

# MINISTRY OF FINANCE

## ANNEX TO ANNUAL REPORT 2011 PUBLIC DEBT

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## 1. LEGAL FRAMEWORK OF THE ISSUANCE OF TREASURY SECURITIES (TS).

### 1.1. The Constitution of the Republic of Poland.

The Constitution of the Republic of Poland of April 2<sup>nd</sup>, 1997 (Journal of Laws 1997 No 78, item 483) includes:

- a) ban on incurring loans and granting financial guarantees which would cause public debt to exceed 60% of GDP,
- b) ban on financing budget deficit by the central bank.

### 1.2. The Public Finance Act.

The Public Finance Act of August 27<sup>th</sup>, 2009 (Journal of Laws 2009 No 157, item 1240) constitutes the basic act governing the terms of issuing TS and includes:

- a) detailed prudential and remedial procedures if public debt to GDP ratio exceeds 50%, 55% and 60%,
- b) obligation by the Minister of Finance to present a 4-year public finance sector debt management strategy,
- c) authorization for the Minister of Finance to issue monetary-type TS – other instruments (equity-type) may be issued by the Minister of Treasury in consultation with the Minister of Finance,
- d) classification of TS according to their maturity:
  - 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),
  - 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).

### 1.3. The Ordinances of the Minister of Finance on general terms of issuing specific types of the TS.

Basing on the Public Finance Act delegation the Minister of Finance has issued the following ordinances determining the rules for TS issuance:

- a) Ordinance of the Minister of Finance of December 20<sup>th</sup>, 2010 on the terms of issuing Treasury bonds offered through wholesale sales (Journal of Laws 2010 No 250, item 1680),
- b) Ordinance of the Minister of Finance of December 20<sup>th</sup>, 2010 on the terms of issuing Treasury bills (Journal of Laws 2010 No 250, item 1679),
- c) Ordinance of the Minister of Finance of December 15<sup>th</sup>, 2010 on the terms of issuing Treasury bonds on the foreign markets (Journal of Laws 2010 No 244, item 1630),
- d) Ordinance of the Minister of Finance of December 3<sup>rd</sup>, 2010 on the terms of issuing Treasury bonds offered in the retail network (Journal of Laws 2010 No 237, item 1573),
- e) Ordinance of the Minister of Finance of December 3<sup>rd</sup>, 2010 on the terms of issuing Treasury bonds designated for the conversion of the State Treasury debt (Journal of Laws 2010 No 237, item 1574).

The above listed ordinances determined the Minister of Finance's rights to define detailed terms of TS issue in given segments of the financial market. They set forth general terms of securities' design, sales procedures and terms of their service and redemption (including buy-back and early redemption) as well as groups of investors to which TS may be offered.

### 1.4. The Letters of Issue.

Detailed conditions of a particular TS issue i.e.: maturity date, type of coupon, maximum value of the issue and its currency 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 TS

### 2.1. Sale of TS on the domestic market

Sale of the TS 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 sales of TS – Treasury bonds and Treasury bills offered at auctions - 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. System of Treasury Securities Dealers (TSDs), a.k.a. Primary Dealers (PDs)

The System of Treasury Securities Dealers (TSDs) was introduced at the beginning of 2003. It limited the access to the Treasury Securities (TS) primary market to entities with the status of TSD. The System of TSDs was implemented in order to ensure financing of the borrowing requirements of the State budget and to improve liquidity, transparency and effectiveness of the TS market.

#### System participants

Participation in the competition for TSD for 2011 (that was held from October 1, 2009 to September 30, 2010) was limited to Polish and foreign banks, which met requirements stated in [The Rules and Regulations Governing the Activities of the TSD as of August 27th, 2009](#). The document set forth competition's rules and criteria for TSDs selection. Minister of Finance granted the status of TSD for 2011 to 12 banks. From October 1, 2010 to September 30, 2011 the competition for TSD for 2012 took place as set forth in [The Rules and Regulations Governing the Activities of the TSD as of August 24th, 2010](#). The competition for TSD for 2013 has started on October 1, 2011. The competition's rules and criteria for TSDs selection are described in [The Rules and Regulations Governing the Activities of the TSD as of September 13th, 2011](#).

Table 1. Candidates for TSD for 2011, TSDs for 2011, candidates for TSD for 2012, TSDs for 2012, candidates for TSD for 2013

Name of entity	Candidate for TSD for 2011	TSDs for 2011	Candidate for TSD for 2012	TSDs for 2012	Candidate for TSD for 2013
Banco Espirito Santo de Investimento S.A. Oddział w Polsce			✓		
Bank BPH S.A.	✓		✓		✓
Bank Gospodarki Żywnościowej S.A.	✓		✓	✓	✓
Bank Handlowy w Warszawie S.A.	✓	✓	✓	✓	✓
Bank Millennium S.A.	✓	✓	✓	✓	✓
Bank PEKAO S.A.	✓	✓	✓	✓	✓
Bank Zachodni WBK S.A.			✓		✓
Barclays Bank plc	✓		✓	✓	✓
BRE Bank S.A.	✓	✓	✓	✓	✓
Deutsche Bank Polska S.A.	✓	✓	✓	✓	✓
EFG Eurobank Ergasias S.A.	✓				
Erste Group Bank AG	✓		✓	✓	✓
Goldman Sachs International	✓	✓	✓	✓	✓
HSBC Bank plc	✓	✓	✓	✓	✓
ING Bank Śląski S.A.	✓	✓	✓	✓	✓
Kredyt Bank S.A.	✓	✓	✓	✓	✓
Morgan Stanley & Co. International Ltd.	✓				
PKO BP S.A.	✓	✓	✓	✓	✓
Raiffeisen Bank Polska S.A.	✓		✓		✓
Société Générale S.A. Oddział w Polsce	✓	✓	✓	✓	✓
The Royal Bank of Scotland plc	✓	✓	✓		✓
UBS Limited	✓		✓		✓

**TSDs selection criteria for 2012:**

- activity on the primary market, i.e. percentage share of total weighted face value of TS sold at auctions, non-competitive auctions, switching auctions and Treasury bill auctions within a Competition period (weight 40%);
- activity on the secondary market, i.e. quality of TS quotation on Electronic market (weight of 40%);
- co-operation with the Minister (weight 20%), in particular in the following areas:
  - consultation on issuance policy, in particular consultation on general supply at the particular auctions,
  - consultation on current financial markets situation,
  - quality of quotations of TS and other financial instrument at a request of the Minister,
  - other activities, especially performed in order to fulfil the duties specified in §6.1 of the Rules and Regulations.

**TSDs duties in 2011:**

- participation in auctions of Treasury bonds;
- purchasing each quarter no less than, defined for a given calendar year, the minimum required share expressed as a percentage of the total, weighted face value of TS sold at auctions, non-competitive auctions, switching auctions and Treasury bill auctions within a given Competition period (the weights: for TS with maturity less than 4 years – 0.5, for TS with maturity equal or above 4 years – 1.5);
- submitting quotations of bid and offer prices for benchmark TS, defined by the Minister of Finance, on the Electronic market for at least 5 hours per day;
- participation in fixing sessions of TS, arranged by the NBP through Electronic market organizer (BondSpot S.A.), in order to set the fixing and informational rates for TS in accordance with the TS Fixing Regulations;
- quoting bid/offer TS prices at any request of the Minister of Finance;
- co-operation with the Minister towards further development of the transparent, liquid and efficient TS market;
- undertaking actions aimed at widening of the investor base;
- promoting the TS market;
- duly fulfilling duties resulting from the participation in the depository-settling systems.

**TSDs in 2011 were entitled to:**

- exclusive submission of bids at auctions of TS;
- exclusive rights or preferences in concluding individual transactions with the Minister of Finance (repo and buy-sell back transactions, hedging transactions, private placement transactions, securities issues on foreign markets, other financial transactions defined by the Minister);
- regular meetings with representatives of the Minister of Finance in order to discuss issuance policy, plans for financing state budget borrowing needs and financial market conditions and to solve material, organisational and technical problems connected with organisation and functioning of the TS market;
- exclusive right to use the title of a Treasury Securities Dealer, during the term of the Agreement on fulfilling the function of the TSD.

**2.1.1.1. Electronic TS Market – Treasury BondSpot Poland**

Since March 1, 2002 Centralna Tabla Ofert S.A. under the agreement signed with the Minister of Finance has become an organizer of the secondary market on the electronic platform. 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 (currently TradelImpact), under the name "MTS Poland". This enabled foreign banks to conduct transactions on electronic market. After withdrawal of MTS SpA in 2009, Warsaw Stock Exchange is the major

shareholder in the company. Since September 2009 the company is operating under the name BondSpot S.A. and the electronic market for TS has been re-branded at the beginning of 2010 to Treasury BondSpot Poland.

On December 31st, 2011 there were 32 entities acting on the MTS Poland: 25 as Market Makers, 5 as Market Takers and 2 as Institutional Investors.

### 2.1.2. Sale of TS at auctions.

TS (T-bonds and T-bills) offered at auctions held by the National Bank of Poland are dedicated for the institutional investor groups and are commonly called "wholesale" instruments. They fulfil the basic role in meeting the State Budget borrowing requirements. Relatively high face value of the securities offered at auctions (PLN 1,000 for a T-bond and PLN 10,000 for a T-bill) is a feature of the wholesale market of the TS. The direct access to auctions is limited to PDs and Bank Gospodarstwa Krajowego (state owned bank). Investors that have no such status can place their bids through an entity that is a direct participant of an auction. Basic characteristic of wholesale TS is presented in the table below.

Table 2. Characteristic of wholesale TS.

	T-bonds	T-bills
<b>Issue type</b>	Issued in a dematerialized form and deposited as magnetic entries (bearer form)	
<b>Depository</b>	National Depository for Securities S.A.	Securities Register run by the National Bank of Poland.
<b>Face value</b>	1.000 PLN	10.000 PLN
<b>Maturity</b>	From 2 to 30 years <sup>1)</sup>	From 1 to 52 weeks and from 1 to 90 days <sup>2)</sup>
<b>Access to primary market</b>	PDs + BGK	
<b>Turnover regulations</b>	Residents and non-residents being legal entities, individuals and entities without legal status, may invest in wholesale TS that may be freely traded among all those investors, as long as the foreign exchange regulations and laws on public trading of securities are observed.	
<b>Secondary market</b>	Interbank non-regulated market, electronic platform Treasury BondSpot Poland, Warsaw Stock Exchange	Interbank non-regulated market, electronic platform Treasury BondSpot Poland.

1) In 2011 following T-bonds were offered on auctions: 2-year zerocoupon bonds; 5-, 10- and 20-year fixed-rate bonds; 10-year floating-rate bonds and 15-year inflation-linked bonds.  
2) T-bills with maturities expressed in days are issued seldom in order to secure short-term budget liquidity.

At the beginning of each year Minister of Finance publishes preliminary yearly calendar containing series of offered securities and dates of auctions. Auction calendars and information on TS auction details are published on the Ministry of Finance website [www.mf.gov.pl](http://www.mf.gov.pl), in REUTERS [PLMINFIN] and BLOOMBERG [PLMF]. Moreover Minister of Finance announces quarterly and monthly TS auction plans including maturity dates of offered securities, auctions' settlement dates and projected sales value range of specific types of securities. The final announcement on forthcoming auction is published two working days before T-bonds auction and one working day before T-bills auction date.

Bids are submitted by PDs to the National Bank of Poland by 11:00 a.m. on the auction date. Upon receipt a bid summary from the NBP the Minister of Finance takes a decision on accepted minimum price for TS with given maturity.

The Minister of Finance may, no later than the on the following day, organize a non-competitive auction of TS with offer not exceeding 20% of initial auction offer. All PDs and BGK may participate in non-competitive auction. Bids of non-competitive auction participants, who did not purchased TS on sale auction, are accepted in the second instance after full satisfaction of the demand of bidders who bought TS on sale auction.

#### MODIFICATION OF TREASURY SECURITIES' SALE AUCTIONS RULES

Till the end of 2011 auctions of TS were held in the multiple-price auction system i.e., each of the bidders bought securities at a price submitted in his bid. Starting from January 1st, 2012 the formula of conducting Treasury Securities' auctions has changed. All T-bond and T-bill sale auctions are carried out in uniform price formula.

In the case of uniform price auction all successful bidders pay for purchased securities the uniform price equal to the minimum accepted price. Bids with prices higher than the minimum price are accepted in whole while bids presenting price equal to the minimum price may be accepted with a reduction or in whole.

The change applies to Treasury Securities' sale auctions only - switching and buy-back auctions are conducted according to previous rules.

At non-competitive auctions TS are sold at minimum price determined at sale auction.

The introduction of new formula results from developed countries debt markets' experiences and outcome of scientific research on theory of efficient auctioning.

The uniform price auctions are used by growing number of government debt issuers – for the time being this format is used, among others, in the United States of America, Great Britain, Italy, Canada, Finland, Norway, Holland, Denmark, Czech Republic, Slovakia, Mexico, New Zealand and Argentina.

The another modification that came into force on January 1st, 2012 is the introduction of non-competitive bids for T-bond and T-bill sale auctions. Non-competitive bids are the purchase declarations where investors only determine the number of securities they intend to buy without giving their price. Investors placing this kind of bids pay for the purchased securities price equal to the minimum price set at the given auction. The share of non-competitive bids in the total sales value on a given auction can not exceed 5% - this means in practice that offers of this type don't affect the auction results and are addressed to small investors such as associations, unions or individual persons.

Schedule of TS sale and non-competitive auction is presented in the table below.

Table 3. Schedule of TS sale and non-competitive auction in day T.

	T-bonds	T-bills
	<b>SALE AUCTION</b>	
<b>Issue agent</b>	National Bank of Poland	
<b>Auction participants</b>	PDs + BGK	
<b>Auction format (see frame above)</b>	Uniform-price auction - each of the bidders buys securities at a minimum price accepted at auction	
<b>Auction of information on auction</b>	Day T-2, time 15:00	Day T-1, time 15:00
<b>Deadline for placing bids<sup>1)</sup></b>	Day T, time 11:00	Day T, time 11:00

	T-bonds	T-bills
Minimum bid face value	1.000.000 PLN	100.000 PLN
Publication of information on auction results	Day T, time 12:00	Day T, time 12:00
Auction settlement <sup>2)</sup>	Day T+2, time 12:30	Day T+2, time 14:00
<b>NON-COMPETITIVE AUCTION<sup>3)</sup></b>		
Issue agent	National Bank of Poland	
Auction participants <sup>4)</sup>	PDs + BGK	
Auction format (see frame above)	Uniform-price auction - each of the bidders buys TS at minimum price determined at sale auction	
Publication of information on auction	Day T, time 13:00	-
Deadline for placing bids	Day T, time 14:00	-
Publication of information on auction results	Day T, time 14:15	-
Auction settlement <sup>2)</sup>	Day T+2, time 12:30	-

1) T-bonds auctions are usually held on Wednesdays, T-bills auction on Mondays but under reasonable circumstances may be set on another day.  
2) Payment for the TS sold through auction is usually made two days after an auction but under reasonable circumstances may be set on another day.  
3) The Minister of Finance is entitled to organize non-competitive auction of T-bills but has not used this possibility so far.  
4) Bids of non-competitive auction participants, who did not purchased TS on sale auction, are accepted in the second instance after full satisfaction of the demand of bidders who bought TS on sale auction.

Table 4. Results of T-bonds auctions in 2011 (PLN million)

Auction date	Settlement date	Series	Maturity date	Coupon	Offer		Demand	Sales	Average yield	Non-competitive auction			Total sales
					Min.	Max.				Offer	Demand	Sales	
01/05/2011	OK0113	2-year zero coupon	01/25/2013	0.00%			8,328	5,108	4.984%	not organized			5,108
01/05/2011	PS0416	5-year fixed rate	04/25/2016	5.00%			2,795	1,140	5.642%	not organized			1,140
01/12/2011	DS1020	10-year fixed rate	10/25/2020	5.25%			4,252	2,250	6.215%	not organized			2,250
01/12/2011	WS0429	20-year fixed rate	04/25/2029	5.75%			1,100	250	6.246%	not organized			250
02/09/2011	OK0113	2-year zero coupon	01/25/2013	0.00%	3,000	5,000	8,776	4,795	5.031%	500	445	445	5,240
02/16/2011	WZ0115	4-year floating rate	01/25/2015	-			4,622	1,313	-	not organized			1,313
02/16/2011	IZ0823	15-year inflation linked	08/25/2023	2.75%			1,525	1,137	3.030%	not organized			1,137
03/09/2011	OK0113	2-year zero coupon	01/25/2013	0.00%	3,000	4,500	10,808	4,500	5.113%	not organized			4,500
03/16/2011	WZ0121	10-year floating rate	01/25/2021	-			1,360	710	-	not organized			710
03/16/2011	IZ0823	15-year inflation linked	08/25/2023	2.75%			976	321	3.055%	not organized			321
04/13/2011	OK0713	2-year zero coupon	07/25/2013	0.00%	3,500	5,500	7,385	4,759	5.163%	not organized			4,759
05/12/2011	OK0713	2-year zero coupon	07/25/2013	0.00%	3,000	4,500	9,845	4,306	5.112%	not organized			4,306
05/18/2011	PS0416	5-year fixed rate	04/25/2016	5.00%	1,500	3,000	13,020	3,000	5.614%	600	2,450	600	3,600
06/09/2011	OK0713	2-year zero coupon	07/25/2013	0.00%	2,000	3,000	6,098	3,000	4.840%	not organized			3,000
06/15/2011	WZ0121	10-year floating rate	01/25/2021	-			6,663	3,000	-	not organized			3,000
06/15/2011	IZ0823	15-year inflation linked	08/25/2023	2.75%			242	125	3.013%	not organized			125
07/21/2011	DS1021	10-year fixed rate	10/25/2021	5.75%	1,000	3,000	5,609	3,000	5.803%	not organized			3,000
08/10/2011	OK0713	2-year zero coupon	07/25/2013	0.00%			1,611	1,228	4.469%	100	378	100	1,328
08/10/2011	OK0114	2-year zero coupon	01/25/2014	0.00%	2,000	5,000	4,094	1,589	4.577%	300	840	300	1,889
08/10/2011	PS0416	5-year fixed rate	04/25/2016	5.00%			3,772	2,192	5.256%	600	1,924	600	2,792
09/22/2011	WZ0115	4-year floating rate	01/25/2015	-			2,039	504	-	not organized			504
09/22/2011	WZ0121	10-year floating rate	01/25/2021	-			3,006	770	-	not organized			770
10/19/2011	PS1016	5-year fixed rate	10/25/2016	4.75%	1,000	3,000	9,880	3,038	5.105%	600	1,320	600	3,638
11/16/2011	PS1016	5-year fixed rate	10/25/2016	4.75%	1,000	2,500	5,229	2,500	5.147%	not organized			2,500
TOTAL:	2-year zero coupon						56,945	29,285		900	1,663	845	30,130
	4-year floating rate						6,661	1,817		0	0	0	1,817
	5-year fixed rate						34,695	11,870		1,800	5,694	1,800	13,670
	10-year fixed rate						9,860	5,250		0	0	0	5,250
	10-year floating rate						11,029	4,480		0	0	0	4,480
	15-year inflation linked						2,742	1,583		0	0	0	1,583
20-year fixed rate						1,100	250		0	0	0	250	
TOTAL:					29,500	59,000	123,032	54,534		2,700	7,357	2,645	57,179

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 may be found on the Ministry of Finance website: [http://www.mf.gov.pl/files/dlug\\_publiczny/obligacje\\_hurtowe/pliki\\_do\\_pobrania/obligacjehurtowe.xls](http://www.mf.gov.pl/files/dlug_publiczny/obligacje_hurtowe/pliki_do_pobrania/obligacjehurtowe.xls)

Table 5. Results of Treasury bills auctions in 2011 (PLN million)

Auction date	Bill type	Redemption date	Offer		Demand	Sales	Average yield
			Min.	Max.			
01/17/2011	28W	08/03/2011	1,000	1,500	2,897.50	1,000.00	4.045%
01/24/2011	27W	08/03/2011	1,000	1,200	4,437.64	1,000.00	4.077%
01/31/2011	52W	02/01/2012	1,500	2,000	2,968.20	1,961.20	4.291%
02/07/2011	51W	02/01/2012	600	1,100	2,444.00	1,100.00	4.326%
02/14/2011	50W	02/01/2012	1,000	1,500	2,730.00	1,428.00	4.350%
02/21/2011	49W	02/01/2012	1,500	2,000	2,901.50	1,799.50	4.483%
02/28/2011	52W	02/29/2012	1,200	1,700	2,999.22	1,465.95	4.508%
03/07/2011	51W	02/29/2012	500	900	5,097.36	900.00	4.489%
03/14/2011	50W	02/29/2012	600	1,100	2,316.46	783.46	4.495%
03/21/2011	49W	02/29/2012	700	1,200	3,760.28	1,114.53	4.461%
03/28/2011	52W	03/28/2012	500	1,000	4,237.09	870.00	4.458%
04/04/2011	51W	03/28/2012	500	1,000	1,693.10	569.60	4.464%
04/11/2011	50W	03/28/2012	300	600	1,535.70	444.20	4.503%

Auction date	Bill type	Redemption date	Offer		Demand	Sales	Average yield
			Min.	Max.			
04/18/2011	49W	03/28/2012	500	1,000	1,646.15	771.15	4.594%
04/21/2011	48W	03/28/2012	700	1,200	3,407.73	1,027.00	4.583%
05/09/2011	46W	03/28/2012	400	600	3,560.00	600.00	4.516%
05/16/2011	45W	03/28/2012	500	1,000	2,737.00	709.00	4.599%
05/23/2011	44W	03/28/2012	500	1,000	3,001.50	698.00	4.564%
05/30/2011	52W	05/30/2012	500	600	2,667.00	505.00	4.577%
<b>TOTAL:</b>			<b>14,000</b>	<b>22,200</b>	<b>57,037.43</b>	<b>18,746.59</b>	

File containing results of all auctions of Treasury bills since 1991 may be found on the Ministry of Finance website: [http://www.mf.gov.pl/files/dlug\\_publiczny/obligacje\\_hurtowe/pliki\\_do\\_pobrania/bonyskarbowe.xls](http://www.mf.gov.pl/files/dlug_publiczny/obligacje_hurtowe/pliki_do_pobrania/bonyskarbowe.xls)

### 2.1.3. Treasury bond switching auctions

At switching auction the Minister 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. The operation is conducted without cash flows. The Minister'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,
- managing the interest rate risk.

Schedule of T-bonds switching auction is presented in the table below.

Table 6. Schedule of T-bonds switching auction in day T.

<b>Issue agent</b>	National Bank of Poland
<b>Auction participants</b>	PDs + BGK
<b>Auction format</b>	<b>Multiple-price auction</b> - each of the bidders exchanges securities at a price submitted in his bid.
<b>Publication of information auction</b>	Day T-2, time 15:00
<b>Publication of information on switching prices</b>	Day T-1, time 15:00
<b>Deadline for placing bids<sup>1)</sup></b>	Day T, time 11:00
<b>Minimum bid face value</b>	1.000.000 PLN
<b>Publication of information on auction results</b>	Day T, time 12:30
<b>Auction settlement<sup>2)</sup></b>	Day T+2, time 12:30

1) T-bonds switching auctions are usually held on Wednesdays but under reasonable circumstances may be set on another day.

2) Auction settlement is usually made two days after an auction but under reasonable circumstances may be set on another day.

Table 7. Results of switching auctions in 2011 (PLN million)

Auction date	Buy-back bonds			Settlement bonds		
	Series	Maturity date	Buy-back (face value)	Series	Maturity date	Sales (face value)
01/20/2011	PS0511	05/24/2011	132	IZ0823	08/25/2023	460
	OK0711	07/25/2011	351			
	<b>Total:</b>		<b>483</b>	<b>Total:</b>		<b>460</b>
02/02/2011	PS0511	05/24/2011	1,429	PS0416	04/25/2016	1,603
	OK0711	07/25/2011	137			
	<b>Total:</b>		<b>1,567</b>	<b>Total:</b>		<b>1,603</b>
03/03/2011	PS0511	05/24/2011	2,018	WZ0115	01/25/2015	763
	OK0711	07/25/2011	635	PS0416	04/25/2016	1,932
	<b>Total:</b>		<b>2,652</b>	<b>Total:</b>		<b>2,696</b>
04/20/2011	PS0511	05/24/2011	3,489	WZ0115	01/25/2015	3,358
	OK0711	07/25/2011	754	PS0416	04/25/2016	2,665
	WZ0911	09/24/2011	1,585			
	<b>Total:</b>		<b>5,827</b>	<b>Total:</b>		<b>6,023</b>
05/04/2011	PS0511	05/24/2011	1,668	WZ0115	01/25/2015	1,531
	OK0711	07/25/2011	729	DS1020	10/25/2020	1,730
	WZ0911	09/24/2011	759			
	<b>Total:</b>		<b>3,156</b>	<b>Total:</b>		<b>3,261</b>
06/01/2011	OK0711	07/25/2011	4,240	WZ0115	01/25/2015	2,089
	WZ0911	09/24/2011	1,490	PS0416	04/25/2016	2,041
				DS1020	10/25/2020	1,633
	<b>Total:</b>		<b>5,729</b>	<b>Total:</b>		<b>5,764</b>
07/07/2011	OK0711	07/25/2011	3,549	WZ0115	01/25/2015	3,018
	DZ0811	08/18/2011	25	PS0416	04/25/2016	2,512
	WZ0911	09/24/2011	2,729	WZ0121	01/25/2021	754
	<b>Total:</b>		<b>6,302</b>	<b>Total:</b>		<b>6,284</b>
08/03/2011	DZ0811	08/18/2011	639	WZ0115	01/25/2015	1,960
	WZ0911	09/24/2011	1,934	WZ0121	01/25/2021	896
	DZ1111	11/24/2011	1,437	DS1021	10/25/2021	1,215
	<b>Total:</b>		<b>4,010</b>	<b>Total:</b>		<b>4,071</b>
09/08/2011	WZ0911	09/24/2011	569	PS0416	04/25/2016	2,042
	DZ1111	11/24/2011	815	DS1021	10/25/2021	1,207
	OK0112	01/25/2012	1,986			
	<b>Total:</b>		<b>3,370</b>	<b>Total:</b>		<b>3,249</b>
10/12/2011	DZ1111	11/24/2011	841	OK0114	01/25/2014	3,235
	OK0112	01/25/2012	1,214			
	PS0412	04/25/2012	830			
	<b>Total:</b>		<b>2,886</b>	<b>Total:</b>		<b>3,235</b>
11/10/2011	DZ1111	11/24/2011	355	OK0114	01/25/2014	3,114
	OK0112	01/25/2012	6,452	WZ0115	01/25/2015	3,357
	PS0412	04/25/2012	1,126	DS1021	10/25/2021	1,530
				WS0429	04/25/2029	171
<b>Total:</b>		<b>7,932</b>	<b>Total:</b>		<b>8,173</b>	
12/14/2011	OK0112	01/25/2012	2,222	WZ0115	01/25/2015	1,361
	PS0412	04/25/2012	1,308	IZ0816	08/24/2016	2,353
	OK0712	07/25/2012	1,731	PS1016	10/25/2016	695
				WZ0121	01/25/2021	219
<b>Total:</b>		<b>5,261</b>	<b>Total:</b>		<b>4,628</b>	
<b>TOTAL:</b>		<b>49,175</b>			<b>49,446</b>	

Series	Maturity date	Face value
<b>BUY-BACK BONDS</b>		
DZ0811	08/18/2011	663
DZ1111	11/24/2011	3,448
OK0112	01/25/2012	11,874
OK0711	07/25/2011	10,394
OK0712	07/25/2012	1,731
PS0412	04/25/2012	3,263
PS0511	05/24/2011	8,736
WZ0911	09/24/2011	9,065
<b>Total:</b>		<b>49,175</b>
<b>SETTLEMENT BONDS</b>		
DS1020	10/25/2020	3,363
DS1021	10/25/2021	3,953
IZ0816	08/24/2016	2,353
IZ0823	08/25/2023	460
OK0114	01/25/2014	6,349
PS0416	04/25/2016	12,795
PS1016	10/25/2016	695
WS0429	04/25/2029	171
WZ0115	01/25/2015	17,438
WZ0121	01/25/2021	1,869
<b>Total:</b>		<b>49,446</b>

#### 2.1.4. TS buy-back auctions

At a buy-back auction, Minister of Finance buys back for cash, wholesale TS before their maturity date. Such an operation is held rather seldom in the situation of temporary surplus in budget current account. The Minister's of Finance goal of such an operation is reduction of debt refinancing risk. In 2011 Minister of Finance organized four buy-back auction for T-bills and none for T-bonds. Schedule of TS buy-back auction is presented in the table below

Table 8. Schedule of TS buy-back auction in day T.

	T-bonds	T-bills
<b>Issue agent</b>	National Bank of Poland	
<b>Auction participants</b>	PDs + BGK	
<b>Auction format</b>	Multiple-price auction - each of the bidders sells securities at a price submitted in his bid.	
<b>Publication of information on auction</b>	Day T-2, time 15:00	Day T-1, time 15:00
<b>Deadline for placing bids</b>	Day T, time 11:00	Day T, time 11:00



	T-bonds	T-bills
Minimum bid face value	1.000.000 PLN	100.000 PLN
Publication of information on auction results	Day T, time 12:00	Day T, time 12:00
Auction settlement <sup>1)</sup>	Day T+2, time 12:30	Day T+2, time 14:00

<sup>1)</sup>Payment for the TS repurchased on auction is usually made two days after an auction but under reasonable circumstances may be set on another day.

Table 9. Results of Treasury bills buy-back auctions in 2011 (PLN million)

Auction date	Redemption date	Demand	Buyback	Average yield
05/26/2011	06/08/2011	160.00	160.00	4.100%
	06/15/2011	714.30	310.00	4.121%
	06/22/2011	470.00	470.00	4.151%
	06/29/2011	100.00	0.00	-
06/20/2011	07/06/2011	2.41	2.41	4.250%
	07/13/2011	6.99	6.99	4.257%
	07/27/2011	346.80	246.80	4.289%
07/11/2011	08/03/2011	724.75	0.00	-
	08/10/2011	1,000.00	0.00	-
	08/17/2011	250.00	250.00	4.300%
	08/24/2011	499.26	474.00	4.300%
12/19/2011	08/31/2011	23.50	0.00	-
	02/01/2012	1,685.56	459.00	4.370%
	02/29/2012	865.02	693.00	4.380%
	03/28/2012	1,780.05	1,095.00	4.380%
12/27/2011	05/30/2012	0.00	0.00	-
	02/01/2012	1,196.56	1,050.90	4.351%
	02/29/2012	192.02	134.87	4.359%
	03/28/2012	1,550.05	1,300.00	4.361%
<b>TOTAL:</b>		<b>11,567.27</b>	<b>6,652.97</b>	

## 2.2. Sales of TS in retail network

In 2011 the Minister 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**)
- 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 September 2006 the savings bonds (DOS, COI and EDO series) could have been purchased by resident and non-resident individuals, since then also associations, foundations and another social organisations 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 accrue annually and are put at the investor's disposal at the redemption date (or pre-maturity redemption), in case of COI series 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.

On the primary market, 3-year floating rate bonds (TZ series) could have been purchased by natural and legal person, excluding: banks, insurance companies, investment trust, pension funds, brokerage houses, limited liability companies and joint-stock companies. Interest rate is based on 6M WIBOR and the coupons are paid semiannually. Sales of new TZ series lasts for three consecutive months and as distinct from savings bonds, they can be traded at the WSE and BondSpot.

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\\_detaliczne/dane/dane\\_dotyczace\\_sprzedazy\\_obligacji\\_detalicznych.xls](http://www.mf.gov.pl/files/dlug_publiczny/obligacje_detaliczne/dane/dane_dotyczace_sprzedazy_obligacji_detalicznych.xls)

Table 10. Sales of retail bonds in 2011 (PLN million)

Bond type	Offer	Sales
2-year savings bonds	12,000	1,068
3-year floating rate bonds	2,000	288
4-year savings bonds	6,000	407
10-year saving bonds	6,000	458
<b>TOTAL:</b>	<b>26,000</b>	<b>2,222</b>

Table 11. Sales of floating rate retail bonds in 2011 (PLN million)

Bond	Sales period		Offer	Sales	Price (PLN)
	Beginning	end			
TZ1113	02/11/2010	31/01/2011	500	1*	99.90/99.80
TZ0214	01/02/2011	30/04/2011	500	58	99.90/99.80
TZ0514	02/05/2011	31/07/2011	500	57	99.90/99.80
TZ0814	01/08/2011	31/10/2011	500	97	99.90/99.80
TZ1114	02/11/2011	31/01/2012	500	75**	99.90/99.80
<b>RAZEM</b>			<b>2,500</b>	<b>288</b>	-
COI0115	01/01/2011	31/01/2011	500	11	100.00/99.90
COI0215	01/02/2011	28/02/2011	500	35	100.00/99.90
COI0315	01/03/2011	31/03/2011	500	30	100.00/99.90
COI0415	01/04/2011	30/04/2011	500	26	100.00/99.90
COI0515	01/05/2011	31/05/2011	500	43	100.00/99.90
COI0615	01/06/2011	30/06/2011	500	26	100.00/99.90
COI0715	01/07/2011	31/07/2011	500	31	100.00/99.90
COI0815	01/08/2011	31/08/2011	500	55	100.00/99.90
COI0915	01/09/2011	30/09/2011	500	53	100.00/99.90
COI1015	01/10/2011	31/10/2011	500	27	100.00/99.90
COI1115	01/11/2011	30/11/2011	500	29	100.00/99.90
COI1215	01/12/2011	31/12/2011	500	40	100.00/99.90
<b>RAZEM</b>			<b>6,000</b>	<b>407</b>	-
EDO0121	01/01/2011	31/01/2011	500	29	100.00
EDO0221	01/02/2011	28/02/2011	500	71	100.00
EDO0321	01/03/2011	31/03/2011	500	52	100.00
EDO0421	01/04/2011	30/04/2011	500	39	100.00
EDO0521	01/05/2011	31/05/2011	500	33	100.00
EDO0621	01/06/2011	30/06/2011	500	25	100.00
EDO0721	01/07/2011	31/07/2011	500	36	100.00
EDO0821	01/08/2011	31/08/2011	500	37	100.00
EDO0921	01/09/2011	30/09/2011	500	31	100.00
EDO1021	01/10/2011	31/10/2011	500	22	100.00
EDO1121	01/11/2011	30/11/2011	500	46	100.00
EDO1221	01/12/2011	31/12/2011	500	39	100.00
<b>TOTAL</b>			<b>6,000</b>	<b>458</b>	-

\*sales in period from January 1, 2011

\*\*sales in period to December 31, 2011

Table 12. Sales of fixed rate retail bonds in 2011 (PLN million)

Bond	Sales period		Offer	Sales	Price (PLN)	Coupon
	beginning	end				
DOS0113	01/01/2011	31/01/2011	1,000	69	100.00/99.90	4.00%
DOS0213	01/02/2011	28/02/2011	1,000	96	100.00/99.90	4.50%
DOS0313	01/03/2011	31/03/2011	1,000	145	100.00/99.90	4.50%
DOS0413	01/04/2011	30/04/2011	1,000	94	100.00/99.90	4.50%
DOS0513	01/05/2011	31/05/2011	1,000	96	100.00/99.90	4.50%
DOS0613	01/06/2011	30/06/2011	1,000	86	100.00/99.90	4.50%
DOS0713	01/07/2011	31/07/2011	1,000	66	100.00/99.90	4.50%
DOS0813	01/08/2011	31/08/2011	1,000	70	100.00/99.90	4.50%
DOS0913	01/09/2011	30/09/2011	1,000	69	100.00/99.90	4.50%
DOS1013	01/10/2011	31/10/2011	1,000	60	100.00/99.90	4.50%
DOS1113	01/11/2011	30/11/2011	1,000	80	100.00/99.90	4.50%
DOS1213	01/12/2011	31/12/2011	1,000	137	100.00/99.90	4.50%
<b>TOTAL</b>			<b>12,000</b>	<b>1,068</b>		

### 2.3. Sales of TS on foreign markets

The basic objective of the sale of Polish securities on foreign markets is strengthening of Poland's position as a trustworthy issuer on the international financial market. Those issues are also significant for financing the State Budget borrowing requirements.

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

#### 2.3.1. Classic issues of TS on foreign markets

Issues of foreign bonds are arranged by reputable investment banks active on the international market. The Minister of Finance appoints a lead manager (or lead managers) whose basic duty is to place the bonds on the market. Lead manager(s) collects orders, by contacting directly with potential investors, for bonds of a given issue. On that basis the bonds are priced i.e. the spread above the benchmark yield (or swap rate) is fixed. The spread reflects the level of risk connected with investing in securities of a given issuer.

In 2011 the Minister of Finance placed 9 issues of bonds on foreign markets. The following table presents details of all outstanding bonds as at the end of 2011.

Table 13. Bonds issued on foreign markets as at the end of 2011

ISIN	Issue date	Maturity	Nominal value	Currency	Issue price (%)	Coupon p.a. (%)	Interest payment frequency	Yield (%)	Market	Registration	Lead Manager(s)
US731011AL69	03/07/1997	01/07/2017	100 million	USD	99.299	7.750	semi-annually	7.820	Yankee	SEC	JP Morgan
XS0144238002	03/12/2002	03/12/2012	750 million	EUR	98.320	5.500	annually	5.725	Euro	Luxembourg Stock Exchange	CSFB, SSSB
US731011AM43	07/02/2002 / 09/12/2002*	03/07/2012	1,400 million (1,000+400*)	USD	99.209 / 106.000*	6.250	semi-annually	6.358 / 5.451*	Global	SEC + Luxembourg Stock Exchange	JP Morgan, SSSB
XS0162316490	02/05/2003 / 02/05/2003*** / 05/23/2003* / 03/23/2004	05/02/2013	3,000 million (1,250+250***+800*+700*)	EUR	98.993 / 98.744*** / 99.733* / 100.827*	4.500	annually	4.628 / 4.660*** / 4.532* / 4.384*	Euro	Luxembourg Stock Exchange	Deutsche Bank, JP Morgan
US731011AN26	10/29/2003	01/15/2014	1,000 million	USD	99.871	5.250	semi-annually	5.264	Global	SEC + Luxembourg Stock Exchange	Citigroup, Morgan Stanley
XS0189021099	03/29/2004	03/29/2034	6,800 million	JPY	100.000	2.6475	semi-annually	2.6475	Private placement		Mizuho
XS0197118465	08/04/2004	08/04/2034	16,800 million	JPY	100.000	3.220	semi-annually	3.220	Private placement		Mizuho
XS0210314299	01/18/2005 / 04/06/2005* / 05/24/2005*	04/15/2020	5,250 million (3000 + 1500* + 750*)	EUR	99.375 / 99.221* / 102.643*	4.200	annually	4.250 / 4.262* / 3.961*	Euro	Luxembourg Stock Exchange	BNP Paribas, Citigroup, DrKW
XS0211389753	02/04/2005	02/02/2035	500 million	EUR	99.364	4.450	annually	4.489	Private placement	Luxembourg Stock Exchange	ABN Amro
CH0021260978	05/12/2005 / 05/12/2005** / 07/07/2005*	05/12/2015	1,500 million (600 + 500** + 400*)	CHF	100.830 / 101.845** / 102.409*	2.625	annually	2.6158 / 2.500** / 2.433*	Euro	Swiss Stock Exchange	UBS
JP561600A566	06/20/2005	06/20/2012	75,000 million	JPY	100.000	1.000	semi-annually	1.000	Samurai		Daiwa, Nomura
XS0224427160	07/20/2005	07/20/2055	500 million	EUR	98.999	4.250	annually	4.299	Private placement	Luxembourg Stock Exchange	Dexia, HSBC
XS0230703679	09/23/2005	09/23/2015	81,81 million	USD	100.000	3M USD Libor + 0.115	quarterly	-	Private placement	Luxembourg Stock Exchange	Depfa
US731011AP73	10/19/2005	10/19/2015	1,000 million	USD	99.899	5.000	semi-annually	5.013	Global	SEC + Luxembourg Stock Exchange	JP Morgan, Lehman Brothers
US731011AQ56	10/19/2005	10/19/2035	100 million	USD	100.000	5.408	semi-annually	5.408	Global	SEC + Luxembourg Stock Exchange	JP Morgan, Lehman Brothers
JP561600A5B9	11/18/2005	02/18/2021	50,000 million	JPY	100.000	2.240	semi-annually	2.240	Samurai		Daiwa, Mizuho
XS0242491230	02/01/2006	02/01/2016	3,000 million	EUR	99.383	3.625	annually	3.700	Euro	Luxembourg Stock Exchange	Credit Suisse, Deutsche Bank, JP Morgan
JP561600A6B7	11/14/2006	11/14/2016	25,000 million	JPY	100.000	2.060	semi-annually	2.060	Samurai		Daiwa, Nomura
JP561600B6B6	11/14/2006	11/13/2026	60,000 million	JPY	100.000	2.620	semi-annually	2.620	Samurai		Daiwa, Nomura
XS0282701514	01/18/2007	01/18/2022	1,500 million	EUR	99.700	4.500	annually	4.528	Euro	Luxembourg Stock Exchange	Deutsche Bank, Societe Generale, UBS
CH0030644014	05/15/2007 / 04/21/2008 *	05/15/2012	500 million (500+225*)	CHF	100.632 / 99.423*	2.875 / 3.189*	annually	2.868	Euro	Swiss Stock Exchange	Credit Suisse, Unicredit
CH0030644030	05/15/2007	05/15/2019	1,000 million	CHF	101.262	3.250	annually	3.203	Euro	Swiss Stock Exchange	Credit Suisse, Unicredit
JP561600A7B5	11/16/2007	11/16/2037	50,000 million	JPY	100.000	2.810	semi-annually	2.810	Samurai		Daiwa, Mitsubishi UFJ
CH0039077687	04/21/2008	04/21/2017	250 million	CHF	101.310	3.625	annually	3.690	Euro	Swiss Stock Exchange	Credit Suisse, Unicredit
XS0370378936	06/16/2008	06/16/2038	25,000 million	JPY	100.000	3.300	semi-annually	3.300	Private placement		Daiwa
XS0371500611	06/20/2008	06/20/2018	2,000 million	EUR	99.865	5.625	annually	5.643	Euro	Luxembourg Stock Exchange	ABN Amro, Citigroup, HSBC
XS0410961014	02/02/2009 / 05/14/2009*	02/03/2014	1,750 million (1,000+750*)	EUR	99.725 / 101.279 *	5.875	annually	5.940 / 5.552*	Euro	Luxembourg Stock Exchange	Citigroup, ING, Societe Generale

ISIN	Issue date	Maturity	Nominal value	Currency	Issue price (%)	Coupon p.a. (%)	Interest payment frequency	Yield (%)	Market	Registration	Lead Manager(s)
US731011AR30	07/15/2009 / 07/27/2009*	07/15/2019	3,500 million (2,000+1,500*)	USD	99.788 / 99.786*	6.375	semi-annually	6.404	Global	SEC + Luxembourg Stock Exchange	Barclays, Citigroup, HSBC
CH0104007692	09/23/2009	09/23/2014	750 million	CHF	100.504	3.000	annually	3.010	Euro	Swiss Stock Exchange	Credit Suisse, UBS
XS0458008496	10/15/2009	10/15/2019	500 million	EUR	98.925	4.675	annually	4.813	Private placement	Luxembourg Stock Exchange	Deutsche Bank
XF000NS5EU2	10/15/2009	10/15/2024	410 million	EUR	99.090	5.125	annually	5.313	Registered bond		Deutsche Bank
JP561600A9B1	11/13/2009	11/13/2012	23,300 million	JPY	100.000	1.920	semi-annually	1.920	Samurai		Daiwa, Mizuho, Nomura
JP561600B9B0	11/13/2009	11/13/2014	21,500 million	JPY	100.000	2.340	semi-annually	2.340	Samurai		Daiwa, Mizuho, Nomura
XS0479333311	01/20/2010	01/20/2025	3,000 million	EUR	98.795	5.250	annually	5.369	Euro	Luxembourg Stock Exchange	HSBC, ING, Societe Generale, UniCredit
XS0498285351	03/29/2010	03/29/2017	1,250 million	EUR	99.384	3.750	annually	3.852	Euro	Luxembourg Stock Exchange	Barclays, Citigroup, HSBC
CH0110741136	03/31/2010 / 08/03/2010*	03/31/2014	625 million (475+150*)	CHF	100.292 / 100.385*	2.125	annually	2.193 / 2.171*	Euro	Swiss Stock Exchange	RBS, UBS
US731011AS13	07/16/2010	07/16/2015	1,500 million	USD	99.703	3.875	semi-annually	3.941	Global	SEC + Luxembourg Stock Exchange	Barclays, HSBC, Nomura
XS0543882095	09/23/2010 / 01/20/2011*	03/23/2021	2,000 million (1,000+1,000*)	EUR	99.884 / 93.281*	4.000	annually	4.016/4.853*	Euro	Luxembourg Stock Exchange	Barclays, ING, Societe Generale, UniCredit
XS0581232187	01/26/2011 / 07/26/2011*	01/26/2026	28,000 million (18,000+10,000*)	JPY	100.000	3.000	semi-annually	3.000	Private placement		Nomura
CH0124656056	02/02/2011	02/25/2016	350 million	CHF	100.076	2.750	annually	2.853	Euro	Swiss Stock Exchange	BNP Paribas, Credit Suisse
US857524AA08	04/21/2011 / 06/14/2011*	04/21/2021	2,000 million (1,000+1,000*)	USD	98.831 / 103.211*	5.125	semi-annually	5.277/4.713*	Global	SEC + Luxembourg Stock Exchange	Citigroup, Goldman Sachs, RBS
	06/08/2011	08/06/2026	460 million	EUR	100.000	5.361	annually	5.361	Registered bond		Commerzbank
JP561600AB75	07/29/2011	07/29/2015	25,000 million	JPY	100.000	1.250	semi-annually	1.250	Samurai retail		Daiwa
US857524AB80	11/03/2011	03/23/2022	2,000 million	USD	98.605	5.000	semi-annually	5.176	Global	SEC + Luxembourg Stock Exchange	Citigroup, Deutsche Bank, HSBC

\* reopening of the previous issue

\*\*only for the first tranche

\*\*\* tranche's pricing date different from the pricing date of initial tranche (the same issue date)

### 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 27th, 1994 and included six various securities with specific terms. At the end of 2011, the outstanding Brady bonds amounted to USD 297 million.

Table 14. Polish Brady Bonds

	Collateralized Discount Bonds	Collateralized Par Bonds	Collateralized RSTA Bonds	PDI Bonds	DCB Bonds	New Money Bonds
Issue date	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 2011 r. 4%	increasing from 2.75% to 5%; at the end of 2011 4.75%	increasing from 3.25% to 7%	increasing from 4.5% to 7.5%	6-month LIBOR + spread 13/16%
Final maturity	30 years			20 years	25 years	15 years
Principal 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			10/27/2014 (final installment)	10/27/2019 (final installment)	10/27/2009 (final installment)
Interest payments frequency	semi-annually					
Outstanding debt at the end of 2011	0*	USD 178,5 million	USD 118,5 million	0*		
Secondary market registration	Luxemburg Stock Exchange					

\* Early redemption of the bonds

## 2.4. Special issues of TS

### 2.4.1. Issue of the Treasury bonds devoted for Republic of Island foreign exchange assets buttress.

According to the Loan Agreement signed on October 4<sup>th</sup>, 2009 between the Republic of Poland, the Republic of Iceland and the Sedlabanki Islands on June 28<sup>th</sup>, 2010 the first tranche of the loan has been disbursed – the value of the tranche equaled 209,998 PLN mln.

The loan will be disbursed in three equal tranches (the total value of the loan can not exceed 630 PLN mln) in order to buttress Iceland's liquid foreign exchange asset position and serve as a supplement to the USD 2.1 billion loan granted by the International Monetary Fund (IMF) in support of Iceland's economic stabilization and reform programme, which was adopted in co-operation with the IMF to restore balance to the Icelandic economy following the financial crisis of 2008. The loan is denominated and disbursed in PLN and it has 12-year maturity and 5-year grace period. The means originated from the first tranche of loan were invested by the Republic of Iceland in the following issues of long-term Treasury bonds denominated in PLN:

Series	Maturity date	Nominal value (PLN mln)
DS1015	24.10.2015	48,755
DS1017	25.10.2017	52,029
DS1019	25.10.2019	52,006
WS0922	23.09.2022	51,339

## 2.5. Issue of non-marketable TS

The issues of non-marketable TS 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 one type of such issues. Their characteristic is presented in the table below.

Table 15. Non-marketable TS serviced on the domestic market in 2011

	Bonds to increase BGŻ S.A. own funds
Issue date	I tranche 09/23/1996
Issue face value	I tranche: PLN 600 million each of the tranches is made up of 28 principal installments
Face value of one bond	1,000 PLN
Maturity	From 1.5 to 15.5 years depending on the number of the principal installment
Redemption date	I tranche from 03/24/1998 to 09/24/2011
Principal and interest payments frequency	Semiannually
Interest form	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	batch slip, registered within first 3 years since issue date, bearer afterwards
Availability to secondary market investors	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 2011	PLN 0

## 3. SECONDARY MARKET OF TS

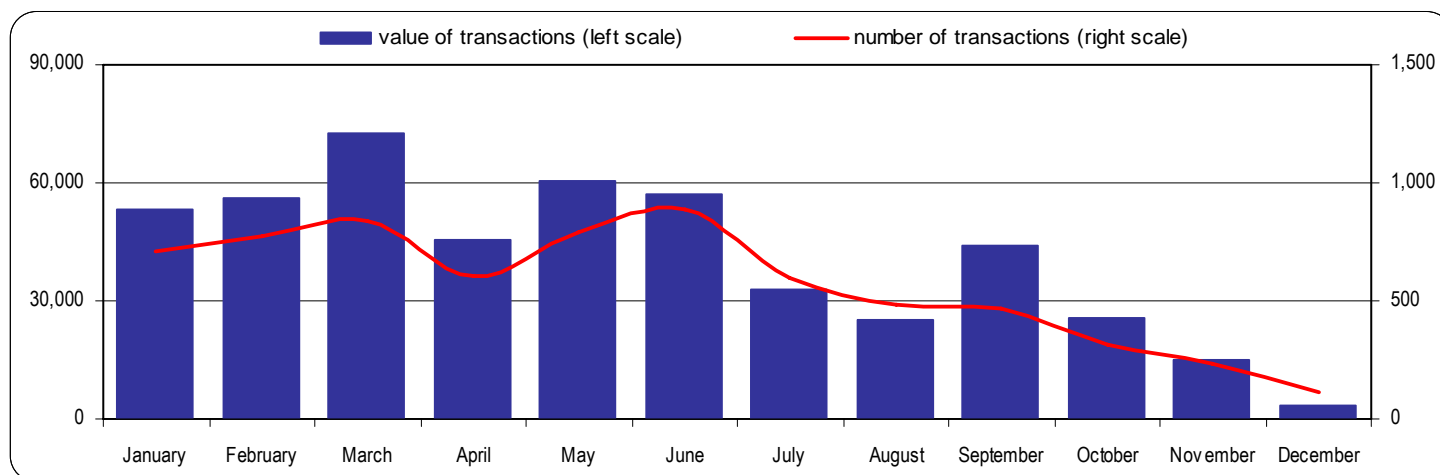
### 3.1. Secondary market of Treasury bills

Secondary trading of T-bills is effected on the non-regulated OTC market and on the Treasury BondSpot Poland electronic platform (former MTS Poland) operated by BondSpot S.A. (former MTS-CeTO S.A.). Transactions register and their settlement are handled by the NBP Registry of Securities (RPW). 6,827 transactions of total face value PLN 490,858 million were concluded on the secondary market in 2011.

Table 16. Total value and number of transactions concluded on T-bills secondary market in 2011 (PLN million)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Value of transactions	53,210	56,137	72,532	45,693	60,316	57,282	33,135	24,972	43,854	25,467	14,894	3,366	490,858
Number of transactions	712	777	842	601	787	890	596	484	471	315	237	115	6,827

Chart 1. Total value and number of transaction concluded on T-bills secondary market in 2011 (PLN million)



### 3.2. Secondary market of Treasury bonds

Trading on the secondary market for Treasury bonds is performed on the markets: non-regulated OTC market, the Treasury BondSpot Poland electronic platform (former MTS Poland) and on regulated markets of Warsaw Stock Exchange and BondSpot S.A. (former MTS-CeTO S.A.). Turnover on the electronic platform amounted to 9.6%, while trading at WSE did not exceed 0.1%. In 2011 the trading focused on the non-regulated OTC market (90.4%).

Table 17. Total value and number of transactions concluded on T-bonds secondary market in 2011 (PLN million)

		January	February	March	April	May	June	July	August	September	October	November	December	Total
TOTAL	Value	795,293	936,695	1203,869	906,399	984,910	1017,645	850,489	961,824	852,994	794,771	778,166	665,086	10,748,142
	Number	22,140	24,408	31,723	26,620	24,580	26,417	26,809	32,059	29,675	27,527	28,065	23,144	323,167
OTC market	Value	753,943	840,622	1093,037	802,484	872,623	928,443	761,409	878,794	761,692	711,304	694,898	618,399	9,717,647
	Number	20,598	22,224	28,335	24,351	22,523	24,105	24,740	29,229	26,462	24,528	25,170	21,473	293,738
TBS Poland	Value	41,350	96,073	110,833	103,915	112,288	89,203	89,080	83,030	91,303	83,468	83,268	46,688	1030,495
	Number	1,542	2,184	3,388	2,269	2,057	2,312	2,069	2,830	3,213	2,999	2,895	1,671	29,429

Chart 2. Total value and number of transactions on T-bonds secondary market in 2011 (PLN million)

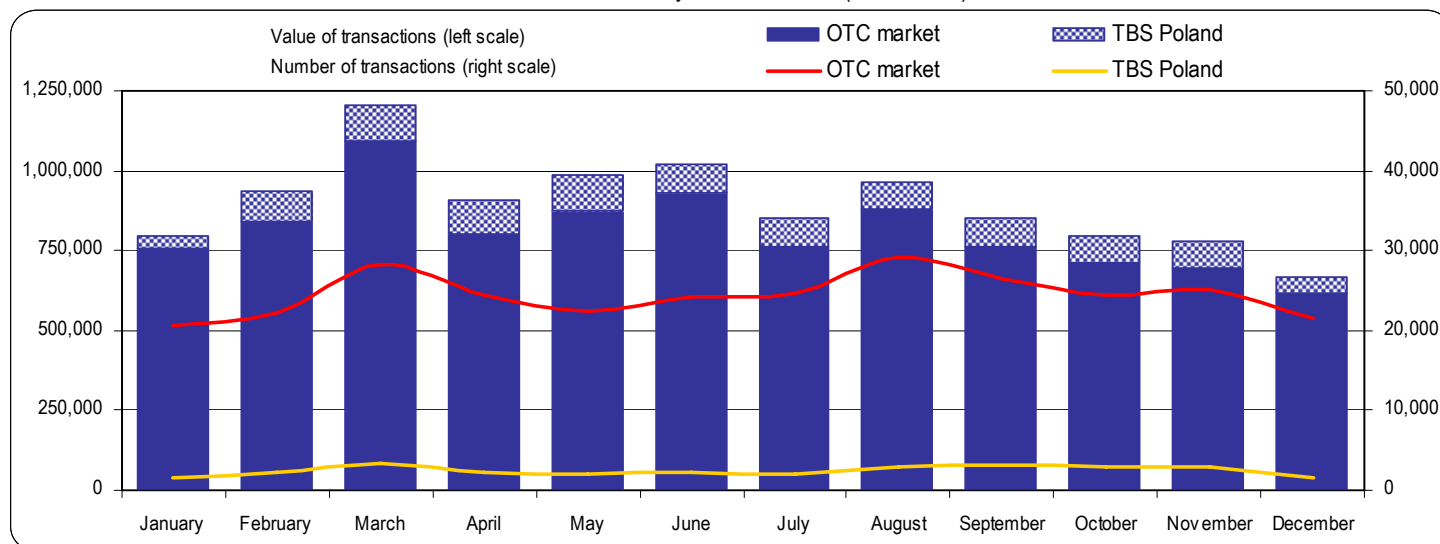


Table 18. Total value and number of transactions on fixed coupon T-bonds secondary market in 2011 (PLN million)

Bond type		January	February	March	April	May	June	July	August	September	October	November	December	Total	
2-year	OTC market	Value	276,310	247,580	379,100	282,846	292,998	290,880	226,138	205,009	137,487	127,631	126,840	132,603	2,725,422
		Number	5,702	5,935	8,054	6,355	6,547	6,585	6,323	5,888	4,808	3,667	4,742	4,431	69,037
	TBS Poland	Value	13,995	31,973	51,650	33,934	35,298	23,273	17,866	13,857	13,715	12,848	23,123	12,063	283,592
		Number	459	953	1,863	739	600	428	423	456	305	337	446	314	7,323
TOTAL	Value	290,305	279,552	430,750	316,780	328,295	314,152	244,004	218,866	151,202	140,479	149,963	144,665	3,009,013	
	Number	6,161	6,888	9,917	7,094	7,147	7,013	6,746	6,344	5,113	4,004	5,188	4,745	76,360	
5-year	OTC market	Value	149,438	240,497	273,908	171,709	209,930	183,461	174,598	204,452	219,582	197,945	170,108	132,365	2,327,991
		Number	4,888	6,615	7,993	6,585	6,462	5,976	6,418	7,090	7,015	7,259	6,881	5,838	79,020
	TBS Poland	Value	9,618	36,615	27,635	30,534	34,218	23,838	21,105	27,765	30,920	28,725	26,230	11,788	308,988
		Number	333	583	631	634	634	817	548	703	814	803	866	405	7,771
TOTAL	Value	159,055	277,112	301,543	202,242	244,147	207,298	195,703	232,216	250,502	226,670	196,338	144,152	2,636,979	
	Number	5,221	7,198	8,624	7,219	7,096	6,793	6,966	7,793	7,829	8,062	7,747	6,243	86,791	

Bond type		January	February	March	April	May	June	July	August	September	October	November	December	Total	
10-year	OTC market	Value	153,468	160,879	244,531	145,137	140,847	140,329	158,240	176,713	182,539	162,134	143,930	127,497	1,936,244
		Number	6,695	6,286	8,246	7,266	5,926	6,330	7,256	9,445	9,076	8,412	8,333	6,564	89,835
	TBS Poland	Value	12,678	14,890	22,540	27,489	27,443	32,168	33,418	30,887	34,160	27,145	25,758	18,360	306,933
		Number	628	529	738	769	663	803	886	1286	1705	1418	1222	686	11,333
	TOTAL	Value	166,146	175,769	267,071	172,625	168,289	172,496	191,658	207,600	216,699	189,279	169,687	145,857	2,243,176
		Number	7,323	6,815	8,984	8,035	6,589	7,133	8,142	10,731	10,781	9,830	9,555	7,250	101,168

Chart 3. Total value and number of transactions on fixed coupon T- bonds secondary market in 2011 (PLN million)

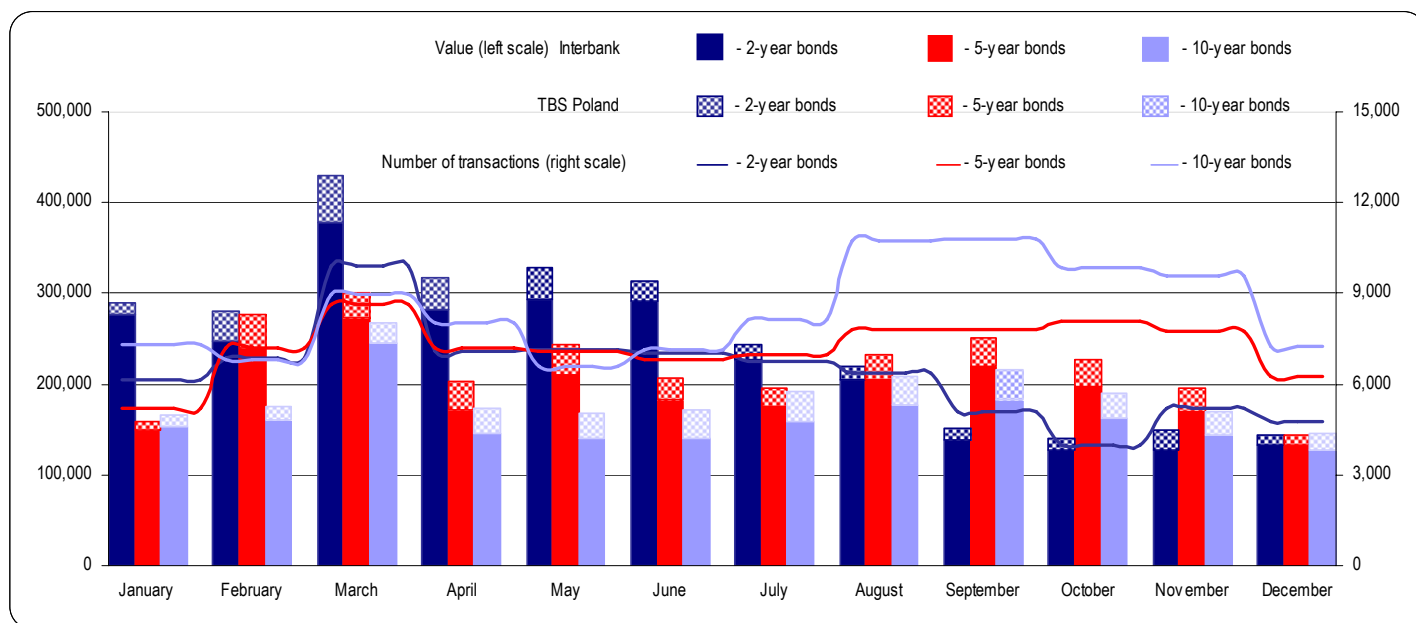
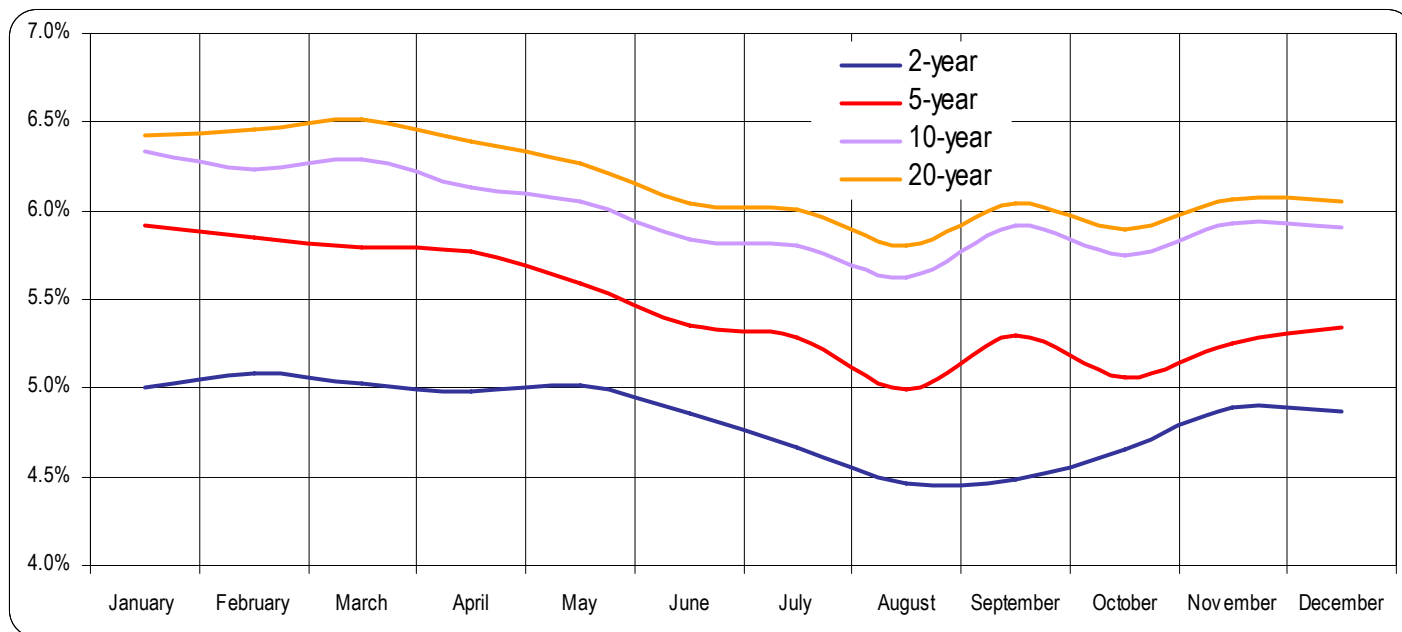


Chart 4. Fixed coupon T-bonds yield on secondary market in 2011 (bid yield, eom)



### 3.3. Secondary market for TS issued on foreign markets

The foreign bonds issued by the State Treasury in 1995 – 2011 as well as the Polish Brady Bonds are registered on the foreign stock exchanges. However, trading of those securities is concentrated on non-regulated interbank markets that are characterized by a 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 spread above the benchmark yields, i.e. a yield of the bond with a similar maturity considered to be the safest (relatively the spread over adequate swap rate).

Settlements of foreign bonds transactions are effected by: Euroclear and Clearstream, the Depository Trust Company or Japan Securities Depository Centre.

## 4. STATE TREASURY DEBT

Table 19. State Treasury debt by place of issue and by instrument (PLN million, eop)

Item	December 2009	December 2010	December 2011
<b>State Treasury debt</b>	<b>631,506</b>	<b>701,851</b>	<b>771,128</b>
<b>I. State Treasury domestic debt</b>	<b>462,734</b>	<b>507,011</b>	<b>524,690</b>
<b>1. Treasury Securities</b>	<b>462,484</b>	<b>506,984</b>	<b>514,285</b>
1.1. Marketable Treasury Securities	452,956	499,258	507,225
fixed-rate - non-index-linked	390,428	418,964	422,927
Treasury bills	47,545	27,966	12,014
OK bonds	59,942	105,527	108,785
PS bonds	128,841	131,891	135,562
SP bonds	624	-	-
DS bonds	123,066	120,585	133,151
WS bonds	30,410	32,994	33,415
fixed-rate - index-linked	10,933	14,912	20,674
IZ bonds	10,933	14,912	20,674
floating-rate	51,595	65,383	63,624
TZ bonds	1,235	1,048	590
WZ bonds	41,452	56,350	62,284
DZ bonds	8,158	7,234	-
PP bonds	750	750	750
1.2. Savings bonds	9,317	7,618	7,060
fixed-rate	5,706	3,419	2,313
DOS bonds	5,706	3,419	2,313
floating-rate	3,611	4,199	4,747
COI bonds	1,461	1,563	1,798
EDO bonds	2,149	2,636	2,949
1.3. Non-marketable bonds	211	108	0
floating-rate	211	108	0
bonds issued for Bank BGŻ S.A.	211	108	-
<b>2. Other State Treasury debt</b>	<b>250</b>	<b>26</b>	<b>10,404</b>
deposits of public finance sector entities	-	-	10,392
matured payables	247	22	9
other liabilities	3	4	3
<b>II. State Treasury foreign debt</b>	<b>168,773</b>	<b>194,840</b>	<b>246,438</b>
<b>1. Treasury Securities</b>	<b>134,065</b>	<b>155,468</b>	<b>195,271</b>
1.1. Marketable Treasury Securities	134,065	155,468	195,271
fixed-rate	132,691	155,226	194,992
EUR	85,286	100,631	114,236
USD	21,084	26,372	43,947
CHF	12,793	15,345	18,893
JPY	11,689	12,878	17,915
GBP	1,839	-	-
floating-rate	1,373	242	280
USD	1,373	242	280
<b>2. Loans</b>	<b>34,708</b>	<b>39,371</b>	<b>51,167</b>
fixed-rate	19,843	18,479	23,875
EUR	19,306	17,971	23,416
USD	14	11	9
JPY	523	496	450
floating-rate	14,866	20,892	27,292
EUR	14,537	20,665	27,158
USD	328	227	133
<b>3. Other State Treasury debt</b>	<b>0</b>	<b>1</b>	<b>0</b>

Table 20. State Treasury debt by holder (PLN million; eop)

	Domestic banking sector			Domestic non-banking sector			Foreign investors			TOTAL		
	December 2009	December 2010	December 2011	December 2009	December 2010	December 2011	December 2009	December 2010	December 2011	December 2009	December 2010	December 2011
<b>State Treasury debt</b>	<b>153,323</b>	<b>137,862</b>	<b>120,230</b>	<b>235,612</b>	<b>251,146</b>	<b>261,730</b>	<b>242,572</b>	<b>312,842</b>	<b>389,167</b>	<b>631,506</b>	<b>701,851</b>	<b>771,128</b>
<b>1. Domestic securities</b>	<b>146,018</b>	<b>130,526</b>	<b>110,348</b>	<b>234,652</b>	<b>248,202</b>	<b>249,711</b>	<b>81,813</b>	<b>128,256</b>	<b>154,227</b>	<b>462,484</b>	<b>506,984</b>	<b>514,285</b>
<b>1.1. Marketable securities</b>	<b>145,808</b>	<b>130,418</b>	<b>110,348</b>	<b>225,355</b>	<b>240,602</b>	<b>242,670</b>	<b>81,793</b>	<b>128,238</b>	<b>154,208</b>	<b>452,956</b>	<b>499,258</b>	<b>507,225</b>
Treasury bills	32,742	15,871	7,044	11,540	8,595	3,235	3,262	3,501	1,734	47,545	27,966	12,014



OK bonds	24,174	34,623	22,700	29,776	47,636	42,101	5,992	23,269	43,984	59,942	105,527	108,785
PS bonds	36,804	28,694	25,900	59,930	56,339	63,748	32,107	46,859	45,914	128,841	131,891	135,562
SP bonds	7	0	0	613	0	0	4	0	0	624	0	0
DS bonds	24,544	19,585	24,108	69,655	63,382	66,036	28,866	37,618	43,007	123,066	120,585	133,151
WS bonds	1,496	1,447	1,054	20,692	20,890	18,087	8,222	10,657	14,274	30,410	32,994	33,415
IZ bonds	1,098	540	637	7,445	9,922	14,995	2,391	4,450	5,041	10,933	14,912	20,674
TZ bonds	5	8	1	1,228	1,037	587	2	3	2	1,235	1,048	590
WZ bonds	22,848	27,105	28,888	17,818	27,513	33,145	786	1,732	251	41,452	56,350	62,284
DZ bonds	2,074	2,530	-	5,924	4,554	-	161	150	-	8,158	7,234	-
PP bonds	15	15	15	735	735	735	0	0	0	750	750	750
<b>1.2. Savings bonds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,297</b>	<b>7,599</b>	<b>7,041</b>	<b>20</b>	<b>19</b>	<b>19</b>	<b>9,317</b>	<b>7,618</b>	<b>7,060</b>
DOS bonds	-	-	-	5,698	3,414	2,309	8	5	4	5,706	3,419	2,313
COI bonds	-	-	-	1,453	1,553	1,787	9	10	11	1,461	1,563	1,798
EDO bonds	-	-	-	2,146	2,632	2,945	3	4	4	2,149	2,636	2,949
<b>1.3. Non-marketable securities</b>	<b>211</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>211</b>	<b>108</b>	<b>0</b>
bonds issued for Bank BGŻ S.A.	211	108	-	0	0	-	0	0	-	211	108	-
<b>2. Foreign securities</b>	<b>7,304</b>	<b>7,336</b>	<b>9,882</b>	<b>710</b>	<b>2,918</b>	<b>1,615</b>	<b>126,050</b>	<b>145,214</b>	<b>183,774</b>	<b>134,065</b>	<b>155,468</b>	<b>195,271</b>
<b>3. Foreign loans</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,708</b>	<b>39,371</b>	<b>51,167</b>	<b>34,708</b>	<b>39,371</b>	<b>51,167</b>
International Financial Institutions	-	-	-	-	-	-	34,186	38,875	50,717	34,186	38,875	50,717
Paris Club	-	-	-	-	-	-	326	307	272	326	307	272
other loans	-	-	-	-	-	-	196	190	178	196	190	178
<b>4. Other State Treasury debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>26</b>	<b>10,404</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>250</b>	<b>27</b>	<b>10,404</b>
deposits of public finance sector entities	-	-	-	-	-	10,392	-	-	-	0	0	10,392
matured payables	0	0	0	247	22	9	0	1	0	247	23	9
other liabilities	-	0	0	3	4	3	0	0	0	3	4	3

Table 21. State Treasury debt according to the place of issue criterion and residual maturity (PLN million; eop)

	December 2009	December 2010	December 2011
<b>Total</b>	<b>631,506</b>	<b>701,851</b>	<b>771,128</b>
up to one year (inc.)	119,576	104,058	129,600
above 1 and up to 3 years (inc.)	154,137	191,680	159,305
above 3 and up to 5 years (inc.)	106,198	118,218	158,014
above 5 and up to 10 years (inc.)	170,018	193,519	223,510
above 10 years	81,577	94,375	100,698
<b>I. Domestic debt</b>	<b>462,734</b>	<b>507,011</b>	<b>524,690</b>
up to one year (inc.)	110,938	97,828	112,784
above 1 and up to 3 years (inc.)	133,898	162,128	122,516
above 3 and up to 5 years (inc.)	75,196	86,407	120,900
above 5 and up to 10 years (inc.)	111,823	113,793	128,485
above 10 years	30,879	46,854	40,004
<b>1.1. Marketable securities</b>	<b>452,956</b>	<b>499,258</b>	<b>507,225</b>
<b>fixed-rate</b>	<b>390,428</b>	<b>418,964</b>	<b>422,927</b>
up to one year (inc.)	105,660	67,807	100,278
above 1 and up to 3 years (inc.)	102,969	158,611	119,528
above 3 and up to 5 years (inc.)	73,918	86,028	87,059
above 5 and up to 10 years (inc.)	77,470	73,523	82,647
above 10 years	30,410	32,994	33,415
<b>index-linked</b>	<b>10,933</b>	<b>14,912</b>	<b>20,674</b>
above 3 and up to 5 years (inc.)	0	0	14,085
above 5 and up to 10 years (inc.)	10,465	10,760	0
above 10 years	469	4,152	6,589
<b>floating-rate</b>	<b>51,595</b>	<b>65,383</b>	<b>63,624</b>
up to one year (inc.)	1,245	27,651	169
above 1 and up to 3 years (inc.)	27,819	1,052	1,172
above 3 and up to 5 years (inc.)	750	0	19,255
above 5 and up to 10 years (inc.)	21,782	26,972	43,029
above 10 years	0	9,708	0
<b>1.2. Savings bonds</b>	<b>9,317</b>	<b>7,618</b>	<b>7,060</b>
<b>fixed-rate</b>	<b>5,706</b>	<b>3,419</b>	<b>2,313</b>
up to one year (inc.)	3,552	2,113	1,264
above 1 and up to 3 years (inc.)	2,155	1,307	1,049
<b>floating-rate</b>	<b>3,611</b>	<b>4,199</b>	<b>4,747</b>
up to one year (inc.)	126	123	669
above 1 and up to 3 years (inc.)	850	1,158	768
above 3 and up to 5 years (inc.)	528	379	501
above 5 and up to 10 years (inc.)	2,106	2,539	2,809
<b>1.3. Non-marketable bonds</b>	<b>211</b>	<b>108</b>	<b>0</b>
<b>floating-rate</b>	<b>211</b>	<b>108</b>	<b>0</b>
up to one year (inc.)	105	108	0
above 1 and up to 3 years (inc.)	105	0	0
<b>2. Other State Treasury debt</b>	<b>250</b>	<b>26</b>	<b>10,404</b>
up to one year (inc.)	250	26	10,404
<b>II. Foreign debt</b>	<b>168,773</b>	<b>194,840</b>	<b>246,438</b>

	December 2009	December 2010	December 2011
up to one year (inc.)	8,638	6,230	16,816
above 1 and up to 3 years (inc.)	20,239	29,552	36,790
above 3 and up to 5 years (inc.)	31,003	31,811	37,114
above 5 and up to 10 years (inc.)	58,196	79,726	95,025
above 10 years	50,698	47,521	60,693
<b>1. Foreign securities</b>	<b>134,065</b>	<b>155,468</b>	<b>195,271</b>
fixed-rate	132,691	155,226	194,992
up to one year (inc.)	6,183	3,960	14,911
above 1 and up to 3 years (inc.)	16,222	24,877	30,341
above 3 and up to 5 years (inc.)	25,103	27,185	30,720
above 5 and up to 10 years (inc.)	44,086	63,060	74,468
above 10 years	41,098	36,144	44,552
floating-rate	1,373	242	280
up to one year (inc.)	1,140	0	0
above 3 and up to 5 years (inc.)	0	242	280
above 5 and up to 10 years (inc.)	233	0	0
<b>2. Foreign loans</b>	<b>34,708</b>	<b>39,371</b>	<b>51,167</b>
fixed-rate	19,914	18,479	23,875
up to one year (inc.)	956	1,131	1,410
above 1 and up to 3 years (inc.)	2,418	3,963	4,504
above 3 and up to 5 years (inc.)	4,112	2,468	5,149
above 5 and up to 10 years (inc.)	9,205	8,202	8,459
above 10 years	3,224	2,715	4,352
floating-rate	14,794	20,892	27,292
up to one year (inc.)	359	1,138	495
above 1 and up to 3 years (inc.)	1,600	713	1,945
above 3 and up to 5 years (inc.)	1,787	1,916	966
above 5 and up to 10 years (inc.)	4,672	8,464	12,098
above 10 years	6,376	8,661	11,789
<b>3. Other State Treasury debt</b>	<b>0</b>	<b>1</b>	<b>0</b>
up to one year (inc.)	0	1	0

Table 22. Public Debt according to the place of issue criterion - after consolidation (PLN million, at nominal value, eop)

	December 2009	December 2010	December 2011
<b>Public debt</b>	<b>669,876</b>	<b>747,899</b>	<b>815,341</b>
<b>Domestic debt</b>	<b>493,817</b>	<b>543,388</b>	<b>557,070</b>
1. Debt securities	457,652	499,599	504,816
2. Loans	31,340	39,934	48,752
3. Other domestic liabilities	4,826	3,855	3,502
<b>Foreign debt</b>	<b>176,059</b>	<b>204,511</b>	<b>258,271</b>
1. Debt securities	135,223	156,585	196,517
2. Loans	40,824	47,918	61,746
3. Other foreign liabilities	11	9	9

Table 23. Public Debt according to the residency criterion - after consolidation (PLN million, at nominal value, eop)

	December 2009	December 2010	December 2011
<b>Public debt</b>	<b>669,876</b>	<b>747,899</b>	<b>815,341</b>
<b>Domestic debt</b>	<b>420,019</b>	<b>425,385</b>	<b>414,341</b>
1. Debt securities	383,853	381,596	362,087
2. Loans	31,340	39,934	48,752
3. Other domestic liabilities	4,826	3,855	3,502
<b>Foreign debt</b>	<b>249,858</b>	<b>322,513</b>	<b>401,001</b>
1. Debt securities	209,022	274,587	339,246
2. Loans	40,824	47,918	61,746
3. Other foreign liabilities	11	9	9

Table 24. Public Debt - before consolidation (PLN million, at nominal value, eop)

	December 2009	December 2010	December 2011
<b>Public debt</b>	<b>693,609</b>	<b>778,682</b>	<b>861,250</b>
<b>1. Central government sector debt</b>	<b>635,867</b>	<b>705,902</b>	<b>772,646</b>
1.1. State Treasury	631,506	701,851	771,128
1.2. Earmarked State funds	0	0	0
1.3. State institutions of higher education	255	291	351
1.4. Research and development units	432	-	-
1.5. Independent public health-care units	903	977	1,130
1.6. State institutions of culture	27	45	23
1.7. Polish Academy of Science and units established by it	11	10	9
1.8. Other central government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	2,734	2,728	5

	December 2009	December 2010	December 2011
<b>2. Local government sector debt</b>	<b>45,282</b>	<b>59,883</b>	<b>70,447</b>
2.1. Local government units and their unions	40,727	55,479	66,105
2.2. Earmarked local government funds	82	0	-
2.3. Independent public health-care units	4,426	4,202	4,119
2.4. Local institutions of culture	37	91	110
2.5. Other local government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	10	110	113
<b>3. Social Security Sector debt</b>	<b>12,460</b>	<b>12,897</b>	<b>18,157</b>
3.1. Social Insurance Institution	0	0	0
3.2. Funds managed by Social Insurance Institution	12,460	12,897	18,157
3.3. Agricultural Social Insurance Fund	0	0	0
3.4. National Health Fund	0	0	0

Table 25. Public Debt - after consolidation (PLN million, at nominal value, eop)

	December 2009	December 2010	December 2011
<b>Public debt</b>	<b>669,876</b>	<b>747,899</b>	<b>815,341</b>
<b>1. Central government sector debt</b>	<b>623,592</b>	<b>692,360</b>	<b>748,812</b>
1.1. State Treasury	622,390	691,210	747,504
1.2. Earmarked State funds	0	0	0
1.3. State institutions of higher education	239	274	332
1.4. Research and development units	234	-	-
1.5. Independent public health-care units	700	832	958
1.6. State institutions of culture	15	33	8
1.7. Polish Academy of Science and units established by it	6	7	6
1.8. Other central government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	8	5	4
<b>2. Local government sector debt</b>	<b>39,325</b>	<b>53,519</b>	<b>64,250</b>
2.1. Local government units and their unions	36,371	50,568	61,185
2.2. Earmarked local government funds	0	0	-
2.3. Independent public health-care units	2,917	2,869	2,994
2.4. Local institutions of culture	27	62	63
2.5. Other local government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	10	20	8
<b>3. Social Security Sector debt</b>	<b>6,960</b>	<b>2,019</b>	<b>2,279</b>
3.1. Social Insurance Institution	0	0	0
3.2. Funds managed by Social Insurance Institution	6,960	2,019	2,279
3.3. Agricultural Social Insurance Fund	0	0	0
3.4. National Health Fund	0	0	0

Table 26. Public Debt at nominal value (m PLN, eop) and its ratio to GDP

Item	2004		2005		2006		2007		2008		2009		2010		2011	
	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)
State Treasury debt	402,860	43.6%	440,167	44.8%	478,526	45.1%	501,531	42.6%	569,946	44.7%	631,506	47.0%	701,851	49.6%	771,128	50.6%
Public debt	431,434	46.7%	466,591	47.5%	506,264	47.8%	527,442	44.8%	597,764	46.9%	669,876	49.8%	747,899	52.8%	815,341	53.5%
General Government debt *	422,385	45.7%	463,018	47.1%	506,036	47.7%	529,370	45.0%	600,829	47.1%	684,073	50.9%	776,816	54.8%	858,969	56.3%
GDP	924,538		983,302		1,060,031		1,176,737		1,275,432		1,344,384		1,416,392		1,524,659	

\* General Government (GG) - ESA95 definition

Table 27. Differences between public debt (according to domestic methodology) and general government debt

	XII 2009	XII 2010	XII 2011
<b>Państwowy dług publiczny</b>	<b>669,876</b>	<b>747,899</b>	<b>815,341</b>
1) <i>Dostosowania zakresu sektora</i>	18,564	32,763	47,125
Zadłużenie Krajowego Funduszu Drogowego	15,703	24,798	36,413
Skarbowe papiery wartościowe w posiadaniu funduszy umiejscowionych w BGK	-1,276	-233	-364
KFD - nabycie aktywów infrastrukturalnych*	4,293	8,197	11,076
Jednostki badawczo-rozwojowe**	-156	-	-
2) <i>Różnice dotyczące tytułów dłużnych</i>	-4,367	-3,845	-3,497
zobowiązania wymagalne	-4,689	-3,860	-3,507
przejęcia zadłużenia w wyniku uruchomienia gwarancji	22	15	10
płatności początkowe swap	300	0	0
<b>Dług sektora instytucji rządowych i samorządowych</b>	<b>684,073</b>	<b>776,816</b>	<b>858,969</b>

\* in compliance with Eurostat guidelines on sector classification of some motorway projects, general government debt figures include capital expenditures of the projects in question

\*\* according to the Public Finance Act of August 27th 2009 (Journal of Law 09.157.1240 dated September 24th 2009) from Jan 1st 2010 Research and Development Units are not included in the public finance sector

Monthly data on the [State Treasury debt and quarterly data on public finance sector debt](#) are available on the Ministry of Finance website.

## 5. INSTITUTIONAL STRUCTURE OF THE TS MARKET

The legal operational basis of the main institutions of the capital market are:

1. The Law of July 29<sup>th</sup>, 2005 on public offer, the rules of introducing financial instruments for public trading and public companies;
2. The Law of July 29<sup>th</sup>, 2005 on turnover of financial instruments;
3. The Law of July 29<sup>th</sup>, 2005 on supervision of the capital market.

The following entities are organizationally involved in the Polish TS market:

- a) The Minister of Finance acting on behalf of the State Treasury – the issuer of TS, managing of public debt,
- b) The National Bank of Poland – the issue agent of TS offered on the domestic wholesale market. The NBP also keeps the accounts of the state budget (treasury),
- c) Polish Financial Supervision Authority (PFSA) – 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) Primary Dealers – entities 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) BondSpot S.A. – organizer of secondary market Treasury BondSpot Poland for T-bills and T-bonds offered at auctions,
- j) Bank Gospodarstwa Krajowego – payment agent of a part of the State Treasury foreign debt (including T-bonds) ,
- k) Domestic banks – major participants of the TS market,
- l) Brokerage houses – intermediaries on the primary and secondary markets for securities,
- m) Institutions participating in foreign bond issues.

## 5.1. Useful addresses

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

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

Financial Supervision Authority  
1 Plac Powstańców Warszawy  
00 - 950 Warszawa  
tel: (4822) 262-50-00  
[www.knf.gov.pl](http://www.knf.gov.pl)

BondSpot S.A.  
26 Armii Ludowej Ave,  
00-609 Warszawa  
tel. (4822) 579-81-00  
[www.bondspot.pl](http://www.bondspot.pl)

National Bank of Poland  
11/21 Świętokrzyska St.,  
00 - 049 Warszawa  
tel: (4822) 653-10-00  
[www.nbp.pl](http://www.nbp.pl)

National Depository for Securities  
4 Książęca St.,  
00-498 Warszawa  
tel: (4822) 537-93-43  
[www.kdpw.com.pl](http://www.kdpw.com.pl)

Powszechna Kasa Oszczędności Bank Polski S.A.  
15 Puławska St,  
02-515 Warszawa  
tel. 0-801 302-302 (hotline)  
tel. (4881) 535-65-65  
[www.pkobp.pl](http://www.pkobp.pl)

Central Brokerage House PeKao SA  
18 Wołoska St.,  
02 - 675 Warszawa  
tel: (4822) 821-88-70  
[www.cdmpekao.com.pl](http://www.cdmpekao.com.pl)

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