

# MINISTRY OF FINANCE

## ANNEX TO ANNUAL REPORT 2004 PUBLIC DEBT

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## 1. LEGAL FRAMEWORK OF THE ISSUANCE OF TREASURY SECURITIES

The basic act governing the terms of issuing Treasury Securities (TS) is the Public Finance Act of November 26<sup>th</sup>, 1998 (Journal of Laws No. 155, item 1014 as subsequently amended). Under this Act, only the Minister of Finance is authorized to issue monetary-type Treasury Securities (i.e. T-bonds and T-bills). Other TS (equity-type) can be issued by the Minister of Treasury in consultation with the Minister of Finance.

Treasury Securities are classified according to their maturity as follows:

- a) short-term securities – **Treasury bills** offered for sale on the domestic market at a discount and redeemed at their face value – with maturity up to 364 days (inclusive);
- b) long-term securities – **Treasury bonds** offered for sale on the domestic and foreign markets, carrying a discount or/and interest – with maturity of at least one year (365 days).

In line with Art. 55 of the Public Finance Act, the Minister of Finance issued in 1999 five ordinances governing the general terms of issuing specific types of the Treasury Securities:

- a) Ordinance of the Minister of Finance of April 26<sup>th</sup>, 1999 on the general terms of issuing of Treasury bonds offered at auctions (Journal of Laws No. 38, item 368, as subsequently amended);
- b) Ordinance of the Minister of Finance of April 26<sup>th</sup>, 1999 on the general terms of issuing of Treasury bonds offered in the retail network (Journal of Laws No. 38, item 369, as subsequently amended);
- c) Ordinance of the Minister of Finance of August 26<sup>th</sup>, 1999 on the terms of issuing of Treasury bills (Journal of Laws No. 74, item 831, as subsequently amended);
- d) Ordinance of the Minister of Finance of September 7<sup>th</sup>, 1999 on the terms of issuing of Treasury bonds on the foreign markets (Journal of Laws No. 75, item 845, as subsequently amended);
- e) Ordinance of the Minister of Finance of September 8<sup>th</sup>, 1999 on the terms of issuing of Treasury bonds designated for the conversion of the State Treasury debt (Journal of Laws No. 74, item 834, as subsequently amended).

The ordinances determine the Minister of Finance's rights to define detailed terms of the Treasury Securities issue. They set forth general terms of securities' design, sales procedures, investor groups to which Treasury Securities are offered and terms of their service and redemption (including buy-back and early redemption).

Detailed conditions of a particular issue of the Treasury Securities are determined in the Letters of Issue published by the Minister of Finance. Announcement of the Letter of Issue to the public on the Ministry of Finance Internet web site constitutes the condition under which the issue is effective.

## 2. PRIMARY MARKET OF TREASURY SECURITIES.

### 2.1. Sale of Treasury Securities on the domestic market

Sale of the Treasury Securities on the domestic market is performed by issue agents acting under separate agreements concluded with the Minister of Finance. The National Bank of Poland is in charge of the auction sales of TS – Treasury bills and Treasury bonds - to institutional investors. Issuance of securities dedicated for individual investors – retail and savings T-bonds is performed by the PKO Bank Polski S.A.

#### 2.1.1. Sale of Treasury Securities at auctions.

TS offered at auctions held by the National Bank of Poland are dedicated for the institutional investor groups and are commonly called "**wholesale**" instruments. They fulfill the basic role in meeting the State Budget borrowing requirement. Relatively high face value of the securities offered, at PLN 10,000 for a T-bill and PLN 1,000 for a T-bond, at auctions is a feature of the wholesale market of the Treasury Securities. The direct access to auctions is limited to Treasury Securities Dealers and Bank Gospodarstwa Krajowego (state owned bank).

There were altogether 107 auctions of TS in 2004: 49 auctions of Treasury bills and 58 of Treasury bonds (including 18 non-competitive auctions). Total value of securities offered amounted to PLN 126.03 billion (T-bills - PLN 48.70 billion and T-bonds - PLN 77.33 billion), the value of declared demand reached PLN 304.89 billion (PLN 132.44 billion and PLN 172.45 billion respectively) and the total face value of sale amounted to PLN 114.64 billion (PLN 48.70 billion and PLN 65.94 billion respectively).

The following types of Treasury Securities were offered at auctions in 2004:

- a) Treasury bills,
- b) 2-year zero coupon bonds,
- c) 5-year fixed rate bonds,
- d) 10-year fixed rate bonds,
- e) 20-year fixed rate bonds.
- f) 3- & 7-year floating rate bonds,
- g) 12-year inflation linked bonds.

#### 2.1.1.1. System of Treasury Securities Dealers (TSD)

The System of Treasury Securities Dealers was introduced since the beginning of 2003. It limited the access to the TS primary market to banks with the status of TSD. The System of Treasury Securities Dealer was implemented in order to ensure financing of borrowing requirement of state budget and to improve liquidity, transparency and effectiveness of Treasury Securities market.

##### System participants

Participation in the TSD system is limited to banks, which participate in the system of mandatory reserve, are subject to domestic supervision of Commission of Banking Supervision and have appropriate financial strength. Furthermore banks must operate in Poland and have accounts with the

National Bank of Poland – a current account and T-bills depository account and with National Depository for Securities (KDPW) – T-bonds depository account. The selection of TSD is conducted once a year and the competition period is based on the procedures stated in [Regulations of fulfilling the functions of TSD](#).

#### TSD in 2004 & candidates for TSD in 2005.

The following banks had the Treasury Securities Dealer status in the year 2004:

1	ABN Amro Bank (Polska) S.A.,
2	Citibank Handlowy w Warszawie S.A.,
3	Bank PEKAO S.A.,
4	Bank BPH S.A.,
5	Bank Zachodni WBK S.A., (lost this status April 9, 2004),
6	Bank Millennium S.A.,
7	BRE Bank S.A.,
8	Deutsche Bank Polska S.A.,
9	ING Bank Śląski S.A.,
10	Kredyt Bank S.A.,
11	Powszechna Kasa Oszczędności Bank Polski S.A.,
12	Societe Generale S.A. Oddział w Polsce

Minister of Finance granted the status of Treasury Securities Dealer for the year 2005 to the following banks:

1	ABN Amro Bank (Polska) S.A.,
2	Citibank Handlowy w Warszawie S.A.,
3	Bank PEKAO S.A.,
4	Bank BPH S.A.,
5	Bank Millennium S.A.,
6	BRE Bank S.A.,
7	Deutsche Bank Polska S.A.,
8	ING Bank Śląski S.A.,
9	Kredyt Bank S.A.,
10	Powszechna Kasa Oszczędności Bank Polski S.A.,
11	Societe Generale S.A. Oddział w Polsce

#### TSD selection criteria (in 2005):

1. share in secondary market transactions (share in the gross amount, T-bonds and T-bills separately),
2. share in secondary market transactions, including electronic platform (T-bonds and T-bills separately),
3. share in the turnover with non-banking sector entities (T-bonds and T-bills separately),
4. settlement strength (amount of monthly turnover with the current account with NBP),
5. timely and sound fulfillment of reporting duties to the Issuer and NBP,
6. cooperation with the Issuer and NBP (especially concerning actions leading to development of transparent and effective TS market and advisory regarding issuing policies).

#### TSD duties in the year 2004:

1. TSD are obliged to participate in all auctions of TS arranged by the NBP on behalf of the Issuer,
2. TSD are obliged to purchase each quarter no less than: 3% of T-bonds and 3 % of T-bills of the nominal value sold in a quarter,
3. constant quotations of sell and buy price for TS on the organised electronic secondary market,
4. TSD are obliged to participate in everyday fixing sessions of TS at 3:30 p.m. arranged by the NBP through MTS-CeTO S.A. – electronic platform organizer, in order to set the fixing and informational rates for TS in accordance with the TS Fixing Regulations,
5. act to increase participation of the non-banking domestic investors in the TS market,
6. co-operate with the Issuer towards development of the transparent and effective market for TS,
7. timely and fair fulfilment of depository and clearing systems duties,
8. promote the TS instruments.

#### TSD in the year 2004 were entitled to:

1. exclusive submission of bids at all auctions of TS arranged by the NBP,
2. purchasing TS at non-competitive auctions at average auction prices,
3. purchasing special issues of TS,
4. regular meetings with representatives of the Issuer in order to solve material, organisational and technical problems connected with organisation and functioning of the TS market, to discuss issuing policy, plans for financing state budget borrowing needs and financial market conditions,
5. conducting of individual operations with the Issuer,
6. participation in everyday TS fixing sessions,

7. using the title of a Treasury Securities Dealer.

### The competition for candidates for Primary Dealers in 2006

The competition for candidates for Primary Dealers in 2006 has begun in December 1, 2004. The rules of the competition are specified in Rules and Regulations Governing the Activities of the Treasury Securities Dealer as of October 19, 2004. The most important differences between actual and previous Rules and Regulations include:

The most important changes in the Regulations include:

1. inviting foreign banks to participation in Primary Dealers system
2. excluding obligation to participation in T-bills auction from duties of Primary Dealers
3. change in the criterion concerning duty of the purchasing TS on primary market (4% total value of the TS sold in the quarter)
4. increasing the role of turnovers on electronic platform in the ranking of candidates for Primary Dealers
5. excluding turnover on OTC market (interbank transactions) from IAD scoring
6. separating transactions on MTS Poland concluded from own price and another banks' price.

Primary Dealers system has met with significant interest from foreign banks. Six banks have applied to the competition: **Goldman Sachs International, Morgan Stanley&Co. International Limited, UBS, Credit Swiss First Boston (Europe) Limited, Lehman Brothers International (Europe) HSBC Bank plc.**

Participation in the competition such significant group of the most active banks on financial market means crucial change on polish Treasury Securities market. The most important expected effects are:

1. increasing competition between banks applying for the Primary Dealers status,
2. increasing liquidity of the secondary market (especially on MTS Poland market),
3. extending investors' base for polish TS,
4. decreasing debt servicing costs.

More detailed information about System of Treasury Securities Dealers can be found at the following address:

<http://mf.gov.pl/index.php?wysw=4&sql=2&dzial=168>

#### 2.1.1.1.1. Electronic Treasury Securities Market (ETSM)

The electronic platform run by Centralna Tabla Ofert S.A., for secondary market transactions is a relevant component of TS market. The non-regulated market guarantees: equality of investors, anonymity, and automatic transaction matching and automatic settlement system. Thanks to market-making role of banks-candidates for TSD, the electronic platform helps to develop liquid, transparent and efficient secondary TS market.

In May 2004 terms of agreement between CeTO and MTS Group has been reached. Since November 2004 as a result of a strategic alliance with MTS Group the Electronic Treasury Securities Market has been continuing its operations, based on Telematico technology, under the name "MTS Poland". This enables foreign banks to conduct transactions on electronic market and helps to increase liquidity of the TS secondary market.

#### 2.1.1.2. Sales of Treasury bills.

Treasury bills are issued as bearers securities, the face value of one bill amounts to PLN 10,000 and its maturity may vary from 1 to 52 weeks. Treasury bills are issued in a dematerialized form and, deposited in the electronic form with the Securities Register run by the National Bank of Poland.

Treasury bills are sold at a discount (purchase price is lower than face value) and an investor receives T-bill's face value on a redemption date – the difference between face value and purchase price is an investor's yield.

Direct access to auction is limited to Treasury Securities Dealers. Investors that have no such a status can place their bids through an entity that is a direct participant of an auction.

Residents and non-residents being legal entities, individuals and entities without legal status, may invest in Treasury bills. T-bills may be freely traded among all those investors, as long as the foreign exchange regulations and laws on public trading of securities are observed.

Secondary trading is performed on the interbank market arranged by biggest domestic banks and on the ETSM run by MST- CeTO S.A.

Treasury bills auctions are held on Mondays, but under some reasonable circumstances the Minister of Finance is entitled to arrange an auction on some other days. An announcement of a forthcoming auction is published one working day before the auction date on the Ministry of Finance WWW pages (<http://www.mf.gov.pl/>), in REUTERS (page PLMINFIN) and TELERATE (page 16200). At the beginning of a month, along with publication of the Letter of Issue for a given month, the Ministry of Finance announces monthly plan of Treasury bills sale including auction dates, projected sales value of specific types of securities and payment days for purchased bills.

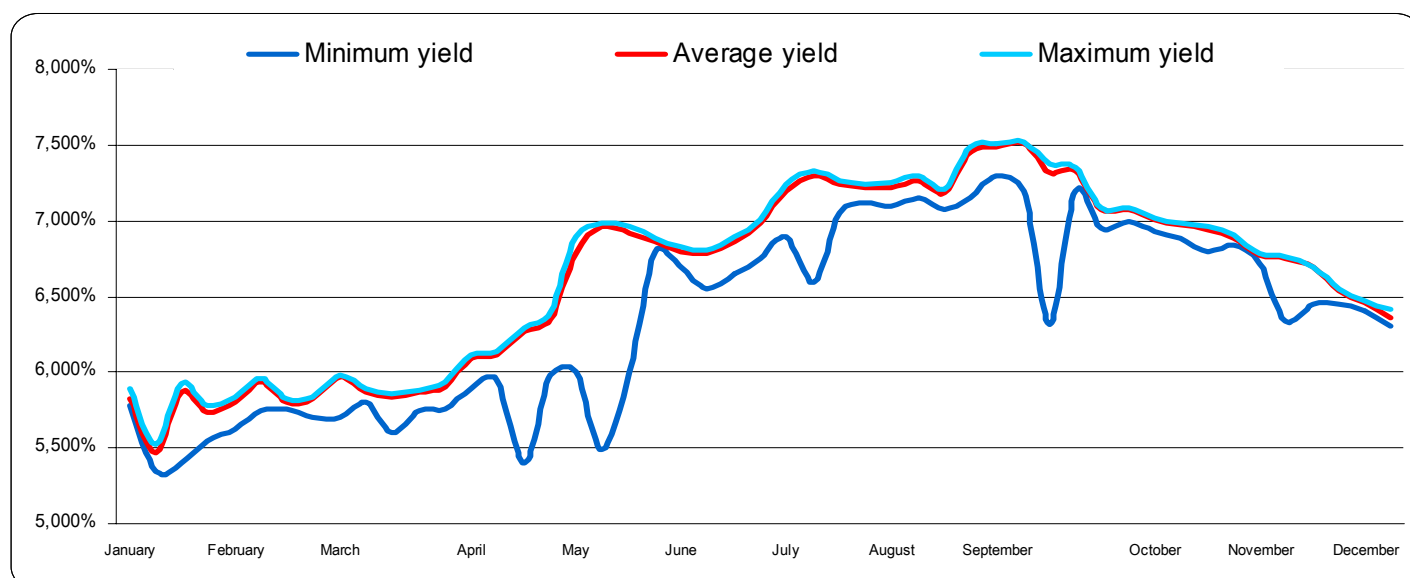
Bids are submitted by direct participants of an auction to the National Bank of Poland by 11 a.m. on the auction date – minimum face value of a bid is PLN 100,000. Upon receipt a bid summary from the NBP the Minister of Finance takes a decision on the minimum price of bills accepted for each maturity. Bids with higher price are accepted in whole while bids presenting accepted minimum price can be accepted with a reduction or in whole.

Auctions of Treasury bills are held in the multi-price auction system i.e., each of the bidders buys securities at a price submitted in his bid. Results of a Treasury bills auction are announced on the day of the auction at about 12:00 a.m. in the Internet on the Ministry of Finance WWW pages, in Reuters and Telerate.

The Minister of Finance may not later than on the following day organize non-competitive auction of T-bills with offer not exceeding 20% of initial auction offer. Participation in non-competitive auction is limited to successful bidders at the auction. During a non-competitive auction T-bills are sold at average auction price. Auction participants purchase T-bills in proportion to the amount of T-bills purchased at normal auction. Payment for the T-bills is usually made two days after an auction but in some cases may be made on another day.



Chart 1 Yield to maturity of 52-week T-bills sold at auctions in 2004.



### 2.1.1.3. Sales of Treasury bonds

Treasury bonds offered at auctions are issued as bearer securities, and the face value of one T-bond is PLN 1,000. Bonds are issued in a dematerialized form and deposited in as magnetic entries in the National Depository for Securities S.A. T-bonds may be sold at a discount, at par value or above par. Purchase price of one bond includes the bid price for its face value and accrued interest bought out on the auction payment date. Residents and non-residents being legal entities, individuals and entities without legal status, can purchase T- bonds. Those instruments may be entered into a free turnover among all mentioned investor groups subject to terms and conditions governing foreign exchange turnover and public turnover of securities.

Direct access to auction is limited to Treasury Securities Dealers and Bank Gospodrstwa Krajowego. Investors that have no such a status can place their bids through an entity that is a direct participant of an auction.

Secondary turnover of wholesale bonds is concentrated on the interbank non-regulated market and on the ETSM. Moreover, all bonds traded at auctions are listed on the Warsaw Stock Exchange (WSE).

Auction dates, as well as their value dates are specified in the Issue Letters. Auctions are organized and handled, as in the case of T-bills by the National Bank of Poland. Treasury bond auctions are held on business Wednesdays.

Preliminary information on bond auctions planned for a given year and containing series of offered securities, dates of auctions and payment dates for purchased bonds is published by the Ministry of Finance in Internet, in Reuters at PLMINFIN pages and in Telerate (16200). Moreover Ministry of Finance announces quarterly and monthly financing plan.

Auction announcement, containing in particular the supply amount of bonds is released to the public at noon, two working days before the auction.

Bids are submitted by auction participants to the NBP by 11 a.m. on the auction day. Minimum value of a bid is PLN 1 million.

Upon receipt a bid summary from the NBP, the Minister of Finance takes a decision on accepted minimum price of a T-bond with a given maturity. Bids with higher price are accepted in whole while bids presenting accepted minimum price can be accepted with reduction or in whole.

As it is in case of T-bills, auctions of Treasury bonds are held in the multi-price auction system i.e., each of the bidders buys securities at a price submitted in the bid. Auction results are published on the day of the auction at about noon in Internet, in Reuters and in Telerate. Settlement of bonds auction is held on the date specified in the auction announcement.

The Minister of Finance may, no later than the on the following day, organize a non-competitive auction of T-bonds with offer not exceeding 20% of initial auction offer. Participation in the non-competitive auction is limited to successful bidders at the auction. During such non-competitive auctions T-bonds are sold at average auction price. Auction participants purchase T-bonds in proportion to amount of T-bonds purchased at normal auction.

There were 40 T-bonds regular auctions and 18 non-competitive tenders in 2004 the total face value of papers offered reached PLN 77,330 million. Declared demand amount reached PLN 172,454 million while bonds sales at face value were PLN 65,937 million. The revenues on the sales of T-bonds sold at auctions in 2004 totaled PLN 60,135 million.

Table 3. Sales of Treasury bonds at auctions in 2004 (PLN million)

Bond type	Offer	Demand	Sales, face value	Sales, principal
2-year zero coupon	30,280	69,225	28,926	25,009
5-year fixed rate	18,580	57,165	18,575	17,720
10-year fixed rate	8,100	10,341	6,878	6,190
20-year fixed rate	1,200	1,998	1,200	1,054
3- & 7-year floating rate bonds,	16,510	23,617	7,729	7,690
12-year inflation linked bonds.	2,660	10,109	2,630	2,471
<b>TOTAL:</b>	<b>77,330</b>	<b>172,454</b>	<b>65,937</b>	<b>60,135</b>



File containing results of all auctions of Treasury bonds and the issue of bonds arising from the conversion of Social Insurance Institution liabilities to open pension funds, the conversion of the health care debts and liabilities to trade unions and social organizations can be found on the Ministry of Finance website: [http://www.mf.gov.pl/files/dlug\\_publiczny/obligacje\\_hurtowe/pliki\\_do\\_pobrania/obligacjehurtowe.exe](http://www.mf.gov.pl/files/dlug_publiczny/obligacje_hurtowe/pliki_do_pobrania/obligacjehurtowe.exe)

### 2.1.1.3.1. Sales of 2-year zero coupon bonds in 2004

Auctions of 2-year zero coupon bonds (OK series) are held on the first working Wednesday of the month, with its settlement on 12<sup>th</sup> day of the month. Issue of each series lasted for four subsequent months. Zero coupon bonds similarly to T-bills do not bring coupon revenue - yield is the difference between face value paid at the redemption date and the purchase price. In 2004 Ministry of Finance held 12 regular and 4 non-competitive auctions of 2-year zero coupon bonds.

Table 4. Auction results of zero coupon 2-year bonds in 2004 (PLN million)

Auction date	Series	Settlement date	Coupon	Auction				Non-competitive auction			Total sales
				Offer	Demand	Sales	Average yield	Offer	Demand	Sales	
01/07/2004	OK0406	01/12/2004	0.00%	2,700	9,112	2,700	6.165%	500	5,000	500	3,200
02/04/2004	OK0406	02/12/2004	0.00%	2,600	6,201	2,600	6.386%	300	0	0	2,600
03/03/2004	OK0406	03/12/2004	0.00%	2,500	4,955	2,500	6.631%	-	-	-	2,500
04/07/2004	OK0406	04/12/2004	0.00%	2,200	5,105	2,200	6.597%	-	-	-	2,200
05/05/2004	OK0806	05/12/2004	0.00%	2,700	2,484	2,040	7.304%	-	-	-	2,040
06/02/2004	OK0806	06/12/2004	0.00%	2,200	4,232	2,200	7.751%	-	-	-	2,200
07/07/2004	OK0806	07/12/2004	0.00%	2,500	4,938	2,500	7.740%	300	2,576	300	2,800
08/04/2004	OK0806	08/12/2004	0.00%	2,900	7,072	2,900	7.889%	580	186	186	3,086
09/01/2004	OK1206	09/12/2004	0.00%	2,700	3,507	2,700	7.968%	-	-	-	2,700
10/06/2004	OK1206	10/12/2004	0.00%	2,000	4,652	2,000	7.104%	-	-	-	2,000
11/03/2004	OK1206	11/12/2004	0.00%	2,000	3,915	2,000	7.058%	-	-	-	2,000
12/01/2004	OK1206	12/12/2004	0.00%	1,600	5,291	1,600	6.582%	-	-	-	1,600
<b>TOTAL:</b>				<b>28,600</b>	<b>61,463</b>	<b>27,940</b>	<b>-</b>	<b>1,680</b>	<b>7,762</b>	<b>986</b>	<b>28,926</b>

Chart 2. Offer, demand and sales of zero coupon bonds at auctions in 2004 (PLN million)

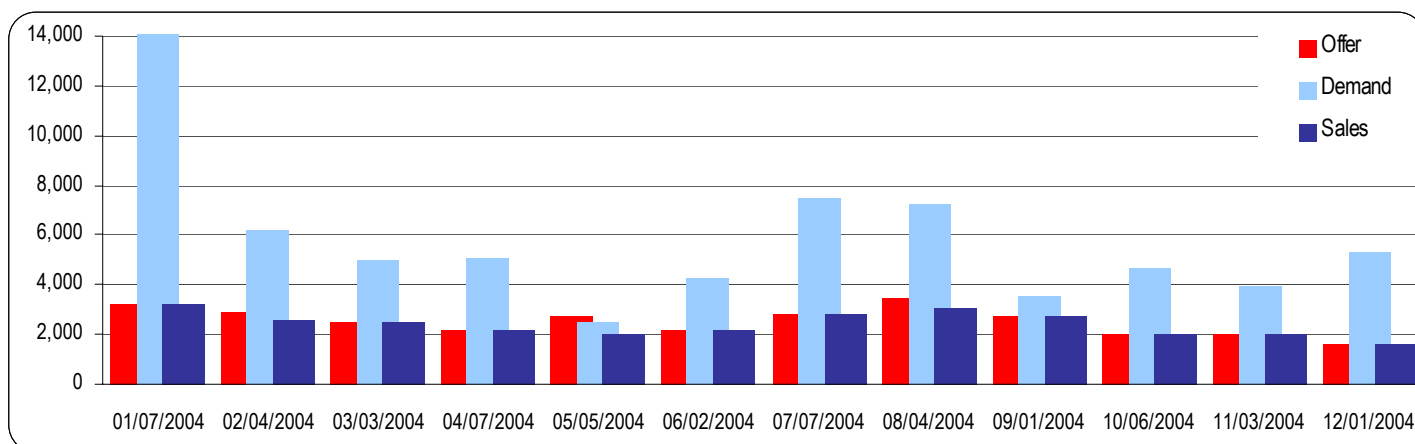
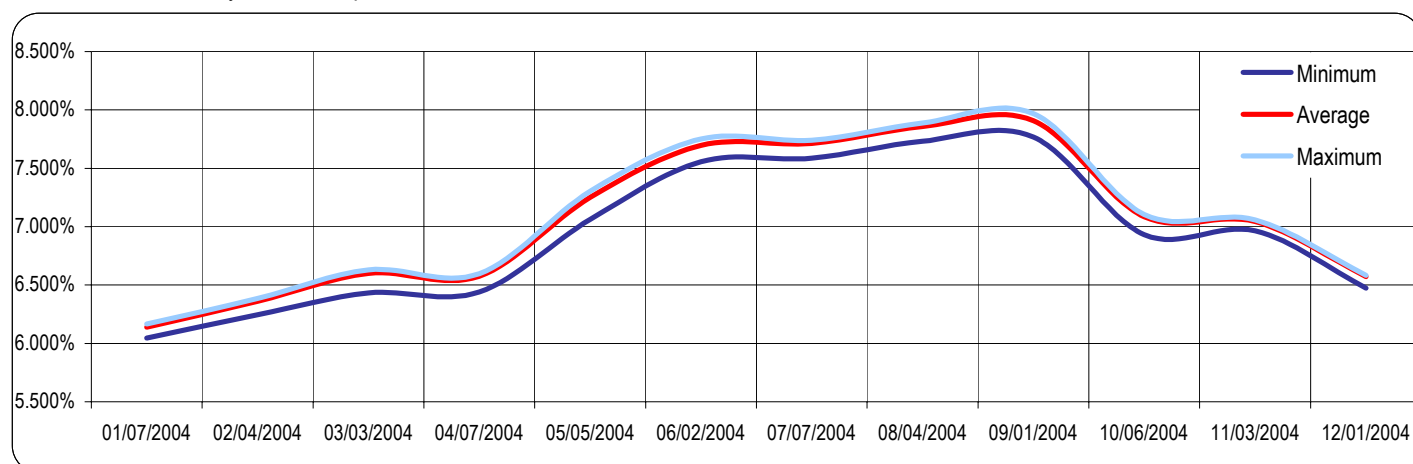


Chart 3. Yield to maturity of zero coupon bonds at auctions in 2004



### 2.1.1.3.2. Sales of 5-year fixed rate bonds in 2004

Auctions of 5-year benchmark bonds are held on the third working Wednesday of the month, with settlement on 24<sup>th</sup> day of the month. In 2004 Ministry of Finance continued sales DS0509 series (initially 10-year bond) reopened in November 2003. Reopening helped to increase the DS0509 liquidity in the secondary market. According to EU financial markets' standards Ministry of Finance planned to continue the sale of the benchmark until it reaches the value equivalent to 5 billion Euro. In 2004 Ministry of Finance held 7 auctions and 4 non-competitive auctions.

Table 5. Results of 5-year fixed rate bonds auctions in 2004 (PLN million)

Auction date	Series	Settlement date	Coupon	Auction				Non-competitive auction			Total sales
				Offer	Demand	Sales	Average yield	Offer	Demand	Sales	
03/17/2004	DS0509	03/24/2004	6.00%	2,300	7,613	2,300	6.628%	460	780	460	2,760
04/21/2004	DS0509	04/24/2004	6.00%	1,700	3,581	1,700	7.232%				1,700
05/19/2004	DS0509	05/24/2004	6.00%	1,700	1,695	1,695	7.469%				1,695
06/16/2004	DS0509	06/24/2004	6.00%	2,200	6,531	2,200	7.584%	440	3,080	440	2,640
09/15/2004	DS0509	09/24/2004	6.00%	2,900	7,707	2,900	7.447%	580	6,380	580	3,480
10/20/2004	DS0509	10/24/2004	6.00%	2,700	3,698	2,700	7.109%				2,700
11/17/2004	DS0509	11/24/2004	6.00%	3,000	10,101	3,000	6.830%	600	6,000	600	3,600
<b>TOTAL:</b>				<b>16,500</b>	<b>40,925</b>	<b>16,495</b>	<b>-</b>	<b>2,080</b>	<b>16,240</b>	<b>2,080</b>	<b>18,575</b>

Chart 4. Offer, demand and sales of 5-year fixed rate at auctions in 2004 (PLN million)

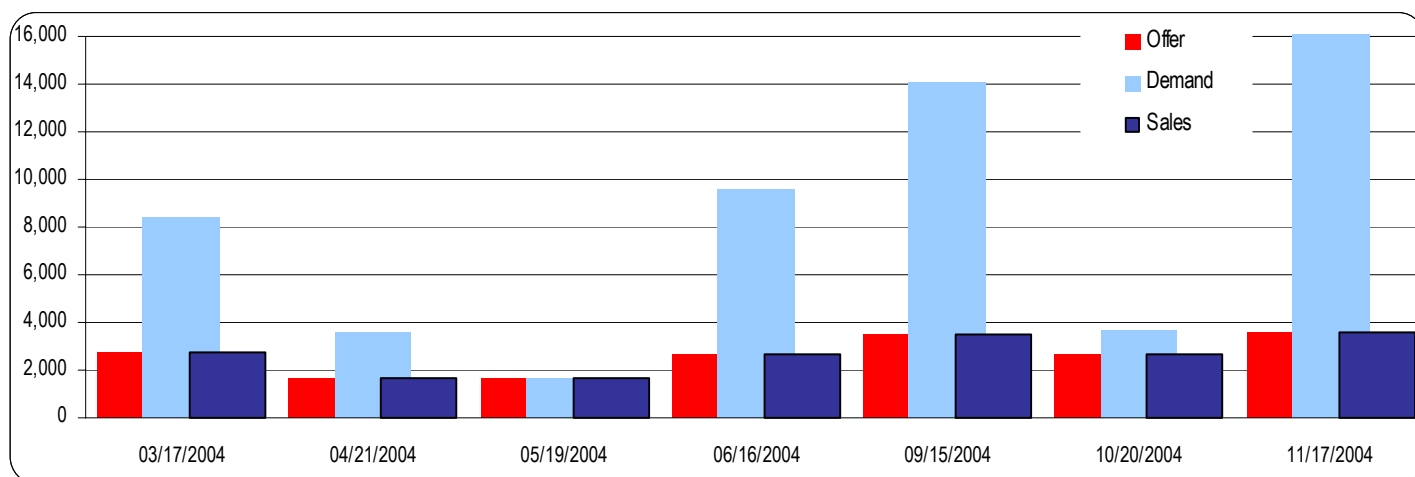
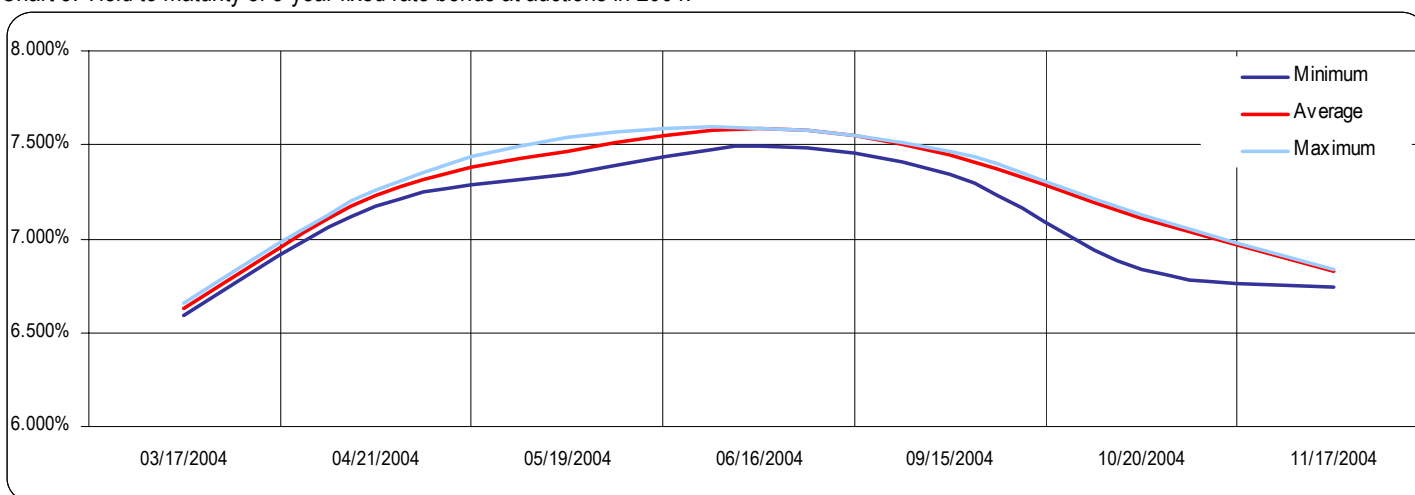


Chart 5. Yield to maturity of 5-year fixed rate bonds at auctions in 2004.



### 2.1.1.3.3. Sales of 10-year fixed rate bonds in 2004

In 2004 Ministry of Finance continued the sales of DS1013 series - at auction conducted in October new series of 10-year benchmark series DS1015 was introduced. In 2004 Ministry of Finance held 4 regular and 1 non-competitive auction for 10-year tenor.

Table 6. Results of 10-year fixed rate bonds auctions in 2004 (PLN million)

Auction date	Series	Settlement date	Auction					Non-competitive auction			Total sales
			Coupon	Offer	Demand	Sales	Average yield	Offer	Demand	Sales	
03/10/2004	DS1013	03/24/2004	5.00%	1,700	2,068	1,700	6.618%	-	-	-	1,700
04/14/2004	DS1013	04/24/2004	5.00%	1,400	1,197	577	7.044%	-	-	-	577
07/14/2004	DS1013	07/24/2004	5.00%	2,000	3,458	2,000	7.474%	400	1	1	2,001
10/13/2004	DS1015	10/24/2004	6.25%	2,600	3,617	2,600	6.712%	-	-	-	2,600
<b>TOTAL:</b>				<b>7,700</b>	<b>10,340</b>	<b>6,877</b>	<b>-</b>	<b>400</b>	<b>1</b>	<b>1</b>	<b>6,878</b>

Chart 6. Offer, demand and sales of 10-year fixed rate bonds in 2004 (PLN million)

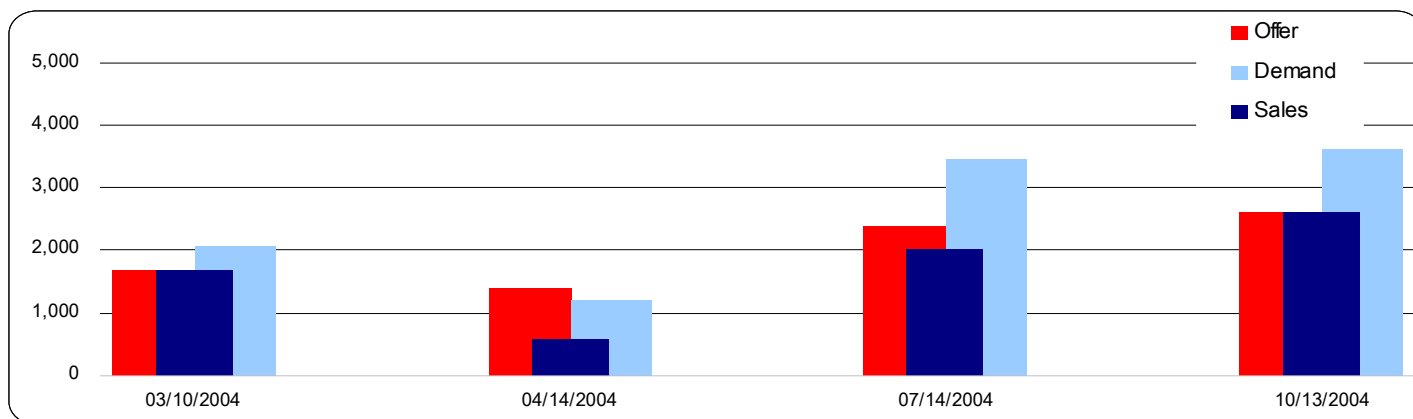
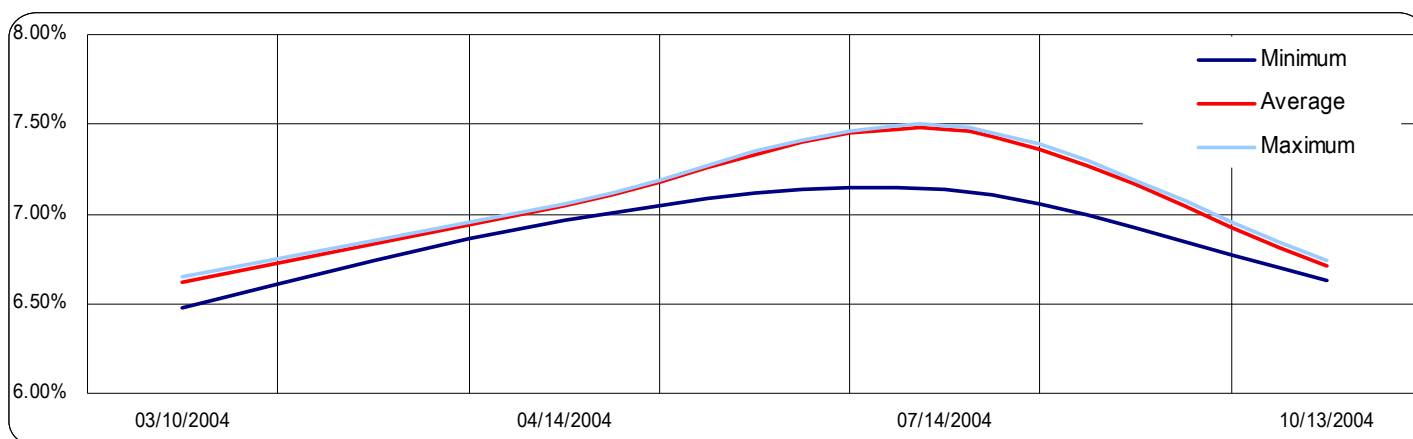


Chart 7. Yield to maturity of 10-year fixed rate bonds at auctions in 2004



#### 2.1.1.3.4 Sales of 20-year fixed rate bonds in 2004

In 2004 the Ministry of Finance planned only one auction of 20-year fixed rate bond (WS0922 series). At the auction held in September all offered bonds were sold. Similarly as in the case of 5- and 10-year benchmark bonds auctions of WS0922 should continue till the issue reaches equivalent of 5 billion Euro.

Table 7. Results of 20-year fixed rate bonds auction in 2004 (PLN million)

Auction date	Series	Settlement date	Auction					Non-competitive auction			Total sales
			Coupon	Offer	Demand	Sales	Average yield	Offer	Demand	Sales	
09/08/2004	WS0922	09/23/2004	5.75%	1,000	1,771.12	1,000	6.948%	200	226	200	1,200

### 2.1.1.3.5 Sales of 3- & 7-year floating rate bonds in 2004

In January 2004, the Ministry of Finance introduced new type of instrument – 3- & 7-year floating rate bonds. The interest on these bonds is based on Warsaw Interbank Offer Rate (WIBOR). In case of 3-year (WZ0307) series based on WIBOR 3M with coupon paid quarterly and in case of 7-year (WZ0911) series based on WIBOR 6M and paid semiannually. In 2004 Ministry of Finance held 12 regular and 5 non-competitive auctions of WZ series.

Table 8. Results of 3- & 7-year floating rate bonds auction in 2004 (PLN million)

Auction								Non-competitive auction			Total sales
Auction date	Series	Settlement date	Coupon	Offer	Demand	Sales	Average price	Offer	Demand	Sales	
01/14/2004	WZ0307	01/24/2004	WIBOR 3M	1,500	5,235	1,229	998.13	-	-	-	1,229
	WZ0911		WIBOR 6M		1,290	178	993.83	-	-	-	178
02/11/2004	WZ0307	02/24/2004	WIBOR 3M	1,800	2,024	863	996.26	-	-	-	863
	WZ0911		WIBOR 6M		453	248	989.01	-	-	-	248
05/12/2004	WZ0307	05/24/2004	WIBOR 3M	1,000	2,316	808	994.82	160	270	160	968
	WZ0911		WIBOR 6M		546	192	986.71	40	21	21	213
06/09/2004	WZ0307	06/24/2004	WIBOR 3M	1,000	1,989	890	994.63	-	-	-	890
	WZ0911		WIBOR 6M		480	110	985.38	-	-	-	110
08/11/2004	WZ0307	08/24/2004	WIBOR 3M	1,300	1,909	1,268	994.96	250	170	170	1,438
	WZ0911		WIBOR 6M		242	32	985.14	-	-	-	32
11/10/2004	WZ0307	11/24/2004	WIBOR 3M	1,300	4,851	1,140	996.44	210	940	210	1,350
	WZ0911		WIBOR 6M		833	160	989.29	50	50	50	210
<b>TOTAL:</b>				<b>7,900</b>	<b>22,166</b>	<b>7,118</b>	<b>-</b>	<b>710</b>	<b>1,451</b>	<b>611</b>	<b>7,729</b>

### 2.1.1.3.6 Sales of 12-year inflation linked bonds in 2004

In August 2004, the Ministry of Finance introduced new type of bond – inflation linked T-bond. These bonds are linked to monthly CPI announced by Central Statistical Office of Poland. The paper has fixed coupon of 3.00% and interest is paid annually on indexed nominal value. In 2004 Ministry of Finance held 4 regular and 3 non-competitive auctions of CPI-linked bonds.

Table 9. Results of 12-year inflation linked bonds auction in 2004 (PLN million)

Auction								Non-competitive auction			Total sales
Auction date	Series	Settlement date	Coupon	Offer	Demand	Sales	Average price	Offer	Demand	Sales	
08/18/2004	IZ0816	08/24/2004	3.00%	500	2,221	500	904.10	-	-	-	500
09/22/2004	IZ0816	09/24/2004	3.00%	500	1,746	500	928.48	100	70	70	570
11/10/2004	IZ0816	11/24/2004	3.00%	500	1,676	500	936.53	100	121	100	600
12/08/2004	IZ0816	12/13/2004	3.00%	800	3,286	800	963.69	160	990	160	960
<b>TOTAL:</b>				<b>2,300</b>	<b>8,928</b>	<b>2,300</b>	<b>-</b>	<b>360</b>	<b>1,181</b>	<b>330</b>	<b>2,630</b>

### 2.1.1.4. Treasury bonds switching auctions

In 2004 the Ministry of Finance held 12 T-bonds switching auctions. Switching auctions are arranged and handled by the National Bank of Poland. Direct participation in switching auctions is limited to TSD. Other investors intending to switch bonds must use intermediation of the TSD.

Two days prior to the auction, at about noon, the Ministry of Finance releases a detailed communiqué about an auction on www pages at [www.mf.gov.pl](http://www.mf.gov.pl), in Reuters and Telerate.

At switching auction the Ministry of Finance buys back bonds with near redemption dates before their maturity date, while the settlement of the transaction is effected by giving the bondholder new bonds of a different series. Bought-back securities are cancelled. Operation is conducted without cash flows. The Ministry's of Finance goals of such an operation include reduction of debt refinancing risk, increase in the value of benchmark issues of bonds, closing of small and with low liquidity issues of marketable and non-marketable bonds and also managing the interest rate risk.

The day before a switching auction, at about 3 p.m. the Minister of Finance informs the market about the "clean" prices of redeemed or sold bonds.

Bids are submitted to the NBP by 11 a.m. on the auction day. After the submission term expires the Minister of Finance determines accepted bid price for bonds with given maturity. Auction results are published at about 12:30 p.m. on the day of an auction.

Table 10. Results of switching auctions in 2004 (PLN million)

Auction date	Buy-back bonds					Settlement bonds			Auction date	Buy-back bonds					Settlement bonds		
	Series	Redemption date	Offer	Demand	Buy-back	Series	Redemption date	Sales		Series	Redemption date	Offer	Demand	Buy-back	Series	Redemption date	Sales
01/28/2004	OS0204	02/12/2004		663	307	OK0406	12/04/2006	386	09/30/2004	OK1204	12/12/2004		1573	1472	DS0509	05/24/2009	1475
	OS0204	02/12/2004	1000	125	75	WZ0911	09/24/2011	83		OK1204	12/12/2004		925	840	DS1013	10/24/2013	888
	OK0404	04/21/2004		350	58	WZ0911	09/24/2011	57		OK1204	12/12/2004	1000	114	72	WS0922	09/23/2022	77
	OK0404	04/21/2004	1000	116	101	WS0922	09/23/2022	110		PS0205	02/12/2005		564	433	DS0509	05/24/2009	466
02/18/2004	OK0404	04/21/2004		388	219	OK0406	12/04/2006	247	PS0205	02/12/2005	1000	118	32	DS1013	10/24/2013	36	
	OK0404	04/21/2004		907	458	DS0509	05/24/2009	448	OK0405	04/12/2005		679	495	DS0509	05/24/2009	485	
	OK0404	04/21/2004	1000	274	218	DS1013	10/24/2013	241	OK0405	04/12/2005	1000	377	287	DS1013	10/24/2013	296	
	OS0604	06/12/2004		214	86	DS0509	05/24/2009	91	OK1204	12/12/2004		1001	1001	DS0509	05/24/2009	1008	
	OS0604	06/12/2004	1000	289	145	DS1013	10/24/2013	175	OK1204	12/12/2004		35	35	DS1013	10/24/2013	40	
	PK0704	07/22/2004		40	30	DS0509	05/24/2009	31	OK1204	12/12/2004	6149	138	88	DS1015	10/24/2015	90	
03/24/2004	PK0704	07/22/2004	1000	-	-	DS1013	10/24/2013	-	PS0205	02/12/2005		304	275	DS0509	05/24/2009	297	
	OK0404	04/21/2004		381	252	PS0608	06/24/2008	248	PS0205	02/12/2005		59	59	DS1013	10/24/2013	71	
	OK0404	04/21/2004	1000	118	70	DS1110	11/24/2010	71	PS0205	02/12/2005	5224	75	75	DS1015	10/24/2015	82	
	OS0604	06/12/2004		26	5	PS0608	06/24/2008	5	OK0405	04/12/2005		571	571	DS0509	05/24/2009	563	
	OS0604	06/12/2004	1000	347	180	DS1110	11/24/2010	199	OK0405	04/12/2005		90	90	DS1013	10/24/2013	99	
	OK0804	08/21/2004		812	494	PS0608	06/24/2008	478	OK0405	04/12/2005	11928	172	172	DS1015	10/24/2015	173	
	OK0804	08/21/2004		505	251	DS1110	11/24/2010	250	PS0605	06/12/2005		39	24	DS0509	05/24/2009	25	
	OK0804	08/21/2004	1000	125	64	WS0922	09/23/2022	67	PS0605	06/12/2005		33	33	DS1013	10/24/2013	38	
04/23/2004	OS0604	06/12/2004		30	27	PS0608	06/24/2008	30	PS0605	06/12/2005	3713	90	90	DS1015	10/24/2015	97	
	OS0604	06/12/2004		28	-	DS1110	11/24/2010	-	OK1204	12/12/2004		655	439	DS1110	11/24/2010	449	
	OS0604	06/12/2004	1000	12	10	DS1013	10/24/2013	12	OK1204	12/12/2004		759	453	DS1015	10/24/2015	452	
	PK0704	07/22/2004		-	-	PS0608	06/24/2008	-	OK1204	12/12/2004	5025	115	85	WS0922	09/23/2022	89	
	PK0704	07/22/2004		-	-	DS1110	11/24/2010	-	PS0205	02/12/2005		169	92	DS1110	11/24/2010	101	
	PK0704	07/22/2004	1000	-	-	DS1013	10/24/2013	-	PS0205	02/12/2005		117	29	DS1015	10/24/2015	31	
	OK0804	08/21/2004		652	573	PS0608	06/24/2008	564	PS0205	02/12/2005	4815	14	14	WS0922	09/23/2022	15	
	OK0804	08/21/2004		156	-	DS1110	11/24/2010	-	OK0405	04/12/2005		364	188	DS1110	11/24/2010	188	
	OK0804	08/21/2004	1000	243	80	DS1013	10/24/2013	89	OK0405	04/12/2005		353	264	DS1015	10/24/2015	258	
	PS1004	10/12/2004		604	521	PS0608	06/24/2008	551	OK0405	04/12/2005	11095	30	15	WS0922	09/23/2022	15	
	PS1004	10/12/2004		82	-	DS1110	11/24/2010	-	PS0605	06/12/2005		277	154	DS1110	11/24/2010	165	
	PS1004	10/12/2004	1000	70	50	DS1013	10/24/2013	60	PS0605	06/12/2005		70	30	DS1015	10/24/2015	32	
05/27/2004	PK0704	07/22/2004		71	2	OK0806	12/08/2006	3	PS0605	06/12/2005	3568	-	-	WS0922	09/23/2022	-	
	PK0704	07/22/2004	1000	150	150	DS1013	10/24/2013	186	PS0205	02/12/2005		768	574	DS1110	11/24/2010	622	
	OK0804	08/21/2004		135	-	OK0806	12/08/2004	-	PS0205	02/12/2005		516	461	DS1013	10/24/2013	532	
	OK0804	08/21/2004	1000	580	560	DS1013	10/24/2013	635	PS0205	02/12/2005	4681	252	202	WS0922	09/23/2022	217	
	PS1004	10/12/2004	1000	209	183	DS1013	10/24/2013	224	OK0405	04/12/2005		574	574	DS1013	10/24/2013	605	
06/23/2004	PK0704	07/22/2004		33	12	DS0509	05/24/2009	13	OK0405	04/12/2005		506	461	DS1015	10/24/2015	441	
	PK0704	07/22/2004	1000	-	-	DS1013	10/24/2013	-	OK0405	04/12/2005	10628	30	10	WS0922	09/23/2022	10	
	OK0804	08/21/2004		723	480	DS0509	05/24/2009	502	PS0605	06/12/2005		204	124	DS1013	10/24/2013	140	
	OK0804	08/21/2004	1000	437	270	DS1013	10/24/2013	302	PS0605	06/12/2005	3384	182	85	DS1015	10/24/2015	87	
	PS1004	10/12/2004		301	205	DS0509	05/24/2009	231	OK0805	08/12/2005		63	62	DS1013	10/24/2013	64	
	PS1004	10/12/2004	1000	122	81	DS1013	10/24/2013	97	OK0805	08/12/2005		152	57	DS1015	10/24/2015	53	
	OK1204	12/12/2004		733	340	DS0509	05/24/2009	349	OK0805	08/12/2005	10932	101	61	WS0922	09/23/2022	58	
07/21/2004	OK1204	12/12/2004	1000	1041	580	DS1013	10/24/2013	636									
	OK0804	08/21/2004		554	69	DS0509	05/24/2009	74									
	OK0804	08/21/2004	1000	11	11	DS1110	11/24/2010	11									
	PS1004	10/12/2004		161	40	DS0509	05/24/2009	46									
	PS1004	10/12/2004	1000	25	10	DS1110	11/24/2010	11									
08/26/2004	OK1204	12/12/2004		933	480	DS0509	05/24/2009	502									
	OK1204	12/12/2004	1000	46	26	DS1110	11/24/2010	27									
	OS1004	10/12/2004		60	-	DS0509	05/24/2009	-									
	OS1004	10/12/2004		114	10	DS1110	11/24/2010	11									
	OS1004	10/12/2004	703	50	-	DS1013	10/24/2013	-									
	PS1004	10/12/2004		5	-	DS0509	05/24/2009	-									
	PS1004	10/12/2004		58	40	DS1110	11/24/2010	44									
	PS1004	10/12/2004	1000	62	-	DS1013	10/24/2013	-									
	OK1204	12/12/2004		444	251	DS0509	05/24/2009	259									
	OK1204	12/12/2004		415	155	DS1110	11/24/2010	157									
	OK1204	12/12/2004	1000	538	-	DS1013	10/24/2013	-									
	PS0205	02/12/2005		584	402	DS0509	05/24/2009	445									
PS0205	02/12/2005		61	56	DS1110	11/24/2010	61										
PS0205	02/12/2005	1000	134	-	DS1013	10/24/2013	-										

buy-back (face value)		sales (face value)	
OK0404	1376	DS0509	7310
OK0405	3126	DS1013	5468
OK0804	2853	DS1015	1797
OK0805	179	DS1110	2369
OK1204	6316	OK0406	633
OS0204	382	OK0806	3
OS0604	453	PS0608	1875
OS1004	10	WS0922	659
PK0704	194	WZ0911	140
PS0205	2703	<b>TOTAL:</b>	<b>20253</b>
PS0605	539		
PS1004	1130		
<b>TOTAL:</b>	<b>19260</b>		

### 2.1.1.5. Treasury bonds buy-back auctions

On April 8<sup>th</sup> the Minister of Finance organized the only T-bond buy-back auction in year 2004. Such an operation is held pretty seldom in situation of temporary surplus in budget current account. Minister of Finance may offer to buyback existing bonds what will result in lowering debt servicing costs.

Table 11. Results of buy-back auction in 2004 (PLN million)

Auction date	Buy-back bonds				
	Series	Redemption date	Offer	Demand	Buy-back
04/08/2004	PK0704	07/22/2004	2,957	258	258
	OK0804	08/21/2004	2,000	1,494	746
<b>TOTAL:</b>			<b>4,957</b>	<b>1,752</b>	<b>1,004</b>

### 2.2. Sales of Treasury Securities in retail network

In 2004 the Ministry of Finance offered the following instruments to individual investors:

- 2-year fixed rate savings bonds (**DOS series**)
- 3-year floating rate bonds (**TZ series**)
- 4-year inflation rate indexed savings bonds (**COI series**)
- 5-year fixed rate bonds (**SP series**)
- 10-year inflation rate indexed saving bonds (**EDO series**)

The face value of Treasury bonds offered to individuals is PLN 100 and provides an opportunity for investing in Treasury Securities by people with relatively low income. Retail bonds are sold by issue agent (PKO Bank Polski S.A) in over 1000 Customer Service Outlets but also can be purchased through internet, "Inteligo" account and telephone.

Current information about T-bonds for individual investors can be found at <http://www.obligacjeskarbowe.pl> and <http://www.mf.gov.pl/> in section public debt (Polish language only).

Until May 2004 the savings bonds (**DOS**, **COI** and **EDO** series) could have been purchased only by resident individuals, since then also non-residents have this right. Those instruments are not listed on the regulated secondary market i.e., the Stock Exchange in Warsaw but they may be offered to the issuer for redemption before their maturity date. Interests on DOS, EDO and COI series (issued before August 2003) accrue annually and are put at the investor's disposal at the redemption date (or pre-maturity redemption), in case of COI series issued after 2003 interest is paid annually. Sale of each series lasts for one month. Edo series can be purchased as part of the Individual Retirement Account system, which provides for capital gains tax exemption.

3-year floating rate bonds (**TZ series**) give their holder a yield in a form of coupon paid every 3 months and depends on the yield of 13-week T-bills. Interest rate of series issued after August 1, 2003 is based on 6M WIBOR and the coupons are paid semiannually.

5-year fixed rate bonds (**SP series**) pay a fixed annual coupon. Sale of new TZ and SP series lasts for three consecutive months and as distinct from savings bonds, they can be traded at the WSE.

The file containing sale results of Treasury bonds offered in the retail network may be found on the Ministry of Finance website: [http://www.mf.gov.pl/files/dlug\\_publiczny/obligacje\\_hurtowe/pliki\\_do\\_pobrania/obligacjedetaliczne.exe](http://www.mf.gov.pl/files/dlug_publiczny/obligacje_hurtowe/pliki_do_pobrania/obligacjedetaliczne.exe)

Table 12. Sales of retail bonds in 2004 (PLN million)

Bond type	Offer	Sales	Revenues
2-year savings bonds	7,800	5,297	5,297
3-year floating rate bonds	5,000	759	758
4-year savings bonds	1,800	230	230
5-year fixed rate bonds	2,500	508	508
10-year saving bonds	300	55	55
<b>TOTAL:</b>	<b>17,400</b>	<b>6,848</b>	<b>6,847</b>

Table 13. Sales of floating rate retail bonds in 2004 (PLN million)

Bond	Sales period		Offer	Sales	Price (PLN)
	beginning	end			
TZ1106*	11/03/2003	01/31/2004	1,000	11	99,90 / 99,50
TZ0207	02/02/2004	04/30/2004	1,000	69	99.90
TZ0507	05/04/2004	07/31/2004	1,000	107	99.90
TZ0807	08/02/2004	10/31/2004	1,000	259	99.90
TZ1107**	11/02/2004	01/31/2005	1,000	312	99.90
<b>TOTAL</b>			<b>5,000</b>	<b>759</b>	
COI0108	01/02/2004	01/31/2004	150	10	100.00
COI0208	02/02/2004	02/28/2004	150	14	100.00
COI0308	03/01/2004	03/31/2004	150	13	100.00
COI0408	04/01/2004	04/30/2004	150	10	100.00
COI0508	05/04/2004	05/31/2004	150	16	100.00
COI0608	06/01/2004	06/30/2004	150	20	100.00
COI0708	07/01/2004	07/30/2004	150	39	100.00
COI0808	08/02/2004	08/31/2004	150	32	100.00
COI0908	09/01/2004	09/30/2004	150	19	100.00
COI1008	10/01/2004	10/31/2004	150	13	100.00
COI1108	11/01/2004	11/30/2004	150	26	100.00
COI1208	12/01/2004	12/31/2004	150	20	100.00
<b>TOTAL</b>	-	-	<b>1,800</b>	<b>230</b>	-
EDO1014	10/01/2004	10/31/2004	100	7	100.00
EDO1114	11/01/2004	11/30/2004	100	14	100.00
EDO1214	12/01/2004	12/31/2004	100	34	100.00
<b>TOTAL</b>	-	-	<b>300</b>	<b>55</b>	-

\*sales in period from January 1, 2004

\*\*sales in period to December 31, 2004

Table 14. Sales of fixed rate retail bonds in 2004 (PLN million)

Bond	Sales period		Offer	Sales	Price (PLN)			Coupon
	beginning	end			1 <sup>st</sup> month of sale	2 <sup>nd</sup> month of sale	3 <sup>rd</sup> month of sale	
DOS0106	01/02/2004	01/31/2004	1,000	725	100.00			6.00%
DOS0206	02/02/2004	02/28/2004	1,000	545	100.00			6.00%
DOS0306	03/01/2004	03/31/2004	700	489	100.00			6.00%
DOS0406	04/01/2004	04/30/2004	700	253	100.00			6.00%
DOS0506	05/04/2004	05/31/2004	700	273	100.00			6.30%
DOS0606	06/01/2004	06/30/2004	700	506	100.00			6.70%
DOS0706	07/01/2004	07/30/2004	500	405	100.00			6.70%
DOS0806	08/02/2004	08/31/2004	500	669	100.00			7.00%
DOS0906	09/01/2004	09/30/2004	500	368	100.00			7.00%
DOS1006	10/01/2004	10/31/2004	500	348	100.00			7.00%
DOS1106	11/01/2004	11/30/2004	500	348	100.00			6.80%
DOS1206	12/01/2004	12/31/2004	500	368	100.00			6.50%
<b>TOTAL</b>	-		<b>7,800</b>	<b>5,297</b>				
					1 <sup>st</sup> month of sale	2 <sup>nd</sup> month of sale	3 <sup>rd</sup> month of sale	
P1208*	12/01/2003	02/28/2004	500	44	99.90	99.90	99.90	6.50%
SP0309	03/01/2004	05/31/2004	500	45	99.90	99,40 / 98,40	98.40	6.50%
SP0609	06/01/2004	08/31/2004	500	44	98.90	98.90	98.90	7.00%
SP0909	09/01/2004	11/30/2004	500	117	99,90 / 101,20	101.20	101,20 / 102,90	7.30%
SP1209**	12/01/2004	02/28/2005	500	258	99,90 / 101,50/ 101,90	101.90	101,90/102,90/104,50	6.50%
<b>TOTAL</b>			<b>2,500</b>	<b>508</b>				

\*sales in period from January 1, 2004

\*\* sales in period to December 31, 2004

### 2.3. Sales of Treasury Securities on foreign markets

The basic objective of the sale of Polish securities on foreign markets is consolidation of Poland's position as a trustworthy issuer on international financial market. Significance of those issues for financing borrowing needs of the State Budget is of importance as well.

Poland's presence on the international market allows diversifying the sources of the State Budget borrowing requirement financing and provides access to foreign institutional investors with substantial financial resources. Moreover, foreign issues of Polish governmental securities serve as a benchmark for Polish banks and enterprises that issue their own debt securities on international markets.

#### 2.3.1. Classic issues of Treasury Securities on international market

Issues of bonds destined for foreign markets are arranged by consortia of foreign financial institutions consisting of reputable investment banks active on international market. The Minister of Finance appoints, in a formal competitive process, a lead manager whose basic duty is to place the bonds on the market. Consortium members underwrite the sale of securities – their task is to collect orders, by means of direct contact with potential investors, for bonds of a given issue. On that basis the bonds are priced i.e. the spread is fixed above the benchmark yield of the bonds issued by the State Treasury, in whose name the issue is done. The spread reflects the level of risk connected with investment in securities of a given issuer.

In 2004 the Ministry of Finance placed seven issues of bonds on the foreign markets. All details are in table below.

Table 15. Bonds issued for international market in 2004

	3.875% bond denominated in EUR maturing in 2009  XS0183959914	2.125% bond denominated in CHF maturing in 2009  CH0018041530	4.5% bond denominated in EUR maturing in 2013 (reopening) (reopening)  XS0162316490	2.6475% bond denominated in JPY maturing in 2034  XS0189021099	1.02% bond denominated in JPY maturing in 2009  JP561600A467	3.22% bond denominated in JPY maturing in 2034  XS0197118465
Issuance date	01/15/2004	03/25/2004	03/23/2004	03/29/2004	06.09.2004	08.04.2004
Redemption date	01/15/2009	03/25/2009	02.05.2013	03/29/2034	06//09/2009	08.04.2034
Issuance value	1500 million EUR	400 million CHF	700 million EUR	6800 million JPY	50000 million JPY	16800 million JPY
Issuance price (%)	99.721	100.380	100.827	100.000	100.000	100.000
Interest rate annually	fixed 3.875%	fixed 2.125%	fixed 4.500%	fixed 2.6475%	fixed 1.020%	fixed 3.220%
Interest payments	annually	annually	annually	semi-annually	semi-annually	semi-annually
Yield	3.940%	2.160%	4.380%	2.650%	1.020%	3.220%
Placement market	Euro	Euro	Euro	Private placement	Samurai	Private placement
Registration	Luxemburg Stock Exchange	Switzerland Stock Exchange	Luxemburg Stock Exchange			
Issue Consortium Lead Manager	Dresdner Kleinwort Wasserstein  CSFB	USB	Deutsche Bank  JP Morgan	Mizuho	Daiwa  Nikko Citi	Mizuho

Table 16. Bonds issued for international market till the end of 2003

	Issuance date	Redemption date	Issuance value/debt value at the end of 2003	Issuance price (%)	Interest rate annually	Interest payments	Spread over underlying assets' quotation as of the issue date	Placement market	Registration	Issue Consortium Lead Manager
7.75% bond denominated in USD, maturing in 2000 US731011AF91	07/13/1995	07/13/2000	USD 250 million /redeemed in July 2000	99.967	fixed 7.750%	semi- annually	185 bp	Euro+144a	Luxemburg Stock Exchange	JP Morgan
6.125% bond denominated in DEM maturing in 2001 DE0001333656	07/31/1996	07/31/2001	DEM 250 million /redeemed in July 2000	101.777	Fixed 6.125%	annually	65 bp	Euro	Frankfurt am Main Stock Exchange	Deutsche Morgan Grenfell, Credit Suisse First Boston
7.125% bond denominated in USD maturing in 2004 US731011AK86	01/07/1997	01/07/2004	USD 300 million	99.491	fixed 7.125%	semi- annually	75 bp	Yankee	U.S. Securities and Exchange Commission	J.P. Morgan
7.75% bond denominated in USD maturing in 2017 US731011AL69	01/07/1997	01/07/2017	USD 100 million	99.299	fixed 7.750%	annually	100 bp	Yankee	U.S. Securities and Exchange Commission	J.P. Morgan
6% bond denominated in EUR maturing in 2010 XS0109070986	03/22/2000	03/22/2010	EUR 600 million	98.300	fixed 6.000%	annually	82 bp	Euro	Luxemburg Stock Exchange	BNP Paribas, Credit Suisse, First Boston



	Issuance date	Redemption date	Issuance value/debt value at the end of 2003	Issuance price (%)	Interest rate annually	Interest payments	Spread over underlying assets' quotation as of the issue date	Placement market	Registration	Issue Consortium Lead Manager
5.5% bond denominated in EUR maturing in 2011 DE0006101652	01/29/2001	02/14/2012	EUR 1,000 million (750 + 250*)	98.950 / 100.902*	fixed 5.500%	annually	80 bp / 74 bp*	Euro	- Luxemburg and Frankfurt am Main Stock Exchanges	Deutsche Bank AG Merrill Lynch** International
5.5% bond denominated in EUR maturing in 2012 XS0144238002	12/03/2002	12/03/2012	EUR 750 million	98.320	fixed 5.500%	annually	75 bp	Euro	Luxemburg Stock Exchange	CSFB SSSB
6.25% bond denominated in USD maturing in 2012 US731011AM43	02/07/2002	03/07/2012	USD 1400 million (1000+400*)	99.209 / 106.00*	fixed 6.250%	semi-annually	158 bp / 150.3 bp*	Global	U.S. Securities and Exchange Commission + Luxemburg Stock Exchange	JP Morgan SSSB
5.625% bond denominated in GBP maturing in 2010 XS0157642793	11/18/2002	11/18/2010	400 million	99.060	fixed 5.625%	annually	115 bp	Euro	Luxemburg Stock Exchange	UBS Warburg
4.5% bond denominated in EUR maturing in 2013 XS0162316490	05/02/2003	05/02/2013	2300 million EUR (1250 + 250*** + 800*)	98.993 / 98.744 / 99,733*	fixed 4.500%	Annually	61,8 bp / 62,6 bp *	Euro	Luxemburg Stock Exchange	Deutsche Bank JP Morgan
0.84% bond denominated in JPY maturing in 2010 JP561600A376	09/07/2003	09/07/2010	25000 million JPY	100.000	fixed 0.840%	semi-annually		Samurai		Daiwa Mizuho
3ME+0.125% bond denominated in EUR maturing in 2006 XS0176094836	09/18/2003	09/18/2006	500 million EUR	99.868	floating 3M Euribor + 0.125%	quarterly		Euro	Luxemburg Stock Exchange	Dresdner Kleinwort Wasserstein
5.25% bond denominated in USD maturing in 2014 US731011AN26	10/29/2003	01/15/2014	1000 million USD	99.871	fixed 5.250%	semi-annually	96 bp	Global	U.S. Securities and Exchange Commission + Luxemburg Stock Exchange	Citigroup Morgan Stanley
6M USD Libor + 0.325% bond denominated in USD maturing in 2010 XS0182802214	12/18/2003	12/18/2010	400 million USD	99.730	floating 6M USD Libor + 0.325%	semi-annually		Private placement		PEKAO SA

\* reopening

\*\* basic issue 750 million consortium lead managers only

\*\*\* the issue was priced twice separately for the amount 1250 million EUR and 250 million EUR

### 2.3.2. Polish Brady Bonds

The Polish Brady Bonds were issued subject to the agreement with London Club banks. The bonds were issued on October 27<sup>th</sup>, 1994 and included six various securities with specific terms. At the end of 2004, the outstanding Brady bonds amounted to USD 1,193.2 million.

Table 17. Polish Brady Bonds

	Collateralized Discount Bonds	Collateralized Par Bonds	Collateralized RSTA Bonds	PDI Bonds	DCB Bonds	New Money Bonds
Issue date	10/27/1994	10/27/1994	10/27/1994	10/27/1994	10/27/1994	10/27/1994
Issue value	USD 2,968.2 million	USD 934.7 million	USD 894.4 million	USD 2,673.6 million	USD 393.0 million	USD 137.6 million
Bond's abbreviated name	Discount	Par	RSTA	PDI	DCB	NMB
Coupon rate	6-month LIBOR + spread 13/16%	increasing from 2.75% to 5%; at the end of 2001 3.75%	increasing from 2.75% to 5%; at the end of 2001 4.5%	increasing from 3.25% to 7%; at the end of 2001 6.0%	increasing from 4.5% to 7.5%; at the end of 2001 6.0%	6-month LIBOR + spread 13/16%
Final maturity	30 years	30 years	30 years	20 years	25 years	15 years
Principal payment	bullet payment	bullet payment	bullet payment	in 27 step-up installments with 7-year grace period	in 11 step-up installments with 20-year grace period	in 11 equal installments with 10-year grace period
Final redemption date	10/27/2024	10/27/2024	10/27/2024	10/27/2014 (final installment)	10/27/2019 (final installment)	10/27/2009 (final installment)

	Collateralized Discount Bonds	Collateralized Par Bonds	Collateralized RSTA Bonds	PDI Bonds	DCB Bonds	New Money Bonds
Interest paid	semi-annually	semi-annually	semi-annually	semi-annually	semi-annually	semi-annually
Outstanding debt at the end of 2003	0*	USD 744.7 million	USD 448.6 million	0*	0*	0*
Secondary market registration	Luxemburg Stock Exchange	Luxemburg Stock Exchange	Luxemburg Stock Exchange	Luxemburg Stock Exchange	Luxemburg Stock Exchange	Luxemburg Stock Exchange

\* Early redemption of the bonds

## 2.4. Special issues of Treasury Securities

Apart from the above-described types of securities The Minister of Finance issues also debt instruments for conversion of outstanding debts. The issues are characterized with a particular feature – they do not have primary market and its role is played by original allocation.

### 2.4.1. Issue of Treasury Securities designated for conversion of State Treasury Debt to the NBP

On July 18<sup>th</sup>, 1999 an agreement between the National Bank of Poland and the Minister of Finance was signed on conversion of a non-marketable debt in the central bank's portfolio into marketable Treasury Securities. As a result, the NBP became a holder of five types of bonds with parameters comparable with other TS issues present on the domestic market. Total face value of securities issued for conversion of the debt to NBP amounted to PLN 16,439 million.

The securities characteristics is presented below:

- KO0402 – maturing on 04/29/2002; total face value PLN 4,133.9 million; zerocoupon bond,
- TK1202 – maturing on 12/22/2002; total face value PLN 3,076.3 million; annual coupon 10.0%;
- CK0403 – maturing on 04/22/2003; total face value PLN 3,076.3 million; annual coupon 10.0%;
- PK0704 – maturing on 07/22/2004; total face value PLN 3,076.3 million; annual coupon 8.5%;
- DK0809 – maturing on 08/22/2009; total face value PLN 3,076.3 million; annual coupon 6.0%.

Till the end of 2003 NBP sold all “conversion” bonds to banks therefore eliminating the debt towards the NBP. In 2004 the series PK0704 was redeemed. At the end of 2004 there was only one series - DK0809 2,568.3 million PLN in face value left to mature.

### 2.4.2. Issue of Treasury bonds for conversion of the debt towards pension funds

Acting pursuant to the Act of July 23<sup>rd</sup>, 2003 on taking over by State Treasury Social Insurance Institution liabilities arising from non-transferred payments to open pension funds the Ministry of Finance issued floating rate bonds with its redemption date on November 24, 2011. The conversion procedure started in November 2003.

Table 18. Bonds issued for conversion of the debt towards pension funds in 2004 (PLN million)

Conversion date	Series	Maturity	Face value
01/30/2004	DZ1111	11/24/2011	164
02/27/2004	DZ1111	11/24/2011	69
03/31/2004	DZ1111	11/24/2011	27
04/30/2004	DZ1111	11/24/2011	14
06/30/2004	DZ1111	11/24/2011	68
07/30/2004	DZ1111	11/24/2011	41
08/31/2004	DZ1111	11/24/2011	95
09/30/2004	DZ1111	11/24/2011	68
10/29/2004	DZ1111	11/24/2011	123
11/30/2004	DZ1111	11/24/2011	78
12/31/2004	DZ1111	11/24/2011	45
<b>TOTAL:</b>			<b>791</b>

Till the end of 2004 total face value bonds issued for conversion has reached PLN 1,178 million.

## 2.5. Issue of non-marketable Treasury Securities

The issues of non-marketable Treasury securities are the issues designed to cover existing debts of the State Treasury and to enable the State Treasury to raise new debts outside the financial market. The State Treasury serviced three types of such issues at the end of 2002. Their characteristic is presented in the table below.

Table 19. Non-marketable Treasury Securities serviced on the domestic market in 2004.

	USD-denominated bonds	Restructuring Bonds	Bonds to increase BGŻ S.A. own funds *
Issue date	01/01/1991	Series B – 12/16/1993 Series C – 12/29/1993 Series D – 11/21/1994	I tranche 09/23/1996
Issue face value	5,453 USD million	Series B – PLN 573.4 million Series C – PLN 426.6 million Series D – PLN 1,900 million each of the series is made up of 28 principal installments	I tranche: PLN 600 million each of the tranches is made up of 28 principal installments
Face value of one bond	USD 1 million and 10 million, in 25 series	1,000 PLN	1,000 PLN
Maturity	From 1 to 13 years depending on the series number	From 1.5 to 15.5 years depending on the number of the principal installment	From 1.5 to 15.5 years depending on the number of the principal installment
Redemption date	from 1/04/1992 to 1/04/2004	B - from 06/17/1995 to 12/17/2008 C - from 06/30/1995 to 12/30/2008 D - from 05/22/1996 to 11/22/2009	I tranche from 03/24/1998 to 09/24/2011
Principal and interest paid	Semiannually	Semiannually	Semiannually
Interest form	Floating: reference rate (arithmetic average 6-month for USD credits in a given semi-annual interest period) + margin (2pp in 1991-1995 and 0.5 pp since 1996)	Floating: arithmetic average of NBP rediscount rate for a semi-annual interest period; paid interest – 5% buy-back principal, remaining accrued interest increases every time the principal subject to redemption (capitalization of interest)	Floating: arithmetic average of NBP rediscount rate for 6-month interest period; paid interest – ½ of the rate of accrued interest, remaining accrued interest increase every time the principal subject to redemption (capitalization of interest)
Issue form	paper (material), bearer	batch slip for an issue of a given series; registered within first 3 years since issue date, bearer afterwards	batch slip, registered within first 3 years since issue date, bearer afterwards
Availability to secondary market investors	No limitations, secondary market does not exist	Available for purchase only for domestic banks and financial institutions and also to the State Treasury; secondary market does not exist	Available for purchase only for domestic banks and financial institutions and also to the State Treasury; secondary market does not exist
Debt value (nominal) at the end of 2004.		PLN 3,696.1 million	PLN 637.1 million

### 3. SECONDARY MARKET OF TREASURY SECURITIES

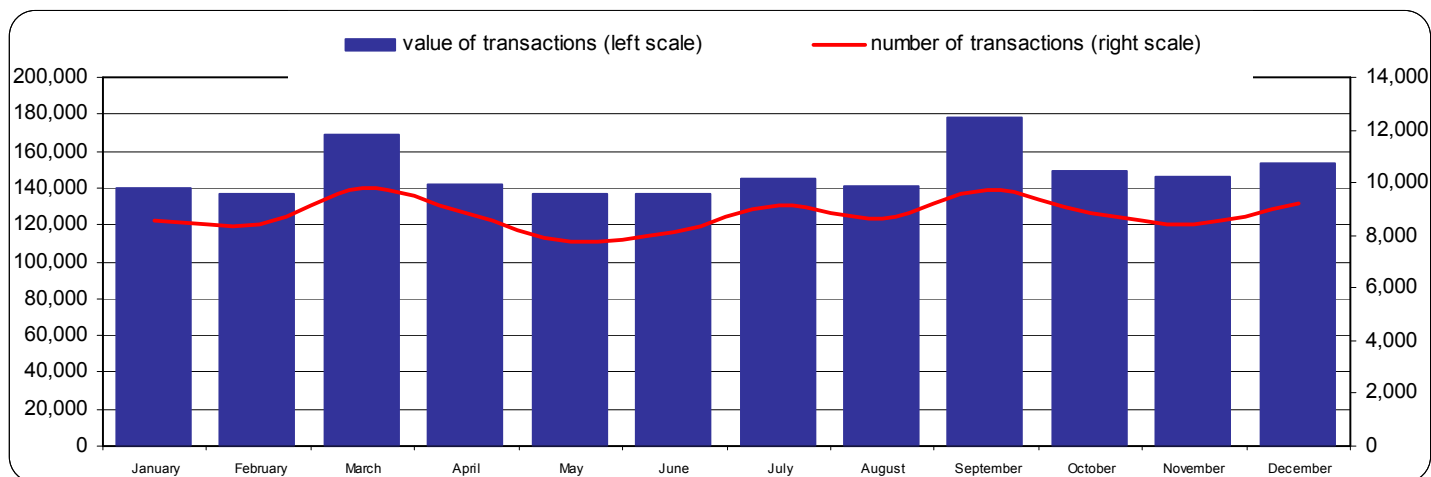
#### 3.1. Secondary market of Treasury bills

Secondary trading of T-bills is effected only on the non-regulated interbank market and on ETSM. Transactions register and their settlement are handled by the NBP Registry of Securities (RPW). 105,422 transactions of total face value PLN 1,773,152 million were concluded on the secondary market in 2004.

Table 20. Value of transactions concluded on the T-bills secondary market in 2004 (PLN million)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Value of transactions	139,590	136,475	169,319	142,403	136,843	136,509	144,596	140,925	178,092	148,859	145,978	153,563	1,773,152
Number of transactions	8,535	8,382	9,774	8,816	7,775	8,130	9,145	8,626	9,756	8,866	8,422	9,195	105,422

Chart 8. Value of transaction concluded on the T-bills secondary market in 2004 (PLN million)



### 3.2. Secondary market of Treasury bonds

Trading on the secondary market for Treasury bonds is performed on three markets: non-regulated interbank market, ETSM (electronic platform) and on regulated market of Warsaw Stock Exchange. Majority of the trading takes place on the non-regulated interbank market (over 97%). 5-year fixed rate bonds are objects of the majority of transactions. Turnover on ETSM amounts about 3%, while trading at WSE does not exceed 0.5%.

Table 21. Value and number of transactions concluded on the Treasury bonds secondary market in 2004 (PLN million)

		January	February	March	April	May	June	July	August	September	October	November	December	Total
TOTAL	Value	153,405	164,382	184,360	139,138	156,194	136,899	169,201	178,102	195,533	191,039	199,894	217,650	2,085,797
	Number	10,916	10,940	10,843	8,589	9,288	8,884	9,836	10,659	11,808	11,959	12,577	13,661	129,960
Interbank	Value	150,550	159,987	181,215	136,053	152,859	133,344	164,641	171,532	187,848	185,364	194,939	213,280	2,031,612
	Number	10,654	10,570	10,615	8,344	8,966	8,572	9,454	10,225	11,356	11,549	12,236	13,245	125,786
Electronic platform	Value	2,855	4,395	3,145	3,085	3,335	3,555	4,560	6,570	7,685	5,675	4,955	4,370	54,185
	Number	262	370	228	245	322	312	382	434	452	410	341	416	4,174

Chart 9. Total value of transactions on the Treasury bonds secondary market in 2004 (PLN million)

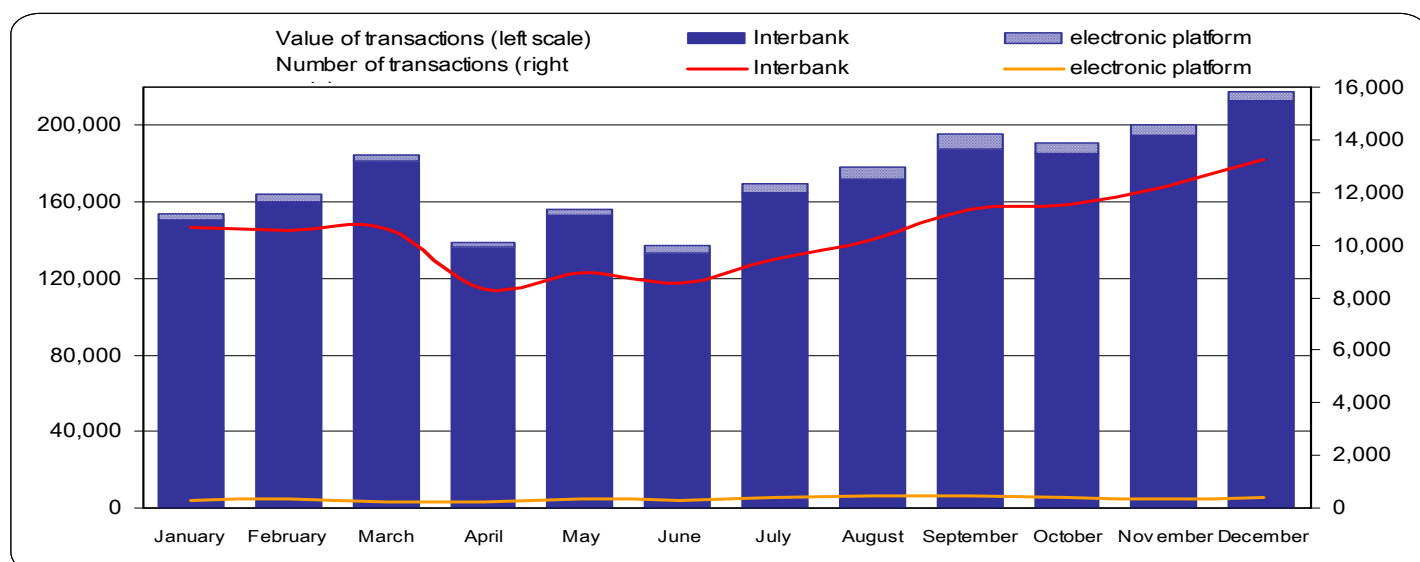


Table 22. Value and number of transactions on the fixed coupon Treasury bonds secondary market in 2004 (PLN million)

Bond type		January	February	March	April	May	June	July	August	September	October	November	December	Total	
2-year	Interbank	Value	54,774	53,325	64,555	56,260	71,106	57,612	77,406	89,855	75,263	68,602	61,794	76,098	806,650
		Number	2,193	2,233	2,108	2,066	2,372	2,721	2,874	3,296	2,893	2,696	2,446	2,738	30,636
	ETSM	Value	770	1,545	540	1,235	880	1,180	1,570	3,355	3,340	2,550	1,385	1,150	19,500
		Number	59	93	47	74	92	103	139	175	161	135	67	100	1,245
	TOTAL	Value	55,544	54,870	65,095	57,495	71,986	58,792	78,976	93,210	78,603	71,152	63,179	77,248	826,150
		Number	2,252	2,326	2,155	2,140	2,464	2,824	3,013	3,471	3,054	2,831	2,513	2,838	31,881
5-year	Interbank	Value	65,801	76,505	75,776	46,315	50,428	40,662	41,205	31,454	29,966	29,111	25,950	28,009	541,182
		Number	5,588	5,789	5,237	3,546	4,112	3,133	3,246	2,632	2,613	2,695	2,427	2,643	43,661
	ETSM	Value	1,590	1,980	1,725	1,195	1,740	1,245	1,740	1,165	1,185	910	940	815	16,230
		Number	156	198	132	113	169	113	128	108	103	76	60	76	1,432
	TOTAL	Value	67,391	78,485	77,501	47,510	52,168	41,907	42,945	32,619	31,151	30,021	26,890	28,824	557,412
		Number	5,744	5,987	5,369	3,659	4,281	3,246	3,374	2,740	2,716	2,771	2,487	2,719	45,093
10-year	Interbank	Value	24,523	27,490	37,445	29,705	27,292	29,489	42,223	43,480	67,965	76,102	91,871	93,749	591,334
		Number	2,430	2,186	2,884	2,378	2,036	2,313	2,966	3,603	4,857	5,256	6,498	6,581	43,988
	ETSM	Value	495	830	460	635	715	1,130	1,235	2,025	2,460	2,170	2,470	2,400	17,025
		Number	47	75	45	56	61	96	113	150	179	191	211	239	1,463
	TOTAL	Value	25,018	28,320	37,905	30,340	28,007	30,619	43,458	45,505	70,425	78,272	94,341	96,149	608,359
		Number	2,477	2,261	2,929	2,434	2,097	2,409	3,079	3,753	5,036	5,447	6,709	6,820	45,451

Chart 10. Value of transactions on the fixed coupon Treasury bonds in 2004 (PLN million)

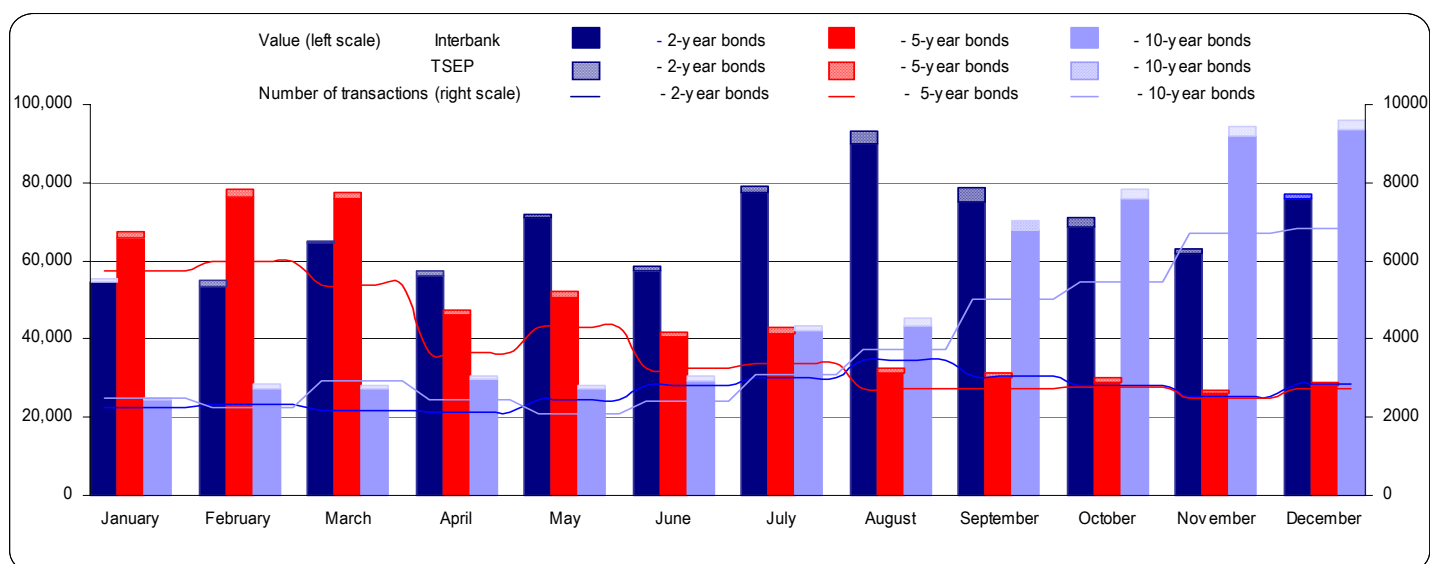
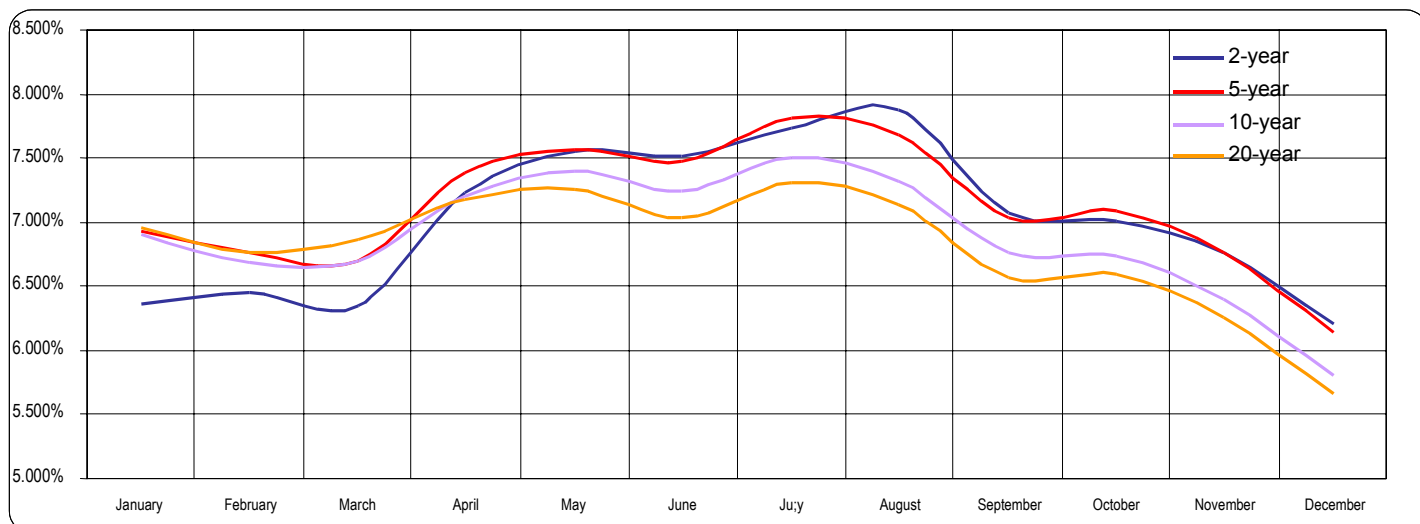


Chart 11. Yield on fixed coupon Treasury bonds on the secondary market in 2004 (bid yield, eom)



### **3.3. Secondary market for Treasury Securities issued on the international market**

The foreign bonds issued by the State Treasury in 1995 – 2004 as well as the Polish Brady Bonds are registered at the foreign stock exchanges. However, trading of those securities is concentrated on non-regulated interbank markets that are characterized by significant level of deregulation and decentralization and also by a large number of institutions actively participating in transactions. Those features of the interbank market make it difficult to monitor and, in practice, the only bond parameter that can be observed and can be used to describe a bond's performance is the yield spread above the benchmark, i.e. the yield of bonds of similar maturity considered to be the safest (relatively over adequate swap rate).

Settlements of the Foreign Bonds transactions are effected in two systems: for the US investors by a specialized financial institution, the Depository Trust Company and in the case of investors from outside the US by two European clearing institutions: Euroclear and Clearstream.

#### 4. STATE TREASURY DEBT<sup>1</sup>

Table 23. State Treasury debt according to the place of issue criterion (PLN million)

	December 2002	December 2003	December 2004
<b>State Treasury debt</b>	<b>327,904</b>	<b>378,944</b>	<b>402,860</b>
<b>I. State Treasury domestic debt</b>	<b>219,347</b>	<b>251,166</b>	<b>291,659</b>
1. Treasury Securities	212,371	245,979	286,888
1.1. Marketable Treasury Securities	195,888	232,564	273,501
1.1.1. Treasury bills	42,031	48,067	46,900
1.1.2. Treasury bonds issued on the domestic market	153,857	184,497	226,601
1.2. Saving bonds	7,718	7,450	9,054
1.3. Non-marketable TS	8,766	5,965	4,333
2. Other State Treasury debt	6,976	5,187	4,771
<b>II. State Treasury foreign debt</b>	<b>108,557</b>	<b>127,778</b>	<b>111,202</b>
1. Treasury Securities	29,188	44,267	48,462
2. Loans	79,369	83,511	62,740

Table 24. State Treasury debt according to the residency criterion (PLN million)

	December 2002	December 2003	December 2004
<b>State Treasury debt</b>	<b>327,904</b>	<b>378,944</b>	<b>402,860</b>
<b>I. State Treasury domestic debt</b>	<b>190,328</b>	<b>213,999</b>	<b>232,352</b>
1. Treasury Securities	183,383	208,940	227,583
1.1. Marketable Treasury Securities	166,899	195,525	214,200
1.1.1. T-bills	40,975	47,265	46,633
1.1.2. Treasury bonds issued on the domestic market	123,519	144,183	164,555
1.1.3. Brady Bonds and treasury bonds issued on the foreign market	2,405	4,077	3,013
1.2. Savings bonds	7,718	7,450	9,049
1.3. Non-marketable bonds	8,766	5,965	4,333
2. Other State Treasury debt	6,945	5,059	4,770
<b>II. State Treasury foreign debt</b>	<b>137,576</b>	<b>164,945</b>	<b>170,508</b>
1. Treasury Securities	58,176	81,307	107,767
1.1. Marketable Treasury Securities	58,176	81,307	107,762
1.1.1. T-bills	1,056	802	268
1.1.2. Treasury bonds issued on the domestic market	30,338	40,314	62,046
1.1.3. Brady Bonds and treasury bonds issued on the foreign market	26,783	40,190	45,449
1.2. Savings bonds	0	0	5
2. Loans	79,369	83,511	62,740
3. Other debt	31	127	1

<sup>1</sup> Data as of September 30, 2005

Table 25. State Treasury debt by place of issue and by instrument (PLN million)

	December 2002	December 2003	December 2004
<b>State Treasury debt</b>	<b>327,904</b>	<b>378,944</b>	<b>402,860</b>
<b>I. State Treasury domestic debt</b>	<b>219,347</b>	<b>251,166</b>	<b>291,659</b>
<b>1. Treasury Securities <sup>1)</sup></b>	<b>212,371</b>	<b>245,979</b>	<b>286,888</b>
<b>1.1. Marketable Treasury Securities</b>	<b>195,888</b>	<b>232,564</b>	<b>273,501</b>
Treasury bills	42,031	48,067	46,900
Fixed-rate marketable bonds	133,764	168,951	200,906
2-year zero coupon bonds	37,740	52,414	52,904
5-year fixed rate bonds	67,773	81,096	70,785
5-year fixed rate retail bonds	1,763	2,081	2,589
10-year fixed rate bonds	16,375	26,259	68,655
20-year fixed rate bonds	1,400	1,545	3,404
4-year fixed rate bonds - converted <sup>2)</sup>	2,560	-	-
5-year fixed rate bonds - converted <sup>2)</sup>	3,076	2,988	-
10-year fixed rate bonds – converted <sup>2)</sup>	3,076	2,568	2,568
Floating-rate marketable bonds	20,093	15,546	23,049
3-year floating rate retail bonds	6,134	5,307	3,400
3-year floating rate bonds	-	-	6,738
7-year floating rate bonds	-	-	1,131
10-year floating rate bonds	9,852	10,239	11,030
USD-denominated bonds '01 <sup>3)</sup>	4,108	-	-
private placements	-	-	750
Index-linked bonds	-	-	2,646
12-year inflation linked bonds	-	-	2,646
<b>1. 2. Savings bonds</b>	<b>7,718</b>	<b>7,450</b>	<b>9,054</b>
2-year savings bonds	6,670	6,338	8,147
4-year savings bonds	1,048	1,111	853
10-year savings bonds	-	-	55
<b>1.3. Non-marketable bonds</b>	<b>8,766</b>	<b>5,965</b>	<b>4,333</b>
USD-denominated bonds '91	2,514	815	-
restructuring bond	5,486	4,444	3,696
bonds to increase BGŻ bank's own funds	765	706	637
<b>2. Other State Treasury debt</b>	<b>6,976</b>	<b>5,187</b>	<b>4,771</b>
<b>II. State Treasury foreign debt</b>	<b>108,557</b>	<b>127,778</b>	<b>111,202</b>
<b>1. Treasury Securities</b>	<b>29,188</b>	<b>44,267</b>	<b>48,462</b>
Brady Bonds	10,358	4,463	3,568
International Bonds	18,829	39,804	44,894
<b>2. Loans</b>	<b>79,369</b>	<b>83,511</b>	<b>62,740</b>
Paris Club creditors	65,961	67,122	50,255
International Financial Institutions, of which the World Bank	11,538 7,215	15,279 7,477	12,033 4,390
Other creditors	1,871	1,110	453
Exchange rate used for calculations (PLN/USD) ( fixing NBP)	3.8388	3.7405	2.9904
Exchange rate used for calculations (PLN/EUR) ( fixing NBP)	4.0202	4.7170	4.0790

1) original maturity

2) Resulting from conversion of non-marketable liabilities of Polish State Budget to NBP into marketable bonds, converted in September 1999 and December 1999.

3) Bonds issued (USD 2,140 million) for premature redemption of Polish debt towards Brazil



Table 26. State Treasury domestic debt by holder (PLN million)<sup>31</sup>

	National Bank of Poland			Domestic commercial banks			Non-banking domestic sector			Foreign investors			TOTAL		
	December 2002	December 2003	December 2004	December 2002	December 2003	December 2004	December 2002	December 2003	December 2004	December 2002	December 2003	December 2004	December 2002	December 2003	December 2004
<b>Domestic debt of State Treasury</b>	<b>6,520</b>	<b>382</b>	<b>0</b>	<b>72,042</b>	<b>85,720</b>	<b>85,762</b>	<b>109,392</b>	<b>123,948</b>	<b>143,578</b>	<b>31,393</b>	<b>41,117</b>	<b>62,318</b>	<b>219,347</b>	<b>251,166</b>	<b>291,659</b>
<b>1. Treasury Securities</b>	<b>6,520</b>	<b>382</b>	<b>0</b>	<b>70,242</b>	<b>82,620</b>	<b>81,462</b>	<b>104,216</b>	<b>121,861</b>	<b>143,107</b>	<b>31,393</b>	<b>41,117</b>	<b>62,318</b>	<b>212,371</b>	<b>245,979</b>	<b>286,888</b>
1.1 Marketable Treasury Securities	5,345	0	0	62,651	77,036	77,129	96,498	114,412	134,058	31,393	41,116	62,313	195,888	232,564	273,501
Treasury bills				23,691	23,879	19,456	17,285	23,386	27,176	1,056	802	268	42,031	48,067	46,900
2-year zero coupon bonds				15,584	23,004	20,788	14,304	17,844	22,093	7,852	11,566	10,024	37,740	52,414	52,904
3-year floating rate retail bonds				186	321	228	5,918	4,967	3,164	31	20	9	6,134	5,307	3,400
3-year floating rate bonds						5,267			1,469			2			6,738
fixed rate bonds up to 5-year				15,879	21,212	19,856	33,784	40,802	32,316	18,111	19,082	18,614	67,773	81,096	70,785
5-year fixed rate retail bonds				4	8	10	1,758	2,071	2,576	2	2	2	1,763	2,081	2,589
7-year floating rate bonds						126			1,002			3			1,131
10-year fixed rate bonds				890	3,228	7,427	11,217	13,584	31,057	4,269	9,446	30,172	16,375	26,259	68,655
10-year floating rate bonds				2,882	2,988	3,302	6,957	7,084	7,515	13	168	213	9,852	10,239	11,030
4-year fixed rate bonds - converted				1,967			593						2,560	0	0
5-year fixed rate bonds - converted	911			1,253	2,233		912	755					3,076	2,988	0
10-year fixed rate bonds - converted	327			317	162	147	2,433	2,406	2,422				3,076	2,568	2,568
private placements						15			585			150			750
12-year inflation linked						216			215			2,215			2,646
20-year fixed rate bonds					1	292	1,338	1,513	2,470	62	31	643	1,400	1,545	3,404
USD-denominated bonds '01	4,108												4,108	0	0
<b>1.2. Savings bonds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,718</b>	<b>7,450</b>	<b>9,049</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>7,718</b>	<b>7,450</b>	<b>9,054</b>
2-year savings bonds							6,670	6,338	8,143	0	0	4	6,670	6,338	8,147
4-year savings bonds							1,048	1,111	852	0	0	1	1,048	1,111	853
10-year savings bonds									55			0			55
<b>1.3 Non-marketable TS</b>	<b>1,175</b>	<b>382</b>	<b>0</b>	<b>7,591</b>	<b>5,584</b>	<b>4,333</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,766</b>	<b>5,965</b>	<b>4,333</b>
USD-denominated bonds '91	1,175	382	0	1,340	434								2,514	815	0
restructuring bond				5,486	4,444	3,696							5,486	4,444	3,696
bonds to increase BGŻ bank's own funds				765	706	637							765	706	637
<b>2. Other State Treasury debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,800</b>	<b>3,100</b>	<b>4,300</b>	<b>5,176</b>	<b>2,087</b>	<b>471</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,976</b>	<b>5,187</b>	<b>4,771</b>

Table 27. Residual maturity of Treasury Securities issued on the domestic market (PLN million)

	December 2002	December 2003	December 2004
<b>Treasury Securities</b>	<b>212,371</b>	<b>245,979</b>	<b>286,888</b>
up to 1 year (included)	80,776	93,162	84,836
1 to 3 years (included)	57,131	77,346	87,303
3 to 5 years (included)	41,215	38,221	65,637
over 5 years	33,249	37,250	49,112
<b>T-bills</b>	<b>42,031</b>	<b>48,067</b>	<b>46,900</b>
<b>Marketable bonds</b>	<b>153,857</b>	<b>184,497</b>	<b>226,601</b>
<b>Fixed rate bonds</b>	<b>133,763</b>	<b>168,951</b>	<b>200,906</b>
up to 1 year (included)	26,221	37,697	31,298
1 to 3 years (included)	46,086	66,109	69,547
3 to 5 years (included)	36,911	34,772	60,030
over 5 years	24,546	30,372	40,031
<b>Floating rate bonds</b>	<b>20,093</b>	<b>15,546</b>	<b>23,049</b>
up to 1 year (included)	5,874	2,665	2,218
1 to 3 years (included)	4,868	5,158	10,709
3 to 5 years (included)	2,289	1,581	3,924
over 5 years	7,063	6,142	6,198
<b>Index-linked bonds</b>	-	-	<b>2,646</b>
over 5 years	-	-	2,646
<b>Savings bonds</b>	<b>7,718</b>	<b>7,450</b>	<b>9,054</b>
up to 1 year (included)	4,051	3,034	3,525
1 to 3 years (included)	3,496	4,313	5,255
3 to 5 years (included)	171	102	220
over 5 years	-	-	55
<b>Non-marketable bonds</b>	<b>8,766</b>	<b>5,965</b>	<b>4,333</b>
up to 1 year (included)	2,600	1,698	896
1 to 3 years (included)	2,681	1,766	1,792
3 to 5 years (included)	1,844	1,766	1,464
over 5 years	1,641	736	182

Monthly data on the State Treasury debt are available on the Ministry of Finance website:

[http://www.mf.gov.pl/files/english/public\\_dept/public\\_finance\\_sector\\_debt/state\\_treasury\\_debt.exe](http://www.mf.gov.pl/files/english/public_dept/public_finance_sector_debt/state_treasury_debt.exe)

## 5. INSTITUTIONAL STRUCTURE OF THE TREASURY SECURITIES MARKET

The legal operational basis of the main institutions of the public capital market and mainly the regulated market in Poland is the Law on Public Trading of Securities binding since 1998. The Law regulates public turnover of securities and other instruments introduced for public trading and also provides the rules of establishing, organization and supervision of entities active in trading. In case of the non-regulated market the standards in force are those generally recognized by the institutions creating that market. The following entities are organizationally involved in the Polish Treasury Securities market:

- a) The Minister of Finance acting on behalf of the State Treasury – the issuer of Treasury Securities,
- b) The National Bank of Poland – the issue agent of Treasury Securities offered on the domestic wholesale market. The NBP also keeps the accounts of the state budget (treasury),
- c) The Polish Securities and Exchange Commission (PSEC) – responsible for the supervision of the public securities market and its participants,
- d) The National Depository for Securities (NDS) – Depository and settlements institution for securities including Treasury bonds,
- e) The Warsaw Stock Exchange S.A. (WSE) – institution running the regulated secondary market of Treasury bonds,
- f) Treasury Securities Dealers – banks participating in the primary TS market
- g) The Central Brokerage House PeKaO S.A. (CBH Pekao S.A.) – issue agent of retail bonds sold in the retail net till July 31, 2003,
- h) Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP S.A.) – issue agent of retail bonds sold in the retail net from August 1, 2003,
- i) Bank Gospodarstwa Krajowego – payment agent of a part of the State Treasury foreign debt (including T-bonds) and agent servicing State Treasury debt arising from outstanding liabilities of health care units,
- j) Domestic banks – major participants of the Treasury Securities market,
- k) Brokerage houses – intermediaries on the primary and secondary markets for securities,
- l) Institutions participating in foreign bond issues,
- m) MTS Centralna Tabela Ofert S.A. (MTS-CeTO S.A.) – organizer of secondary market (ETSM) for T-bills and T-bonds offered at auctions.

### 5.1. Useful addresses

Ministry of Finance  
12 Świętokrzyska St.,  
00 - 916 Warszawa  
tel: (4822) 694-55-55  
[www.mofnet.gov.pl](http://www.mofnet.gov.pl)

Polish Securities and Exchange Commission  
1 Plac Powstańców Warszawy  
00 - 009 Warszawa  
tel: (4822) 826-10-31  
[www.kpwig.gov.pl](http://www.kpwig.gov.pl)

REUTERS – page **PLMINFIN**

TELERATE – page **16200**

Warsaw Stock Exchange  
4 Książęca St.  
00 - 498 Warszawa  
tel: (4822) 628-32-32  
[www.gpw.com.pl](http://www.gpw.com.pl)

National Depository for Securities  
4 Książęca St.,  
00-498 Warszawa  
tel: (4822) 537-95-88  
[www.kdpw.com.pl](http://www.kdpw.com.pl)

Page about T-bonds destined for individual investors (in Polish only)

<http://www.obligacjeskarbowe.pl>

MTS-Centralna Tabela Ofert S.A.  
14 Leszno St,  
01-192 Warszawa  
tel. (4822) 535-69-00  
[www.ceto.pl](http://www.ceto.pl)

Central Brokerage House PeKao SA  
18 Wołoska St.,  
02 - 675 Warszawa  
tel: (4822) 640-28-40, 640-26-40  
[www.cdmpekao.com.pl](http://www.cdmpekao.com.pl)

National Bank of Poland  
11/21 Świętokrzyska St.,  
00 - 049 Warszawa  
tel: (4822) 653-10-00

Powszechna Kasa Oszczędności Bank Polski S.A.  
15 Puławska St,  
02-515 Warszawa  
tel. 0-800 120-139 (hotline)  
tel. 0-801 124-365 (hotline)  
tel. (4822) 639-66-00

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

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