

At the end of December 2018 State Treasury (ST) debt amounted to **PLN 954,246.5 million**, i.e.:

- increased by PLN 109.6m (0.01%) in December 2018,
- increased by PLN 25,773.5m (+2.8%) compared to the end of 2017.

Table 1. Factors affecting change in the State Treasury debt (PLN billion)

	Dec 2018	Jan-Dec 2018
Change in the State Treasury debt	0.1	25.8
1. State budget borrowing requirements*:	15.4	1.5
1.1. State budget deficit	21.5	10.4
1.2. European Union funds budget deficit	2.1	9.6
1.3. Pension reform costs ¹⁾	0.2	3.3
1.4. Deposits from PFSE and court deposits balance	-4.4	-12.7
1.5. European funds management	-0.4	-2.4
1.6. Granted loans balance	-0.1	0.2
1.7. Other borrowing requirements ²⁾	-3.5	-7.0
2. Changes not resulting from State budget borrowing requirements:	-16.9	20.2
2.1. FX rates movements	0.6	12.0
2.2. Changes in budget accounts balance	-17.4	8.0
2.3. Other factors ³⁾	0.0	0.2
3. Change in other State Treasury debt:	1.5	4.1
3.1. Deposits from PFSE ⁴⁾	1.4	3.2
3.2. Other deposits ⁵⁾	0.1	1.6
3.3. Other ST debt	0.0	-0.7

¹⁾ Funds transferred to Social Security Fund (FUS) as compensation for contributions transferred to open pension funds (OFE)

²⁾ Balance of pre-financing of tasks carried out with utilization of funds from EU budget, shares in international financial institutions and other domestic and foreign settlements

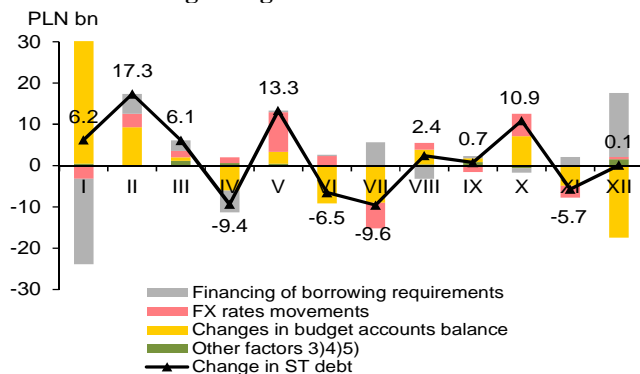
³⁾ TS discount, TS indexation, sell-buy-back transactions

⁴⁾ Deposits received from public finance sector entities (PFSE) with legal personality

⁵⁾ Court deposits and collateral deposits connected with CSA agreements.

* According to preliminary execution of the State budget

Factors affecting changes in ST debt in Jan-Dec 2018



According to preliminary data, **ST debt at the end of January 2019** amounted to **ca. PLN 954.6bn**, i.e. increased by PLN 0.4bn (+0.04%) m/m as compared to the end of 2018. According to the place of issue criterion debt amounted to:

- **domestic debt:** ca. PLN 683.0bn,
- **foreign currency debt:** ca. PLN 271.6bn (i.e. 28.4% of total ST debt).

Decrease in debt in December 2018 resulted mainly from:

- positive State budget net borrowing requirements (PLN +15.4bn), including State budget deficit (PLN 21.5bn) with deposits from PFSE and court deposits balance (PLN -4.4bn);
- decrease in budget accounts balance (PLN -17.4bn);
- depreciation of zloty (PLN +0.6bn) – by 0.2% against EUR, by 0.8% against CHF, by 2.6% against JPY, by 0.9% against CNY and appreciation by 0.4% against USD.

Increase in debt since the beginning of 2018 was mainly a resultant of:

- positive State budget net borrowing requirements (PLN 1.5bn), including state budget deficit (PLN 10.4bn) and European Union funds budget deficit (PLN 9.6bn) and deposits from PFSE and court deposits balance (PLN -12.7bn);
- increase in budget accounts balance (PLN +8.0bn) associated with collection of funds for financing borrowing requirements;
- depreciation of zloty (PLN +12.0bn) – by 3.1% against EUR, by 8.0% against USD, by 7.0% against CHF, by 10.4% against JPY and by 2.5% against CNY.

In December 2018 domestic ST debt (according to the place of issue criterion) increased by PLN 2.2bn which resulted mainly from positive balance of issuance of marketable Treasury Securities (TS, PLN +0.2bn) following switching auction and savings bonds (PLN +1.5bn):

Instrument	Sale (PLN bn)	Repurchase/Redemption (PLN bn)
WZ0119	-	-3.1
OK0419	-	-4.3
PS0719	-	-1.7
DS1019	-	-2.0
OK0521	0.8	-
PS0424	4.7	-
WZ0524	1.5	-
WS0428	2.2	-
WZ0528	2.1	-

In December 2018 ST debt in foreign currency decreased by PLN 2.1bn which was resultant from:

- negative balance of debt issuance:

Instrument	Drawing	Repayment/Redemption
Loans from IFIs*	-	EUR 0.4bn
USD bonds	-	EUR 0.3bn

*) IFIs – international financial institutions

- depreciation of zloty (PLN +0.6bn).

Since the beginning of 2018 domestic ST debt increased by PLN 29.9bn. In the same period **foreign currency ST debt** decreased by PLN 4.1bn which was a resultant of:

- decrease in debt denominated in EUR (EUR -2.2bn), denominated in CHF (CHF -1.0bn), denominated in JPY (JPY -50.0bn), denominated in USD (USD -0.3bn),
- depreciation of zloty (PLN +12.0bn).

Table 2. State Treasury debt by instrument (PLN million)

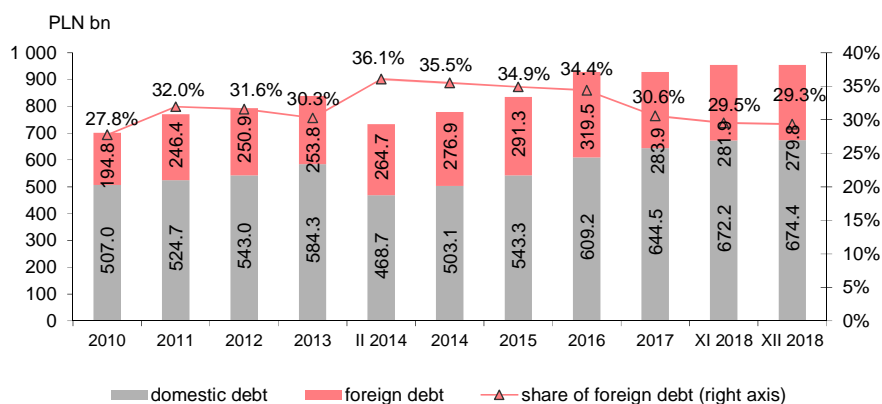
	Dec 2017	structure Dec 2017 %	Nov 2018	structure Nov 2018 %	Dec 2018	structure Dec 2018 %	change Nov 2018 – Dec 2018		change Dec 2018 – Dec 2017	
							PLN m	%	PLN m	%
State Treasury debt	928 473.0	100.0	954 136.9	100.0	954 246.5	100.0	109.6	0.0	25 773.5	2.8
I. Domestic ST debt	644 533.1	69.4	672 191.9	70.5	674 399.3	70.7	2 207.3	0.3	29 866.2	4.6
1. Treasury securities (TS)	621 103.1	66.9	646 228.1	67.7	646 894.9	67.8	666.8	0.1	25 791.9	4.2
1.1. Marketable TS	605 711.1	65.2	626 872.7	65.7	627 157.3	65.7	284.6	0.0	21 446.2	3.5
- Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
- bonds issued in domestic market	605 711.1	65.2	626 872.7	65.7	627 157.3	65.7	284.6	0.0	21 446.2	3.5
1.2. Savings bonds	15 392.0	1.7	19 355.4	2.0	19 737.6	2.1	382.2	2.0	4 345.6	28.2
2. Other ST debt	23 430.0	2.5	25 963.8	2.7	27 504.4	2.9	1 540.5	5.9	4 074.3	17.4
II. Foreign ST debt	283 939.9	30.6	281 944.9	29.5	279 847.2	29.3	-2 097.7	-0.7	-4 092.7	-1.4
1. TS issued in foreign markets	213 102.2	23.0	211 545.4	22.2	211 128.1	22.1	-417.3	-0.2	-1 974.2	-0.9
2. Loans	70 822.6	7.6	70 399.5	7.4	68 719.1	7.2	-1 680.4	-2.4	-2 103.5	-3.0
3. Other ST debt	15.1	0.0	0.0	0.0	0.0	0.0	0.0	80.7	-15.0	-99.9

Table 3. State Treasury debt by holder (PLN million)

	Dec 2017	structure Dec 2017 %	Nov 2018	structure Nov 2018 %	Dec 2018	structure Dec 2018 %	change Nov 2018 – Dec 2018		change Dec 2018 – Dec 2017	
							PLN m	%	PLN m	%
State Treasury debt	928 473.0	100.0	954 136.9	100.0	954 246.5	100.0	109.6	0.0	25 773.5	2.8
I. State Treasury debt held by residents	456 110.5	49.1	500 306.4	52.4	502 934.0	52.7	2 627.7	0.5	46 823.5	10.3
Domestic banking sector	257 325.5	27.7	277 778.4	29.1	277 481.0	29.1	-297.4	-0.1	20 155.5	7.8
- domestic instruments	243 917.9	26.3	263 631.0	27.6	264 143.2	27.7	512.2	0.2	20 225.3	8.3
- foreign instruments	13 407.6	1.4	14 147.4	1.5	13 337.8	1.4	-809.6	-5.7	-69.8	-0.5
Domestic non-banking sector	198 785.0	21.4	222 528.0	23.3	225 453.0	23.6	2 925.0	1.3	26 668.0	13.4
- domestic instruments	197 234.4	21.2	216 355.9	22.7	218 788.6	22.9	2 432.8	1.1	21 554.3	10.9
- foreign instruments	1 550.6	0.2	6 172.1	0.6	6 664.4	0.7	492.3	8.0	5 113.7	329.8
II. State Treasury debt held by non-residents	472 362.4	50.9	453 830.5	47.6	451 312.5	47.3	-2 518.0	-0.6	-21 049.9	-4.5
- domestic instruments	203 380.8	21.9	192 205.1	20.1	191 467.5	20.1	-737.7	-0.4	-11 913.3	-5.9
- foreign instruments	268 981.7	29.0	261 625.4	27.4	259 845.0	27.2	-1 780.4	-0.7	-9 136.6	-3.4

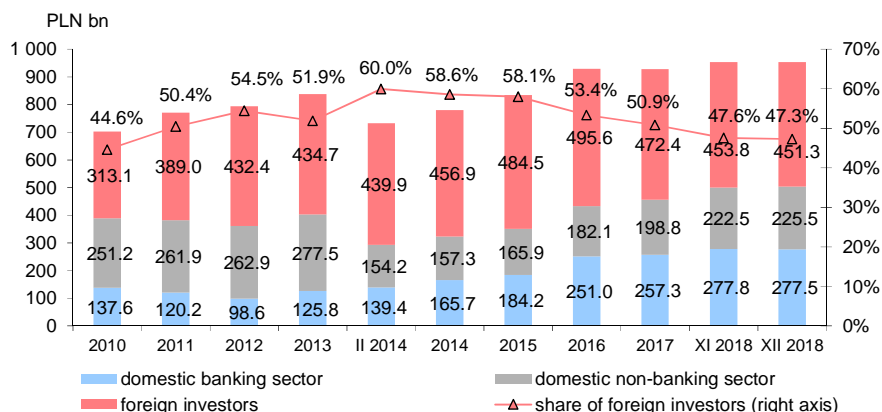
ST debt according to the place of issue criterion

In December 2018 the share of foreign currency debt in total ST debt amounted to 29.3%, i.e. decreased by 0.2 pp m/m and by 1.3 pp since the beginning of 2018. The decrease in the share in December resulted from repayment of an IFI loan, redemption of EUR and JPY denominated bonds and appreciation of zloty. The share decrease in 2018 was resultant of rising funds primarily on domestic market, negative balance of debt issuance on foreign markets with simultaneous depreciation of zloty. The debt management strategy assumes further reduction in the share of foreign currency debt in total ST debt below 30%.



ST debt by holder

In December 2018 the share of foreign investors in total ST debt amounted to 47.3%, i.e. decreased by 0.3 pp m/m and by 3.6 pp since the beginning of 2018. The decrease in the share in December mainly was affected by the decrease in debt denominated in foreign currency due to redemption of debt. The share decrease in 2018 was result of reduction in the share of foreign currencies debt in ST debt and decrease of non-residents holdings in domestic TS.

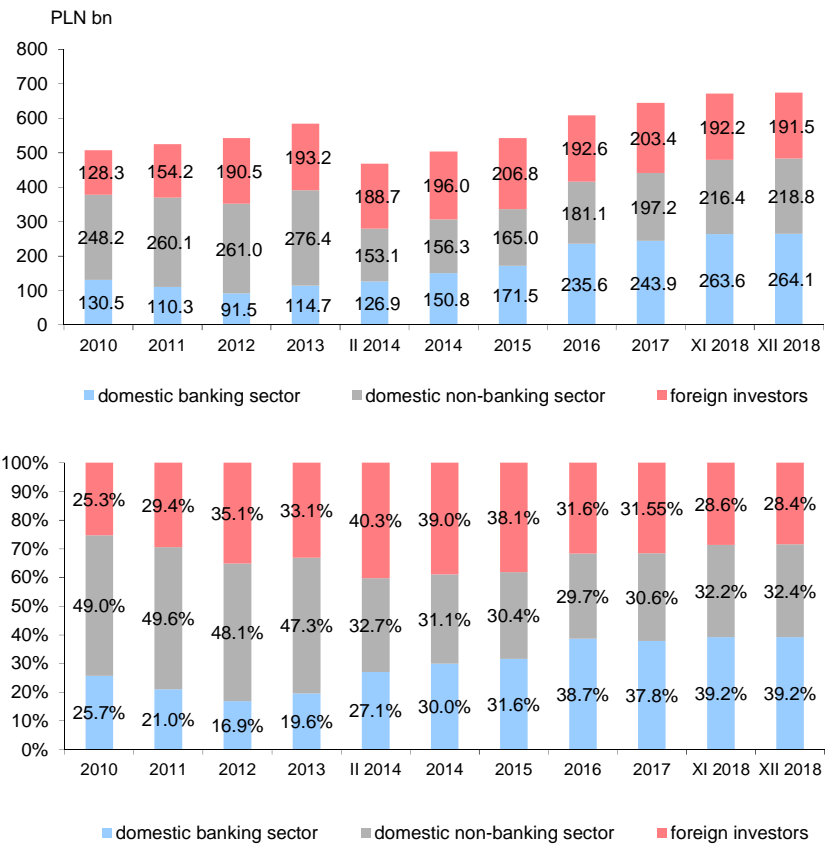


Domestic ST debt by holder in nominal value and structure

In December 2018 an increase in domestic debt held by residents took place (PLN +2.9bn, including banks: PLN +0.5bn, non-banking investors: PLN +2.4bn). In case of foreign investors a decrease in holdings of PLN 0.7bn was recorded.

Since the beginning of 2018 changes in holdings of domestic debt by the type of investor amounted to as follows:

- domestic banking sector: PLN +20.2bn,
- domestic non-banking sector: PLN +21.6bn,
- foreign investors: PLN -11.9bn.

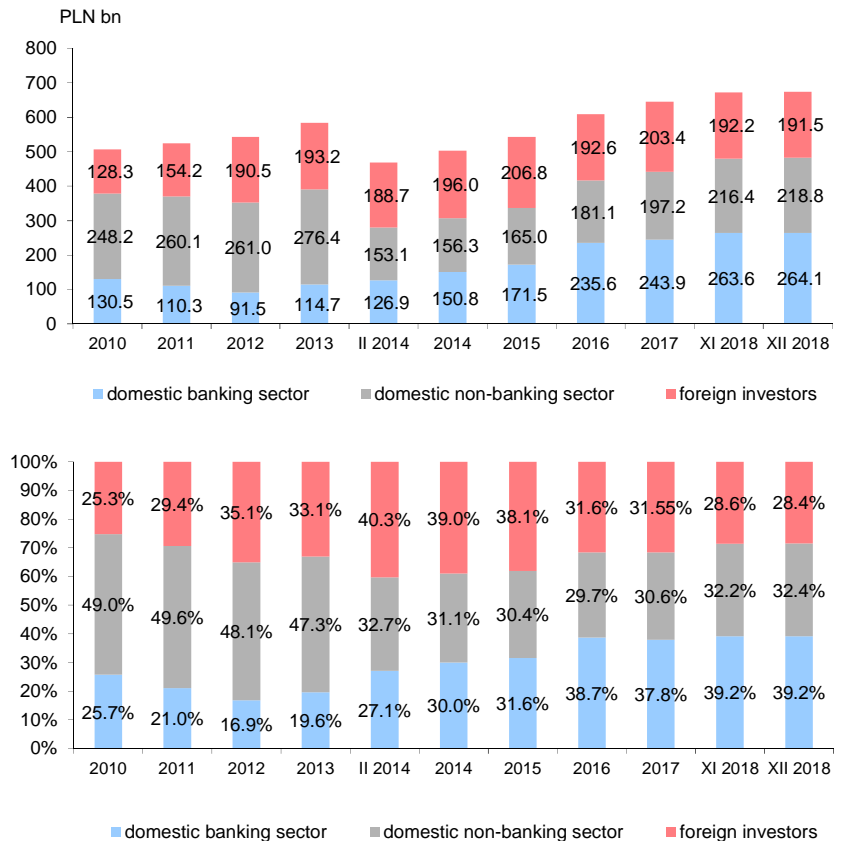


Domestic TS debt by holder in nominal value and structure

In December 2018 residents increased their domestic TS holdings by PLN 1.4bn in total, including banks: PLN +0.5bn and non-banking investors: PLN +0.9bn. In case of foreign investors a decrease in holdings of PLN +0.7bn was recorded.

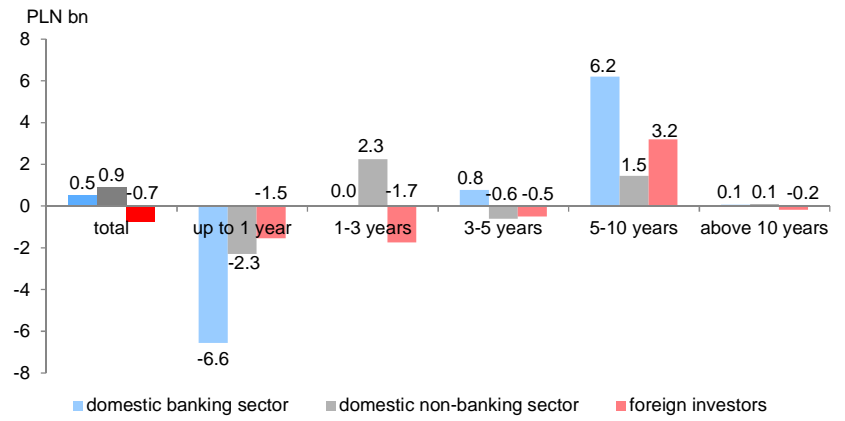
Since the beginning of 2018 changes in holdings of domestic TS debt by type of investor amounted to as follows:

- domestic banking sector: PLN +20.2bn,
- domestic non-banking sector: PLN +16.9bn,
- foreign investors: PLN -11.3bn.



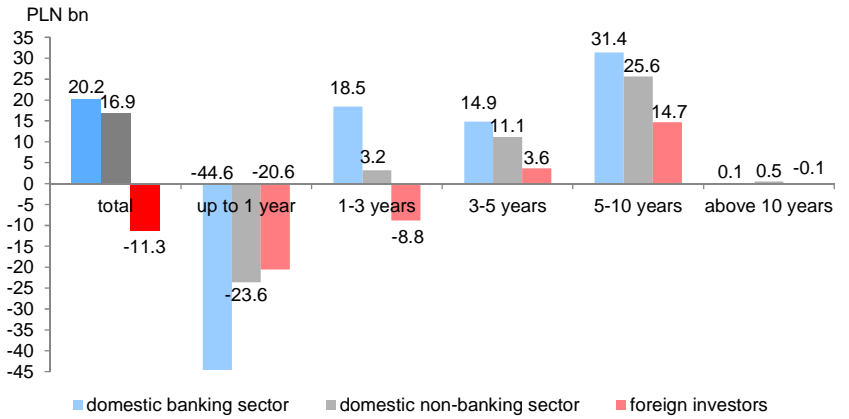
Changes in domestic TS debt according to residual maturity by type of investor in December 2018 m/m*

In December 2018 all groups of investors decreased their domestic TS holdings in instruments with maturity below 1 year following a switching auction. Domestic banking sector increased its holdings in instruments with maturity between 3 and 10 years and domestic non-banking sector increased its holdings in instruments with maturity between 1 and 3, 5 and 10 years. Foreign investors increased their holdings in instrument with maturities between 5 and 10 years.



Changes in domestic TS debt according to residual maturity by type of investor in 2018*

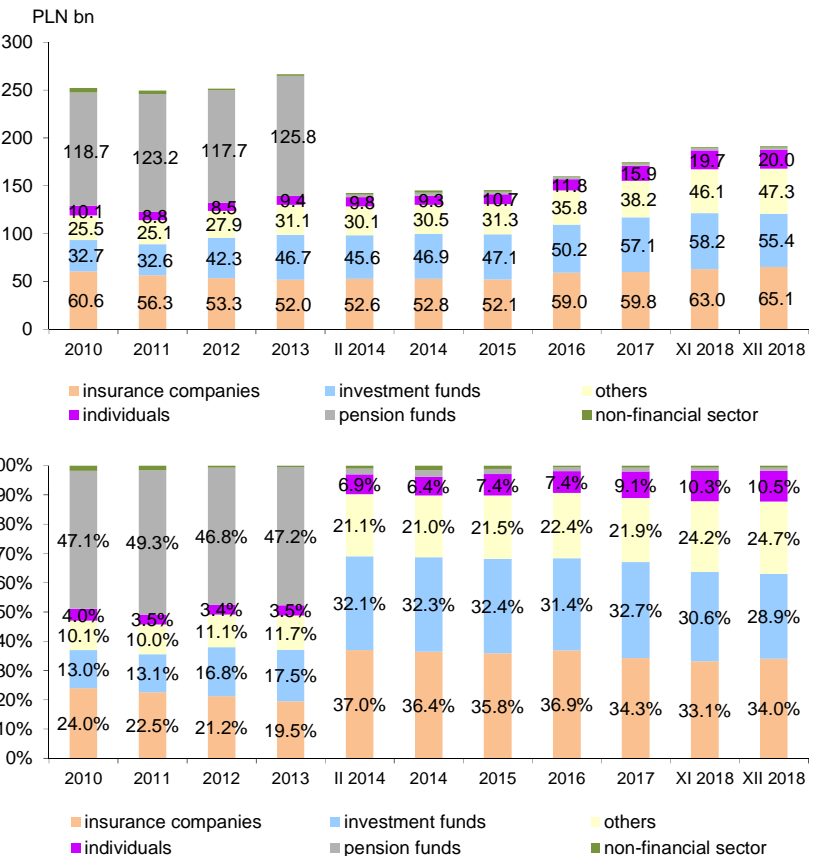
From January to December 2018 domestic investors increased their holdings in TS: banking sector in maturities between 1 and 10 years and non-banking sector in maturities between 3 and 10 years. Foreign investors reduced the TS portfolio with short maturities of up to 3 years and increased their holdings in instruments with maturities between 3 and 10 years.



Domestic TS debt towards domestic non-banking sector by holder – in nominal value and structure

Among domestic non-banking entities the main holders of domestic TS are insurance companies (34% share in December 2018), investment funds (28.9%) and so called other entities (24.7%, this category includes, among others, Bank Guarantee Fund and Demographic Reserve Fund). Individuals also have a significant share of domestic TS holdings (10.5%).

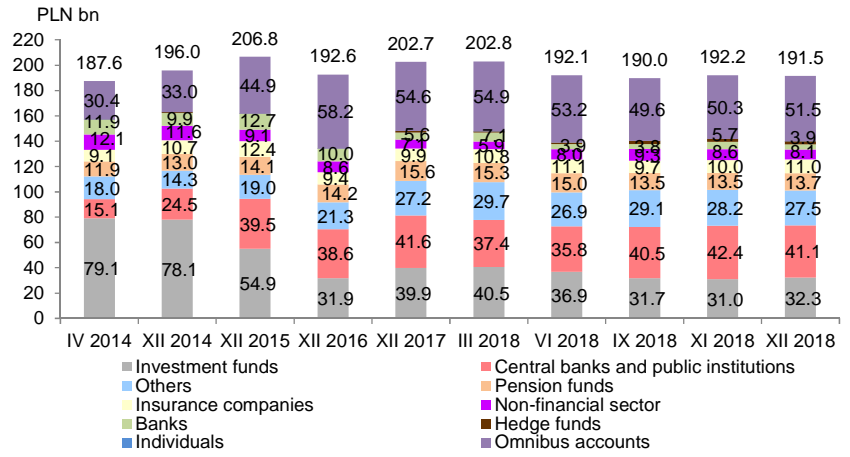
In December 2018 domestic TS holdings of non-banking sector increased by PLN 0.9bn m/m and by PLN 16.9bn compared to the end of 2017. The increase in portfolio m/m and since the beginning of 2018 resulted mainly from the changes in holdings of insurance companies (PLN +2.0bn, PLN +5.3bn), other entities (PLN +1.3bn, PLN +9.2bn), individuals (PLN +3.0bn, PLN +4.1) and investment funds (PLN -2.8bn, PLN -1.7bn).



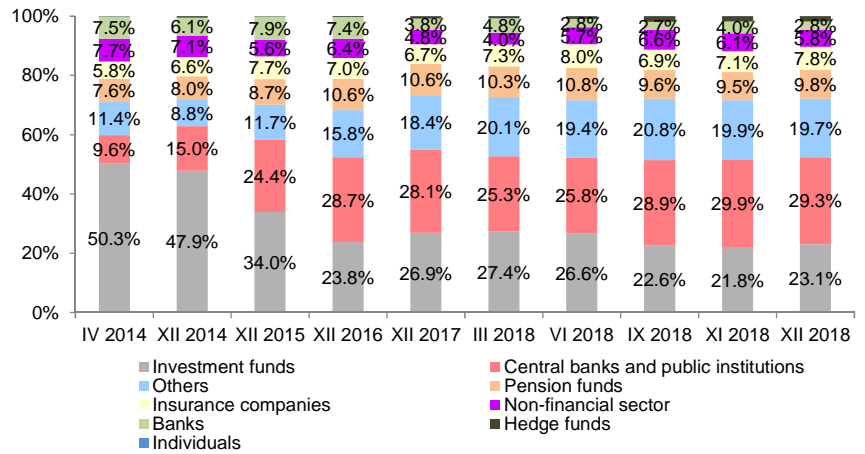
*) Changes resulting only from cash flows, i.e. excluding statistical changes from the shift in classification of the security to next segment of residual maturity.

Domestic TS debt towards non-residents by holder in nominal value and structure*

Structure of non-residents holding domestic TS in their portfolios is well-diversified with dominant role of stable institutional investors: central banks and public institutions (29.3% share in December 2018), investment funds (23.1%), pension funds (9.8%) and insurance companies (7.8%). A significant part of domestic TS debt to foreign investors is registered on omnibus accounts (PLN 51.5bn), which allow investors to buy TS without the need to have a separate account in Poland.



*) Percentage structure does not include omnibus accounts.

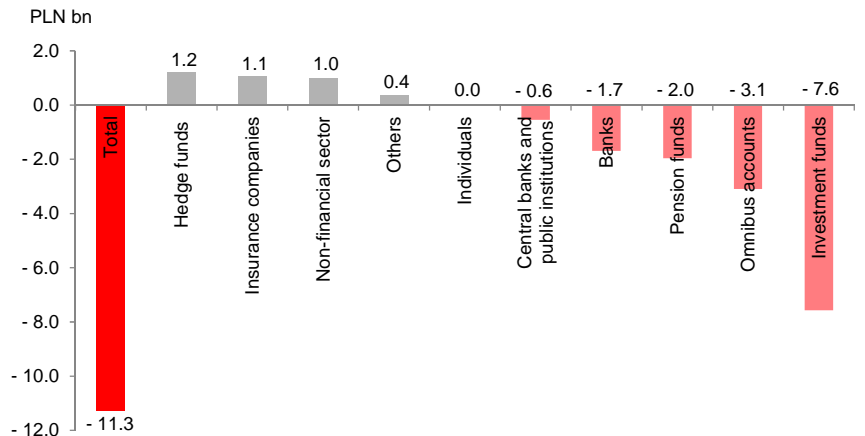
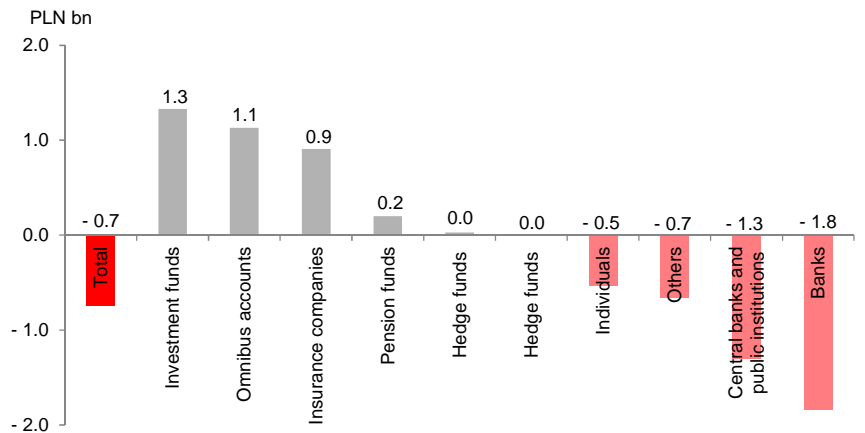


Changes in domestic TS debt towards non-residents by holder in December 2018 m/m

In December 2018 foreign investors decreased their holdings in domestic TS debt by PLN 0.7bn. The highest decrease in the portfolio was recorded in the case of banks (-1.8 bn PLN) and central banks and public institutions (PLN -1.3bn). The largest increase in the portfolio was recorded in the case of investment funds (PLN +1.3bn) and omnibus accounts (+1.1 bn PLN)

Changes in domestic TS debt towards nonresidents by holder in 2018

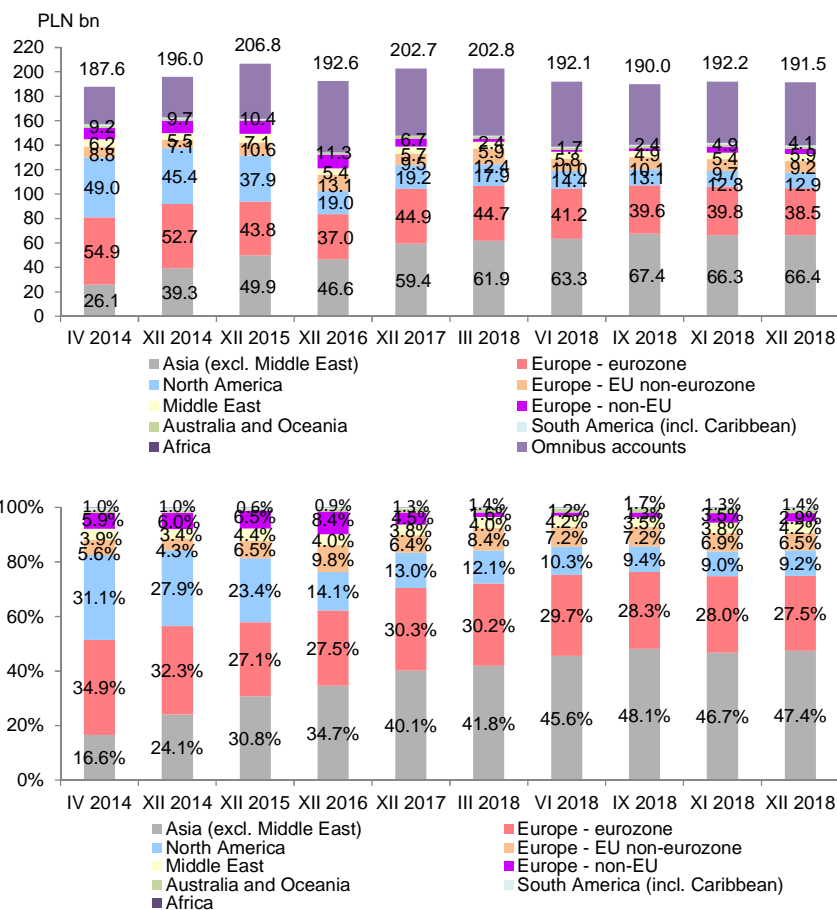
From January to December 2018 non-residents reduced their domestic TS portfolios by PLN 11.3bn. The biggest decrease in the portfolio concerned investment funds (PLN -7.6bn, mainly from the USA: PLN -3.5bn, the UK: PLN -2.5bn, Luxembourg: PLN -1.6bn and Germany: PLN -1.7bn with an increase in holdings of investors from Hong Kong: PLN +1.3bn) and omnibus accounts (PLN -3.1bn). On the other hand, the increase in exposure was recorded mainly among hedge funds (PLN +1.2bn, which was a resultant of an increase in the portfolio of entities from Germany: PLN +1.2bn), insurance company (PLN +1.1bn; including Japan: +1.2 and Luxembourg: PLN -0.7bn).



Domestic TS debt towards non-residents by region in nominal value and structure*

Geographical structure of domestic TS held by foreign investors is well-diversified. In December 2018 the largest TS portfolios were held by entities from Asia: 47.4%, representing debt in the amount of PLN 66.4bn, of which PLN 36.5bn was held by Asian central banks and PLN 23.3bn by investors from Japan. The second largest group of holders of TS were investors from eurozone countries: 27.5% (PLN 38.5bn, including from Luxembourg: PLN 14.5bn, Ireland: PLN 9.3bn, the Netherlands: PLN 7.2bn and Germany: PLN 5.9bn). Non-residents from North America held significant TS portfolios as well (9.2%, representing debt in the amount of PLN 12.9bn, of which PLN 11.9bn were held by investors from the USA). The share of investors from other regions amounted to 15.9%.

* Percentage structure does not include omnibus accounts.

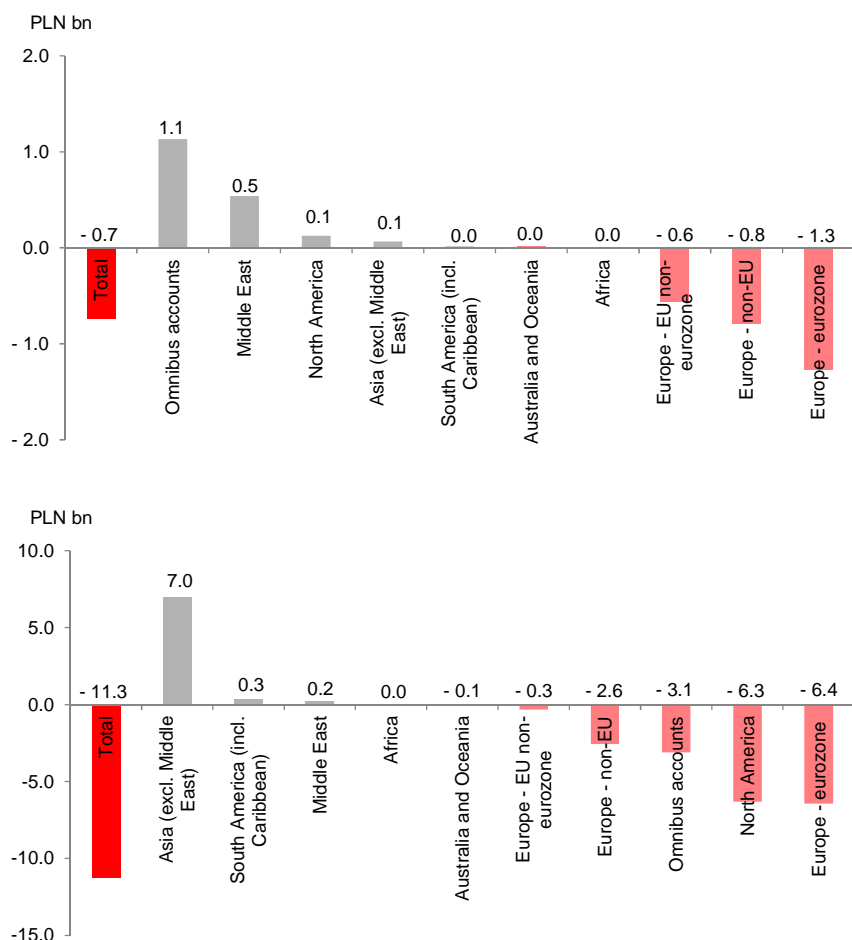


Changes in domestic TS debt towards non-residents by region in December 2018 m/m

In December 2018 the decrease in domestic TS debt held by non-residents resulted mainly from the decrease in TS held on European eurozone countries (PLN -1.3bn, including France: PLN -1.8bn). The biggest increase was recorded in portfolios of omnibus accounts (PLN +1.1bn).

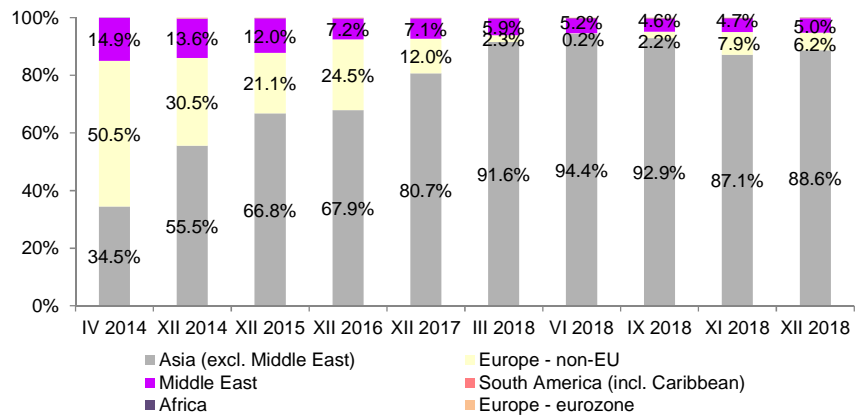
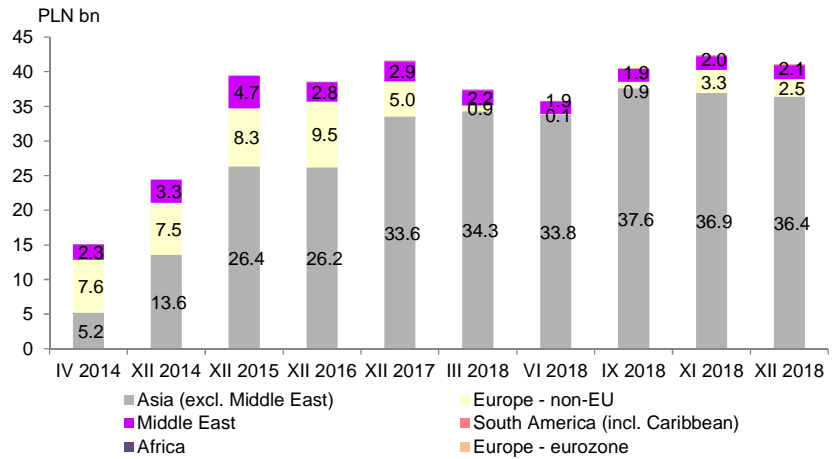
Changes in domestic ST debt towards nonresidents by region in 2018

From January to December 2018 the decrease in non-residents holdings of domestic TS was mainly a resultant of a decrease in TS held by investors from Europe - eurozone (PLN -6.4bn, including from the Luxemburg: PLN -4.6bn and France: PLN -1.4bn), from North America countries (PLN -6.3bn, including USA: PLN -6.3bn) and held on omnibus accounts (PLN -3.1bn) and an increase in portfolios of investors from Asia (PLN +7.0bn, including Japan: PLN +3.2bn and Hong Kong: PLN +1.3bn).



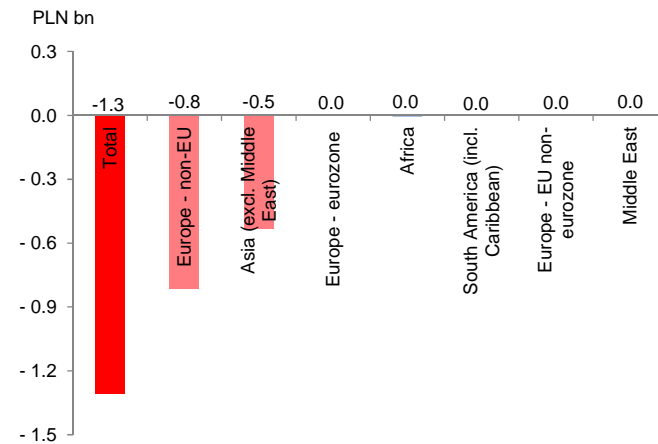
Domestic TS debt towards foreign central banks and public institutions by region in nominal value and structure

In the structure of domestic TS debt held by foreign central banks and public institutions, entities from Asia are predominant – in December 2018 their share amounted to 88.6%. Domestic TS were held also by central banks and public institutions from European non-EU countries (6.2%) and from the Middle East (5.0%).



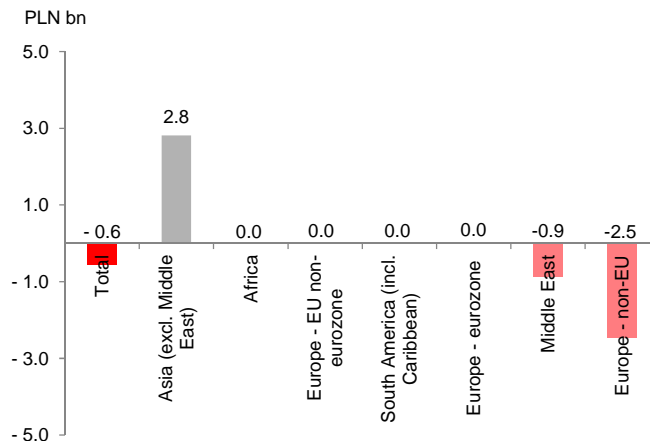
Changes in domestic TS debt towards foreign central banks and public institutions by region in December 2018 m/m

In December 2018 domestic TS debt held by foreign central banks and public institutions decrease by PLN -1.3bn. It resulted mainly from an decrease in holdings of entities from European non-EU countries (PLN -0.8bn) and Asia (PLN -0.5bn)



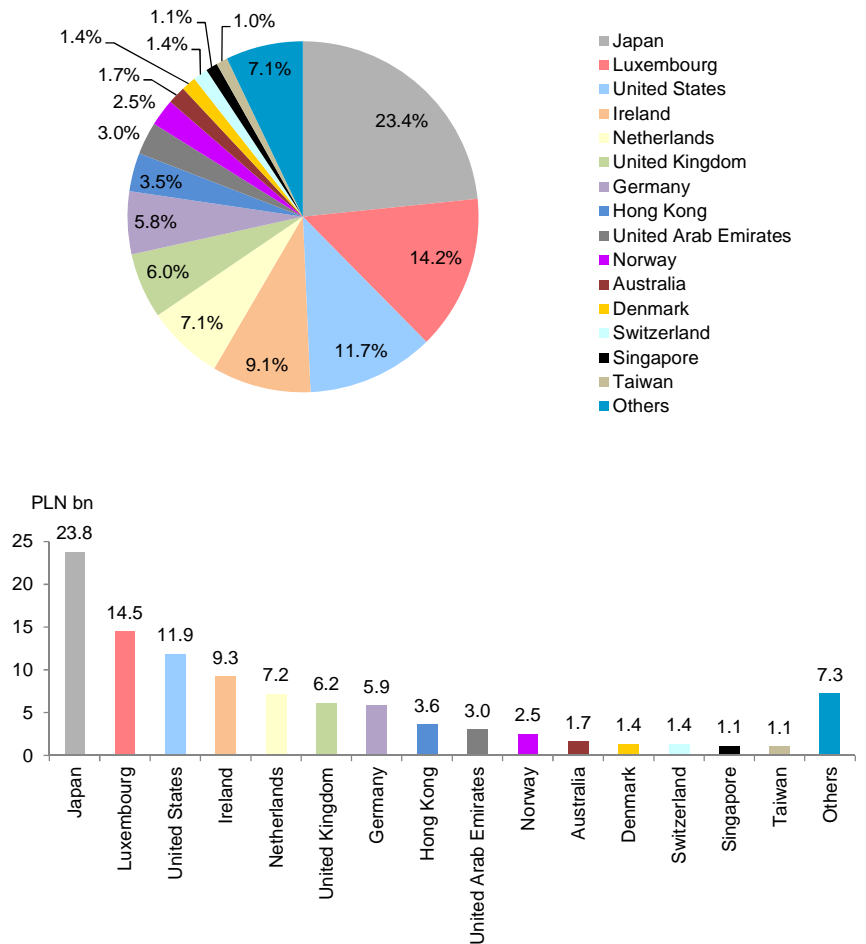
Changes in domestic TS debt towards foreign central banks and public institutions by region in 2018

From January to December 2018 a decrease in domestic TS holdings of central banks and public institutions was recorded (PLN -0.6bn, including European non EU countries: PLN -2.5bn) with increase in portfolios of investors from Asia excluding Middle East: PLN 2.8bn).



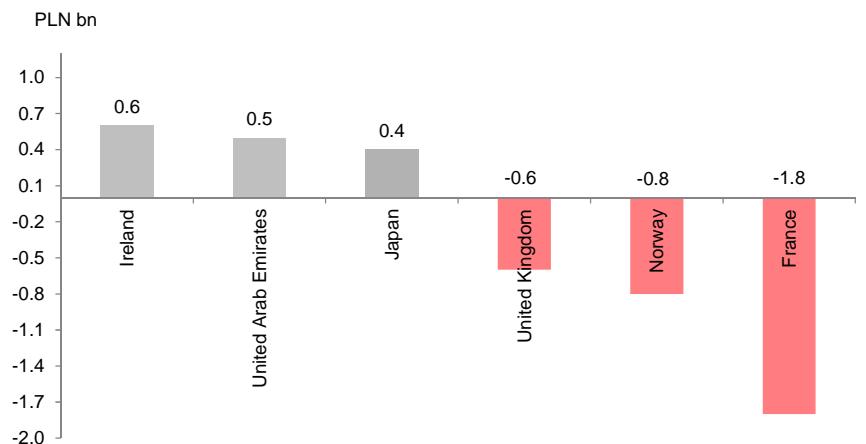
Domestic TS debt towards non-residents by country* in December 2018 – structure and nominal value

In December 2018 domestic TS were held by investors from 59 countries, which confirms high diversification of non-residents structure. The largest TS portfolios were held by entities from Japan (23.4%, including mainly insurance companies: 10.0% share in non-resident debt in domestic TS and pension funds: 6.3%), Luxembourg (14.2%, including mainly investment funds: 7.8% and other entities: 5.6%), the USA (11.7%, including mainly investment funds: 4.6% and other entities: 4.4%), Ireland (9.1%, including mainly investment funds: 8.2%), the Netherlands (7.1%, including other entities: 4.5% and pension funds: 1.5%), the UK (6.0%, including banks: 2.6% and other entities: 2.4%) and Germany (5.8%, including mainly hedge funds: 2.2% and investment funds: 1.8%).



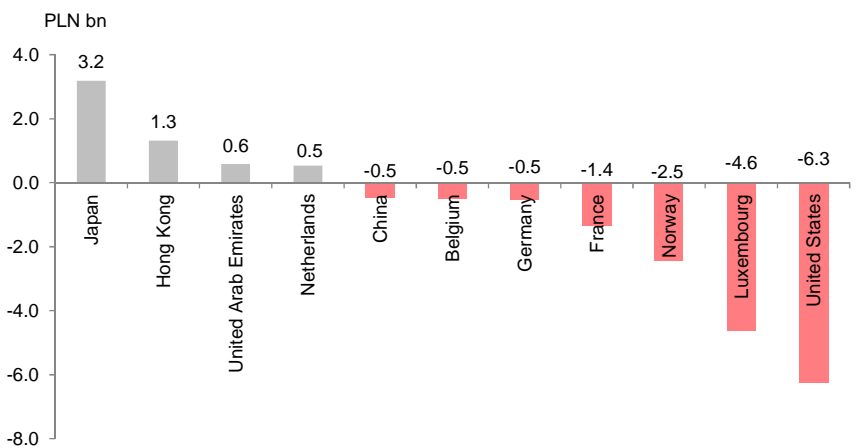
Changes in domestic TS debt towards non-residents by country* in December 2018 ** m/m

In December 2018 the most notable changes in non-residents' domestic TS holdings were observed among investors from France (PLN -1.8bn), Norway (PLN -0.8bn), UK (PLN -0.6bn), Japan (PLN +0.4bn), UAE (PLN +0.5bn) and Ireland (PLN +0.6bn).



Changes in domestic ST debt towards nonresidents by country* in 2018***

From January to December 2018 the increase in TS portfolios mainly concerned non-residents from the Japan (PLN +3.2bn), Hong Kong (PLN +1.3bn), UAD (PLN + 0.6) and Netherlands (PLN +0.5bn). The highest decrease in portfolios was recorded among investors from USA (PLN -6.3bn), Luxemburg (PLN -4.6bn), Norway (PLN -2.5bn), France (PLN -1.4bn), Germany (PLN -0.5), Belgium (PLN -0.4bn) and China (PLN -0.5).



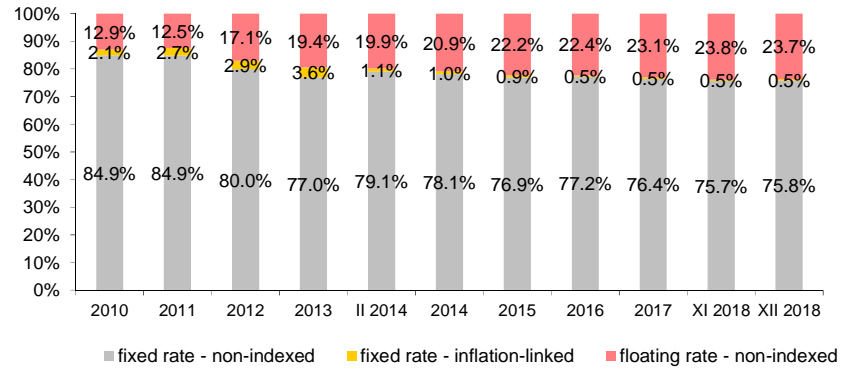
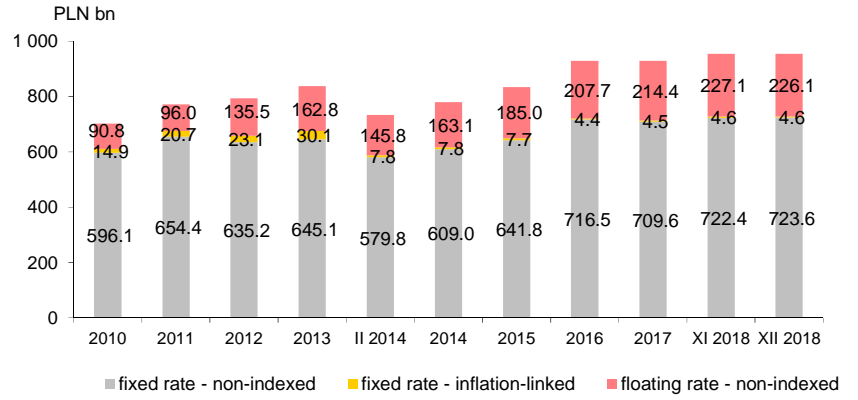
*) Excluding omnibus accounts.

**) Chart shows countries with change in debt amounted to at least PLN 0.2bn.

***) Chart shows countries with change in debt amounted to at least PLN 0.4bn.

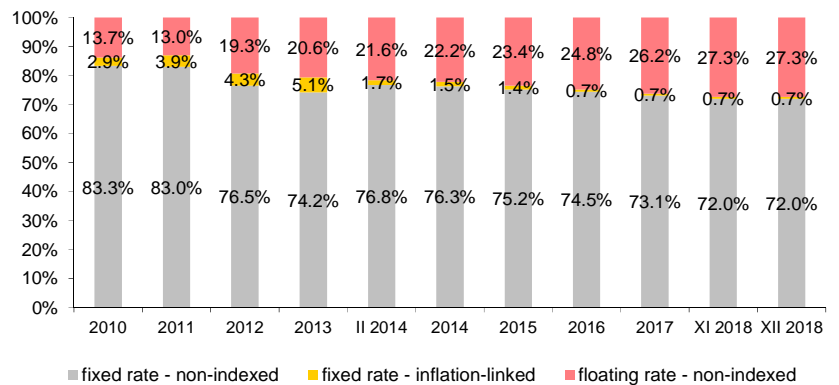
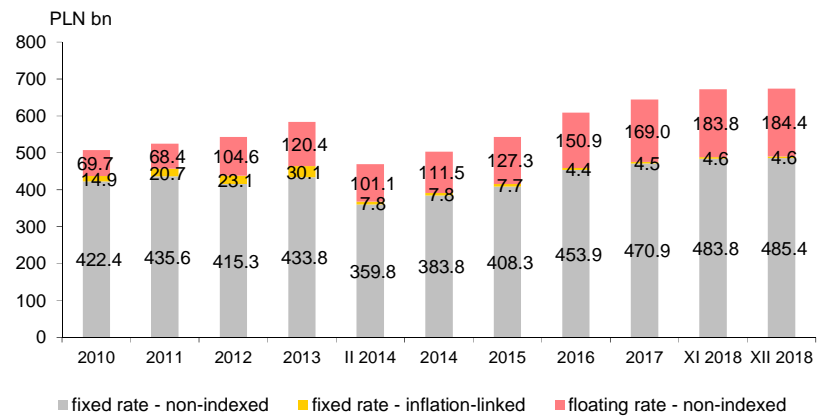
ST debt by type of interest rate and indexation in nominal value and structure

The majority of ST debt comprised fixed rate instruments – their share in December 2018 amounted to 76.3%. The share of floating rate instruments stood at 23.7%, i.e. rose by 0.7 pp compared to the end of 2017. The increase in the share in 2018 was resultant of increase in the share of floating rate instruments in domestic debt and decrease its share in foreign currency debt.



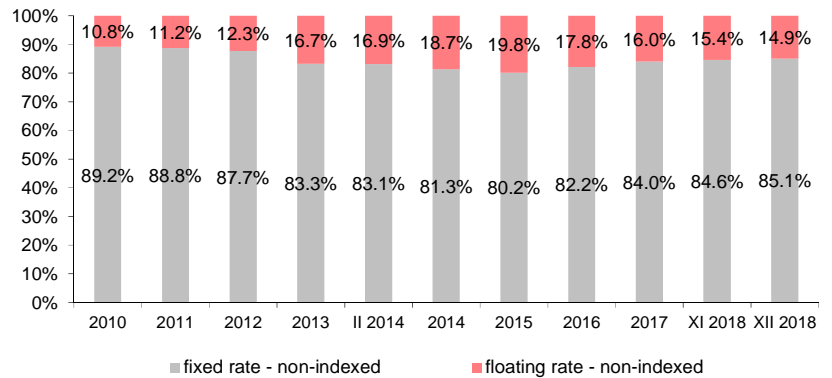
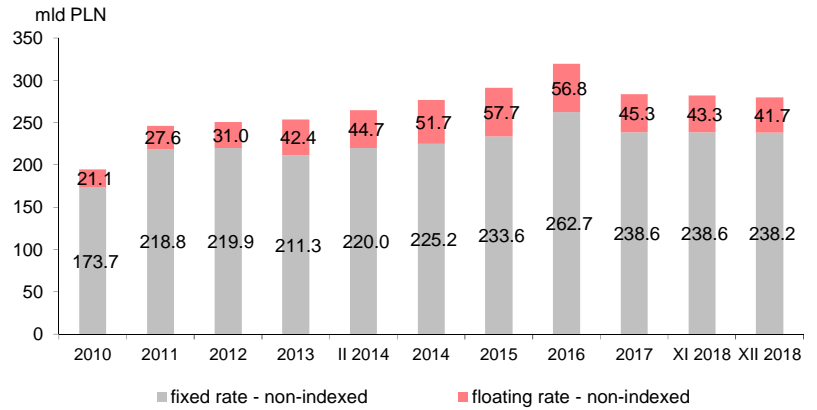
Domestic ST debt by type of interest rate and type of indexation in nominal value and structure

In December 2018 the share of floating rate instruments in domestic ST debt amounted to 27.3%, i.e. rose by 1.1 pp compared to the end of 2017. The increase in the share was result of the prevalence of floating rate instruments in the structure of domestic debt issuance balance.



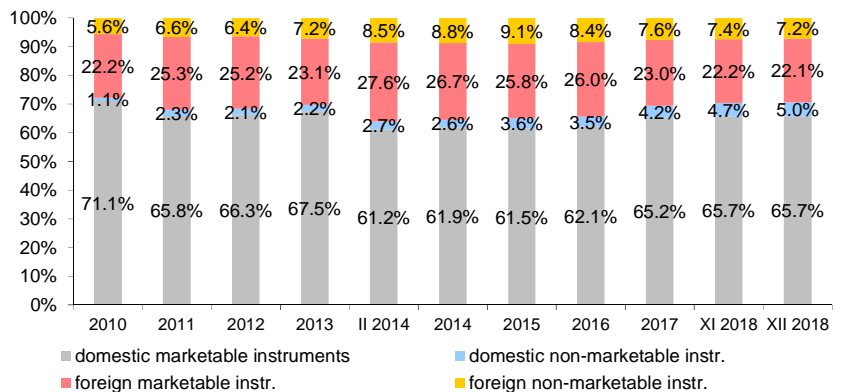
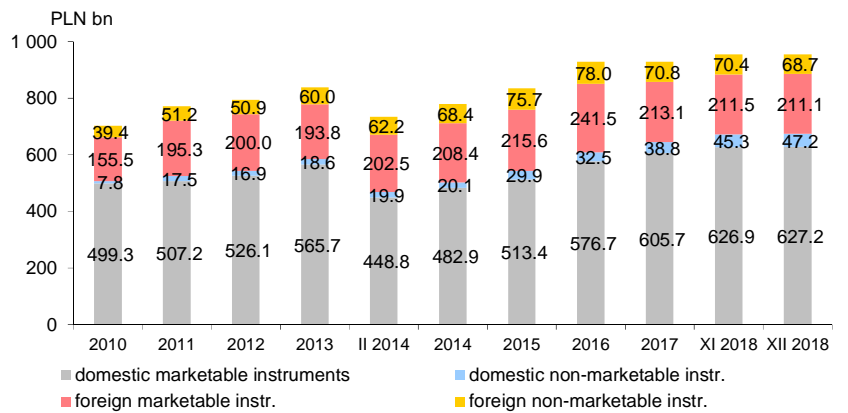
Foreign ST debt by type of interest rate and type of indexation in nominal value and structure

In December 2018 the share of floating rate instruments in foreign ST debt amounted to 14.9%, i.e. decreased by 0.5 pp m/m and by 1.1 pp since beginning of 2018. The decrease in share in 2018 was mainly result of decrease in share of floating rate foreign loans.



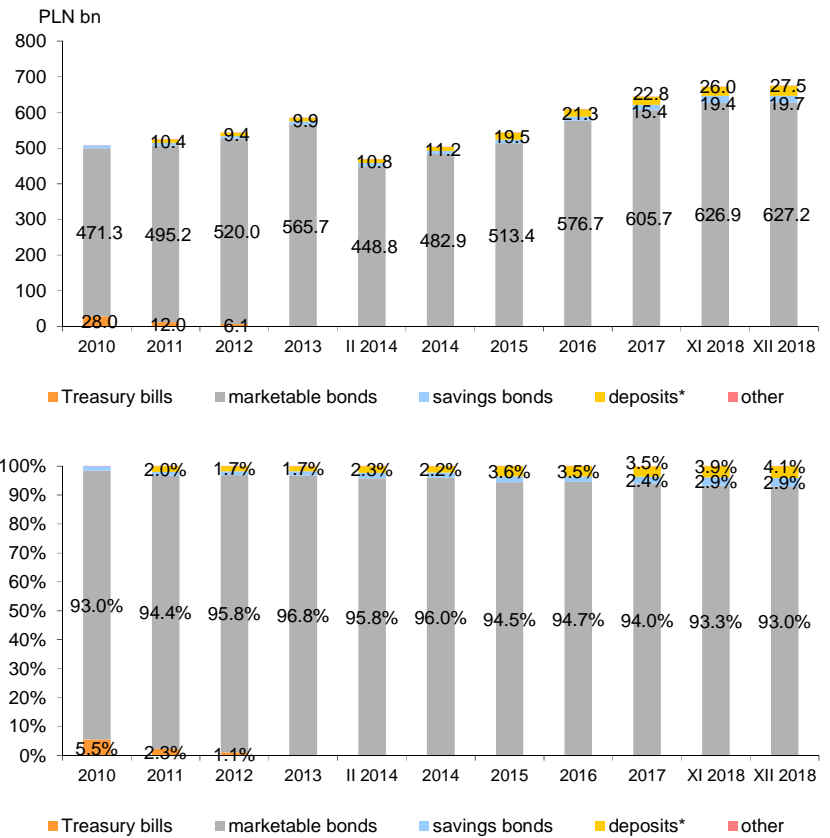
ST debt by type of instrument in nominal value and structure

The structure of ST debt is dominated by marketable TS (87.8% in December 2018), including primarily instruments issued on domestic TS market (65.7%). Non-marketable instruments, i.e. loans from international financial institutions, domestic saving bonds, as well as deposits collected under liquidity management consolidation are complementary sources of financing of the State budget borrowing requirements.



Domestic ST debt by type of instrument in nominal value and structure

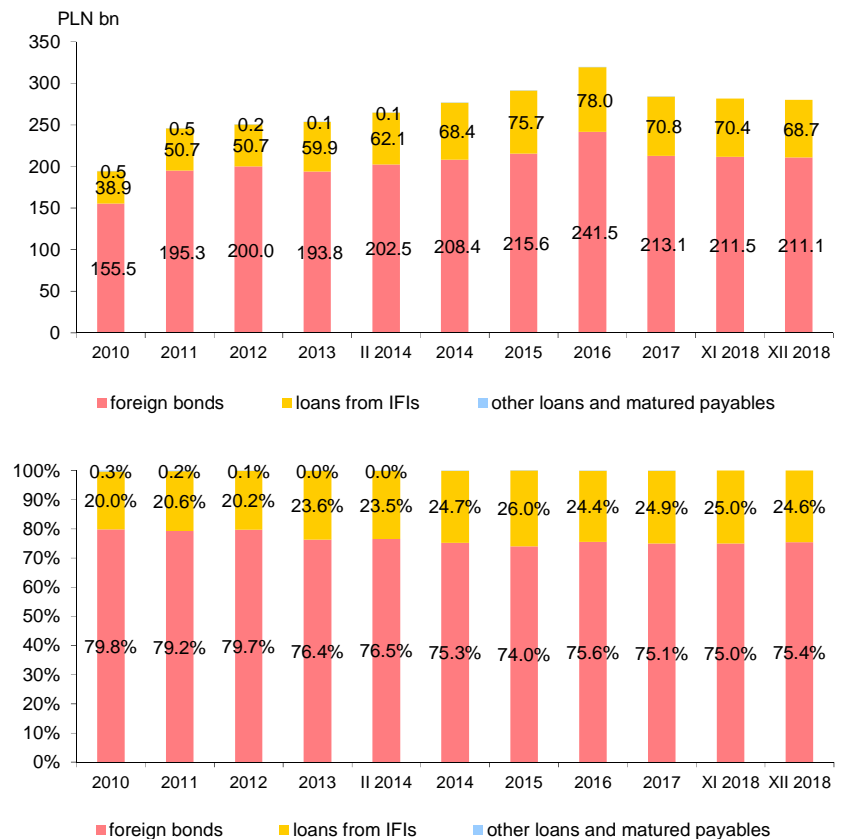
The vast majority of domestic ST debt constituted marketable bonds (93.0% in December 2018). Saving bonds (2.9%), as well as deposits* (4.1%) are complementary and stable sources of financing. Since August 2017 there have been no Treasury bills in outstanding debt.



*) Deposits received from PFSE with legal personality, court deposits from PFSE with legal personality and entities from outside PFS and collateral under CSA agreements.

Foreign ST debt by type of instrument in nominal value and structure

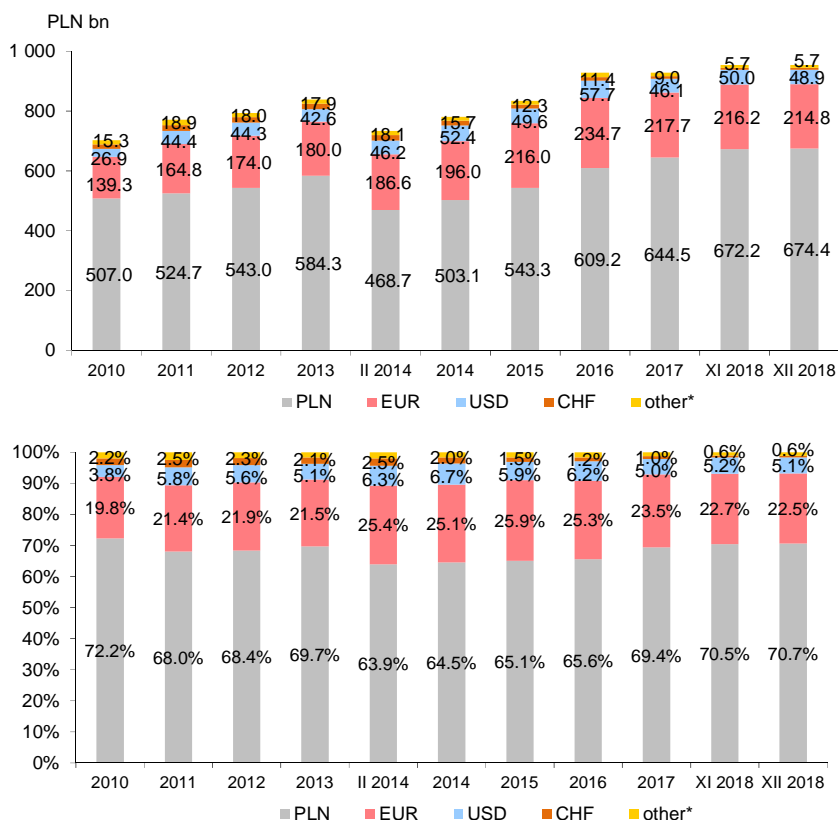
In ST debt denominated in foreign currencies dominant share accounted for international bonds (75.4% in December 2018). The share of loans from international financial institutions is significant as well (24.6%).



ST debt by currency in nominal value and structure

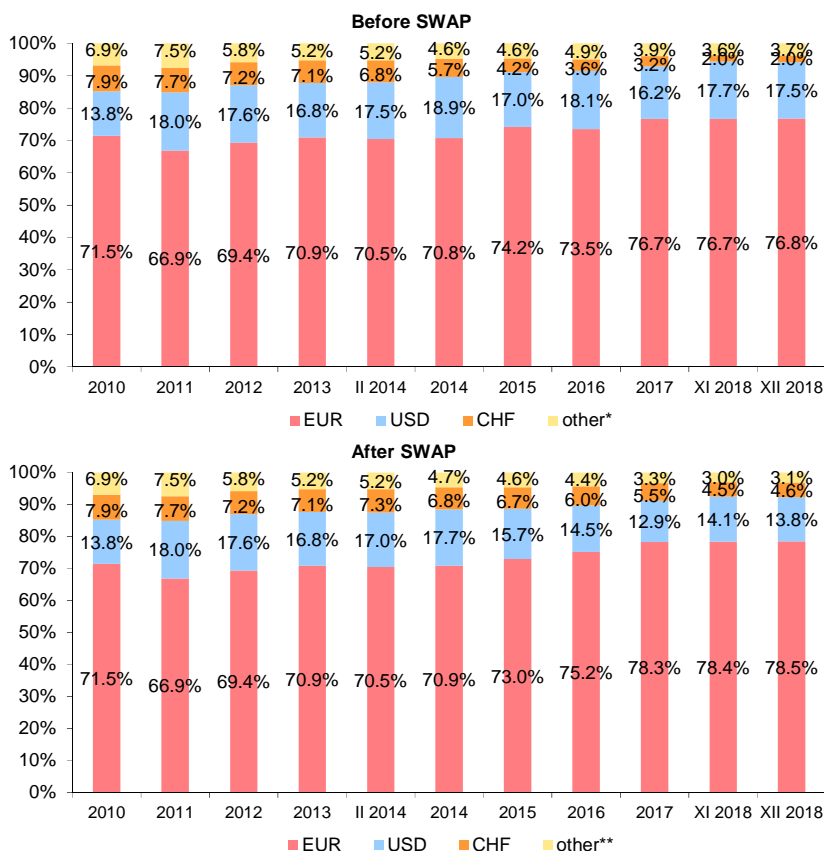
In accordance with the debt management strategy State budget borrowing requirements are mostly financed on domestic market. In December 2018 debt denominated in PLN comprised 70.7% of total ST debt, as compared to 69.4% at the end of 2017 and 70.5% in the previous month. The share of foreign currency denominated debt changed as follows:

- EUR – a decrease of 0.1 pp m/m and 0.9 pp compared to the end of 2017;
- USD – a decrease of 0.1 pp m/m and an increase 0.2 pp compared to the end of 2017;
- CHF – no change m/m and a decrease of 0.4 pp compared to the end of 2017;
- JPY – no change m/m and by 0.1 pp compared to the end of 2017,
- CNY – no change.



Structure of foreign ST debt by currency – before and after swap transactions

In December 2018 the share of EUR-denominated debt in foreign ST debt, including derivative transactions, amounted to 78.5%, i.e. remained above the minimum level of 70% assumed in the debt management strategy. The share of EUR increased by 0.1 pp m/m and by 0.2 pp compared to the end of 2017.



*) JPY and CNY (since November 2016)

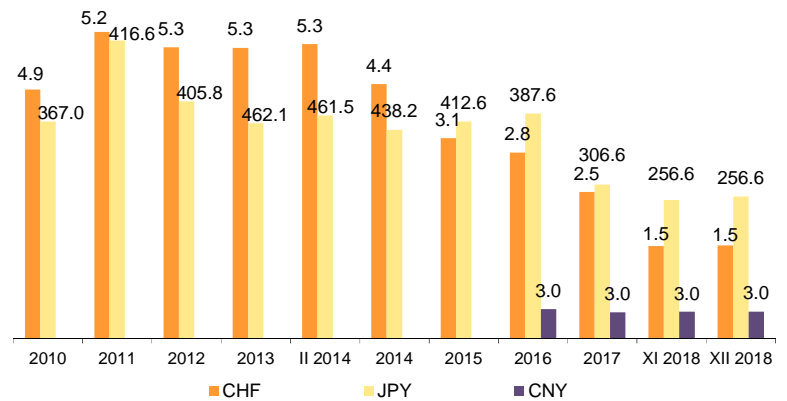
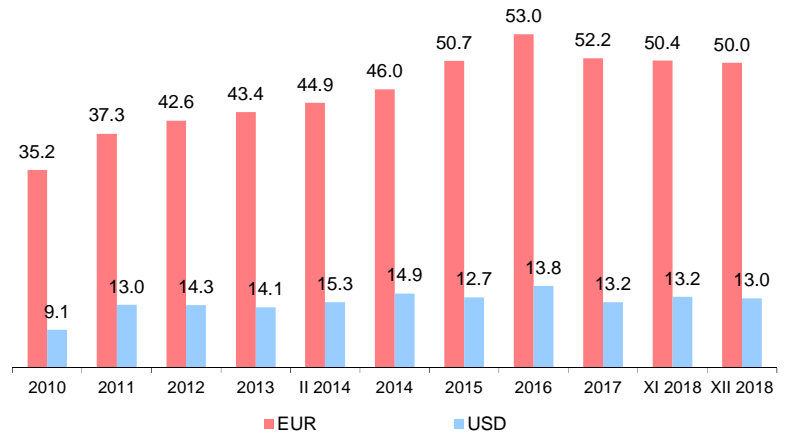
**) JPY

**Foreign ST debt in original currency (billion
*)**)**

In December 2018 nominal value of debt denominated in EUR decreased by EUR 0.4bn to EUR 50.0bn and denominated in USD decreased by USD 0.3bn to USD 13.0bn. Debt denominated in other foreign currencies remained unchanged as compared to the previous month, i.e. amounted to JPY 256.6bn, CHF 1.5bn and CNY 3.0bn.

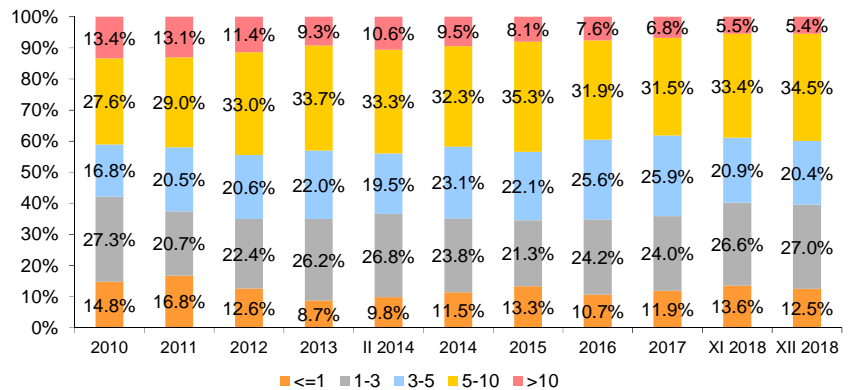
*) Charts present debt excluding swap transactions.

**) Charts present level of debt in issuance currencies, whereas proportions of columns on respective charts reflects the level of debt converted to PLN which allows to make it comparable.



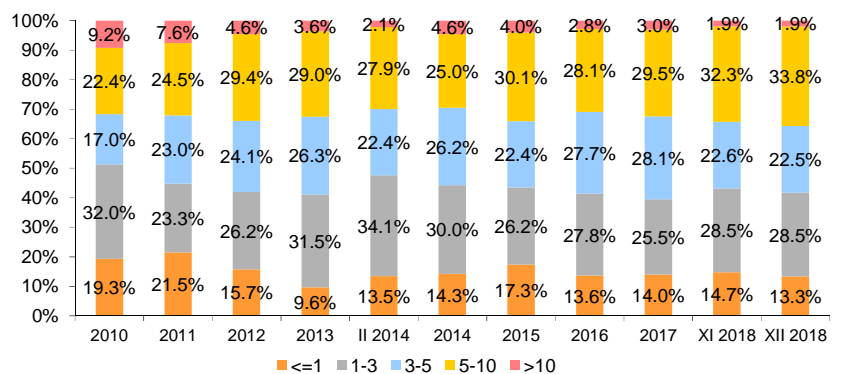
ST debt by residual maturity (in years)

In December 2018 the debt with the longest residual maturity (i.e. over 5 years) comprised 39.9% of the total ST debt, i.e. increased by 1.0 pp m/m and by 1.7 pp as compared to the beginning of 2018. Debt with residual maturity of up to 1 year constituted 12.5% of ST debt, i.e. fell by 1.1 pp m/m and rose by 0.7 pp since the beginning of 2018.



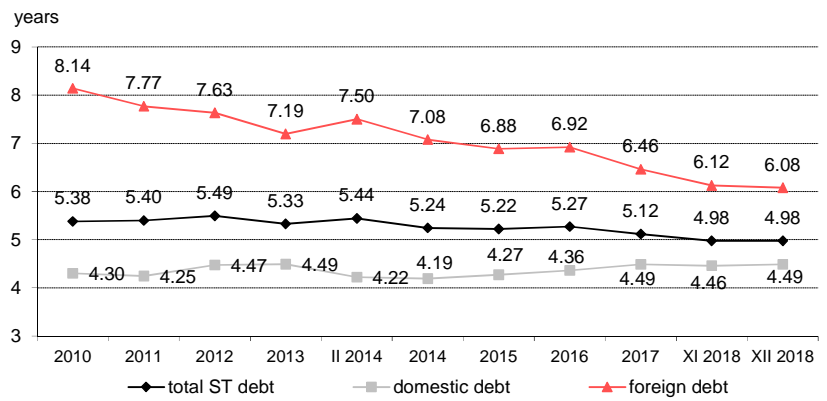
Domestic ST debt by residual maturity (in years)

In December 2018 domestic debt with residual maturity over 5 years accounted for 35.7%, i.e. rose by 1.5 pp m/m and by 3.3 pp since the beginning of 2018. The share of debt with residual maturity up to 1 year amounted to 13.3%, i.e. fell by 1.4 pp. m/m and fell by 0.7 pp in 2018 (which was mainly a resultant of WZ0118, PS0418, PS0718 and OK1018 bonds redemption, change in classification of WZ0119, PS0419, PS0719 and PS1019 bonds and switching auctions).



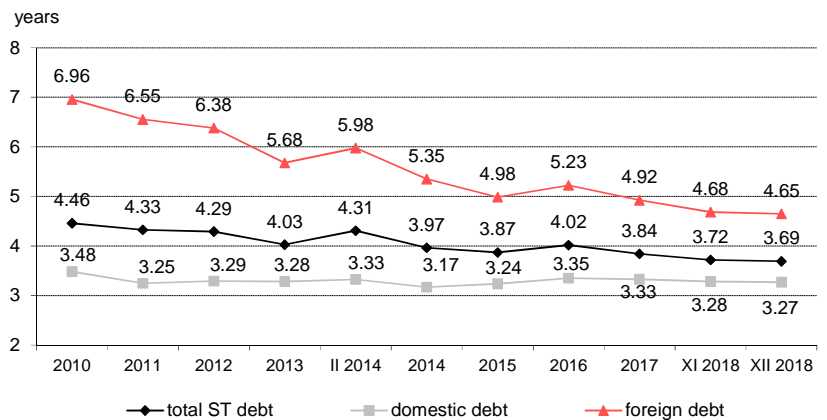
ATM of ST debt

In December 2018 average time to maturity (ATM) of ST debt amounted to 4.98 years (i.e. no change m/m and fall by 0.14 years as compared to the end of 2017), remaining in line with debt management strategy, i.e. close to 5 years. ATM of domestic debt amounted to 4.49 years (increase 0.03 years m/m), which was mainly a resultant of debt ageing and a switching auction. According to the debt management strategy, it is assumed to maintain ATM of domestic debt at the level close to 4.5 years. In December 2018 ATM of foreign debt decreased by 0.04 year (a resultant of debt aging and redemption of debt), remaining at a safe level of 6.08 years.



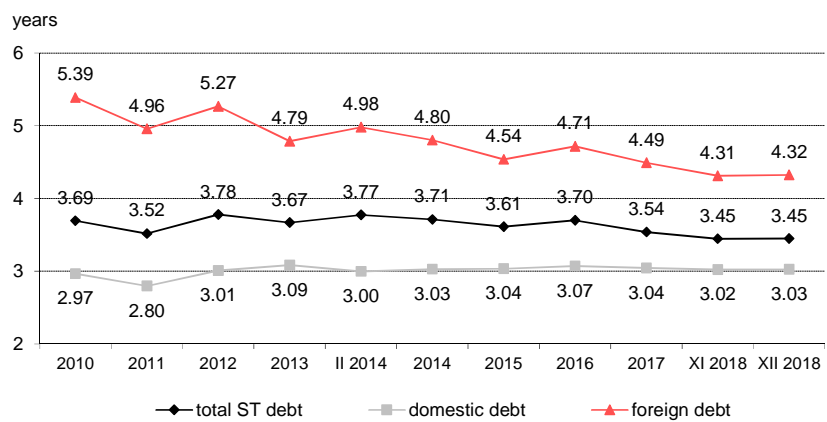
ATR of ST debt

In December 2018 average time to refixing (ATR) of ST debt amounted to 3.69 years (i.e. decreased by 0.03 year m/m and decreased by 0.15 year as compared to the end of 2017). The level of ATR in December was a resultant of shortening of ATR of domestic debt (by 0.01 year to 3.27 years) and of foreign debt ATR (by 0.03 year to 4.65 years). The levels of ATR both categories resulted from changes in ATM and development of the share of floating rate instruments. In December 2018 ATR of domestic ST debt remained in line with debt management strategy, i.e. in the range 2.8-3.8 years.



Duration* of ST debt

In December 2018 duration of ST debt amounted to 3.45 years (no change m/m and a decrease by 0.09 year as compared to the end of 2017). Duration of domestic debt amounted to 3.03 years (up by 0.01 year m/m), while duration of foreign debt amounted to 4.32 years (down by 0.01 year m/m). Changes in duration resulted mainly from changes in ATR.

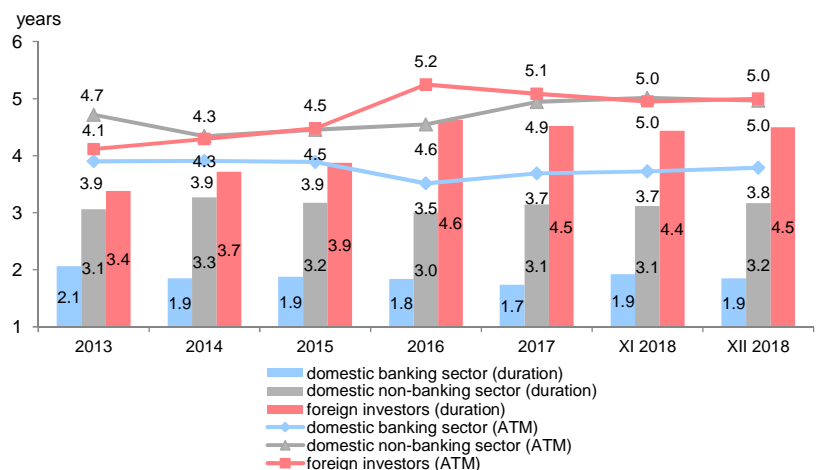


The levels of ATR, as well as duration indicated that interest rate risk of ST debt remained stable.

ATM and duration* of domestic ST debt by group of investors

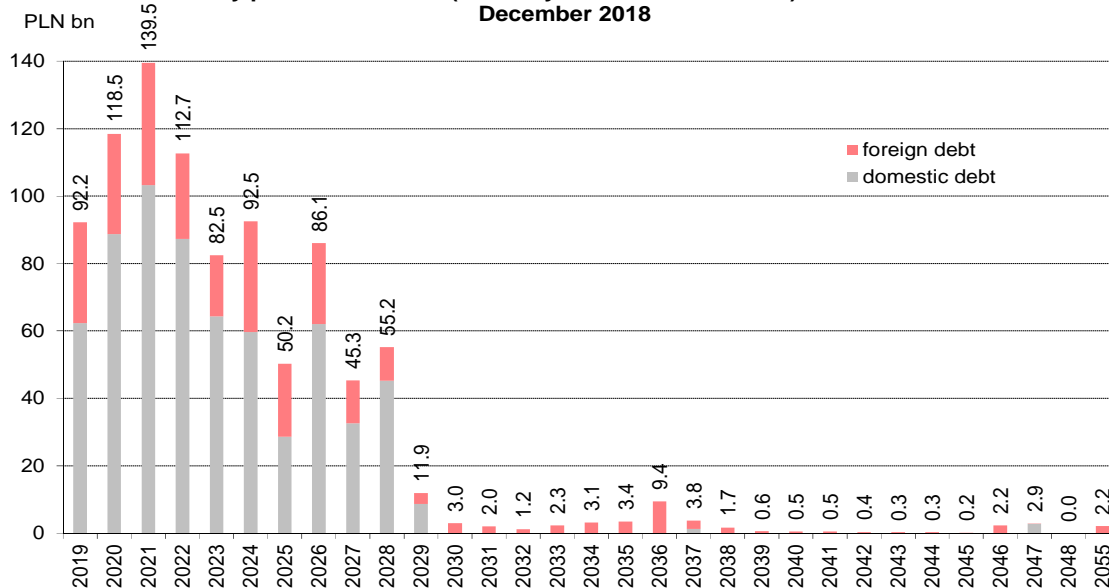
At the end of December 2018 ATM and duration of the portfolio of domestic TS held by foreign investors amounted to 5.0 and 4.5 years, respectively. ATM and duration of domestic non-banking sector portfolio stood at 5.0 and 3.2 years, respectively.

ATM, as well as duration of portfolio held by domestic banking sector was significantly lower and amounted to 3.8 and 1.9 years, respectively. Since the end of 2017 the levels of ATM and duration remain relatively stable.

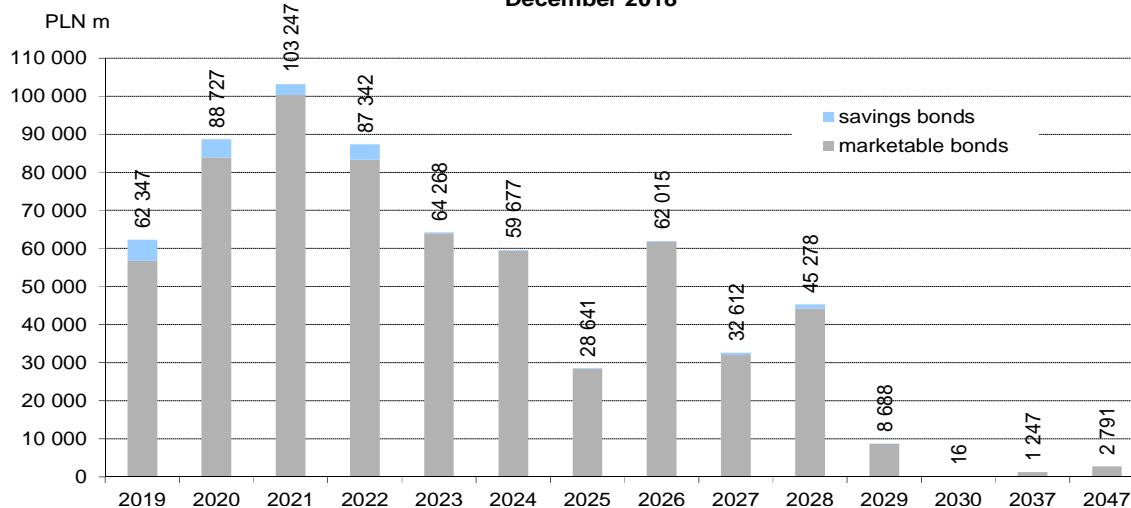


*) Excluding inflation-linked bonds

Maturity profile of ST debt (Treasury securities and loans) as at the end of December 2018

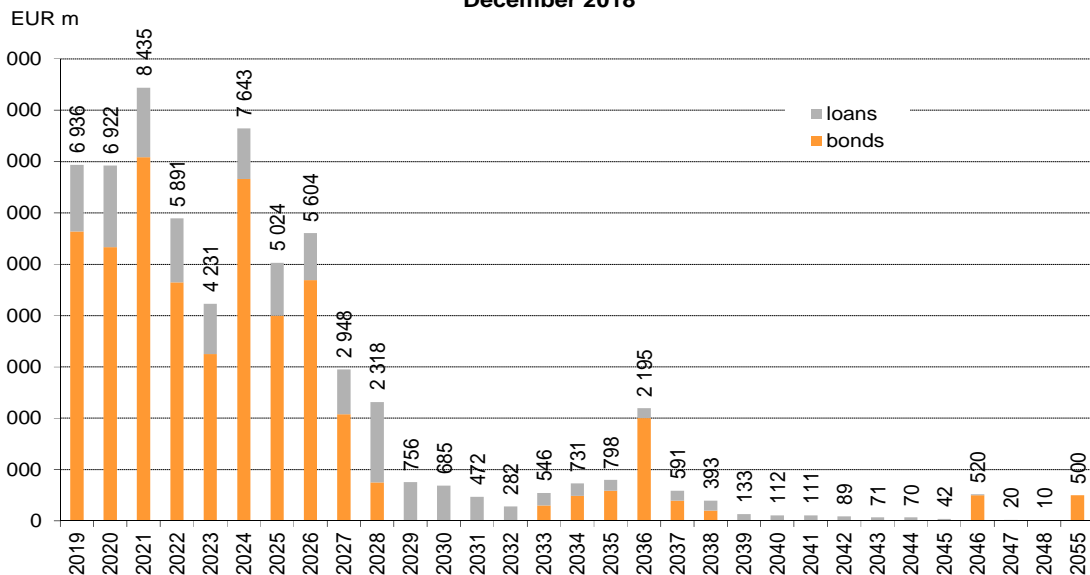


Maturity profile of domestic Treasury securities debt as at the end of December 2018



*) Data do not include a part of short-term domestic debt: (a) maturing in 2019 – deposits (PLN 27.498m) and (b) matured payables.

Maturity profile of foreign debt (Treasury securities and loans) as at the end of December 2018



*) Data do not include a part of short-term foreign debt maturing in 2018 – matured payables (PLN 0.02m).

Table 4. State Treasury debt by instrument according to the place of issue criterion (PLN million)

	Dec 2017	structure Dec 2017 %	Nov 2018	structure Nov 2018 %	Dec 2018	structure Dec 2018 %	change		change	
							Dec 2018 – Nov 2018		Dec 2018 – Dec 2017	
							PLN m	%	PLN m	%
State Treasury Debt	928 473.0	100.0	954 136.9	100.0	954 246.5	100.0	109.6	0.0	25 773.5	2.8
I. Domestic debt	644 533.1	69.4	672 191.9	70.5	674 399.3	70.7	2 207.3	0.3	29 866.2	4.6
1. Treasury securities issued in domestic market	621 103.1	66.9	646 228.1	67.7	646 894.9	67.8	666.8	0.1	25 791.9	4.2
1.1. Marketable securities	605 711.1	65.2	626 872.7	65.7	627 157.3	65.7	284.6	0.0	21 446.2	3.5
fixed rate	440 523.2	47.4	449 909.1	47.2	449 920.0	47.1	10.9	0.0	9 396.8	2.1
Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
OK bonds	46 678.2	5.0	34 660.9	3.6	31 351.5	3.3	-3 309.4	-9.5	-15 326.7	-32.8
PS bonds	180 391.2	19.4	177 844.8	18.6	181 365.9	19.0	3 521.1	2.0	974.6	0.5
DS bonds	177 359.7	19.1	176 899.2	18.5	174 723.6	18.3	-2 175.6	-1.2	-2 636.1	-1.5
WS bonds	36 094.1	3.9	60 504.2	6.3	62 479.0	6.5	1 974.8	3.3	26 385.0	73.1
fixed rate - inflation-linked	4 543.7	0.5	4 612.7	0.5	4 630.8	0.5	18.2	0.4	87.1	1.9
IZ bonds	4 543.7	0.5	4 612.7	0.5	4 630.8	0.5	18.2	0.4	87.1	1.9
floating rate	160 644.1	17.3	172 351.0	18.1	172 606.5	18.1	255.5	0.1	11 962.4	7.4
WZ bonds	158 644.1	17.1	170 351.0	17.9	170 606.5	17.9	255.5	0.1	11 962.4	7.5
PP bonds	2 000.0	0.2	2 000.0	0.2	2 000.0	0.2	0.0	0.0	0.0	0.0
1.2. Savings bonds	15 392.0	1.7	19 355.4	2.0	19 737.6	2.1	382.2	2.0	4 345.6	28.2
fixed rate	6 987.0	0.8	7 901.3	0.8	7 948.8	0.8	47.5	0.6	961.8	13.8
OTS bonds	647.2	0.1	1 200.1	0.1	1 164.4	0.1	-35.7	-3.0	517.2	79.9
POS bonds	0.0	0.0	368.4	0.0	367.6	0.0	-0.7	-0.2	367.6	-
KOS bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
DOS bonds	6 339.8	0.7	6 332.8	0.7	6 416.7	0.7	83.9	1.3	77.0	1.2
floating rate	8 405.0	0.9	11 454.1	1.2	11 788.8	1.2	334.7	2.9	3 383.8	40.3
TOZ bonds	568.9	0.1	561.4	0.1	564.6	0.1	3.2	0.6	-4.4	-0.8
COI bonds	3 513.2	0.4	6 184.4	0.6	6 480.7	0.7	296.3	4.8	2 967.5	84.5
ROS bonds	10.1	0.0	22.4	0.0	23.4	0.0	1.1	4.7	13.3	132.0
EDO bonds	4 303.0	0.5	4 661.6	0.5	4 694.2	0.5	32.6	0.7	391.2	9.1
ROD bonds	9.8	0.0	24.3	0.0	25.9	0.0	1.6	6.6	16.1	164.9
2. Other domestic debt	23 430.0	2.5	25 963.8	2.7	27 504.4	2.9	1 540.5	5.9	4 074.3	17.4
deposits of PFSE*	18 518.7	2.0	20 251.0	2.1	21 670.5	2.3	1 419.5	7.0	3 151.8	17.0
other deposits**	4 235.6	0.5	5 705.2	0.6	5 827.6	0.6	122.4	2.1	1 592.0	37.6
matured payables	672.2	0.1	4.2	0.0	2.7	0.0	-1.4	-34.0	-669.5	-99.6
other	3.5	0.0	3.5	0.0	3.5	0.0	0.0	0.1	0.0	1.1
II. Foreign debt	283 939.9	30.6	281 944.9	29.5	279 847.2	29.3	-2 097.7	-0.7	-4 092.7	-1.4
1. Treasury securities issued in international markets	213 102.2	23.0	211 545.4	22.2	211 128.1	22.1	-417.3	-0.2	-1 974.2	-0.9
1.1. Marketable securities	213 102.2	23.0	211 545.4	22.2	211 128.1	22.1	-417.3	-0.2	-1 974.2	-0.9
fixed rate	211 851.0	22.8	210 258.3	22.0	209 838.1	22.0	-420.2	-0.2	-2 012.9	-1.0
EUR	145 656.2	15.7	144 466.3	15.1	144 789.6	15.2	323.3	0.2	-866.6	-0.6
USD	46 087.2	5.0	49 950.2	5.2	48 923.1	5.1	-1 027.1	-2.1	2 835.9	6.2
CHF	9 025.0	1.0	5 681.0	0.6	5 724.9	0.6	43.9	0.8	-3 300.1	-36.6
JPY	9 477.9	1.0	8 530.9	0.9	8 756.2	0.9	225.3	2.6	-721.7	-7.6
CNY	1 604.7	0.2	1 629.9	0.2	1 644.3	0.2	14.4	0.9	39.6	2.5
floating rate	1 251.3	0.1	1 287.1	0.1	1 290.0	0.1	2.9	0.2	38.7	3.1
EUR	1 251.3	0.1	1 287.1	0.1	1 290.0	0.1	2.9	0.2	38.7	3.1
2. Loans	70 822.6	7.6	70 399.5	7.4	68 719.1	7.2	-1 680.4	-2.4	-2 103.5	-3.0
fixed rate	26 745.8	2.9	28 353.8	3.0	28 342.4	3.0	-11.5	0.0	1 596.5	6.0
EUR	26 745.8	2.9	28 353.8	3.0	28 342.4	3.0	-11.5	0.0	1 596.5	6.0
floating rate	44 076.8	4.7	42 045.7	4.4	40 376.8	4.2	-1 668.9	-4.0	-3 700.0	-8.4
EUR	44 076.8	4.7	42 045.7	4.4	40 376.8	4.2	-1 668.9	-4.0	-3 700.0	-8.4
3. Other foreign debt	15.1	0.0	0.0	0.0	0.0	0.0	0.0	80.7	-15.0	-99.9

*³) Deposits received from PFSE with legal personality

**³) Court deposits from PFSE with legal personality and entities from outside PFS and collateral under CSA agreements.

Table 5. State Treasury debt by holder (PLN million)

	Dec 2017	structure	Nov 2018	structure	Dec 2018	structure	change		change	
		Dec 2017 %		Nov 2018 %		Dec 2018 %	Dec 2018 – Nov 2018 PLN m	%	Dec 2018 – Dec 2017 PLN m	%
State Treasury debt	928 473.0	100.0	954 136.9	100.0	954 246.5	100.0	109.6	0.0	25 773.5	2.8
I. State Treasury debt towards residents	456 110.5	49.1	500 306.4	52.4	502 934.0	52.7	2 627.7	0.5	46 823.5	10.3
Domestic banking sector	257 325.5	27.7	277 778.4	29.1	277 481.0	29.1	-297.4	-0.1	20 155.5	7.8
1. TS issued in domestic market	243 897.4	26.3	263 576.1	27.6	264 075.3	27.7	499.2	0.2	20 177.9	8.3
1.1. Marketable TS	243 897.4	26.3	263 576.1	27.6	264 075.3	27.7	499.2	0.2	20 177.9	8.3
Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
OK bonds	22 540.2	2.4	17 192.0	1.8	13 958.5	1.5	-3 233.5	-18.8	-8 581.7	-38.1
PS bonds	78 490.1	8.5	77 161.4	8.1	80 819.3	8.5	3 657.9	4.7	2 329.2	3.0
DS bonds	30 284.4	3.3	44 932.4	4.7	42 477.3	4.5	-2 455.1	-5.5	12 192.9	40.3
WS bonds	3 508.7	0.4	10 312.7	1.1	9 110.0	1.0	-1 202.6	-11.7	5 601.4	159.6
IZ bonds	668.1	0.1	392.4	0.0	442.1	0.0	49.8	12.7	-226.0	-33.8
WZ bonds	108 406.0	11.7	113 585.2	11.9	117 268.0	12.3	3 682.8	3.2	8 862.0	8.2
1.2. Savings bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
2. Other ST debt	20.5	0.0	54.9	0.0	67.9	0.0	13.0	23.7	47.4	231.1
court deposits**	20.5	0.0	54.9	0.0	67.9	0.0	13.0	23.7	47.4	231.2
matured payables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	85.2	0.0	22.9
3. TS issued in foreign markets	13 407.6	1.4	14 147.4	1.5	13 337.8	1.4	-809.6	-5.7	-69.8	-0.5
Domestic non-banking sector	198 785.0	21.4	222 528.0	23.3	225 453.0	23.6	2 925.0	1.3	26 668.0	13.4
1. TS issued in domestic market	174 491.2	18.8	190 455.8	20.0	191 360.6	20.1	904.9	0.5	16 869.5	9.7
1.1. Marketable TS	159 136.8	17.1	171 143.2	17.9	171 669.6	18.0	526.4	0.3	12 532.8	7.9
Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
OK bonds	14 762.2	1.6	9 312.0	1.0	9 679.9	1.0	367.8	4.0	-5 082.3	-34.4
PS bonds	36 569.2	3.9	40 986.6	4.3	42 638.3	4.5	1 651.7	4.0	6 069.1	16.6
DS bonds	37 329.9	4.0	37 149.1	3.9	37 995.3	4.0	846.1	2.3	665.4	1.8
WS bonds	19 139.2	2.1	24 704.7	2.6	25 334.9	2.7	630.2	2.6	6 195.7	32.4
IZ bonds	2 425.8	0.3	3 125.9	0.3	3 092.4	0.3	-33.5	-1.1	666.6	27.5
WZ bonds	46 910.5	5.1	53 864.9	5.6	50 928.9	5.3	-2 936.0	-5.5	4 018.4	8.6
PP bonds	2 000.0	0.2	2 000.0	0.2	2 000.0	0.2	0.0	0.0	0.0	0.0
1.2. Savings bonds	15 354.4	1.7	19 312.6	2.0	19 691.0	2.1	378.4	2.0	4 336.6	28.2
OTS bonds	646.4	0.1	1 199.0	0.1	1 163.3	0.1	-35.7	-3.0	516.9	80.0
POS bonds	0.0	0.0	368.3	0.0	367.6	0.0	-0.7	-0.2	367.6	-
KOS bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
DOS bonds	6 330.8	0.7	6 325.1	0.7	6 407.0	0.7	81.9	1.3	76.2	1.2
TOZ bonds	568.0	0.1	560.9	0.1	564.1	0.1	3.1	0.6	-3.9	-0.7
COI bonds	3 506.3	0.4	6 171.9	0.6	6 467.8	0.7	295.9	4.8	2 961.5	84.5
ROS bonds	10.1	0.0	22.4	0.0	23.4	0.0	1.1	4.7	13.3	132.0
EDO bonds	4 283.0	0.5	4 640.6	0.5	4 671.9	0.5	31.3	0.7	388.9	9.1
ROD bonds	9.8	0.0	24.3	0.0	25.9	0.0	1.6	6.6	16.1	164.9
2. Other ST debt	22 743.2	2.4	25 900.1	2.7	27 428.0	2.9	1 527.9	5.9	4 684.8	20.6
deposits of PFSE*	18 518.7	2.0	20 251.0	2.1	21 670.5	2.3	1 419.5	7.0	3 151.8	17.0
other deposits**	4 202.4	0.5	5 641.5	0.6	5 751.3	0.6	109.8	1.9	1 548.8	36.9
matured payables	18.6	0.0	4.2	0.0	2.7	0.0	-1.4	-34.0	-15.9	-85.2
other	3.5	0.0	3.5	0.0	3.5	0.0	0.0	0.1	0.0	1.1
3. TS issued in foreign markets	1 550.6	0.2	6 172.1	0.6	6 664.4	0.7	492.3	8.0	5 113.7	329.8
II. State Treasury debt towards non-residents	472 362.4	50.9	453 830.5	47.6	451 312.5	47.3	-2 518.0	-0.6	-21 049.9	-4.5
1. TS issued in domestic market	202 714.5	21.8	192 196.3	20.1	191 459.0	20.1	-737.3	-0.4	-11 255.5	-5.6
1.1. Marketable TS	202 676.8	21.8	192 153.4	20.1	191 412.4	20.1	-741.1	-0.4	-11 264.5	-5.6
Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
OK bonds	9 375.9	1.0	8 156.9	0.9	7 713.2	0.8	-443.7	-5.4	-1 662.7	-17.7
PS bonds	65 332.0	7.0	59 696.8	6.3	57 908.2	6.1	-1 788.5	-3.0	-7 423.7	-11.4
DS bonds	109 745.4	11.8	94 817.6	9.9	94 251.0	9.9	-566.6	-0.6	-15 494.4	-14.1
WS bonds	13 446.2	1.4	25 486.8	2.7	28 034.1	2.9	2 547.3	10.0	14 587.9	108.5
IZ bonds	1 449.8	0.2	1 094.4	0.1	1 096.3	0.1	1.9	0.2	-353.5	-24.4
WZ bonds	3 327.6	0.4	2 900.9	0.3	2 409.5	0.3	-491.4	-16.9	-918.1	-27.6
1.2. Savings bonds	37.6	0.0	42.9	0.0	46.6	0.0	3.8	8.8	9.0	23.9
OTS bonds	0.8	0.0	1.1	0.0	1.1	0.0	0.0	1.6	0.3	35.7
POS bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
KOS bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
DOS bonds	8.9	0.0	7.7	0.0	9.7	0.0	2.0	26.1	0.8	8.4
TOZ bonds	0.9	0.0	0.5	0.0	0.5	0.0	0.0	4.0	-0.4	-45.1
COI bonds	6.9	0.0	12.5	0.0	12.9	0.0	0.5	3.7	6.0	86.9
ROS bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
EDO bonds	20.0	0.0	21.1	0.0	22.3	0.0	1.3	6.0	2.3	11.6
ROD bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-
2. TS issued in foreign markets	198 144.0	21.3	191 225.9	20.0	191 125.9	20.0	-100.0	-0.1	-7 018.1	-3.5
3. Foreign loans	70 822.6	7.6	70 399.5	7.4	68 719.1	7.2	-1 680.4	-2.4	-2 103.5	-3.0
European Investment Bank	40 681.1	4.4	40 386.7	4.2	38 725.1	4.1	-1 661.6	-4.1	-1 956.0	-4.8
The World Bank	29 262.1	3.2	29 065.2	3.0	29 044.2	3.0	-21.0	-0.1	-217.9	-0.7
Council of Europe Development Bank	879.4	0.1	947.7	0.1	949.8	0.1	2.1	0.2	70.4	8.0
4. Other ST debt	681.4	0.1	8.8	0.0	8.5	0.0	-0.3	-3.9	-672.9	-98.8

*) Deposits received from PFSE with legal personality

**) Court deposits from PFSE with legal personality and entities from outside PFS and collateral under CSA agreements.

Table 7. State Treasury debt by instrument according to the place of issue criterion in EUR million

	Dec 2017	Nov 2018	Dec 2018	change		change	
				Dec 2018 – Nov 2018		Dec 2018 – Dec 2017	
				EUR m	%	EUR m	%
State Treasury debt	222 607.3	222 388.8	221 917.8	-471.0	-0.2	-218.6	-0.1
I. Domestic debt	154 530.9	156 673.5	156 837.0	163.6	0.1	2 142.6	1.4
1. Treasury securities issued in domestic market	148 913.4	150 621.9	150 440.7	-181.2	-0.1	1 708.4	1.1
1.1. Marketable TS	145 223.1	146 110.5	145 850.5	-260.0	-0.2	887.4	0.6
- Treasury bills	0.0	0.0	0.0	0.0	-	0.0	-
- bonds issued in domestic market	145 223.1	146 110.5	145 850.5	-260.0	-0.2	887.4	0.6
1.2. Savings bonds	3 690.3	4 511.3	4 590.1	78.8	1.7	821.0	22.2
2. Other ST debt	5 617.5	6 051.6	6 396.4	344.8	5.7	434.1	7.7
II. Foreign debt	68 076.4	65 715.3	65 080.8	-634.6	-1.0	-2 361.1	-3.5
1. Treasury securities issued in foreign markets	51 092.6	49 306.7	49 099.6	-207.1	-0.4	-1 785.9	-3.5
2. Loans	16 980.2	16 408.6	15 981.2	-427.4	-2.6	-571.6	-3.4
2.1. World Bank	7 015.8	6 774.5	6 754.5	-20.0	-0.3	-241.3	-3.4
2.2. European Investment Bank	9 753.6	9 413.3	9 005.8	-407.4	-4.3	-340.3	-3.5
2.3. Council of Europe Development Bank	210.8	220.9	220.9	0.0	0.0	10.0	4.8
3. Other ST debt	3.6	0.0	0.0	0.0	80.3	-3.6	-99.9
<i>FX rate (EUR/PLN)</i>	4.1709	4.2904	4.3000	0.0	0.2	0.1	2.9

Table 8. State Treasury debt by instrument according to the place of issue criterion in USD million

	Dec 2017	Nov 2018	Dec 2018	change		change	
				Dec 2018 – Nov 2018		Dec 2018 – Dec 2017	
				USD m	%	USD m	%
State Treasury debt	266 703.0	252 878.8	253 809.2	930.4	0.4	-13 824.2	-5.2
I. Domestic debt	185 141.5	178 153.8	179 375.8	1 222.1	0.7	-6 987.7	-3.8
1. Treasury securities issued in domestic market	178 411.2	171 272.5	172 060.2	787.8	0.5	-7 138.8	-4.0
1.1. Marketable TS	173 989.9	166 142.6	166 810.5	667.9	0.4	-7 847.3	-4.5
- Treasury bills	0.0	0.0	0.0	0.0	-	0.0	-
- bonds issued in domestic market	173 989.9	166 142.6	166 810.5	667.9	0.4	-7 847.3	-4.5
1.2. Savings bonds	4 421.3	5 129.8	5 249.8	119.9	2.3	708.5	16.0
2. Other ST debt	6 730.2	6 881.3	7 315.6	434.3	6.3	151.0	2.2
II. Foreign debt	81 561.5	74 725.0	74 433.4	-291.6	-0.4	-6 836.4	-8.4
1. Treasury securities issued in foreign markets	61 213.4	56 066.7	56 155.6	88.8	0.2	-5 146.7	-8.4
2. Loans	20 343.7	18 658.3	18 277.8	-380.5	-2.0	-1 685.4	-8.3
2.1. World Bank	8 405.5	7 703.3	7 725.1	21.9	0.3	-702.2	-8.4
2.2. European Investment Bank	11 685.6	10 703.9	10 300.1	-403.8	-3.8	-981.8	-8.4
2.3. Council of Europe Development Bank	252.6	251.2	252.6	1.5	0.6	-1.4	-0.6
3. Other ST debt	4.3	0.0	0.0	0.0	81.3	-4.3	-99.9
<i>FX rate (USD/PLN)</i>	3.4813	3.7731	3.7597	0.0	-0.4	0.3	8.4

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