2)	(3)	(4)	(1) + (2) - (3) + (4)	
I	84 877	1 597	0	1 356	87 830	87 898
II	82 508	3 737	0	1 052	87 296	87 383
III	69 246	1 379	1 001	8 478	78 103	78 233
IV	76 001	4 562	0	2 230	82 792	83 949
V	133 810	3 439	0	2 535	139 784	154 315
VI	152 868	0	0	4 867	157 735	177 700
VII	168 506	0	0	1 893	170 399	185 070
VIII	170 214	0	0	1 979	172 193	187 917
IX	173 249	0	0	1 624	174 873	187 206
X	175 009	0	0	2 202	177 211	187 538
XI	164 594	0	0	2 229	166 823	183 541
XII	147 543	0	0	8 234	155 777	183 798
On average	133 464	1 236	79	3 193	137 814	148 958

Note: average values over required reserve maintenance periods.

Source: NBP.

In order to keep the POLONIA rate close to the NBP reference rate as mandated by the *Monetary Policy Guidelines for 2020*, NBP absorbed the liquidity surplus by issuing NBP bills with a maturity of 7 days under main open market operations (the average value in 2020 amounted to PLN 133,464 million) and NBP bills with shorter maturities as part of fine-tuning operations (the average value in 2020 amounted to PLN 1,236 million). In total, the average level of outstanding NBP bills in 2020 amounted to PLN 134,700 million.

**Figure 1.1.** NBP operations absorbing funds from the banking sector in 2020



Source: NBP.

In April 2020 there was a sharp increase in funds at the disposal of the banking sector. At the end of the year (in November and December) the amount of these funds dropped off somewhat, due to the growing shortage of demand from banks in main market open operation tenders, and the resulting rise in the surplus of banks' funds over the required reserve, the scale of these open market operations was significantly reduced.

In 2020 the level of the short-term monetary policy operations conducted by the central bank was affected by factors both immediately related to the above-mentioned NBP decisions and autonomous factors (independent of NBP actions) influencing the size of banking sector liquidity.

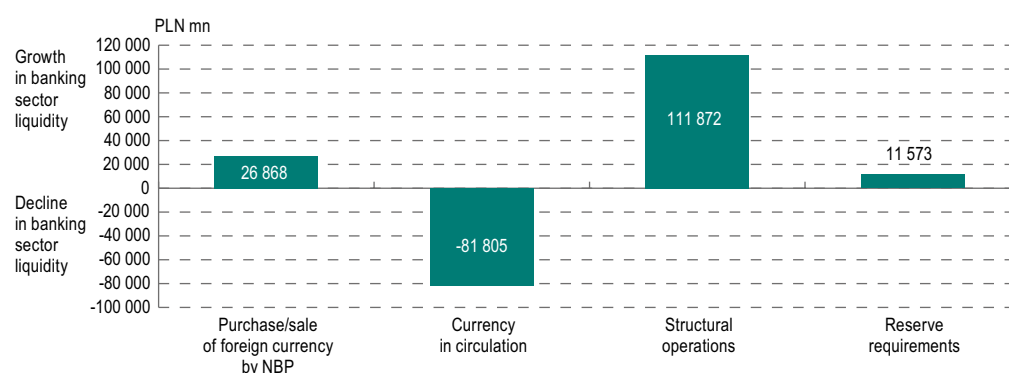
The MPC decision to reduce the required reserve ratio from 3.5% to 0.5% caused banking sector liquidity to increase by an average of PLN 11,573 million in terms of December 2020 as related to December 2019.

The launch of structural operations rendered an average rise of PLN 111,872 million in the level of NBP money bills between in terms of December 2020 as related to December 2019.

As to the autonomous factors, growth in banking sector liquidity was primarily driven by NBP operations of foreign exchange purchases exceeding its sales. As a result of these transactions, the increase in liquidity in terms of December 2020 as related to December 2019 was PLN 26,868 million on average.

Of the factors limiting banking sector liquidity, a rapid increase in currency in circulation was the most significant. This increase amounted on average to PLN 81,805 million in terms of December 2020 as related to December 2019.

**Figure 1.2.** Major factors influencing short-term liquidity of the banking sector in 2020



Source: NBP.

## 1.2 Impact of autonomous factors on changes in banking sector liquidity

### 1.2.1 Purchase and sale of foreign currency by NBP

In 2020, NBP purchased foreign currency in an amount considerably exceeding its sales, as a result of which banking sector liquidity increased by an average of PLN 26,868 million in December 2020 to December 2019 terms.

The purchase of foreign currency by NBP included:

- purchase of foreign currency from the Ministry of Finance (MF) within the limit set for 2020 equivalent to PLN 47,413 million<sup>2</sup> (mainly from the MF foreign currency account held with NBP in the amount of PLN 47,046 million),
- services provided to the central government and other entities whose accounts are held with NBP, in the amount of PLN 14,113 million,
- conversion of EU funds to PLN directly from the EU fund accounts, equivalent to PLN 493 million.

Throughout 2020, the central bank purchased foreign currency amounting to a total of PLN 62,018 million (in 2019, this amount reached PLN 56,816 million). Most of the currency purchases by NBP – to the tune of PLN 21,943 million – took place in the fourth quarter of the year.

The sale of foreign currency by NBP involved:

- the conversion of the membership fee paid by the State Budget into the account of the European Commission (EC) in the amount of PLN 25,099 million,
- services provided to the central government and other entities whose accounts are held with NBP, in the amount of PLN 9,695 million.

In 2020, NBP sold foreign currency totalling PLN 34,794 million. Most of the foreign currency, in the combined amount of PLN 12,240 million, was sold in the fourth quarter of the year.

The purchase of foreign currency from the MF currency account with NBP accounted for 76% of all foreign currency purchases by the central bank. These transactions took place in 2020 mainly in February (in the amount of PLN 6,867 million, i.e. EUR 1,600 million), March (PLN 5,770 million, i.e. EUR 1,300 million), October (PLN 5,751 million, i.e. EUR 1,255 million) and December (PLN 7,627 million, i.e. EUR 1,705 million).

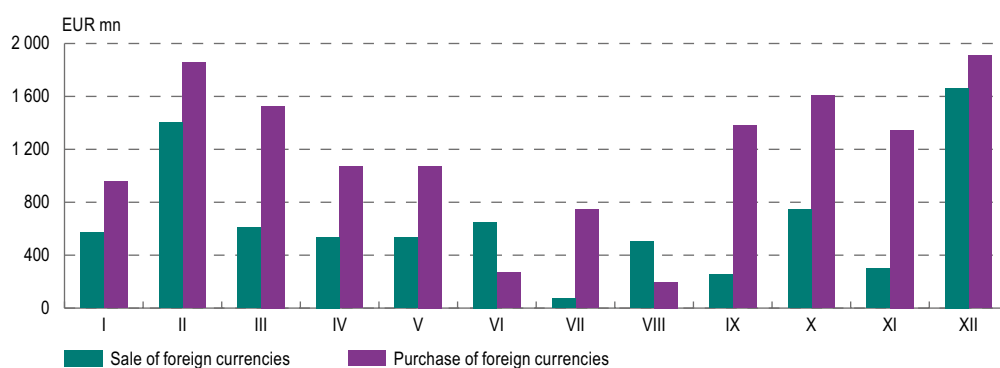
The purchase of foreign currency from central government entities and other entities holding foreign currency accounts with NBP amounted to EUR 3,205 million, representing an increase of 20% on the previous year. This resulted from higher value of EUR/PLN cyclical exchange transactions commissioned by the Ministry of the Climate. The purchase of foreign currency by the central bank from entities holding foreign currency accounts with NBP varied over the respective quarters of 2020. In the individual quarters it amounted to: PLN 3,137 million, PLN 3,039 million, PLN 4,129 million and PLN 3,809 million.

<sup>2</sup> Detailed information concerning the ceilings for foreign currency purchase and sale between the MF and NBP is presented in Annex No. 7.

In 2020, similarly as in the previous year, NBP conducted transactions of purchase directly from the EU fund accounts. They amounted to PLN 493 million, which accounted for 0.8% of the total amount of foreign currency purchases by the central bank. The conversion of these EU funds was instructed by the Ministry of Finance and the Ministry of Investment and Economic Development. These funds were not credited to the MF foreign currency account in the process of fund consolidation.

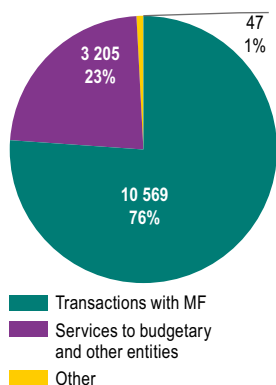
The opposite side of the central bank's foreign exchange transactions consisted in sale of foreign currency sale on behalf of the European Commission. In 2020, these transactions involved mainly conversion into EUR of the membership fee paid by Poland to the EU budget in PLN. Decisions on the dates and levels of PLN fund conversion into foreign currency were made by the EC. The currency exchange was performed unevenly during the year. The largest amount of foreign currencies under this heading was sold in February (19%), December (17%) and October (13%). In July and November, there was no currency exchange of this kind.

**Figure 1.3.** Purchase and sale of foreign currencies by NBP in 2020



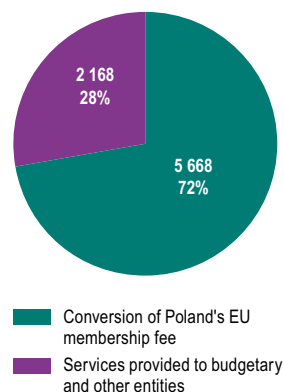
Source: NBP.

**Figure 1.4.** The structure of currency purchases by NBP in 2020



Source: NBP.

**Figure 1.5.** The structure of currency sales by NBP in 2020



Source: NBP.

Transactions of foreign currency sale were also carried out under the services provided to central government entities and other entities holding foreign currency accounts with the central bank. The volume of these operations varied from month to month. Like in previous years, most foreign currency for the needs of these entities was sold in December (32%). In 2020, the sale of foreign currencies to budget entities was 37% higher than in the previous year.

### **FX operations carried out by the central bank as part of its currency purchase and sale activities in 2020**

#### ***Foreign operations of the State Treasury***

In 2020, the foreign debt of the State Treasury was serviced with funds from the Ministry of Finance's foreign currency account with NBP. These transactions were conducted by the central bank on behalf of the Ministry of Finance. NBP did not sell foreign currencies to the Ministry of Finance.

#### ***MF currency account with NBP***

The MF's foreign currency account was credited mainly with foreign currencies obtained from the European Union and from the issue of bonds to foreign markets (EUR 3,700 million). In addition, in April 2020 there was a transfer of loan funds from the European Investment Bank, and in October the European Commission transferred EUR 1,000 million under the SURE loan agreement.<sup>3</sup>

Almost 100% of those funds (99,95%) were kept on account in euro.

In 2020, the average balance of the MF's foreign currency account with NBP was EUR 5,839 million. The balance on the account fluctuated over the year. In 2020 Q1, the average balance was EUR 5,105 million (an increase from the EUR 1,603 million at the end of 2019), in Q2 – EUR 3,545 million, in Q3 – EUR 7,047 million and in Q4 it reached a level of EUR 7,653 million. Payments made from the foreign currency account involved, among others, the settlement of claims of international Treasury bond holders and repayments of the outstanding foreign loans, payment in respect of shares and other transactions. A large part of the funds in this account was converted into zloty at NBP to cover the borrowing requirement of the State Budget.

#### ***Transactions resulting from European Union membership***

In 2020, as in previous years, the main transactions related to Poland's membership in the European Union were operations involving sale of foreign currencies by NBP to the European Commission.

---

<sup>3</sup> SURE – a new instrument created for the needs of protection of jobs and employees in connection with the SARS-CoV-2 epidemic. These funds are to cover the expenses directly related to financing national-level arrangements for reduced working time and other similar decisions implemented by the European Union member states in response to the pandemic.

The membership fee is paid to the EU budget in national currencies. The EC has the right to demand over 40% of the total amount of the annual fee in the first quarter of the year. In order to transfer EU funds to accounts in other Member States smoothly, the European Commission converts funds originating from the membership fee into the common currency. The commissioning body for these operations is the EC.

In 2020, the amount of payments in respect of the membership fee was PLN 24,827 million, of which 28% was paid in the first quarter.

In 2020, the value of the transactions related to the conversion of the membership fee amounted to EUR 5,668 million (equivalent of PLN 25,099 million). Due to the need to fund the costs of ongoing EU projects in the Member States, the European Commission converted most funds to EUR in the first quarter of 2020 (PLN 8,797 million, i.e. EUR 2,040 million). The Commission transferred large amounts to the structural fund accounts and to programmes under the Common Agricultural Policy. The conversion of PLN to EUR in 2020 Q1 accounted for 35% of the annual conversion. In the subsequent quarters, the EC converted 23%, 11% and 31% of the PLN funds.

The European Commission is not obliged to convert all of the PLN funds received into EUR during the year they were received. Accordingly, part of PLN funds paid to the European Union remains on the EC's PLN account with NBP for the following year. The balance of EC funds as at 31 December 2020 was PLN 1,852 million, as compared to PLN 2,257 million as at 31 December 2019.

In 2020, EU funds received by Poland were exchanged into PLN directly from the fund accounts with NBP in the amount of PLN 493 million, i.e. EUR 110 million, under the central bank's transactions of foreign currency purchases.

A modest part of the Ministry of Finance foreign currency funds deposited in 2020 on account with NBP was transferred (entirely in USD) to Bank Gospodarstwa Krajowego (BGK). Depending on the situation on the FX market, the Ministry of Finance may decide on how to use these resources, including on whether to convert them into PLN on the interbank market.

#### ***Services to central budgetary entities***

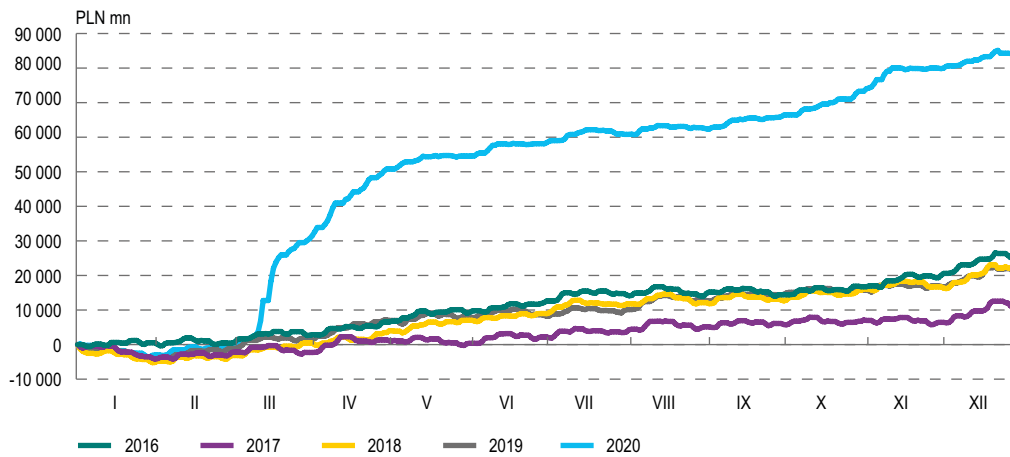
Apart from foreign currency operations related to servicing foreign payables and receivables of the State Treasury and transactions involving the use of funds related to EU membership, the central bank carried out foreign currency operations with other entities authorised to exchange foreign currencies at NBP under bank account agreements. In 2020, the value of this kind of transactions involving the purchase of foreign currencies by NBP amounted to the equivalent of PLN 14,113 million. The sale of foreign currencies by the central bank amounted to the equivalent of PLN 9,695 million.



1.2.2 Currency in circulation

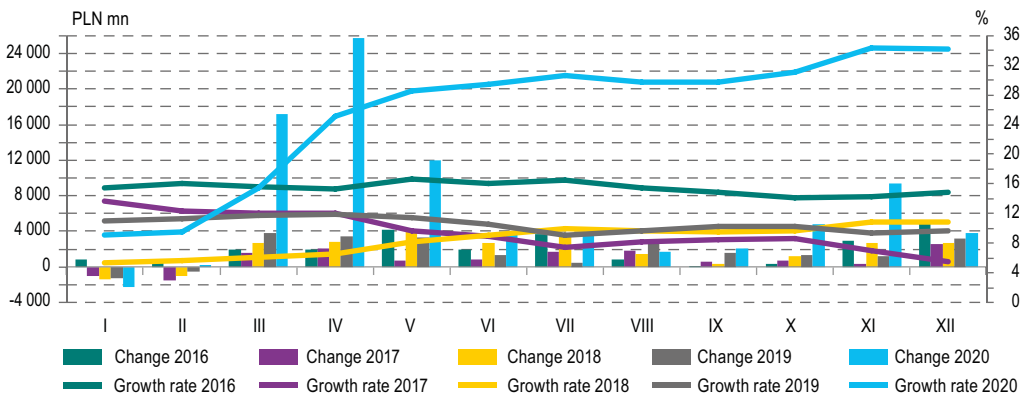
Currency in circulation is a monetary aggregate which has been growing steadily for many years. In the past two years, it expanded by around PLN 21 billion a year, rendering an average annual growth of 9–11%. Due to the SARS-CoV-2 epidemic, there was a sharp rise in currency in circulation. Between 11 March and 7 May 2020, it amounted to approx. PLN 50,104 million. The average level of currency in circulation in December 2020 was PLN 321,214 million, which means an increase of PLN 81,805 million compared to December 2019. In 2020 the growth rate of currency in circulation (y/y) ranged from 9.1% in January to 34.4% in November.

Figure 1.6. Daily changes of currency in circulation, cumulatively in 2016–2020



Source: NBP.

Figure 1.7. Average change in currency in circulation in individual months of 2016–2020 (left axis) vs. the growth rate of currency in circulation (right axis)



Source: NBP.

In January and February 2020, the average annual growth in currency in circulation was running at levels close to the previous months', i.e. 9.1% and 9.5%. In the following months, there was a considerable rise in cash withdrawals by customers concerned about the introduction of sanitary restrictions and the resulting difficulties in accessing funds on accounts. In the March, April and May reserve maintenance period, the average increment in currency in circulation amounted to PLN 17,186 million, PLN 25,177 million and PLN 11,997 million, respectively. In June the situation stabilised and the monthly average increase in currency in circulation was significantly lower and amounted PLN 3,679 million. The next significant rise in currency in circulation occurred in October, of PLN 4,802 million, and November, of PLN 9,334 million, which was related to concerns about the scope and timing of the planned restrictions and, additionally, the occurrence of seasonal factors (holidays on November 1 and 11).

The sharp rise in currency in circulation, resulting in its accelerated growth, was particularly pronounced in periods of tightened restrictions and new limitations. This was also reflected in disruptions to the trends and seasonal patterns observed in previous years. Another factor contributing to the rapid increase in currency in circulation was the decline in the interest on deposits to all-time lows.

### 1.2.3 Public sector deposits held with the central bank

Public sector deposits with the central bank include balances on current accounts and term deposits of the State Budget in PLN (placed for a term of 1 to 7 days).

In 2020, the level of public sector deposits with NBP was the outcome of the following factors:

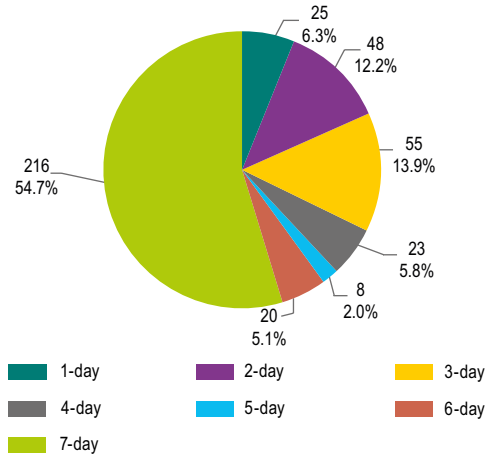
- changes in the volume of budget revenues and expenditures,
- settlements resulting from issuance and redemption of Treasury securities,
- funds originating from the Ministry of Finance's foreign currency account with NBP converted into PLN,
- ceilings set for the Ministry of Finance's PLN term deposits 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),
- payments resulting from handling other transactions related to the State Budget's borrowing needs.

In 2020, the average level of public sector deposits stood at PLN 5,848 million and was PLN 1,349 million higher than in the previous year (PLN 4,499 million). The average level of the public sector deposits held on current accounts with NBP amounted to PLN 3,966 million (against PLN 3,561 million in 2019), whereas the average level of the Ministry of Finance PLN term deposits with NBP, representing a significant element in the structure of public sector PLN deposits (32.2%), amounted to PLN 1,882 million, against PLN 938 million in 2019.

The Ministry of Finance placed surplus funds of the State Budget with Narodowy Bank Polski on a temporary basis. A total of 395 deposits were made in 2020. More than half of those, i.e. 55% of all deposits, were placed for 7 days (216 deposits), while 179 deposits were made with the remaining maturities, i.e. from 1 to 6 days.

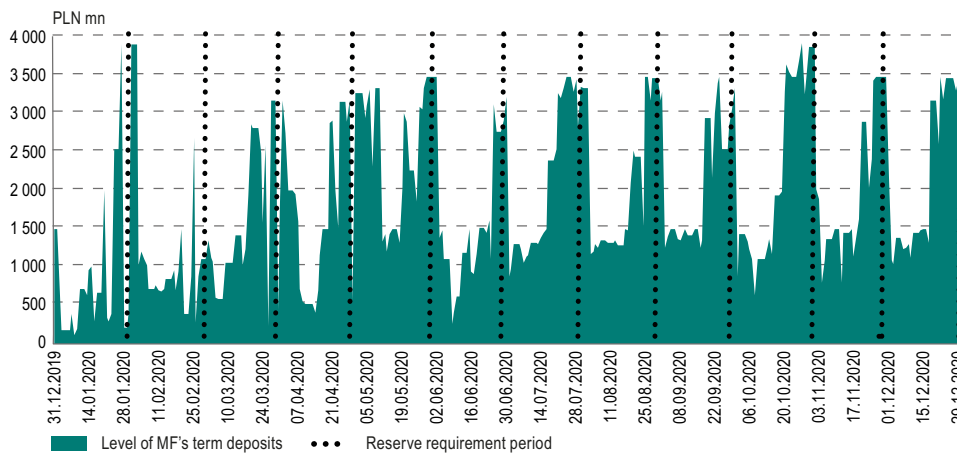
In the discussed year, the average level of overnight deposits placed by default at the end of the day, amounted to PLN 19 million (against PLN 8 million in 2019).

**Figure 1.8.** The quantitative structure of the Ministry of Finance’s term deposits with NBP in 2020



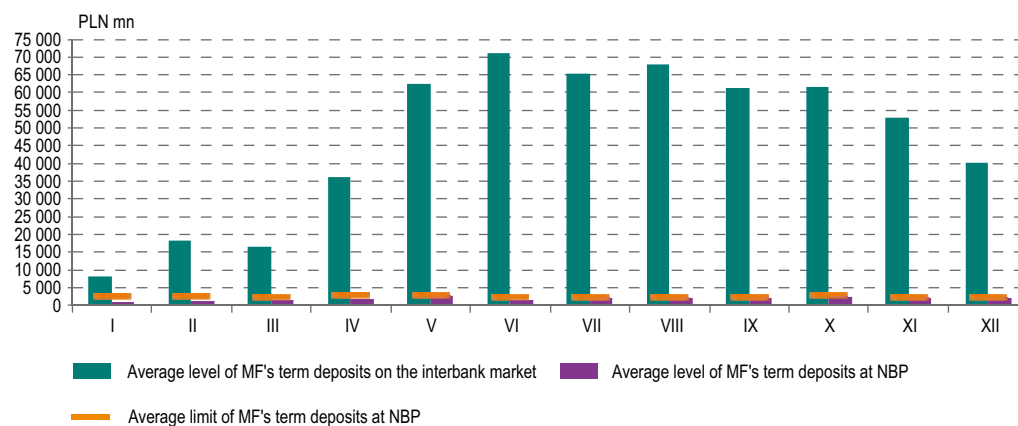
Source: NBP.

**Figure 1.9.** Daily levels of the Ministry of Finance’s term deposits with NBP in 2020



Source: NBP.

As in previous years, the level of the Ministry of Finance PLN term deposits with NBP was highly variable in 2020, averaging between PLN 869 million and PLN 2,589 million in the individual months. Deposits reached their highs in Q4, of: PLN 2,306 million in October, PLN 1,997 million in November and PLN 2,198 million in December. The average volume of the Ministry of Finance’s deposits placed in 2020 accounted for 72% of the established daily limit (for comparison, in 2019 this share was 37%).

**Figure 1.10.** The average level of the MF's term deposits in PLN in 2020

Source: NBP.

In accordance with the agreement on depositing the MF's PLN funds on term deposit accounts with NBP, it was agreed that the ceiling for the MF's PLN term deposits with NBP will be increased at the end of each month.<sup>4</sup> This was related to periods of the highest tax receipts (resulting from PIT, CIT, VAT) and the dates of Treasury bond redemption. The highest levels of deposits were observed each month on the VAT settlement days (the 25th or 26th day of the month). In 2020, the daily ceiling for the deposit (100%) specified in the agreement was reached on 24 occasions.

In 2020, as in previous years, most of the State Budget funds were invested on the interbank market. The average level of the MF's deposits with commercial banks amounted to PLN 46,899 million and was PLN 19,616 million (or 72%) higher than in the previous year. Most of the funds at the disposal of the Ministry of Finance were placed between May and November, when the average levels of term deposits on the interbank market ranged from PLN 53 billion and PLN 71 billion.

Ministry of Finance performed buy-sell back operations collateralised by Treasury bonds. Moreover, the MF invested funds in the interbank market in the form of unsecured term deposits.

<sup>4</sup> See also Annex 7.

Chapter 2

---

# Monetary policy instruments



# Monetary policy instruments

## 2.1 NBP interest rates

The key instrument of monetary policy in 2020 was the NBP interest rates. The NBP reference rate, by determining the yield on open market operations, affects the level of short-term market interest rates.

The NBP lombard rate determines the interest on the lombard credit offered by NBP, enabling overnight borrowing from the central bank. The NBP deposit rate is the interest on the deposit facility enabling placement of overnight deposits with NBP. Both of the above NBP rates define the width of the so-called NBP interest rate corridor, which sets the band for the movements of the overnight rate determined in the interbank market.

The discount rate is the interest on the bill discount credit offered by NBP. The Council re-introduced<sup>5</sup> this interest rate as of 18 March 2020.

In 2020, the Monetary Policy Council decided to change the level of interest rates on three occasions.

At the end of 2020, the NBP reference interest rate was at a historically low level of 0.10%, which was 140 bps lower than in 2019. The deposit rate was at 0.00%, i.e. 50 bps lower than at the end of previous year, and the lombard rate was 0.50%, i.e. 200 bps lower than in 2019. As a result of the above decisions, the width of the NBP interest rate corridor has narrowed from 200 pbs to 50 pbs. At the same time, the band has become asymmetrical (+40/-10 bps from the NBP reference rate).

**Table 2.1.** The basic NBP interest rates in 2020 in annual terms (in %)

Effective from:	Reference rate	Lombard rate	Deposit rate
05.03.2015	1.50	2.50	0.50
18.03.2020	1.00	1.50	0.50
09.04.2020	0.50	1.00	0.00
29.05.2020	0.10	0.50	0.00

<sup>5</sup> The bill discounting rate was introduced by the MPC on 1 January 2010. The MPC set the level of this rate until the end of 2010 (it was invariably 4.00%). From 1 January 2011, due to the withdrawal of the bill discount credit from NBP's monetary policy instruments, this rate ceased to be determined by the MPC.



## 2.2 Open market operations

In accordance with the *Monetary Policy Guidelines for 2020*, while pursuing its operational objective, NBP strived to keep the POLONIA rate close to the NBP reference rate. As part of the above task, the central bank used appropriate instruments defined in the *Monetary Policy Guidelines for 2020*.

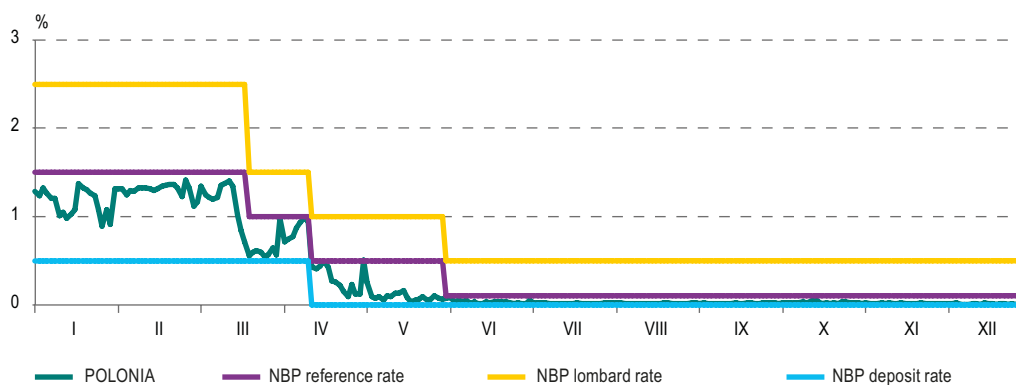
The main instrument to implement the operational objective of monetary policy was short-term (main and fine-tuning) open market operations with the function of absorbing liquidity from the banking sector. By launching these operations, NBP provided banks with the opportunity to balance their liquidity positions during the reserve maintenance periods, at the same time striving to ensure that liquidity conditions in the banking sector were appropriate in terms of achieving its operational goal.

The main operations in 2020 involved issuance of 7-day NBP bills absorbing excess liquidity from the market.

Operations with a similar effect, and also employing NBP bills were fine-tuning operations aimed at achieving the operational objective. These operations were expected to limit the volatility of short-term market interest rates.

The average level of the NBP bills issue in 2020 amounted to PLN 134,700 million, of which the main operations accounted for 99.1% and the fine-tuning ones for 0.9%. The yield on these operations was set at the level of the NBP reference rate.

**Figure 2.1.** POLONIA short-term market rate against NBP rates in 2020



Source: NBP.

In 2020, the average absolute deviation of the POLONIA rate from the NBP reference rate was 17 bps.

Apart from helping implement the operational objective of monetary policy, open market operations in 2020 could also be initiated in the event of disturbances in the financial markets. In line with the *Monetary Policy Guidelines*, NBP was in the position to use the available set of instruments flexibly in order to ensure the effective operation of the monetary policy

transmission mechanism as well as macroeconomic and financial stability, which would be conducive to price stability in the longer term.

A measure of this kind was launched in March 2020 in response to the spread of the SARS-CoV-2 epidemic in Poland, amid a marked slump in the domestic financial markets, among others. At that point, NBP decided to take recourse to a 4-day fine-tuning repo operation (on 16 March 2020), providing the banking sector with liquidity on an ad-hoc basis. Subsequently, on 19 March 2020, the central bank launched structural open market operations involving secondary-market purchase of debt securities. The purpose of debt securities purchase by NBP was to alter the long-term liquidity structure of the banking sector while ensuring the liquidity of the secondary market for the purchased securities and enhancing the impact of the NBP interest rate cuts on the economy, i.e. to strengthening the monetary transmission mechanism. The introduction of structural operations resulted in an increase in the banking sector liquidity in the longer term.

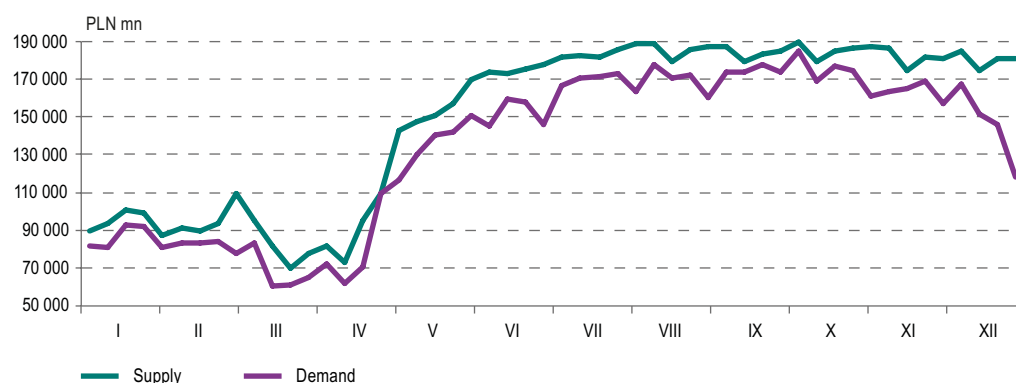
### 2.2.1 Main operations

In 2020, NBP carried out main open market operations involving issuance of NBP bills with a maturity of 7 days<sup>6</sup> NBP bills were issued regularly once a week (as a rule on Fridays), on a tender basis. The settlement of the tenders took place at time T+0. The yields on the individual operations equalled the level of the NBP reference rate on the day of the operation.

Eligibility criteria for participation in tenders for NBP bills issued under the main operations included holding a current account in the SKARBNET4 system and participation in the SORBNET2 system (both criteria to be met jointly).

In 2020, the average level of the NBP bills issue under the main operations was PLN 133,464 million and was PLN 54,802 million higher than the 2019 average. In the total value of the

**Figure 2.2.** NBP bills – demand in relation to supply at tenders for main open market operations in 2020



Source: NBP.

<sup>6</sup> Except for operations conducted on 3 April, 24 April, 18 December (6-day maturity) as well as 9 April and 30 April. The 8-day operation conducted on 31 December 2020 was classified under 2021, as it was conducted on the first day of the required reserve maintenance period in January 2021.

bills offered for sale by NBP in 2020 was PLN 7,790,000 million. The bids received from banks in 2020 amounted to PLN 6,975,753 million, with the accepted bids totalling PLN 6,971,763 million. The ratio of demand reported during the year to supply of NBP bills was 0.90.

At the individual tenders in 2020, in a vast majority of cases the supply of NBP bills exceeded the demand (only once did the demand for NBP bills at a tender exceed the supply). The ratio of commercial banks' demand for NBP bills under main operations in individual tenders to the supply offered by NBP ranged between 0.66 and 1.04.

### 2.2.2 Fine-tuning operations

*Monetary Policy Guidelines for 2020* stipulated that under fine-tuning open market operations, NBP could launch both liquidity-absorbing and liquidity-providing operations.

Liquidity absorbing operations in 2020 involved an issuance of NBP bills with maturities shorter than those applicable to main operations.

Fine-tuning operations were conducted at the initiative of the central bank, with the aim of reducing the volatility of short-term market interest rates. By offering this type of operations, NBP strived to ensure that liquidity conditions in the banking sector in relevant required reserve maintenance periods were appropriate in terms of achieving its operational goal.

Initially in 2020, as in the previous year, fine-tuning operations were offered on a quasi-regular basis, i.e. on the last working days of the required reserve maintenance periods, and on an ad-hoc basis on other days of the above mentioned periods.

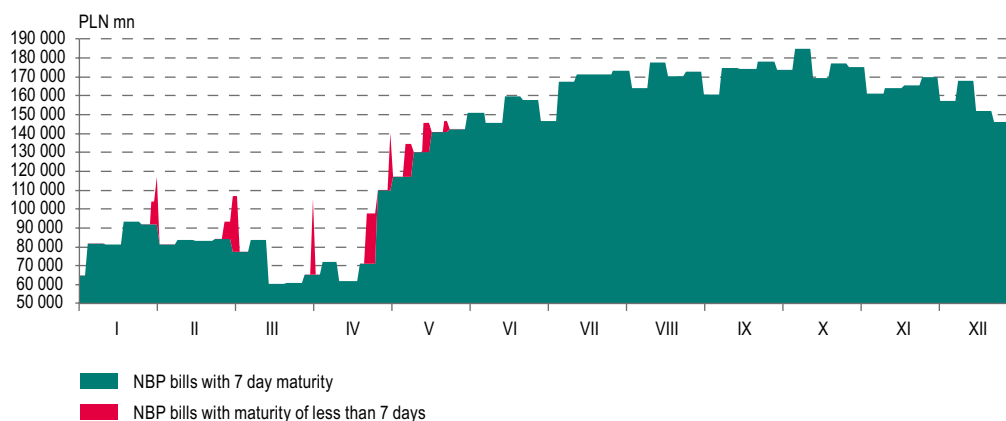
In the case of operations launched on the final days of the required reserve maintenance periods, tenders were organised only in the first four months of 2020. In turn, ad-hoc operations were last offered in May 2020.

The term of operations conducted on the last working day of the reserve periods was in principle O/N, although, due to the pattern of calendar days in 2020, there were in fact 3 one-day operations and 1 three-day operation.

In turn, among the 6 operations offered on an ad-hoc basis in 2020 (three in May and one each in January, February and March), one was with a 2-day maturity, four with a 3-day maturity, and one – with a 4-day maturity.

The average annual level of these operations amounted to 1,236 million in 2020 and was PLN 496 million lower than in 2019. In 2020, the central bank offered for sale NBP bills worth PLN 235,500 million under fine-tuning operations. The bids received in 2020 from banks amounted to PLN 204,770 million, whereas the value of bids accepted by the central bank amounted to PLN 199,356 million.

The ratio of commercial banks' demand for NBP bills in absorbing fine-tuning operations to the supply offered by the central bank ranged from 0.39 to 1.14. However, on one occasion demand exceeded the supply of NBP bills (this occurred in an operation launched on the last working day of the reserve period in March).

**Figure 2.3. NBP bills in 2020**

Source: NBP.

As previously indicated, under the fine-tuning operations in 2020 an additional repo operation was offered to banks on 16 March 2020, owing to the need for central bank liquidity signalled by some NBP counterparties. As a result, the banking sector was temporarily – for the period of 4 days – supported with funds amounting to PLN 7,255 million (the average value of the above operations during the year was PLN 79 million). The collateral was securities accepted by NBP.

NBP reiterated the willingness to launch this type of operation later on during the year, yet no such needs arose.

### 2.2.3 Structural operations

The purpose of structural operations is to alter the long-term liquidity structure of the banking sector. Should such a need arise, in 2020 the central bank was entitled to conduct operations involving bond issuance and purchase or sale of securities in the secondary market.

In response to the outbreak of the SARS-CoV-2 epidemic, as of 19 March 2020 NBP launched purchase of debt securities in the secondary market under the heading of structural open market operations. Under these operations, initially NBP exclusively bought Treasury bonds. In April 2020, the purchase was extended to include bonds with State Treasury guarantee (i.e. bonds issued by Bank Gospodarstwa Krajowego for the COVID-19 Prevention Fund and securities issued by the Polish Development Fund (Polski Fundusz Rozwoju S.A.).

The aim of debt securities purchase by NBP was to alter the long-term liquidity structure in the banking sector, to ensure the liquidity of the secondary market for the purchased securities and to enhance the impact of the NBP interest rate cuts on the economy, i.e. to strengthen the monetary transmission mechanism.

The tenders at which the purchase of the above securities took place were conducted according to schedules published by NBP in advance (from April 2020, the central bank

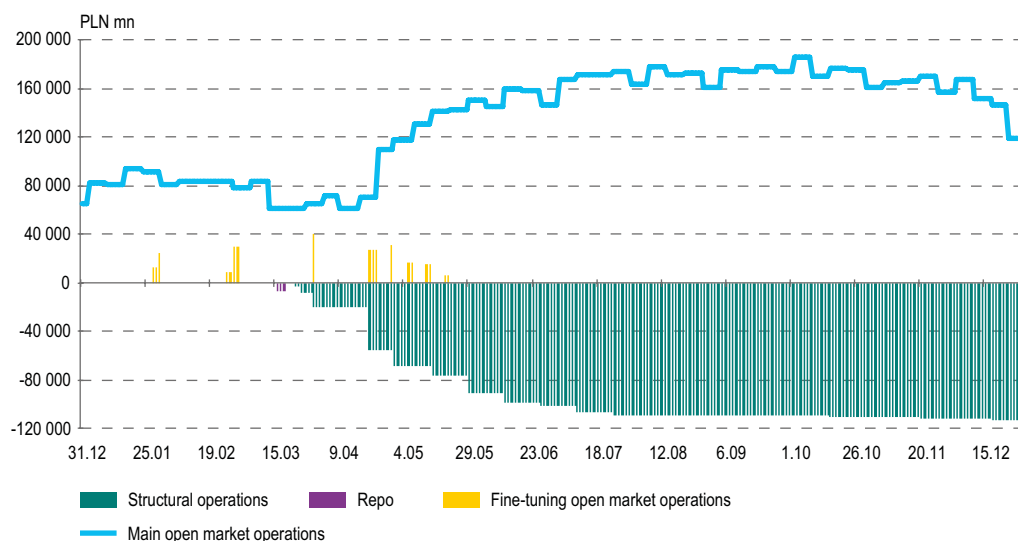
set monthly schedules for operations of this type, which were posted on the last working day of the preceding month). The settlement of the tenders took place at time T+2.<sup>7</sup> The frequency and scale of the operations depended on market conditions. In the first month of the purchase, three tenders took place, at which NBP purchased debt securities worth PLN 18,799 million. In the subsequent months (e.g., from May to July 2020) NBP offered structural operations twice a month (every two weeks). From August 2020 till the end of the year in turn, operations of this type were conducted once a month, usually in its third week.

The counterparties to the structural open market operations were all the banks with access to the NBP main operations.

In 2020, the central bank conducted 16 structural operations which consisted in secondary-market purchase of debt securities. In effect, securities with a total value of PLN 107,141 million were purchased. This amount comprised the NBP purchase of Treasury bonds with a face value of PLN 53,558 and government-guaranteed bonds with a combined face value of PLN 53,583 million (including bonds issued by BGK for the benefit of the COVID Prevention Fund worth PLN 34,709 million as well as bonds issued by the Polish Development Fund worth PLN 18,874 million).

The total value of the NBP liquidity provision to the banking sector under the structural operations was PLN 112,894 million in total. The average level of structural operations in 2020 amounted to PLN 71,849 million.

**Figure 2.4.** Operations carried out by NBP in 2020



Source: NBP.

<sup>7</sup> The settlement of the tenders took place at time T+1.

## 2.3 Reserve requirement

In 2020, banks, credit unions (SKOKs) and the National Association of Cooperative Savings and Credit Unions were obliged to maintain funds on accounts with NBP averaging not less than the required reserve in any given required reserve maintenance period.

The averaged mechanism of the required reserve maintenance enabled entities covered by the required reserve system to decide freely on the amount of funds deposited on accounts with the central bank on particular days of the reserve period, provided that the average balance of funds in the accounts at NBP was maintained at a level not lower than the required reserve. This mechanism helped to stabilise short-term market interest rates.

The basis for calculating the required reserve were returnable funds on bank accounts and funds obtained from sale of securities, except for funds received from another domestic bank, a credit union, and the National Association of Cooperative Savings and Credit Unions. Moreover, the basis for the reserve calculation in banks, branches of credit institutions and branches of foreign banks did not include foreign funds placed for at least two years, funds deposited in savings and credit accounts with building societies, as well as funds accumulated on individual pension accounts or funds acquired under agreements on individual pension security accounts. Both banks and credit unions were able to exclude returnable funds obtained from BFG from the basis for calculating the required reserve.

The required reserves were calculated and maintained in the Polish zloty. Holders of required reserves were allowed to deduct the amount equivalent to EUR 500 thousand from the calculated required reserve.

Until 29 April 2020, the basic required reserve ratio on all liabilities was 3.5%. Taking into account the current market situation, and in order to limit the risk of the economic disruption weighing on credit supply, on 17 March 2020, the Monetary Policy Council decided to reduce the basic required reserve ratio from 3.5% to 0.5% as of 30 April 2020, and to equalise the remuneration of the required reserve with the NBP reference rate. From 30 April 2020 till 28 May 2020 the remuneration of the required reserve funds stood at 0.50%, and from the end of May till the end of the year 0.10%.

In the case of funds obtained from repo and sell-buy-back operations and funds received from domestic entities for a period of at least two years, in 2020 the required reserve ratio was invariably 0.0%.

As at 31 December 2020, the amount of the required reserves was PLN 7,513 million, with the banking sector reserve at PLN 7,486 million and the credit unions' reserves at PLN 27 million.

Compared to the balance as at 31 December 2019, the total required reserve was PLN 39,332 million, or 83.9% lower. The change in the balance of the required reserve at the end of 2020 was due to the above-mentioned MPC decision.

In 2020, all reserve periods saw a surplus of average holdings on entities' accounts compared to the required level of reserves. The smallest surplus was recorded in January 2020 (PLN 68 million), whereas the largest surplus was seen in December (PLN 28,021 million).



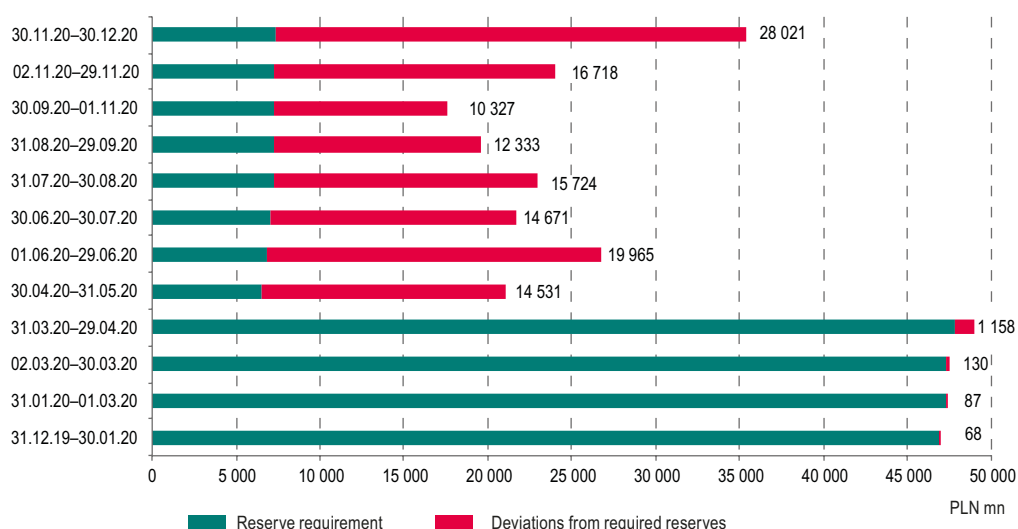
The average surplus of the required reserves holdings in 2020 amounted to PLN 11,144 million and accounted for 54.3% of the average level of required reserves.

In 2020 there were four cases where banks failed to maintain the reserve requirements at the required level.

In 2020, six banks during the implementation of a bank recovery plan benefited from exemption from maintaining the required reserve, including three commercial banks to the partial exemption and one commercial bank and two cooperative banks to complete exemption.

Considering the fact that the decisions concerning two banks expired during the year, at the end of 2020, four banks enjoyed partial or full exemption from maintaining of the required reserve.

**Figure 2.5.** Changes in the required reserve level and deviations from the reserve requirement in 2020



Source: NBP.

## 2.4 Standing facilities

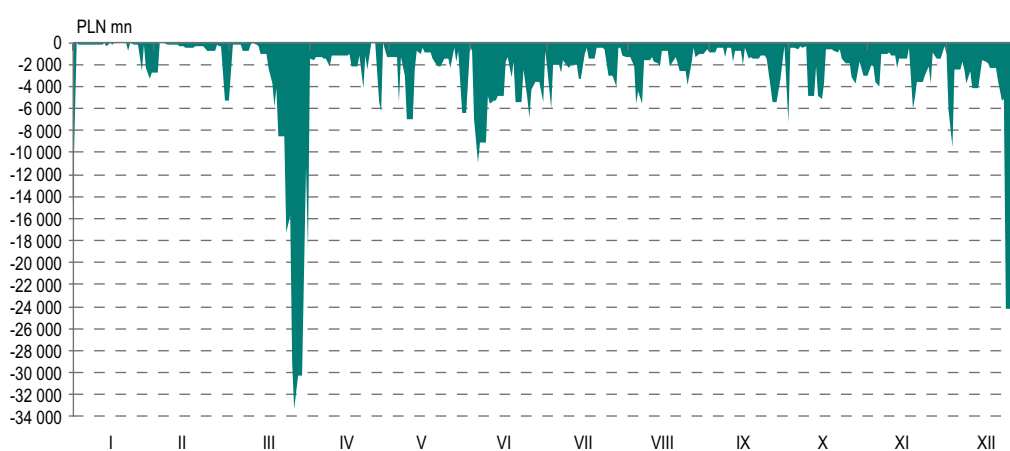
Standing facility operations (deposit facility and marginal lending facility) were instruments with a stabilising effect on the level of interbank liquidity while narrowing down the scale of overnight rate fluctuations.

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

### 2.4.1 Deposit facility

In 2020, the total value of term deposits placed by banks with NBP (calculated in terms of days of their placement) amounted to PLN 1,168,726 million and was almost three times higher than in the previous year. The combined value of overnight deposits placed by banks each time ranged from PLN 35 million and PLN 33,326 million, while the average daily level of overnight deposits was PLN 3,193 million in 2020 as compared to PLN 1,125 million in 2019.

**Figure 2.6.** The use of the deposit facility in 2020



Source: NBP.

### 2.4.2 Marginal lending facility

In 2020, like in previous years, banks used the marginal lending facility only occasionally. The amount of the marginal lending facility used throughout the year was PLN 20 million and was 168.42% higher than the amount borrowed in 2019 (PLN 8 million). This growth was due to a larger number of banks having recourse to the facility than in 2019. The marginal lending facility was used exclusively to test banks' internal procedures. The average daily drawing on the marginal lending facility amounted to PLN 0.06 million (against PLN 0.02 million in 2019).

## 2.5 Bill discount credit

From 10 April 2020, NBP made available to banks the bill discount credit aimed at refinancing loans granted to entrepreneurs.<sup>8</sup>

<sup>8</sup> In April 2020, the Council adopted a Resolution amending the resolution on setting the 2020 monetary policy guidelines, expanding the range of monetary policy instruments to include the bill discount credit.

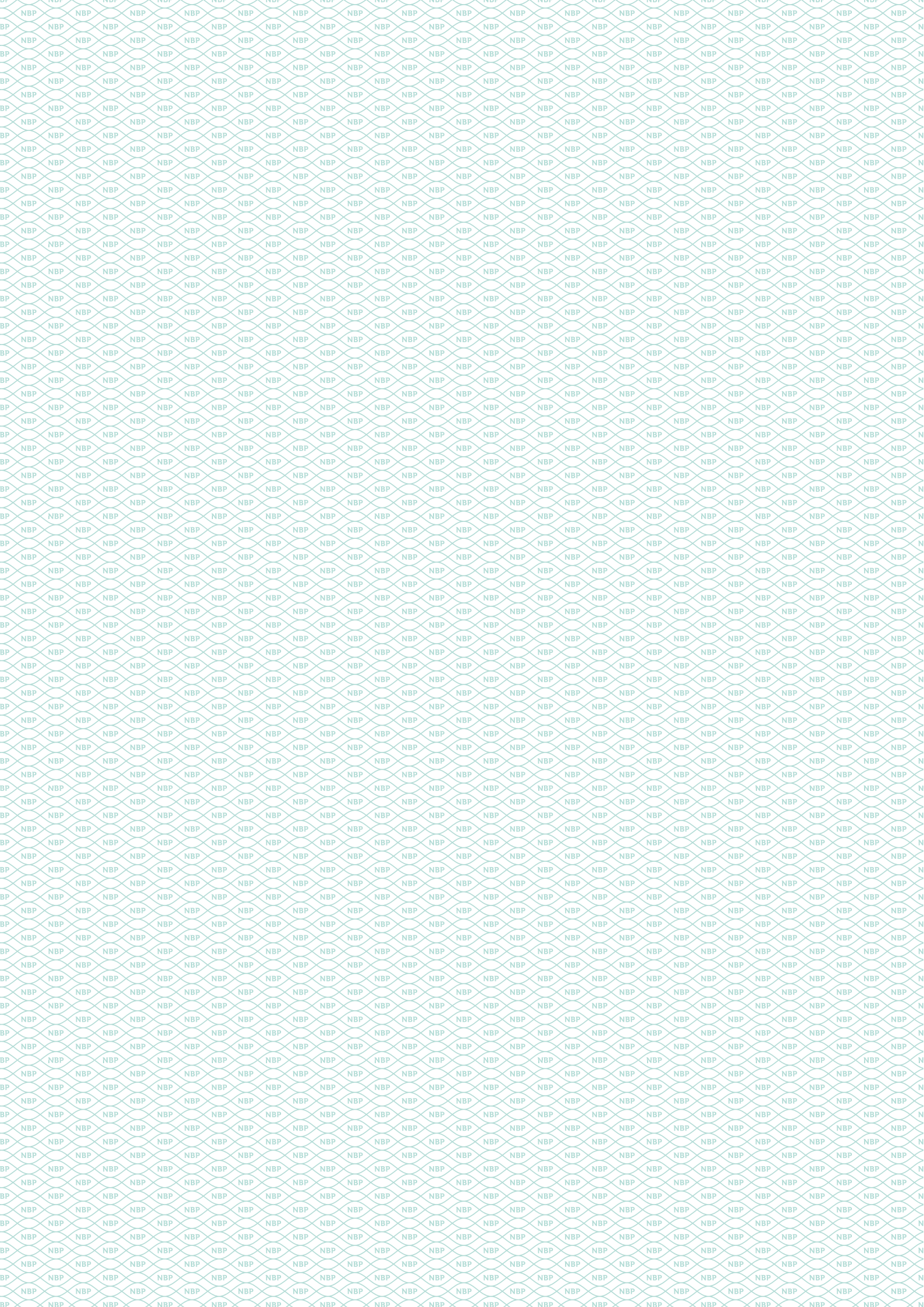
By offering the bill discount credit, NBP accepted for discounting from banks bills issued by entrepreneurs in connection with loans granted to them. The interest on the bill discount credit is determined by the NBP bill discount rate set by the MPC.

On 17 August 2020, NBP concluded a bill discount credit agreement with a bank. The amount of the loan granted was PLN 53 million.

## 2.6 Foreign exchange interventions

NBP pursues inflation targeting strategy under a flexible exchange rate regime. The flexible exchange rate regime does not rule out interventions in the foreign exchange market when required to ensure macroeconomic and financial stability.

In December 2020, NBP launched foreign exchange interventions which involved the purchase of an amount of foreign exchange for PLN. These actions were designed to counteract a strengthening of the zloty exchange rate occurring amid an economic downturn. Hence, these enhanced the impact of the easing of monetary policy by NBP on the economy.



Chapter 3

---

# Other operations





## Other operations

### 3.1 Intraday credit facility

In 2020, banks used on a daily basis a non-interest bearing intraday facility, whereby funds are borrowed and repaid on the same trading day. This instrument facilitated liquidity management during the day, at the same time ensuring liquidity of interbank settlements at NBP. The daily supply of operating liquidity to banks ranged from PLN 45,590 million to PLN 79,217 million. In 2020, the total drawing on the intraday credit was PLN 16,669,163 million, 37.76% higher than in 2019 (PLN 12,099,732 million). The average drawing was PLN 65,369 million.

Higher demand for credit was due to, on the one hand, a larger number of banks using this form of funding during the day, and on the other could reflect greater needs of these entities related to the settlements carried out during the day. A significant rise in the daily amounts of intraday credit drawings was recorded in the last ten days of April 2020, i.e. at the time when the required reserve ratio was reduced following the MPC's decision on 17 March 2020.

Intraday credit is subject to repayment before interbank settlements are closed, which is why it is not reflected in the NBP balance sheet. If the repayment of intraday credit occurs on the following trading day, interest applies – according to the lombard rate – and it is entered as a balance sheet item. Such a situation took place twice last year, the combined amount of the transactions being PLN 535 million. The situation was caused by a temporary shortage of funds to pay off the loan incurred at the end of the day. The loans in question were paid off on the following trading day.

### 3.2 Intraday credit facility in euro

The intraday credit facility in euro is an instrument that ensures smooth settlements in the TARGET2-NBP system: a loan collateralised with Treasury bonds accepted by the ECB was incurred and repaid on the same trading day. In the period under review, the daily provision of operational liquidity to banks ranged from EUR 0 to EUR 225 million. In 2020, the total drawing on this facility dropped by 18.69% on 2019 and was running at EUR 55,487 million, while the average daily drawing between January and December 2020 stood at EUR 216 million.

---

# Glossary



---

# Glossary

**Money Market Dealers** – banks that are the most active in the money and foreign exchange markets with which NBP enters into Money Market Dealer agreements. One of the obligations of the Money Market Dealer is to participate in the fixing of the POLONIA reference rates when performing the function.

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

**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.

**Bill discount credit** – an instrument enabling commercial banks to incur a loan secured by a bill of exchange payable in the future in order to refinance loans granted to entrepreneurs. The interest on the bill discount credit equals the discount rate

**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.

**Standing facilities** – operations conducted on the initiative of commercial banks. Under these operations, commercial banks are able to deposit their liquidity surplus with NBP using the deposit facility or reduce short-term liquidity shortages using the marginal lending facility.

**Fine-tuning operations** may be conducted in order to limit the volatility of short-term market interest rates. They may involve liquidity-absorbing operations (issue of NBP bills, reverse repo transactions) or liquidity-providing operations (redemption of NBP bills before maturity, repo transactions).

**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.

**Main operations** – operations conducted on a regular basis (once a week). In the context of the liquidity surplus in the banking sector, they consist in issuance of NBP bills, typically with a 7-day maturity. During tenders, a fixed yield at the level of the NBP reference rate applies.

**Structural operations** – operations conducted in order to change the long-term structure of banking sector liquidity. Under these operations the central bank may carry out the



following structural operations: issuance of bonds, early redemption of bonds, purchase or sale of securities in the secondary market.

**Foreign exchange swaps** – operations under which 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.

**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 of funds accumulated by banks) on their accounts with the central bank.

**POLONIA rate** – the Polish Overnight Index Average, was introduced by NBP and ACI Poland at the beginning of 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 NBP in the Thomson Reuters (Refinitiv) service (NBPS), Bloomberg service (PZCFPLNI Index) and at the NBP website each day at about 5.00 p.m.

The fixing of the POLONIA rate is carried out by NBP on each operating day at 4.45 p.m. The participant is obliged to provide the central bank with a list of overnight transactions concluded with other participants and submitted for clearance on a given day until 4.30 p.m. As of 1 December 2017, NBP is the Organiser of the Fixing of the POLONIA reference 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.

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

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

**Funds at the disposal of the banking sector** – the sum of operations conducted by the central bank (issue of the NBP bills, repo operations and standing facility operations) increased by the funds on banks' accounts with NBP in excess of the required reserve.

**Publication of information in information services** – in the Thomson Reuters (Refinitiv) service, on the NBPM site and in the Bloomberg service on the NBP site (Liquidity & Open Market Operations), NBP provides banks with information on the current market liquidity situation, specifically concerning:

- banks' current accounts, deposit facility placed with NBP and marginal lending facility (lombard credit) provided by 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 forecast average balance of banks' current accounts is published at the moment the decision on the value of the NBP bills on offer is taken.

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

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

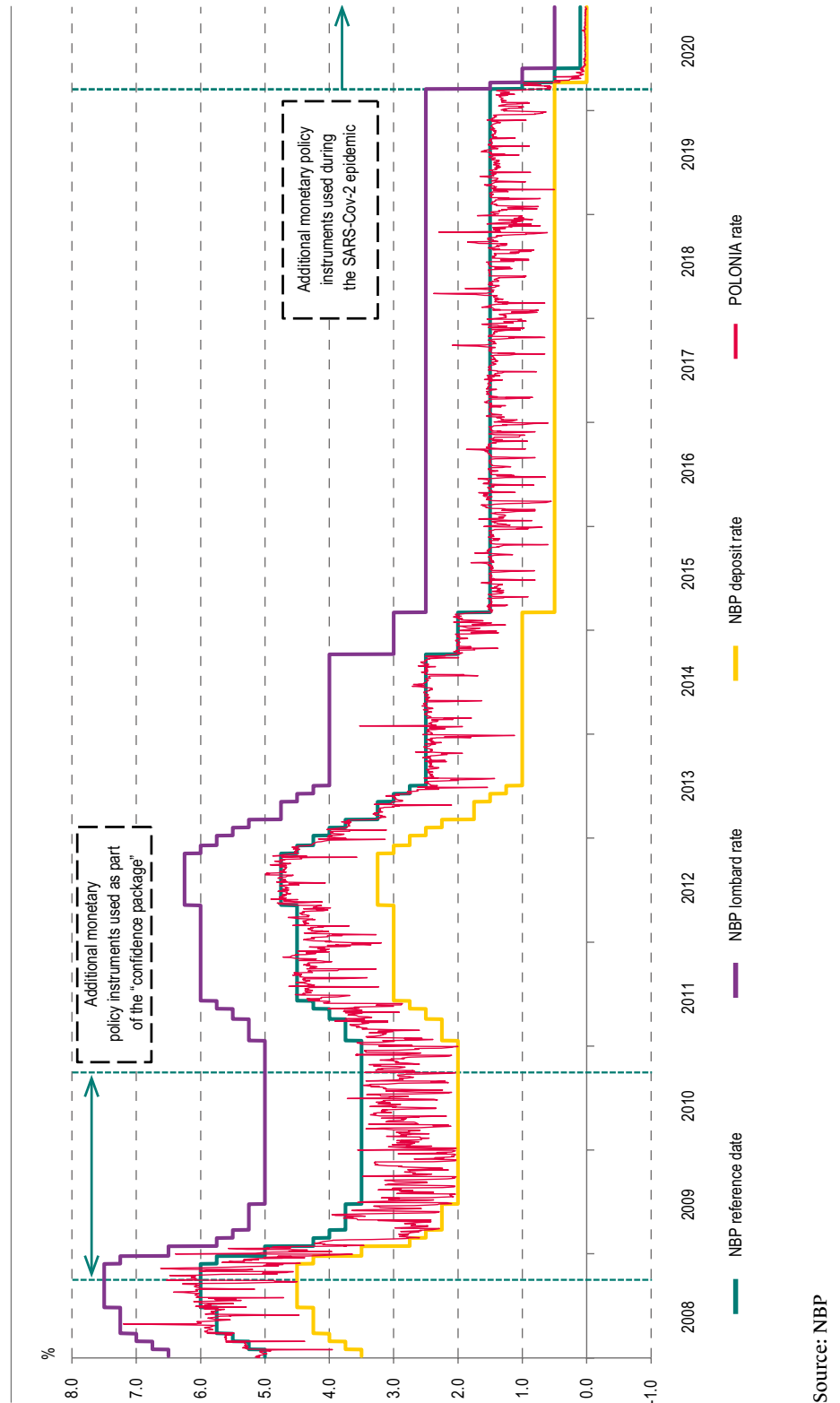
---

# Annexes



# Annex 1

## POLONIA rate as the operating objective of NBP monetary policy in 2008–2020



Source: NBP

## Annex 2

### NBP monetary policy instruments in 1990–2020

Item	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
Required reserves																																	
Issue of NBP bills																																	
Issue / repurchase of NBP bonds																																	
Repo / reverse repo operations																																	
Outright operations																																	
Loans for central investments																																	
Rediscount loan																																	
Marginal lending facility																																	
Deposit facility																																	
Loan limits																																	
Deposits for households																																	
Intraday credit																																	
FX swap operations																																	
Bill discount credit																																	

Source: NBP.

### Annex 3

#### Main operations in 2020

No.	Tender date*	Maturity date	Maturity period (in days)	Nominal value of sales offers (PLN mn)	Nominal value of offers to buy (PLN mn)	Nominal value of accepted offers (PLN mn)	Average yield on bills annual 365/360 (%)
1	03.01.2020	10.01.2020	7	90 000.00	81 510.61	81 510.61	1.5
2	10.01.2020	17.01.2020	7	94 000.00	81 327.54	81 327.54	1.5
3	17.01.2020	24.01.2020	7	101 000.00	93 330.52	93 330.52	1.5
4	24.01.2020	31.01.2020	7	99 000.00	91 864.77	91 864.77	1.5
5	31.01.2020	07.02.2020	7	87 000.00	81 387.32	81 387.32	1.5
6	07.02.2020	14.02.2020	7	91 000.00	83 553.22	83 553.22	1.5
7	14.02.2020	21.02.2020	7	90 000.00	83 285.32	83 285.32	1.5
8	21.02.2020	28.02.2020	7	94 000.00	83 931.02	83 931.02	1.5
9	28.02.2020	06.03.2020	7	110 000.00	77 546.37	77 546.37	1.5
10	06.03.2020	13.03.2020	7	95 000.00	83 624.57	83 624.57	1.5
11	13.03.2020	20.03.2020	7	82 000.00	60 575.57	60 575.57	1.5
12	20.03.2020	27.03.2020	7	70 000.00	61 036.41	61 036.41	1.0
13	27.03.2020	03.04.2020	7	78 000.00	65 326.01	65 326.01	1.0
14	03.04.2020	09.04.2020	6	82 000.00	72 262.11	72 262.11	1.0
15	09.04.2020	17.04.2020	8	73 000.00	61 755.70	61 755.70	0.5
16	17.04.2020	24.04.2020	7	95 000.00	70 917.66	70 917.66	0.5
17	24.04.2020	30.04.2020	6	110 000.00	113 989.95	110 000.00	0.5
18	30.04.2020	08.05.2020	8	143 000.00	117 182.41	117 182.41	0.5
19	08.05.2020	15.05.2020	7	148 000.00	130 154.98	130 154.98	0.5
20	15.05.2020	22.05.2020	7	151 000.00	140 823.46	140 823.46	0.5
21	22.05.2020	29.05.2020	7	157 000.00	142 162.01	142 162.01	0.5
22	29.05.2020	05.06.2020	7	170 000.00	150 831.05	150 831.05	0.1
23	05.06.2020	12.06.2020	7	174 000.00	145 583.45	145 583.45	0.1
24	12.06.2020	19.06.2020	7	173 000.00	159 894.15	159 894.15	0.1
25	19.06.2020	26.06.2020	7	176 000.00	157 858.64	157 858.64	0.1
26	26.06.2020	03.07.2020	7	178 000.00	146 627.10	146 627.10	0.1
27	03.07.2020	10.07.2020	7	182 000.00	167 232.95	167 232.95	0.1
28	10.07.2020	17.07.2020	7	183 000.00	171 281.86	171 281.86	0.1
29	17.07.2020	24.07.2020	7	182 000.00	171 440.00	171 440.00	0.1
30	24.07.2020	31.07.2020	7	186 000.00	173 447.05	173 447.05	0.1
31	31.07.2020	07.08.2020	7	189 000.00	163 802.18	163 802.18	0.1
32	07.08.2020	14.08.2020	7	189 000.00	177 788.80	177 788.80	0.1
33	14.08.2020	21.08.2020	7	180 000.00	170 535.80	170 535.80	0.1
34	21.08.2020	28.08.2020	7	186 000.00	172 876.60	172 876.60	0.1
35	28.08.2020	04.09.2020	7	188 000.00	160 538.40	160 538.40	0.1
36	04.09.2020	11.09.2020	7	188 000.00	174 482.45	174 482.45	0.1
37	11.09.2020	18.09.2020	7	180 000.00	174 119.60	174 119.60	0.1
38	18.09.2020	25.09.2020	7	184 000.00	178 035.68	178 035.68	0.1
39	25.09.2020	02.10.2020	7	185 000.00	173 771.48	173 771.48	0.1
40	02.10.2020	09.10.2020	7	190 000.00	185 060.50	185 060.50	0.1
41	09.10.2020	16.10.2020	7	180 000.00	169 266.65	169 266.65	0.1
42	16.10.2020	23.10.2020	7	185 000.00	176 962.70	176 962.70	0.1
43	23.10.2020	30.10.2020	7	187 000.00	175 058.75	175 058.75	0.1
44	30.10.2020	06.11.2020	7	188 000.00	161 109.85	161 109.85	0.1
45	06.11.2020	13.11.2020	7	187 000.00	163 990.90	163 990.90	0.1
46	13.11.2020	20.11.2020	7	175 000.00	165 281.00	165 281.00	0.1
47	20.11.2020	27.11.2020	7	182 000.00	169 706.05	169 706.05	0.1
48	27.11.2020	04.12.2020	7	181 000.00	157 114.25	157 114.25	0.1
49	04.12.2020	11.12.2020	7	185 000.00	167 794.30	167 794.30	0.1
50	11.12.2020	18.12.2020	7	175 000.00	151 937.40	151 937.40	0.1
51	18.12.2020	24.12.2020	6	181 000.00	146 185.55	146 185.55	0.1
52	24.12.2020	31.12.2020	7	181 000.00	118 590.60	118 590.60	0.1
<b>Total 2020</b>				<b>7 790 000.00</b>	<b>6 975 753.27</b>	<b>6 971 763.32</b>	

\* Day of payment for the NBP bills on the tender date.

Source: NBP.

## Annex 4

### Fine-tuning operations in 2020

No.	Tender date*	Maturity date	Maturity period (in days)	Nominal value of sales offers (PLN mn)	Nominal value of offers to buy (PLN mn)	Nominal value of accepted offers (PLN mn)	Average yield on bills annual 365/360 (%)
1	28.01.2020	31.01.2020	3	15 000.00	12 215.00	12 215.00	1.5
2	30.01.2020	31.01.2020	1	14 000.00	12 867.60	12 867.60	1.5
3	25.02.2020	28.02.2020	3	15 000.00	9 300.00	9 300.00	1.5
4	28.02.2020	02.03.2020	3	32 500.00	29 313.10	29 313.10	1.5
5	30.03.2020	31.03.2020	1	40 000.00	45 414.40	40 000.00	1.0
6	20.04.2020	24.04.2020	4	36 000.00	26 610.00	26 610.00	0.5
7	29.04.2020	30.04.2020	1	31 000.00	30 411.23	30 411.23	0.5
8	05.05.2020	08.05.2020	3	20 000.00	17 072.00	17 072.00	0.5
9	12.05.2020	15.05.2020	3	17 000.00	15 692.00	15 692.00	0.5
10	20.05.2020	22.05.2020	2	15 000.00	5 875.00	5 875.00	0.5
<b>Total 2020</b>				<b>235 500.00</b>	<b>204 770.33</b>	<b>199 355.93</b>	

The list comprises fine-tuning operations absorbing banking sector liquidity.

\* Day of payment for the NBP bills on the tender date.

Source: NBP.

## Annex 5

### Structural operations in 2020

Item	Tender date	Settlement date	Name of security	Maturity date	Accepted nominal value (PLN mn)	Average yield (%)
1	19.03.2020	23.03.2020	PS0422	25.04.2022	1 472.04	1.05
	19.03.2020	23.03.2020	DS0725	25.07.2025	343.98	1.73
	19.03.2020	23.03.2020	DS1029	25.10.2029	680.03	1.97
	<b>Sum</b>				<b>2 496.04</b>	
2	23.03.2020	25.03.2020	PS0422	25.04.2022	5 538.69	1.00
	23.03.2020	25.03.2020	PS0424	25.04.2024	60.00	1.21
	23.03.2020	25.03.2020	DS0727	25.07.2027	20.00	1.81
	<b>Sum</b>				<b>5 618.69</b>	
3	26.03.2020	30.03.2020	PS0422	25.04.2022	248.34	0.82
	26.03.2020	30.03.2020	DS0725	25.07.2025	37.50	1.23
	26.03.2020	30.03.2020	DS0726	25.07.2026	5 032.64	1.44
	26.03.2020	30.03.2020	DS0727	25.07.2027	165.45	1.65
	26.03.2020	30.03.2020	WS0428	25.04.2028	200.00	1.77
	26.03.2020	30.03.2020	DS1029	25.10.2029	5 000.00	1.77
	<b>Sum</b>				<b>10 683.94</b>	
4	16.04.2020	20.04.2020	OK0521	25.05.2021	50.00	0.50
	16.04.2020	20.04.2020	PS0422	25.04.2022	25.00	0.63
	16.04.2020	20.04.2020	OK0722	25.07.2022	500.00	0.65
	16.04.2020	20.04.2020	DS0725	25.07.2025	10 037.40	1.04
	16.04.2020	20.04.2020	WS0428	25.04.2028	5 042.00	1.38
	16.04.2020	20.04.2020	DS1029	25.10.2029	15 000.00	1.38
	<b>Sum</b>				<b>30 654.40</b>	
5	29.04.2020	30.04.2020	PS0123	25.01.2023	200.00	0.59
	29.04.2020	30.04.2020	PFR0324	29.03.2024	3 690.00	1.40
	29.04.2020	30.04.2020	DS0726	25.07.2026	334.50	1.18
	29.04.2020	30.04.2020	FPC0427	27.04.2027	8 763.28	1.90
	29.04.2020	30.04.2020	WS0428	25.04.2028	194.95	1.42
	<b>Sum</b>				<b>13 182.73</b>	
6	13.05.2020	15.05.2020	DS1023	25.10.2023	100.00	0.64
	13.05.2020	15.05.2020	PFR0324	29.03.2024	760.00	1.40
	13.05.2020	15.05.2020	PFR0325	31.03.2025	3 495.00	1.71
	13.05.2020	15.05.2020	FPC0427	27.04.2027	4 074.60	2.09
	<b>Sum</b>				<b>8 429.60</b>	
7	27.05.2020	29.05.2020	PS0123	25.01.2023	50.00	0.58
	27.05.2020	29.05.2020	PFR0325	31.03.2025	1 011.00	1.71
	27.05.2020	29.05.2020	PFR0925	22.09.2025	5 278.00	1.68
	27.05.2020	29.05.2020	FPC0427	27.04.2027	7 999.20	1.92
	<b>Sum</b>				<b>14 338.20</b>	
8	10.06.2020	12.06.2020	FPC0427	27.04.2027	1 861.34	1.82
	10.06.2020	12.06.2020	PFR0627	07.06.2027	4 490.00	1.87
	10.06.2020	12.06.2020	WS0428	25.04.2028	83.00	1.29
	10.06.2020	12.06.2020	FPC0630	05.06.2030	1 964.50	2.14
	<b>Sum</b>				<b>8 398.84</b>	
9	24.06.2020	26.06.2020	DS0727	25.07.2027	15.00	1.13
	24.06.2020	26.06.2020	WS0428	25.04.2028	190.00	1.26
	24.06.2020	26.06.2020	DS1029	25.10.2029	180.00	1.31
	24.06.2020	26.06.2020	FPC0630	05.06.2030	1 990.40	2.18
	<b>Sum</b>				<b>2 375.40</b>	



Item	Tender date	Settlement date	Name of security	Maturity date	Accepted nominal value (PLN mn)	Average yield (%)
10	08.07.2020	10.07.2020	DS1023	25.10.2023	105.00	0.29
	08.07.2020	10.07.2020	FPC0725	03.07.2025	2 686.76	1.39
	08.07.2020	10.07.2020	DS0726	25.07.2026	285.00	0.91
	08.07.2020	10.07.2020	PFR0627	07.06.2027	150.00	1.77
	08.07.2020	10.07.2020	DS0727	25.07.2027	130.00	1.09
	08.07.2020	10.07.2020	WS0428	25.04.2028	245.00	1.18
	08.07.2020	10.07.2020	FPC0630	05.06.2030	1 537.00	2.15
	<b>Sum</b>				<b>5 138.76</b>	
11	22.07.2020	24.07.2020	FPC0725	03.07.2025	367.83	1.40
	22.07.2020	24.07.2020	WS0428	25.04.2028	106.00	1.16
	22.07.2020	24.07.2020	DS1029	25.10.2029	67.00	1.20
	22.07.2020	24.07.2020	FPC0630	05.06.2030	1 044.70	2.11
	<b>Sum</b>				<b>1 585.53</b>	
12	19.08.2020	21.08.2020	DS0726	25.07.2026	65.00	0.91
	19.08.2020	21.08.2020	DS0727	25.07.2027	192.00	1.07
	19.08.2020	21.08.2020	WS0428	25.04.2028	100.00	1.17
	<b>Sum</b>				<b>357.00</b>	
13	16.09.2020	18.09.2020	DS0726	25.07.2026	170.00	0.88
	16.09.2020	18.09.2020	DS0727	25.07.2027	110.00	1.06
	16.09.2020	18.09.2020	WS0428	25.04.2028	280.00	1.18
	16.09.2020	18.09.2020	FPC0630	05.06.2030	125.00	2.08
	<b>Sum</b>				<b>685.00</b>	
14	14.10.2020	16.10.2020	DS0727	25.07.2027	20.00	0.95
	14.10.2020	16.10.2020	WS0428	25.04.2028	150.00	0.98
	14.10.2020	16.10.2020	FPC0630	05.06.2030	1 149.90	2.05
	<b>Sum</b>				<b>1 319.90</b>	
15	18.11.2020	20.11.2020	PS0425	25.04.2025	80.00	0.36
	18.11.2020	20.11.2020	WS0428	25.04.2028	95.00	0.85
	18.11.2020	20.11.2020	DS1029	25.10.2029	39.49	1.04
	<b>Sum</b>				<b>214.49</b>	
16	16.12.2020	18.12.2020	DS1029	25.10.2029	276.00	1.14
	16.12.2020	18.12.2020	DS0727	25.07.2027	210.00	0.86
	16.12.2020	18.12.2020	WS0428	25.04.2028	32.00	0.97
	16.12.2020	18.12.2020	FPC0630	05.06.2030	1 144.42	1.97
	<b>Sum</b>				<b>1 662.42</b>	
	<b>Total</b>				<b>107 140.93</b>	

\* Day of payment for the NBP bills on the tender date.

Source: NBP.

---

## Annex 6

### Agreements with the Ministry of Finance

The terms and conditions of transactions concluded between the MF and NBP relating to the purchase and sale of foreign currencies are defined under the **Agreement of 21 December 2015 regulating the operation of the bank account in foreign currency as well as the sale and purchase of foreign currency to service liabilities and receivables of the State Treasury**. The annex to the agreement determines maximum values of FX transactions on an annual basis. In 2020, the following amounts of limits were in force:

- the total sales of foreign currency by NBP to the Ministry of Finance shall not exceed the equivalent of EUR 8.5 billion,
- the total amount of foreign currency purchased by NBP from the Ministry of Finance shall not exceed the equivalent of EUR 17.0 billion,

whereas:

- the accumulated absolute difference between the amount of foreign currency sold and purchased as at year-end shall not exceed the equivalent of EUR 8.5 billion,
- the accumulated absolute difference between the amount of foreign currency purchased and sold as at year-end shall not exceed the equivalent of EUR 17.0 billion.

**The agreement on the Ministry of Finance's PLN term deposits with NBP of 18 December 2006** – pursuant to the Public Finance Act, the Minister of Finance is authorised to make interest-bearing deposits with Narodowy Bank Polski or with another bank, in the case of a temporary surplus of funds on the central account of the State Budget. In 2020, the limit for the MF's term deposits placed with NBP, counted in terms of daily balances, was as follows:

- PLN 4.0 billion in the periods: from 17 January to 2 February and from 16 October to 3 November,
- PLN 3.5 billion in the periods: from 19 February to 1 March, from 18 March to 7 April, from 17 April to 10 May, from 19 May to 2 June, from 18 June to 30 June, from 17 July to 2 August, from 19 August to 1 September, from 18 September to 30 September, from 19 November to 1 December and from 18 December to 31 December,
- PLN 1.5 billion in the periods: from 1 January to 16 January, from 3 February to 18 February, from 2 March to 17 March, from 8 April to 16 April, from 11 May to 18 May, from 3 June to 17 June, from 1 July to 16 July, from 3 August to 18 August, from 2 September to 17 September, from 1 October to 15 October, from 4 November to 18 November and from 2 December to 17 December.

## Annex 7

### Money Market Dealers in 2020

The Money Market Dealers (MMD) System has been used by NBP since 1992. Narodowy Bank Polski selects entities for the function of MMD once a year.

Until 11 March 2020, banks with the MMD status represented the exclusive circle of the central bank's counterparties authorised to participate in fine-tuning open market operations, used irregularly, in the required reserve maintenance period, with maturities of up to 7 days.

In 2020, the following entities acted as MMD (ranked by bank number):

1. Powszechna Kasa Oszczędności Bank Polski SA
2. Bank Handlowy w Warszawie SA
3. ING Bank Śląski SA
4. Santander Bank Polska SA
5. Bank Gospodarstwa Krajowego
6. mBank SA
7. Bank Millennium SA
8. Bank Polska Kasa Opieki SA
9. SGB-Bank SA
10. Deutsche Bank Polska SA
11. Bank Polskiej Spółdzielczości SA
12. Getin Noble Bank SA

On 12 March 2020, taking into account the circumstances related to the spread of the SARS-CoV-2 epidemic, the Management Board of NBP decided to open access to the above mentioned type of open market operations to all the banks with access to the main NBP open market operations. This decision remains in force until revoked.

## Annex 8 Daily information (as at the month-end)

Items	XII 2019	I 2020	II 2020	III 2020	IV 2020	V 2020	VI 2020	VII 2020	VIII 2020	IX 2020	X 2020	XI 2020	XII 2020
PLN mn													
<b>CENTRAL BUDGET:</b>													
revenues	401 352.73	46 009.86	73 849.23	98 557.70	133 013.27	161 714.23	201 803.87	240 368.24	273 674.67	309 323.15	349 504.93	387 690.22	421 188.64
expenses	414 894.90	36 845.32	73 245.40	105 552.98	148 523.10	182 951.71	214 512.58	252 101.68	282 208.71	318 266.69	356 043.21	395 692.69	505 524.28
deficit (-) or surplus (+)	-13 542.17	9 164.54	603.83	-6 995.28	-15 509.83	-21 237.47	-12 708.71	-11 733.44	-8 534.04	-8 943.54	-6 538.29	-8 002.47	-84 335.64
central budget funds	483.64	6.25	5.41	6.82	0.05	126.49	0.05	0.05	0.05	0.04	0.09	72.37	121.62
MF foreign currency account	13 525.11	18 420.04	24 296.44	27 535.83	10 881.65	12 922.43	17 227.67	31 004.01	35 584.10	32 458.36	40 723.69	32 680.03	40 151.71
MF zloty term deposits in NBP	1 500.00	3 925.00	1 104.00	1 729.00	3 288.85	3 500.00	3 241.01	3 351.07	3 194.31	3 354.41	3 890.66	3 500.00	1 999.63
CURRENCY IN CIRCULATION	238 777.25	235 747.38	238 598.61	269 392.51	289 599.40	293 317.08	296 869.55	299 590.41	301 342.88	304 721.89	312 052.33	318 723.22	321 800.67
CURRENT ACCOUNT (including required reserve account)	50 655.94	49 298.29	26 460.27	46 309.82	39 729.61	19 274.02	39 864.34	31 207.64	33 950.44	23 571.07	30 403.26	32 924.49	30 351.41
Balance deviation from required reserve*	3 810.71	2 023.90	1 528.21	-1 524.74	33 200.90	14 650.21	32 803.23	23 933.44	26 659.77	16 287.29	9 501.73	25 606.20	22 838.41
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
Bill discount credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	52.94	52.94	52.94
INTRADAY CREDIT	54 823.73	47 097.82	49 182.09	52 033.07	71 953.39	73 531.15	73 294.96	73 502.34	72 724.21	74 303.71	72 992.51	73 153.48	78 088.36
DEPOSIT FACILITY	14 754.21	2 754.46	5 220.87	18 761.42	1 276.50	6 435.20	7 45.00	1 307.50	620.00	282.00	3 058.00	300.00	32 278.00
<b>OPEN MARKET OPERATIONS**</b>													
Repo (-)	64 985.65	81 387.32	106 859.47	45 165.94	49 105.22	60 060.82	45 055.07	55 403.54	51 745.70	64 230.60	50 209.77	45 977.72	14 874.16
Bond redemption (-)	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 bills 7-days (+)	64 985.65	81 387.32	77 546.37	65 326.01	117 182.41	150 831.05	146 627.10	163 802.18	160 538.40	173 771.48	161 109.85	157 114.25	127 667.68
NBP bills < 7-days (+)	0.00	0.00	29 313.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>POLONIA (%)</b>													
Turnover	1.29	1.32	1.17	0.71	0.25	0.07	0.05	0.03	0.03	0.03	0.02	0.03	0.10
WIBOR (%)	350.00	0.00	150.00	400.00	1 870.00	390.00	590.00	1 725.00	2 220.00	2 820.00	1 940.00	1 310.00	1 660.00
O/N	1.50	1.51	1.53	0.89	0.53	0.24	0.11	0.10	0.10	0.10	0.10	0.10	0.11
T/N	1.52	1.53	1.54	0.91	0.54	0.25	0.11	0.11	0.11	0.10	0.11	0.10	0.10
SW	1.55	1.54	1.54	1.01	0.52	0.20	0.15	0.12	0.12	0.12	0.12	0.12	0.12
2W	1.59	1.58	1.58	1.02	0.56	0.20	0.19	0.18	0.17	0.17	0.17	0.17	0.17
1M	1.63	1.63	1.63	1.14	0.64	0.24	0.23	0.21	0.20	0.20	0.20	0.20	0.20
3M	1.71	1.71	1.71	1.17	0.68	0.28	0.26	0.23	0.23	0.22	0.22	0.22	0.21
12M	1.84	1.84	1.83	1.23	0.75	0.33	0.30	0.28	0.27	0.27	0.26	0.25	0.25
<b>WIBID (%)</b>													
O/N	1.20	1.21	1.23	0.59	0.23	-0.01	-0.07	-0.05	-0.05	-0.06	-0.05	-0.05	-0.06
T/N	1.22	1.23	1.24	0.61	0.24	-0.01	-0.07	-0.06	-0.05	-0.05	-0.05	-0.05	-0.05
SW	1.35	1.34	1.34	0.81	0.32	0.00	-0.02	-0.03	-0.04	-0.04	-0.04	-0.04	-0.05
2W	1.39	1.38	1.38	0.82	0.36	0.00	-0.01	-0.02	-0.02	-0.02	-0.02	-0.02	-0.03
1M	1.43	1.43	1.43	0.94	0.44	0.04	0.03	0.03	0.03	0.03	0.02	0.02	0.00
3M	1.51	1.51	1.51	0.97	0.48	0.08	0.06	0.03	0.03	0.02	0.02	0.02	0.01
12M	1.64	1.64	1.63	1.03	0.55	0.13	0.10	0.08	0.07	0.07	0.06	0.05	0.05
USD/PLN (fixing)	3.7977	3.8999	3.9259	4.1466	4.1729	4.0031	3.9806	3.7166	3.6924	3.8658	3.9563	3.7364	3.7584
EUR/PLN (fixing)	4.2585	4.3010	4.3355	4.5523	4.5424	4.4503	4.4660	4.4072	4.3969	4.5268	4.6188	4.4779	4.6148
EUR/USD	1.1213	1.1028	1.1044	1.0978	1.0885	1.1117	1.1219	1.1858	1.1908	1.1710	1.1675	1.1985	1.2279
<b>OFFICIAL RESERVE ASSETS (as at the end of the month)</b>													
in PLN	487 643.50	489 270.10	503 178.70	501 297.00	493 503.40	531 562.40	513 847.10	511 679.50	513 655.20	539 263.90	566 212.15	539 582.90	579 718.70
in EUR	114 510.60	113 757.20	116 060.20	110 119.50	108 643.80	119 444.20	115 057.50	116 100.80	116 822.10	119 127.00	122 588.60	120 499.10	125 621.60
Purchase (-) or sale (+) of foreign currency	4 164.10	-1 637.91	-1 978.47	-4 064.08	-2 396.49	-2 475.82	1 713.66	-3 000.22	1 363.83	-5 045.50	-3 938.03	-4 730.29	-1 034.56

\* Average deviation of the current account from the required reserve calculated cumulatively from the beginning of the reserve requirement period.  
 \*\* Open market operations are reported at nominal value; the balance of this position includes NBP bills minus repo operations.

Source: NBP.

---

## List of Tables

<b>Table I.</b> Average level of open market operations (NBP bills and repo), FX swaps and standing facilities as well as structural operations in 2004–2020	8
<b>Table II.</b> Deviation of market rates from the NBP reference rate in 2004–2020	9
<b>Table 1.1.</b> Short-term NBP monetary policy operations in 2020 and the average level of funds at the disposal of the banking sector	13
<b>Table 2.1.</b> The basic NBP interest rates in 2020 in annual terms	24

---

# List of Figures

<b>Figure 1.1.</b>	NBP operations absorbing funds from the banking sector in 2020	13
<b>Figure 1.2.</b>	Major factors influencing short-term liquidity of the banking sector in 2020	14
<b>Figure 1.3.</b>	Purchase and sale of foreign currencies by NBP in 2020	16
<b>Figure 1.4.</b>	The structure of currency purchases by NBP in 2020	16
<b>Figure 1.5.</b>	The structure of currency sales by NBP in 2020	16
<b>Figure 1.6.</b>	Daily changes of currency in circulation, cumulatively in 2016–2020	19
<b>Figure 1.7.</b>	Average change in currency in circulation in individual months of 2016–2020 vs. the growth rate of currency in circulation	19
<b>Figure 1.8.</b>	The quantitative structure of the Ministry of Finance’s term deposits with NBP in 2020	21
<b>Figure 1.9.</b>	Daily levels of the Ministry of Finance’s term deposits with NBP in 2020	21
<b>Figure 1.10.</b>	The average level of the MF’s term deposits in PLN in 2020	22
<b>Figure 2.1.</b>	POLONIA short-term market rate against NBP rates in 2020	25
<b>Figure 2.2.</b>	NBP bills – demand in relation to supply at tenders for main open market operations in 2020	26
<b>Figure 2.3.</b>	NBP bills in 2020	28
<b>Figure 2.4.</b>	Operations carried out by NBP in 2020	29
<b>Figure 2.5.</b>	Changes in the required reserve level and deviations from the reserve requirement in 2020	31
<b>Figure 2.6.</b>	The use of the deposit facility in 2020	32

---

[www.nbp.pl](http://www.nbp.pl)

