

MINISTRY OF FINANCE

ANNEX TO ANNUAL REPORT 2018 PUBLIC DEBT IN POLAND

CONTENTS

1. LEGAL FRAMEWORK OF THE ISSUANCE OF TREASURY SECURITIES (TS)	3
1.1. The Constitution of the Republic of Poland.....	3
1.2. The Public Finance Act.....	3
1.3. The Ordinances of the Minister of Finance on general terms of issuing specific types of the TS.....	3
1.4. The Letters of Issue.....	3
2. PRIMARY MARKET OF TS	3
2.1. Sale of TS on the domestic market.....	3
2.1.1. System of Treasury Securities Dealers (TSDs), a.k.a. Primary Dealers (PDs).....	3
2.1.1.1. Electronic TS Market – Treasury BondSpot Poland.....	5
2.1.2. Sale of TS at auctions.....	5
2.1.3. Treasury bond switching auctions.....	7
2.1.4. TS buy-back auctions.....	8
2.2. Sales of TS in retail network.....	9
2.3. Sales of TS on foreign markets.....	11
2.3.1. Issues of TS on foreign markets.....	11
2.3.2. Buy-back auctions of TS issued on foreign markets.....	11
3. SECONDARY MARKET OF TS	12
3.1. Secondary market of Treasury bills.....	12
3.2. Secondary market of Treasury bonds.....	12
3.3. Secondary market for TS issued on foreign markets.....	13
3.4. Sell-Buy-Back transactions with Bank Gospodarstwa Krajowego.....	13
4. STATE TREASURY DEBT	14
5. INSTITUTIONAL STRUCTURE OF THE TS MARKET	17
5.1. Useful addresses:.....	18

List of Tables

Table 1. Candidates for TSD for 2018, TSDs for 2018, TSDs for 2019 and the following years.....	4
Table 2. Characteristic of wholesale TS.....	5
Table 3. Schedule of TS sale and non-competitive auction in day „T”.....	5
Table 4. Results of T-bonds auctions in 2018 (PLN million).....	6
Table 5. Schedule of T-bonds switching auction in day „T”.....	7
Table 6. Results of switching auctions in 2018 (PLN million).....	8
Table 7. Schedule of TS buy-back auction in day „T”.....	8
Table 8. Sales of savings bonds in 2018 (PLN million).....	9
Table 9. Sales of fixed rate savings bonds in 2018 (PLN million).....	9
Table 10. Sales of floating rate savings bonds in 2018 (PLN million).....	10
Table 11. Sales of inflation rate indexed savings bonds in 2018 (PLN million).....	10
Table 12. Bonds issued on foreign markets in 2018.....	11
Table 13. Schedule of the buy-back auction of bonds issued on foreign market in day „T”.....	11
Table 14. Auction results.....	11
Table 15. Total value of transactions concluded on T-bonds secondary market in 2018 (PLN million).....	12
Table 16. Total value and number of transactions on fixed coupon T-bonds secondary market in 2018 (PLN million).....	12
Table 17. State Treasury debt by place of issue and by instrument (PLN million, at nominal value, eop).....	14
Table 18. State Treasury debt by holder (PLN million, at nominal value, eop).....	14
Table 19. State Treasury debt according to the place of issue criterion and residual maturity (PLN million, at nominal value, eop).....	15
Table 20. Public Debt according to the place of issue criterion – after consolidation (PLN million, at nominal value, eop).....	16
Table 21. Public Debt according to the residency criterion – after consolidation (PLN million, at nominal value, eop).....	16
Table 22. Public Debt – before consolidation (PLN million, at nominal value, eop).....	16
Table 23. Public Debt – after consolidation (PLN million, at nominal value, eop).....	16
Table 24. Public Debt at nominal value (PLN million, at nominal value, eop) and it's ratio to GDP.....	17
Table 25. Differences between public debt (according to domestic methodology) and general government debt (PLN million, at nominal value, eop).....	17

LIST OF CHARTS

Chart 1. Total value of transactions on T-bonds secondary market in 2018 (PLN million).....	12
Chart 2. Total value of transactions on fixed coupon T- bonds secondary market in 2018 (PLN million).....	13
Chart 3. Fixed coupon T-bonds yield on secondary market in 2018 (bid yield, eom).....	13

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

1.1. The Constitution of the Republic of Poland.

- a) The Constitution of the Republic of Poland of April 2nd, 1997 (Journal of Laws 1997 No 78, item 483) includes:
 - b) ban on incurring loans and granting financial guarantees which would cause public debt to exceed 60% of GDP,
 - c) ban on financing budget deficit by the central bank.

1.2. The Public Finance Act.

The Public Finance Act of August 27th, 2009 (Journal of Laws 2017 r. item 2077, as amended) 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 55% and 60%,
- b) obligation by the Minister of Finance¹ to present a 4-year public finance sector debt management strategy,
- c) authorization for the Minister of Finance to issue monetary-type TS
- 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 August 30th, 2013 on the terms of issuing Treasury bonds offered through wholesale sales (Journal of Laws 2013, item 1089, as amended),
- b) Ordinance of the Minister of Finance of August 30th, 2013 on the terms of issuing Treasury bills (Journal of Laws 2013, item 1088),
- c) Ordinance of the Minister of Finance of December 15th, 2010 on the terms of issuing Treasury bonds on the foreign markets (Journal of Laws 2016 No 244, item 1884),
- d) Ordinance of the Minister of Finance of December 3rd, 2010 on the terms of issuing Treasury bonds offered in the retail network (Journal of Laws 2010 No 237, item 1573, as amended)
- e) Ordinance of the Minister of Finance of December 3rd, 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 TSD². 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.

Polish and foreign banks, as well as other financial institutions which met the requirements stated in the Rules and Regulations Governing the Activities of the TSD may apply for the TSD status.

In 2018 initially there were 14 banks which were granted the TSD status basing on [The Rules and Regulations Governing the Activities of the TSD as of September 12, 2016](#) and the competition, conducted for the last time, which started on October 1, 2016 and ended on September 30, 2017. The updated [Rules and Regulations Governing the Activities of the TSDs as of September 14th, 2017](#) have changed the duration of the agreements for fulfilling the function of the TSD concluded for 2018 from one year to non-specified period of time, with the result that the TSD status would be

¹ From September 28, 2016 until January 09, 2018 the competences of the Minister of Finance were assigned to the Minister of Development and Finance.

² Bank Gospodarstwa Krajowego (as a state-owned bank) is also entitled to participation in auctions pursuant to the Ordinance of the Minister of Finance of 30 August 2013 on the Conditions of Issuing Treasury Bonds Offered through Wholesale Sales and the Ordinance of the Minister of Finance of 30 August 2013 on the Conditions of Issuing Treasury Bills.

granted for indefinite period from that point onwards. However, on July 2, 2018, due to non-compliance with one of the TSD requirements, Deutsche Bank AG was dismissed from the function, thus reducing the number of TSDs to 13.

The other significant changes introduced by [The Rules and Regulations Governing the Activities of the TSDs as of September 14th, 2017 to the TSD system](#) include:

- reduction of time required for applying for TSD status - preparatory phase lasts minimum one evaluation period, at the same time the applicant may obtain the TSD status after fulfilment of the obligation but not earlier than since the second evaluation period following the preparatory phase,
- simplification of the process for applying for TSD status – applicant is subject only to assessment of its secondary market activity (neither obligation to quote benchmark issues for at least 5 hours a day, nor criterion of cooperation with the Minister of Finance).

The latest update of [The Rules and Regulations Governing the Activities of the TSDs as of December 15, 2018](#) was done mainly in order to take into account changes to be implemented in the beginning of the new year – introduction of additional sale. Apart from that the procedure of selection of Electronic market has been changed (selection done for indefinite period by the TSDs with the possibility to perform the selection procedure at the request of at least 50%).

Table 1. Candidates for TSD for 2018, TSDs for 2018, TSDs for 2019 and the following years.

Name of entity	Candidate for TSD for 2018	TSDs for 2018 and the following years
Bank Handlowy w Warszawie S.A.	✓	✓
Bank Millennium SA	✓	✓
Bank Pekao S.A.	✓	✓
Bank Zachodni WBK S.A. ¹⁾	✓	✓
Barclays Bank plc	✓	✓
BNP Paribas SA	✓	✓
mBank S.A.	✓	✓
Deutsche Bank AG ²⁾	✓	✓
Erste Group Bank AG	✓	
Goldman Sachs International	✓	✓
HSBC Bank plc	✓	✓
ING Bank Śląski S.A.	✓	✓
PKO BP S.A.	✓	✓
Raiffeisen Bank Polska S.A.	✓	
Société Générale S.A. Oddział w Polsce	✓	✓
J.P. Morgan Securities plc	✓	✓

¹⁾ As a result of the rebranding, on September 7, 2018 the Bank Zachodni WBK S.A. changed the name to Santander Bank Polska S.A.

²⁾ On July 2, 2018 Deutsche Bank AG ceased performing the TSD function.

TSDs evaluation criteria:

1. 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%),
2. activity on the secondary market, i.e. quality of TS quotation on Electronic market (weight of 40%),
3. co-operation with the Minister of Finance (weight 20%), in particular in the following areas:
 - a) consultation on issuance policy, in particular consultation on general supply at the particular auctions,
 - b) consultation on current financial markets situation,
 - c) quality of quotations of TS and other financial instrument at a request of the Minister of Finance,
 - d) other activities, especially performed in order to fulfill the duties specified in §6.1 of the Rules and Regulations.

TSDs duties:

1. participation in auctions of Treasury bonds,
2. 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),
3. 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,
4. 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,
5. quoting bid/offer TS prices at any request of the Minister of Finance,
6. co-operation with the Minister of Finance towards further development of the transparent, liquid and efficient TS market,
7. undertaking actions aimed at widening of the investor base,
8. promoting the TS market,
9. duly fulfilling duties resulting from the participation in the depository systems.

TSDs were entitled to:

1. exclusive submission of bids at auctions of TS,

2. 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 of Finance),
3. 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,
4. 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 1st, 2002 Centralna Tabela Ofert S.A., under the agreement signed with the Ministry of Finance, became an organizer of the secondary non-regulated market on the electronic platform. In November 2004 the original platform - Electronic Treasury Securities Market - was replaced by MTS Poland, based on Telematico technology (currently TradeImpact). This was a result of a strategic alliance with MTS Group which provides electronic fixed income markets in several European countries and enabled foreign banks to conduct transactions on the electronic market. After withdrawal of MTS SpA in 2009, Warsaw Stock Exchange has been the major shareholder of the company. Since September 2009 the company has been operating under the name of BondSpot S.A. The electronic market for TS was re-branded at the beginning of 2010 to Treasury BondSpot Poland. On December 31st, 2018 there were 28 entities acting on the Treasury BondSpot Poland: 21 as Market Makers, 2 as Market Takers and 5 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
Issue type	Issued in a dematerialized form and deposited as magnetic entries (bearer form).	
Depository	National Depository for Securities S.A.	Securities Register run by the National Bank of Poland.
Face value	1,000 PLN	10,000 PLN
Maturity	From 2 to 30 years.	From 1 to 52 weeks and from 1 to 90 days.
Access to primary market	PDs + BGK	
Turnover regulations	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.	
Secondary market	Interbank non-regulated market, electronic platform Treasury BondSpot Poland, Warsaw Stock Exchange, Regulated Market organized by BondSpot Poland.	Interbank non-regulated market, electronic platform Treasury BondSpot Poland.

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 Minister of Finance website](#), 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.

T-bond and T-bill sale auctions are carried out in uniform price formula.

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.

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.

Each auction participant may place one non-competitive bid. 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. At present the share of non-competitive bids in the total sales value on a given auction is 15%.

Until the end of 2018 the Minister of Finance had the right, to organize (no later than the on the following day) a non-competitive auction of TS with offer not exceeding 20% of initial auction offer. All PDs and BGK could have participated in non-competitive auction. Bids of non-competitive auction participants, who did not purchased TS on sale auction, were accepted in the second instance after full satisfaction of the demand of bidders who bought TS on sale auction. At non-competitive auctions TS were sold at minimum price determined at sale auction. From 2019, the Minister of Finance resigned from non-competitive auction of TS after the bonds sale auction and granted the TSD the possibility of purchasing TS outside the auction as an additional sale.

At all auction types rule of rounding reduced bids is applied, number of securities in reduced bid is rounded up to the nearest multiple of 1000 in case of T-bonds and 10 in case of T-bills. The number of securities after reduction and rounding, can not exceed number of securities specified in the offer.

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
	SALE AUCTION	
Issue agent	National Bank of Poland	
Auction participants	PDs + BGK	
Auction format	Uniform-price auction - each of the bidders buys securities at a minimum price accepted at auction	
Publication of information on auction	Day „T-2”, time 15:00	Day „T-1”, time 15:00
Deadline for placing bids	Day „T”, time 11:00	Day „T”, time 11:00
Minimum bid face value	1,000,000 PLN	100,000 PLN
Publication of information on auction results	Day „T”, time 11:30	Day „T”, time 11:30
Auction settlement¹⁾	Day „T+2”, time 12:30	Day „T+2”, time 14:00
	NON-COMPETITIVE AUCTION³⁾	
Issue agent	National Bank of Poland	
Auction participants²⁾	PDs + BGK	
Auction format	Uniform-price auction - each of the bidders buys TS at minimum price determined at sale auction	
Publication of information on auction	Day „T”, time 12:30	Day „T”, time 12:30
Deadline for placing bids	Day „T”, time 13:30	Day „T”, time 13:30
Publication of information on auction results	Day „T”, time 13:45	Day „T”, time 13:45
Auction settlement¹⁾	Day „T+2”, time 12:30	Day „T+2”, time 14:00

¹⁾ 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.

²⁾ 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.

³⁾ From 2019, the Minister of Finance resigned from non-competitive auction of TS and granted the TSD the possibility of purchasing TS outside the auction as an additional sale.

Current procedures are available at <https://www.gov.pl/web/finance/auction-procedures-t-bills-and-t-bonds>

Table 4. Results of T-bonds auctions in 2018 (PLN million).

Auction date	Series	Bond type	Maturity date	Coupon	Offer		Demand	Sales	Yield	Non-competitive auction			Total sales
					Min.	Max.				Offer	Demand	Sales	
01/04/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	3,000	5,000	1,395	659	1.863%	200	350	201	860
	WZ1122	4-11-year floating rate	11/25/2022	zmienny			3,238	1,075	-	200	625	202	1,277
	PS0123	5-year fixed rate	01/25/2023	0.00%			3,380	1,483	2.561%	300	720	300	1,783
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			1,859	1,141	3.351%	200	289	201	1,342
	WZ0528	4-11-year floating rate	05/25/2028	zmienny			1,607	643	-	100	345	102	745
01/26/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	5,000	7,000	698	405	1.823%	not organized			405
	WZ1122	4-11-year floating rate	11/25/2022	zmienny			3,617	2,527	-	not organized			2,877
	PS0123	5-year fixed rate	01/25/2023	0.00%			3,283	2,158	2.665%	not organized			2,509
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			1,597	1,132	3.446%	not organized			1,286
	WZ0528	4-11-year floating rate	05/25/2028	zmienny			1,248	778	-	not organized			1,578
02/08/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	3,000	5,000	1,216	776	1.813%	not organized			776
	WZ1122	4-11-year floating rate	11/25/2022	zmienny			3,179	1,596	-	not organized			1,856
	PS0123	5-year fixed rate	01/25/2023	0.00%			2,355	1,520	2.772%	not organized			1,721
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			1,248	718	3.515%	not organized			869
	WZ0528	4-11-year floating rate	05/25/2028	zmienny			655	390	-	not organized			742
02/22/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	3,000	4,000	656	206	1.741%	50	100	50	256
	PS0123	5-year fixed rate	01/25/2023	2.50%			3,070	1,036	2.687%	250	711	253	1,289
	WZ0524	4-11-year floating rate	05/25/2024	floating			7,414	2,001	-	400	1,400	404	2,405
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			1,017	473	3.430%	100	150	100	573
	WZ0528	4-11-year floating rate	05/25/2028	zmienny			803	220	-	not organized			220
	WS0447	10-30-year fixed rate	04/25/2047	4.00%			101	66	3.764%	not organized			66
03/27/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	3,000	3,000	348	148	1.494%	not organized			148
	PS0123	5-year fixed rate	01/25/2023	2.50%			2,101	801	2.358%	not organized			801
	WZ0524	4-11-year floating rate	05/25/2024	floating			704	304	-	not organized			304
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			2,474	1,400	3.196%	not organized			1,400
	WZ0528	4-11-year floating rate	05/25/2028	zmienny			959	351	-	not organized			351
04/27/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	4,000	4,000	470	370	1.504%	not organized			370
	PS0123	5-year fixed rate	01/25/2023	2.50%			1,470	1,165	2.322%	not organized			1,165
	WZ0524	4-11-year floating rate	05/25/2024	floating			1,184	928	-	not organized			928
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			1,070	895	3.006%	not organized			895
	WZ0528	4-11-year floating rate	05/25/2028	floating			647	497	-	not organized			
	WS0447	10-30-year fixed rate	04/25/2047	4.00%			306	146	3.395%	not organized			146
05/24/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	3,000	3,000	122	22	1.637%	not organized			22
	PS0123	5-year fixed rate	01/25/2023	2.50%			2,440	1,389	2.481%	not organized			1,389
	WZ0524	4-11-year floating rate	05/25/2024	floating			673	402	-	not organized			402
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			1,495	865	3.211%	not organized			865
	WZ0528	4-11-year floating rate	05/25/2028	zmienny			504	323	-	not organized			323
07/27/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	4,000	7,000	1,780	1,180	1.592%	not organized			1,180
	PS0123	5-year fixed rate	01/25/2023	2.50%			3,260	2,275	2.335%	not organized			2,275
	WZ0524	4-11-year floating rate	05/25/2024	floating			2,205	1,582	-	not organized			1,582
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			2,133	1,348	3.144%	not organized			1,348
	WZ0528	4-11-year floating rate	05/25/2028	floating			651	431	-	not organized			
	WS0447	10-30-year fixed rate	04/25/2047	4.00%			208	180	3.495%	not organized			180
09/06/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	3,000	4,000	1,060	260	1.610%	not organized			260
	PS0123	5-year fixed rate	01/25/2023	2.50%			2,100	1,524	2.462%	not organized			1,524
	WZ0524	4-11-year floating rate	05/25/2024	floating			1,194	859	-	not organized			859

Auction date	Series	Bond type	Maturity date	Coupon	Offer		Demand	Sales	Yield	Non-competitive auction			Total sales
					Min.	Max.				Offer	Demand	Sales	
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			1,712	1,049	3.249%				1,049
	WZ0528	4-11-year floating rate	05/25/2028	zmienny			592	252	-				252
	WS0429	10-30-year fixed rate	04/25/2029	5.75%			118	51	3.181%				51
10/04/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	3,000	6,000	1,577	927	1.517%	not organized			927
	PS0424	5-year fixed rate	04/25/2024	0.00%			3,701	2,651	2.732%		2,651		
	WZ0524	4-11-year floating rate	05/25/2024	zmienny			1,111	926	-		926		
	WS0428	10-30-year fixed rate	04/25/2028	0.00%			1,926	1,196	3.303%		1,196		
	WZ0528	4-11-year floating rate	05/25/2028	zmienny			320	250	-		250		
	WS0447	10-30-year fixed rate	04/25/2047	4.00%			31	21	3.643%		21		
10/26/2018	OK0720	2-year zero coupon	07/25/2020	0.00%	7,000	10,000	2,600	700	1.456%	150	540	152	852
	PS0424	5-year fixed rate	04/25/2024	0.00%			6,945	2,930	2.604%	800	2,022	801	3,731
	WZ0524	4-11-year floating rate	05/25/2024	zmienny			5,295	1,810	-	300	1,300	304	2,114
	WS0428	10-30-year fixed rate	04/25/2028	2.75%			15,482	4,242	3.179%	600	1,894	604	4,846
	WZ0528	4-11-year floating rate	05/25/2028	floating			895	320	-	150	583	151	471
TOTAL:	2-year zero coupon						11,922	5,653		400	990	403	6,056
	5-year fixed rate						34,105	18,932		1,350	3,453	1,354	20,286
	10-30-year fixed rate						32,776	14,922		900	2,333	905	15,827
	4-11-year floating rate						38,691	18,464		1,150	4,253	1,163	19,627
TOTAL:					41,000	58,000	117,495	57,971		3,800	11,029	3,825	61,796

File containing results of Treasury securities auctions, switching & debt conversion operations may be found on [the Ministry of Finance website](#).

In 2018 Minister of Finance not organized sale auction for T-bills.

File containing results of all auctions of Treasury bills since 1991 may be found on [the Ministry of Finance website](#).

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 Development and 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.

Starting from October 1st, 2013 the switching auctions are carried out in uniform price formula. At switching auction Minister of Finance determines the minimum price of T-bonds sold, which is a settlement price for all accepted bids for bonds of a given maturity. As in the case of the sale auctions, each auction participant has the possibility of placing one non-competitive bid, determining amount of bought-back bonds without giving price of settlement security. The share of non-competitive bids in the total buy-back value will be announced in the information on given auction according to the similar rules

as in the case of sale auctions (currently stands at 15%).

Auction participants who have purchased bonds on switching auction are entitled to purchase additional bonds in number representing the difference between the sum of the purchased securities of a given series and its rounding up to the nearest multiple of 1000 (cash purchase).

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

Table 5. Schedule of T-bonds switching auction in day „T”.

Issue agent	National Bank of Poland
Auction participants	PDs + BGK
Auction format¹⁾	Uniform-price auction - Minister of Finance determines the minimum price of T-bonds sold in each pair, which is a settlement price for all accepted bids,
Publication of information auction	Day „T-2”, time 15:00
Publication of information on switching prices	Day „T-1”, time 15:00
Deadline for placing bids	Day „T”, time 11:00
Minimum bid face value	1,000,000 PLN
Publication of information on auction results	Day „T”, time 12:00
Deadline for cash purchase bids approval	Day „T”, time 12:15
Publication of information on cash purchase results	Day „T”, time 12:30
Auction settlement²⁾	Day „T+2”, time 12:30

¹⁾ starting from October 1st, 2013 the switching auctions are carried out in uniform-price formula, instead of the previously used multiple-price formula.

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

Table 6. Results of switching auctions in 2018 (PLN million).

Auction date	Buy-back bonds			Settlement bonds			
	Series	Maturity date	Buy-back (face value)	Series	Maturity date	Sales (face value)	
						Switch	Cash purchase
03/15/2018	PS0418	04/25/2018	2,304	OK0720	07/25/2020	197	-
	PS0718	07/25/2018	1,729	PS0123	01/25/2023	2,111	0.06
	OK1018	10/25/2018	1,057	WZ0524	05/25/2024	780	0.93
	-	-	-	WS0428	04/25/2028	1,064	1.42
	-	-	-	WZ0528	05/25/2028	1,091	0.76
	Total:		5,090	Total:		5,243	3.17
04/05/2018	PS0418	04/25/2018	797	OK0720	07/25/2020	568	0.76
	PS0718	07/25/2018	1,808	PS0123	01/25/2023	1,002	-
	OK1018	10/25/2018	309	WZ0524	05/25/2024	652	1.00
	-	-	-	WS0428	04/25/2028	338	0.92
	-	-	-	WZ0528	05/25/2028	438	-
	Total:		2,914	Total:		2,998	2.67
05/10/2018	PS0718	07/25/2018	1,734	OK0720	07/25/2020	264	0.82
	OK1018	10/25/2018	1,699	PS0123	01/25/2023	1,832	4.28
	WZ0119	01/25/2019	1,144	WZ0524	05/25/2024	566	0.08
	-	-	-	WS0428	04/25/2028	1,147	3.65
	-	-	-	WZ0528	05/25/2028	863	3.20
	Total:		4,576	Total:		4,673	12.02
06/15/2018	PS0718	07/25/2018	1,623	OK0720	07/25/2020	157	-
	OK1018	10/25/2018	1,160	PS0123	01/25/2023	1,699	0.20
	WZ0119	01/25/2019	3,896	WZ0524	05/25/2024	3,053	0.51
	-	-	-	WS0428	04/25/2028	1,090	0.80
	-	-	-	WZ0528	05/25/2028	818	0.63
	Total:		6,679	Total:		6,817	2.15
07/12/2018	PS0718	07/25/2018	2,343	OK0720	07/25/2020	1,493	1.67
	OK1018	10/25/2018	1,767	PS0123	01/25/2023	1,203	2.94
	WZ0119	01/25/2019	1,618	WZ0524	05/25/2024	804	0.98
	-	-	-	WS0428	04/25/2028	1,940	1.56
	-	-	-	WZ0528	05/25/2028	458	1.26
	Total:		5,728	Total:		5,899	8.41
08/23/2018	OK1018	10/25/2018	1,821	OK0720	07/25/2020	875	-
	WZ0119	01/25/2019	1,864	PS0123	01/25/2023	2,047	0.25
	OK0419	04/25/2019	1,068	WZ0524	05/25/2024	934	0.97
	-	-	-	WS0428	04/25/2028	518	0.89
	-	-	-	WZ0528	05/25/2028	386	1.33
	Total:		4,753	Total:		4,759	3.44
11/15/2018	WZ0119	01/25/2019	4,523	OK0521	05/25/2021	835	0.85
	OK0419	04/25/2019	1,912	PS0424	04/25/2024	2,350	0.58
	PS0719	07/25/2019	1,630	WZ0524	05/25/2024	2,209	0.95
	-	-	-	WS0428	04/25/2028	2,499	1.05
	-	-	-	WZ0528	05/25/2028	323	0.76
	Total:		8,065	Total:		8,216	4.19
11/29/2018	WZ0119	01/25/2019	1,965	OK0521	05/25/2021	520	-
	OK0419	04/25/2019	1,948	PS0424	04/25/2024	2,964	1.14
	PS0719	07/25/2019	1,145	WZ0524	05/25/2024	651	-
	DS1019	10/25/2019	1,741	WS0428	04/25/2028	1,715	1.65
	-	-	-	WZ0528	05/25/2028	1,117	-
	Total:		6,799	Total:		6,967	2.79
12/14/2018	WZ0119	01/25/2019	1,097	OK0521	05/25/2021	251	1.83
	OK0419	04/25/2019	2,400	PS0424	04/25/2024	1,781	1.04
	PS0719	07/25/2019	528	WZ0524	05/25/2024	851	1.79
	DS1019	10/25/2019	294	WS0428	04/25/2028	474	-
	-	-	-	WZ0528	05/25/2028	999	0.68
	Total:		4,318	Total:		4,355	5.34
TOTAL			48,922			49,928	44.17

Series	Maturity date	Face value
BUY-BACK BONDS		
PS0418	04/25/2018	3,101
PS0718	07/25/2018	9,237
OK1018	10/25/2018	7,813
WZ0119	01/25/2019	16,105
OK0419	04/25/2019	7,328
PS0719	07/25/2019	3,303
DS1019	10/25/2019	2,035
Total:		48,922
SETTLEMENT BONDS		
OK0720	07/25/2020	3,557
OK0521	05/25/2021	1,608
PS0123	01/25/2023	9,902
PS0424	04/25/2024	7,098
WZ0524	05/25/2024	10,508
WS0428	04/25/2028	10,798
WZ0528	05/25/2028	6,500
Total:		49,972

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. Schedule of TS buy-back auction is presented in the table below.

Table 7. Schedule of TS buy-back auction in day „T”.

	T-bonds	T-bills
Issue agent	National Bank of Poland	
Auction participants	PDs + BGK	
Auction format	Multiple-price auction - each of the bidders sells securities at a price submitted in his bid,	
Publication of information on auction	Day „T-2”, time 15:00	Day „T-1”, time 15:00
Deadline for placing bids	Day „T”, time 11:00	Day „T”, time 11:00
Minimum bid face value	1,000,000 PLN	100,000 PLN
Publication of information on auction results	Day „T”, time 11:30	Day „T”, time 11:30
Auction settlement¹⁾	Day „T+2”, time 12:30	Day „T+2”, time 14:00

¹⁾ 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,

In 2018 Minister of Finance not organized buy-back auction for T-bonds.

2.2. Sales of TS in retail network.

In 2018 the Ministry of Finance offered the following instruments to individual investors:

- 3-month fixed rate savings bonds (**OTS** series),
- 10-month fixed rate premium savings bonds (**POS** series),
- 2-year fixed rate savings bonds (**DOS** series),
- 3-year floating rate savings bonds (**TOZ** series),
- 4-year inflation rate indexed savings bonds (**COI** series),
- 10-year inflation rate indexed savings bonds (**EDO** series),
- 6-year inflation rate indexed savings bonds – family bonds (**ROS** series),
- 12-year inflation rate indexed savings bonds – family bonds (**ROD** series).

In June 2018 a pilot emission of new type of savings bonds was carried out – 10-month fixed-rate bonds with the option of drawing the monetary bonus. (POS0419 series – sales amounted PLN 371 mn)

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 1,000 Customer Service Outlets but also can be purchased through Internet, and telephone. Current information about T-bonds for individual investors can be found at: obliqacjieskarbowe.pl and gov.pl/finance/retail-bonds.

The savings bonds (**OTS**, **DOS**, **TOZ**, **COI** and **EDO** series) could have been purchased by resident and non-resident individuals, also associations, foundations and another social organisations have this right. Family bonds (**ROS**, **ROD** series) are dedicated for beneficiaries of program „Family 500+”. Sale of each series lasts for one month. Those instruments are not a subject of turnover on the secondary market, however they may be offered to the issuer for redemption before their maturity date.

Interests on 3-month bonds OTS are paid in maturity date. Interests on 2-year bonds DOS, 10-year bonds EDO, 6-year family bonds ROS and 12-year family bonds ROD accrue annually and are put at the investor's disposal at the redemption date (or pre-maturity redemption). Interests on 3-year TOZ bonds are paid every 6 months. Interests on 4-year COI series are paid annually.

All savings bonds (except OTS and family bonds) can be purchased within the Individual Retirement Account system, which allow for exemption from capital gains tax.

Information on the sale results and coupons of the retail Treasury securities is available on the website of the Ministry of Finance.

Table 8. Sales of savings bonds in 2018 (PLN million).

Bond type	Sales	in this by switch
3-month fixed rate saving bonds	4,193	623
10-month fixed rate premium savings bonds	371	19
2-year fixed rate savings bonds	3,567	1,602
3-year floating rate savings bonds	169	69
4-year inflation rate indexed savings bonds	3,341	946
10-year inflation rate indexed saving bonds	1,035	271
6-year inflation rate indexed saving bonds	14	0
12-year inflation rate indexed saving bonds	16	0
TOTAL:	12,706	3,530

Table 9. Sales of fixed rate savings bonds in 2018 (PLN million).

Bond	Sales period		Sales	in this by switch	Price (PLN)	Coupon
	beginning	end				
OTS0418	01/01/2018	01/31/2018	278	36	100.00/100.00	1.50%
OTS0518	02/01/2018	02/28/2018	282	41	100.00/100.00	1.50%
OTS0618	03/01/2018	03/31/2018	246	21	100.00/100.00	1.50%
OTS0718	04/01/2018	04/30/2018	285	52	100.00/100.00	1.50%
OTS0818	05/01/2018	05/31/2018	363	37	100.00/100.00	1.50%
OTS0918	06/01/2018	06/30/2018	326	38	100.00/100.00	1.50%
OTS1018	07/01/2018	07/31/2018	399	74	100.00/100.00	1.50%
OTS1118	08/01/2018	08/31/2018	446	68	100.00/100.00	1.50%
OTS1218	09/01/2018	09/30/2018	397	55	100.00/100.00	1.50%
OTS0119	10/01/2018	10/31/2018	417	79	100.00/100.00	1.50%
OTS0219	11/01/2018	11/30/2018	389	63	100.00/100.00	1.50%
OTS0319	12/01/2018	12/31/2018	364	59	100.00/100.00	1.50%
TOTAL:			4,193	623		
DOS0120	01/01/2018	01/31/2018	297	121	100.00/99.90	2.10%
DOS0220	02/01/2018	02/28/2018	406	228	100.00/99.90	2.10%
DOS0320	03/01/2018	03/31/2018	301	125	100.00/99.90	2.10%
DOS0420	04/01/2018	04/30/2018	238	97	100.00/99.90	2.10%
DOS0520	05/01/2018	05/31/2018	216	77	100.00/99.90	2.10%
DOS0620	06/01/2018	06/30/2018	210	62	100.00/99.90	2.10%
DOS0720	07/01/2018	07/31/2018	343	172	100.00/99.90	2.10%

Bond	Sales period		Sales	in this by switch	Price (PLN)	Coupon
	beginning	end				
DOS0820	08/01/2018	08/31/2018	273	102	100.00/99.90	2.10%
DOS0920	09/01/2018	09/30/2018	242	100	100.00/99.90	2.10%
DOS1020	10/01/2018	10/31/2018	488	318	100.00/99.80	2.10%
DOS1120	11/01/2018	11/30/2018	288	104	100.00/99.90	2.10%
DOS1220	12/01/2018	12/31/2018	263	95	100.00/99.90	2.10%
TOTAL:			3,567	1,602		

Table 10. Sales of floating rate savings bonds in 2018 (PLN million).

Bond	Sales period		Sales	in this by switch	Price (PLN)
	beginning	end			
TOZ0121	01/01/2018	01/31/2018	14	4	100.00/99.90
TOZ0221	02/01/2018	02/28/2018	21	10	100.00/99.90
TOZ0321	03/01/2018	03/31/2018	11	5	100.00/99.90
TOZ0421	04/01/2018	04/30/2018	7	2	100.00/99.90
TOZ0521	05/01/2018	05/31/2018	13	5	100.00/99.90
TOZ0621	06/01/2018	06/30/2018	14	6	100.00/99.90
TOZ0721	07/01/2018	07/31/2018	12	4	100.00/99.90
TOZ0821	08/01/2018	08/31/2018	18	9	100.00/99.90
TOZ0921	09/01/2018	09/30/2018	16	6	100.00/99.90
TOZ1021	10/01/2018	10/31/2018	12	5	100.00/99.70
TOZ1121	11/01/2018	11/30/2018	19	9	100.00/99.90
TOZ1221	12/01/2018	12/31/2018	12	3	100.00/99.90
RAZEM:			169	69	

Table 11. Sales of inflation rate indexed savings bonds in 2018 (PLN million).

Bond	Sales period		Sales	in this by switch	Price (PLN)
	beginning	end			
COI0122	01/01/2018	01/31/2018	269	56	100.00/99.90
COI0222	02/01/2018	02/28/2018	281	104	100.00/99.90
COI0322	03/01/2018	03/31/2018	237	64	100.00/99.90
COI0422	04/01/2018	04/30/2018	229	65	100.00/99.90
COI0522	05/01/2018	05/31/2018	190	57	100.00/99.90
COI0622	06/01/2018	06/30/2018	194	49	100.00/99.90
COI0722	07/01/2018	07/31/2018	266	64	100.00/99.90
COI0822	08/01/2018	08/31/2018	241	86	100.00/99.90
COI0922	09/01/2018	09/30/2018	262	80	100.00/99.90
COI1022	10/01/2018	10/31/2018	438	193	100.00/99.60
COI1122	11/01/2018	11/30/2018	395	60	100.00/99.90
COI1222	12/01/2018	12/31/2018	340	67	100.00/99.90
TOTAL:			3,341	946	
EDO0128	01/01/2018	01/31/2018	115	35	100.00/99.90
EDO0228	02/01/2018	02/28/2018	96	29	100.00/99.90
EDO0328	03/01/2018	03/31/2018	67	19	100.00/99.90
EDO0428	04/01/2018	04/30/2018	79	11	100.00/99.90
EDO0528	05/01/2018	05/31/2018	68	15	100.00/99.90
EDO0628	06/01/2018	06/30/2018	59	10	100.00/99.90
EDO0728	07/01/2018	07/31/2018	70	16	100.00/99.90
EDO0828	08/01/2018	08/31/2018	63	16	100.00/99.90
EDO0928	09/01/2018	09/30/2018	64	15	100.00/99.90
EDO1028	10/01/2018	10/31/2018	158	52	100.00/99.50
EDO1128	11/01/2018	11/30/2018	96	26	100.00/99.90
EDO1228	12/01/2018	12/31/2018	99	27	100.00/99.90
TOTAL:			1,035	271	
ROS0124	01/01/2018	01/31/2018	1.3	-	100.00
ROS0224	02/01/2018	02/28/2018	1.0	-	100.00
ROS0324	03/01/2018	03/31/2018	1.3	-	100.00
ROS0424	04/01/2018	04/30/2018	0.8	-	100.00
ROS0524	05/01/2018	05/31/2018	1.0	-	100.00
ROS0624	06/01/2018	06/30/2018	1.2	-	100.00
ROS0724	07/01/2018	07/31/2018	1.1	-	100.00
ROS0824	08/01/2018	08/31/2018	0.9	-	100.00
ROS0924	09/01/2018	09/30/2018	1.4	-	100.00
ROS1024	10/01/2018	10/31/2018	1.2	-	100.00
ROS1124	11/01/2018	11/30/2018	1.5	-	100.00
ROS1224	12/01/2018	12/31/2018	1.1	-	100.00
RAZEM:			13.8		
ROD0130	01/01/2018	01/31/2018	1.6	-	100.00
ROD0230	02/01/2018	02/28/2018	1.3	-	100.00

Bond	Sales period		Sales	in this by switch	Price (PLN)
	beginning	end			
ROD0330	03/01/2018	03/31/2018	1.4	-	100.00
ROD0430	04/01/2018	04/30/2018	1.0	-	100.00
ROD0530	05/01/2018	05/31/2018	1.2	-	100.00
ROD0630	06/01/2018	06/30/2018	1.1	-	100.00
ROD0730	07/01/2018	07/31/2018	1.3	-	100.00
ROD0830	08/01/2018	08/31/2018	1.3	-	100.00
ROD0930	09/01/2018	09/30/2018	1.5	-	100.00
ROD1030	10/01/2018	10/31/2018	1.3	-	100.00
ROD1130	11/01/2018	11/30/2018	1.8	-	100.00
ROD1230	12/01/2018	12/31/2018	1.6	-	100.00
TOTAL:			16.4		

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. Issues of TS on foreign markets.

Issues of foreign bonds are arranged mainly 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 2018 the Minister of Finance placed 1 issue of bonds on foreign markets. In February, euro green bonds have been sold. Proceeds from the green bonds were spent for financing pro-environmental projects. The following table presents details of bonds sold in 2018.

Table 12. Bonds issued on foreign markets in 2018.

ISIN	Issue date	Maturity	Nominal value	Currency	Issue price (%)	Coupon p.a. (%)	Interest payment frequency	Yield (%)	Market	Registration	Lead Manager(s)
XS1766612672	02/07/2018	08/07/2026	1,000 million	EUR	99.776	1.125	annually	1.153	Euro	Luxembourg Stock Exchange	Citi, ING, JP Morgan, PKO BP, Societe Generale, Santander

File presents details of issued international bonds may be found on [the Ministry of Finance website](#).

2.3.2. Buy-back auctions of TS issued on foreign markets.

In 2018 repurchase tender of bond issued on foreign markets, denominated in USD, was carried out. Thereby, Minister of Finance partially bought back for cash the bonds before their maturity date.

The first repurchase tender was organized in 2012. Auction formula is similar to the one utilised for domestic treasury securities. This instrument is used for managing the State Treasury debt and its aim is a reduction of refinancing risk as well as more efficient use of funds in foreign currencies accumulated in order to manage this risk.

Table 13. Schedule of the buy-back auction of bonds issued on foreign market in day „T”.

Auction agent	National Bank of Poland
Auction participants	PDs + BGK
Auction format	Multiple-price auction - each of the bidders sells securities at a price submitted in his bid,
Statements' submitting by the tender participants (a commitment to the provisions of Regulations of repurchase tenders and data necessary for the preparation of the settlement instructions)	Day „T-1”, time 12:00
Publication of information about auction	In day „T” at the latest
Deadline for placing bids	Day „T”
Minimum bid face value	1,000,000 (currency)
Auction results' publication	Day „T”
Settlement instruction's transfer to a fiscal agent	Day „T”
Auction settlement	Day „T+2”

Table 14. Auction results.

Auction date	Series	Maturity date	Coupon	Offer	Demand	Buyback	Average yield
12/05/2018	USD20190715	07/15/2019	6.375%	USD 300m	USD 254,000m	USD 226,000m	2.607%

3. SECONDARY MARKET OF TS.

3.1. Secondary market of Treasury bills.

Trading on the secondary market of Treasury bills is performed on the non-regulated OTC market and 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 in the Skarbnnet system in the NBP. In 2018, due to lack of issue of Treasury bills, there were no transactions concluded in Treasury bills secondary market.

3.2. Secondary market of Treasury bonds,

Trading on the secondary market for Treasury bonds is conducted 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.). In 2018, as in previous years, the majority of transactions were concluded on the non-regulated OTC market (96.3%). Turnover on the electronic platform amounted to 3.7%, while trading at WSE did not exceed 0.01%.

Table 15. Total value of transactions concluded on T-bonds secondary market in 2018 (PLN million).

	January	February	March	April	May	June	July	August	September	October	November	December	Total
TOTAL	753,871	798,226	945,297	880,972	881,779	901,377	975,700	919,869	917,841	1,108,409	925,078	824,412	10,832,831
OTC market	740,509	762,001	896,794	846,714	860,054	871,485	946,025	895,147	877,488	1,049,454	884,673	804,765	10,435,108
TBS Poland	13,363	36,225	48,503	34,258	21,725	29,893	29,675	24,723	40,353	58,955	40,405	19,648	397,723

Chart 1. Total value of transactions on T-bonds secondary market in 2018 (PLN million).

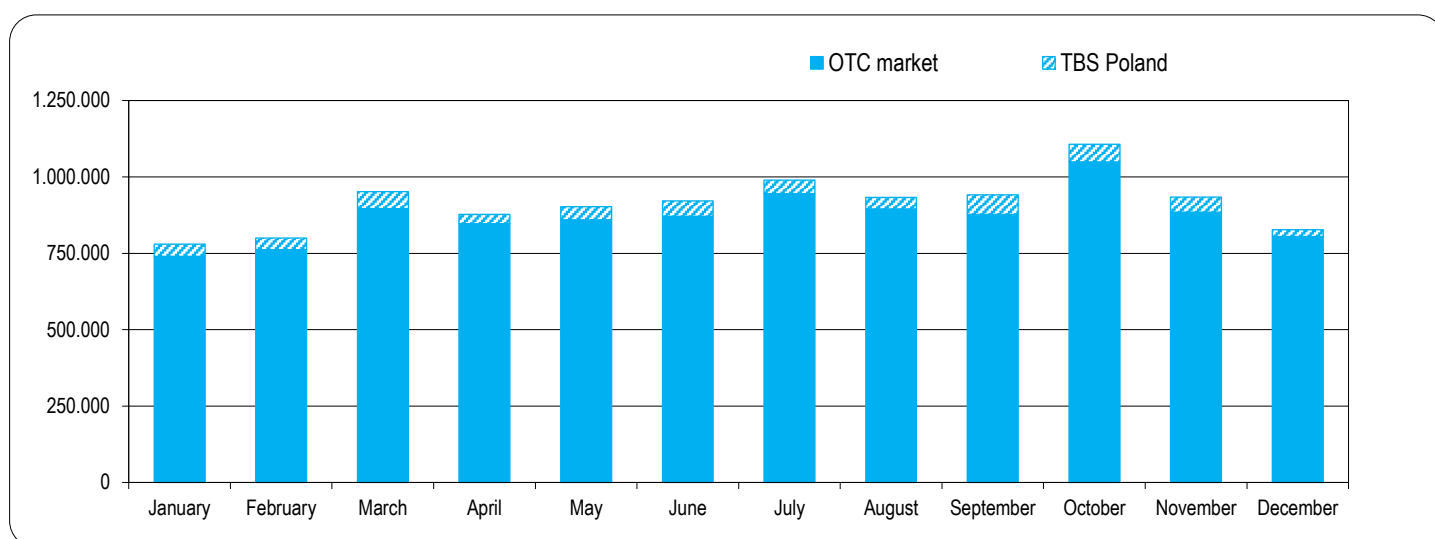


Table 16. Total value and number of transactions on fixed coupon T-bonds secondary market in 2018 (PLN million).

Bond type		January	February	March	April	May	June	July	August	September	October	November	December	Total
2-year	OTC market	72,295	49,498	60,080	52,800	35,174	25,350	53,193	51,728	43,875	45,115	28,276	32,114	549,498
	TBS Poland	880	2,585	2,330	710	545	3,238	1,253	783	4,800	2,708	1,008	448	21,285
	TOTAL	73,175	52,083	62,410	53,510	35,719	28,588	54,445	52,510	48,675	47,822	29,284	32,562	570,783
5-year	OTC market	192,148	207,257	221,953	207,020	217,119	216,786	226,086	233,196	224,959	193,009	189,459	229,419	2,558,412
	TBS Poland	5,740	12,708	17,203	13,930	9,198	12,958	15,115	9,285	19,908	28,248	15,480	9,088	168,858
	TOTAL	197,888	219,965	239,155	220,950	226,316	229,744	241,201	242,481	244,866	221,257	204,939	238,506	2,727,269
10-year	OTC market	152,944	177,399	213,639	182,201	195,057	192,319	210,050	169,710	148,344	192,554	152,161	129,164	2,115,543
	TBS Poland	3,625	11,873	21,828	15,740	8,223	8,933	8,093	7,830	12,065	18,358	15,668	4,683	136,915
	TOTAL	156,569	189,272	235,466	197,941	203,279	201,251	218,143	177,540	160,409	210,912	167,828	133,847	2,252,458

Chart 2. Total value of transactions on fixed coupon T- bonds secondary market in 2018 (PLN million).

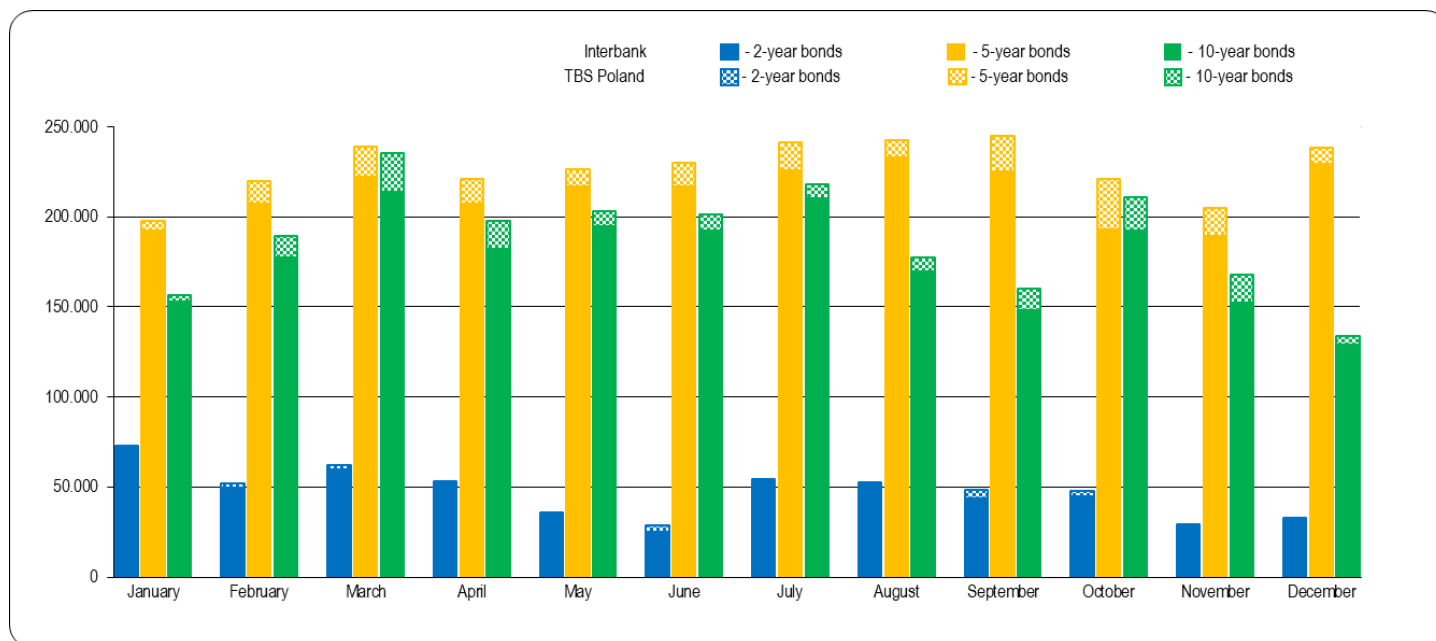
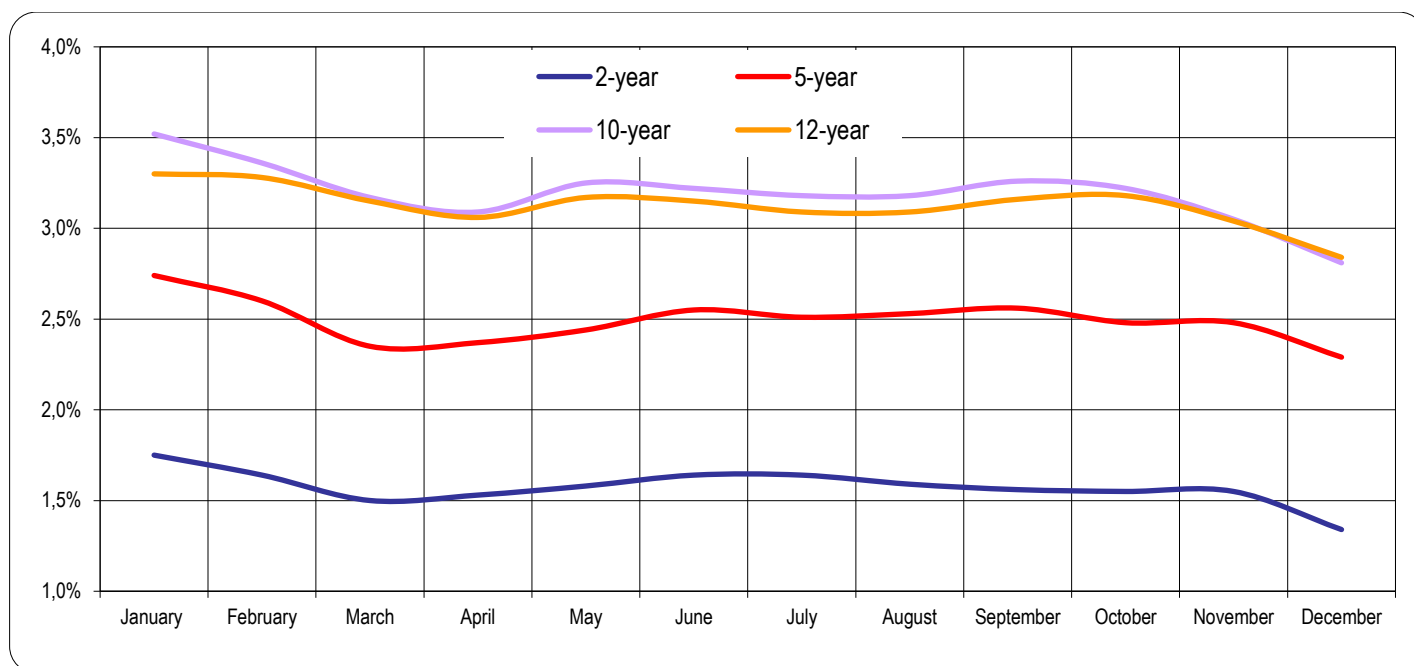


Chart 3. Fixed coupon T-bonds yield on secondary market in 2018 (bid yield, eom).



3.3. Secondary market for TS issued on foreign markets.

The foreign bonds issued by the State Treasury in 1995 – 2018 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, Japan Securities Depository Centre, Interbank Market Clearing House.

3.4. Sell-Buy-Back transactions with Bank Gospodarstwa Krajowego.

Bank Gospodarstwa Krajowego is offering Sell-Buy-Back transactions for Treasury bonds, Eligible counterparties are Treasury Securities Dealers (TSD) and Candidates for the function of TSD (Candidates). The main goal for entering into Sell-Buy-Back transactions is supporting the settlement system for Treasury bonds in case of temporary, significantly reduced availability of given bonds on secondary market due to demand exceeding supply. Transactions offered by BGK should not substitute nor supplement the SBB market, but provide support in case of disruptions, which cannot be overcome by the market itself. In 2018 200 Sell-Buy-Back transactions were concluded, in the total value of PLN 11,595 million.

4. STATE TREASURY DEBT.

Table 17. State Treasury debt by place of issue and by instrument (PLN million, at nominal value, eop).

Item	XII 2016	XII 2017	XII 2018
State Treasury debt	928,666	928,473	954,268
I. State Treasury domestic debt	609,203	644,533	674,421
1. Treasury Securities	587,935	621,103	646,895
1.1. Marketable Treasury Securities	576,701	605,711	627,157
fixed-rate - non-index-linked	427,487	440,523	449,920
Treasury bills	-	-	-
OK bonds	47,852	46,678	31,352
PS bonds	176,174	180,391	181,366
DS bonds	169,728	177,360	174,724
WS bonds	33,733	36,094	62,479
fixed-rate - index-linked	4,450	4,544	4,631
IZ bonds	4,450	4,544	4,631
floating-rate	144,765	160,644	172,606
WZ bonds	144,765	158,644	170,606
PP bonds	-	2,000	2,000
1.2. Savings bonds	11,234	15,392	19,738
fixed-rate	5,096	6,987	7,949
OTS bonds	0	647	1,164
POS bonds	0	0	368
DOS bonds	5,096	6,340	6,417
floating-rate	6,138	8,405	11,789
TOZ bonds	557	569	565
COI bonds	1,516	3,513	6,481
ROS bonds	2	10	23
EDO bonds	4,061	4,303	4,694
ROD bonds	2	10	26
2. Other State Treasury debt	21,268	23,430	27,526
deposits of public finance sector entities	17,203	18,526	21,678
court & CSA deposits	4,053	4,228	5,820
matured payables	9	672	25
other liabilities	3	3	4
II. State Treasury foreign debt	319,463	283,940	279,847
1. Treasury Securities	241,488	213,102	211,128
1.1. Marketable Treasury Securities	241,488	213,102	211,128
fixed-rate	241,488	211,851	209,838
EUR	156,707	145,656	144,790
USD	57,674	46,087	48,923
CHF	11,446	9,025	5,725
JPY	13,856	9,478	8,756
CNY	1,805	1,605	1,644
floating-rate	0	1,251	1,290
EUR	0	1,251	1,290
2. Loans	77,959	70,823	68,719
fixed-rate	21,185	26,746	28,342
EUR	21,185	26,746	28,342
floating-rate	56,774	44,077	40,377
EUR	56,774	44,077	40,377
3. Other State Treasury debt	16	15	0

Table 18. State Treasury debt by holder (PLN million, at nominal value, eop).

Item	Domestic banking sector			Domestic non-banking sector			Foreign investors			TOTAL		
	December 2016	December 2017	December 2018	December 2016	December 2017	December 2018	December 2016	December 2017	December 2018	December 2016	December 2017	December 2018
State Treasury debt	250,953	257,326	277,481	182,120	198,785	225,474	495,593	472,362	451,312	928,666	928,473	954,268
1. Domestic securities	235,521	243,897	264,075	159,858	174,491	191,361	192,556	202,714	191,459	587,935	621,103	646,895
1.1. Marketable securities	235,521	243,897	264,075	148,642	159,137	171,670	192,538	202,677	191,412	576,701	603,711	627,157
Treasury bills	-	-	-	-	-	-	-	-	-	0	0	0
OK bonds	27,716	22,540	13,958	12,854	14,762	9,680	7,282	9,376	7,713	47,852	46,678	31,352
PS bonds	70,558	78,490	80,819	39,470	36,569	42,638	66,145	65,332	57,908	176,174	180,391	181,366
DS bonds	33,703	30,284	42,477	37,440	37,330	37,995	98,585	109,745	94,251	169,728	177,360	174,724
WS bonds	3,557	3,509	9,110	17,014	19,139	25,335	13,161	13,446	28,034	33,733	36,094	62,479
IZ bonds	1,226	668	442	2,120	2,426	3,092	1,104	1,450	2,410	4,450	4,544	5,944
WZ bonds	98,761	108,406	117,268	39,743	46,910	50,929	6,261	3,328	1,096	144,765	158,644	169,293
PP bonds	-	0	0	-	2,000	2,000	-	0	0	-	-	2,000
1.2. Savings bonds	0	0	0	11,216	15,354	19,691	18	38	47	11,234	14,745	19,738
OTS bond	-	-	-	-	646	1,163	-	1	1	-	-	1,164
KOS bonds	-	-	-	-	0	368	-	0	0	0	0	368
DOS bonds	-	-	-	5,088	6,331	6,407	7	9	10	5,096	6,340	6,417
TOZ bonds	-	-	-	557	568	564	1	1	1	557	569	565
COI bonds	-	-	-	1,515	3,506	6,468	1	7	13	1,516	3,513	6,481
ROS bonds	-	-	-	2	10	23	0	0	0	2	10	23
EDO bonds	-	-	-	4,053	4,283	4,672	9	20	22	4,061	4,303	4,694
ROD bonds	-	-	-	2	10	26	-	0	0	2	10	26

Item	Domestic banking sector			Domestic non-banking sector			Foreign investors			TOTAL		
	December 2016	December 2017	December 2018	December 2016	December 2017	December 2018	December 2016	December 2017	December 2018	December 2016	December 2017	December 2018
2. Foreign securities	15,401	13,408	13,338	1,042	1,551	6,664	225,045	198,144	191,126	241,488	213,102	211,128
3. Foreign loans	0	0	0	0	0	0	77,959	70,823	68,719	77,959	70,823	68,719
International Financial Institutions	-	-	-	-	-	-	77,959	70,823	68,719	77,959	70,823	68,719
other loans	-	-	-	-	-	-	-	-	-	0	0	0
4. Other State Treasury debt	31	21	68	21,220	22,743	27,449	33	681	8	21,284	23,445	27,526
deposits of public finance sector entities	-	-	-	17,203	18,519	21,670	-	-	-	17,203	18,519	21,670
court & CSA deposits	31	21	68	4,005	4,202	5,751	17	13	8	4,053	4,236	5,828
matured payables	0	0	0	9	19	25	16	669	0	25	687	24
other liabilities	-	-	-	3	3	4	-	-	-	3	3	4

Table 19. State Treasury debt according to the place of issue criterion and residual maturity (PLN million, at nominal value, eop).

Item	December 2016	December 2017	December 2018
Total	928,666	928,473	954,268
up to one year (inc.)	99,061	110,367	119,699
above 1 and up to 3 years (inc.)	224,640	222,944	258,007
above 3 and up to 5 years (inc.)	238,075	240,231	195,135
above 5 and up to 10 years (inc.)	296,388	292,155	329,435
above 10 years	70,503	62,776	51,992
I. Domestic debt	609,203	644,533	674,421
up to one year (inc.)	82,953	90,189	89,872
above 1 and up to 3 years (inc.)	169,254	164,297	191,972
above 3 and up to 5 years (inc.)	168,779	180,911	151,611
above 5 and up to 10 years (inc.)	170,928	189,918	228,223
above 10 years	17,288	19,218	12,742
1.1. Marketable securities	576,701	605,711	627,157
fixed-rate	427,487	440,523	449,920
up to one year (inc.)	46,874	53,063	50,657
above 1 and up to 3 years (inc.)	120,717	116,271	137,700
above 3 and up to 5 years (inc.)	120,708	124,426	110,390
above 5 and up to 10 years (inc.)	121,900	133,208	138,455
above 10 years	17,287	13,555	12,718
index-linked	4,450	4,544	4,631
up to one year (inc.)	0	0	0
above 1 and up to 3 years (inc.)	0	0	0
above 3 and up to 5 years (inc.)	0	0	4,631
above 5 and up to 10 years (inc.)	4,450	4,544	0
floating-rate	144,765	160,644	172,606
up to one year (inc.)	12,409	8,644	6,128
above 1 and up to 3 years (inc.)	42,829	42,649	46,574
above 3 and up to 5 years (inc.)	46,583	52,998	32,370
above 5 and up to 10 years (inc.)	42,944	50,701	87,534
above 10 years	0	5,652	0
1.2. Savings bonds	11,234	15,392	19,738
fixed-rate	5,096	6,987	7,949
up to one year (inc.)	1,595	4,057	4,418
above 1 and up to 3 years (inc.)	3,500	2,930	3,531
floating-rate	6,138	8,405	11,789
up to one year (inc.)	806	995	1,144
above 1 and up to 3 years (inc.)	2,208	2,447	4,167
above 3 and up to 5 years (inc.)	1,488	3,487	4,220
above 5 and up to 10 years (inc.)	1,634	1,465	2,234
above 10 years	2	11	24
2. Other State Treasury debt	21,268	23,430	27,527
up to one year (inc.)	21,268	23,430	27,527
II. Foreign debt	319,463	283,940	279,847
up to one year (inc.)	16,108	20,178	29,826
above 1 and up to 3 years (inc.)	55,386	58,647	66,035
above 3 and up to 5 years (inc.)	69,295	59,320	43,524
above 5 and up to 10 years (inc.)	125,459	102,237	101,212
above 10 years	53,214	43,558	39,250
1. Foreign securities	241,488	213,102	211,128
fixed-rate	241,488	211,851	209,838
up to one year (inc.)	13,191	14,604	22,944
above 1 and up to 3 years (inc.)	43,437	44,765	53,400
above 3 and up to 5 years (inc.)	55,696	47,959	33,965
above 5 and up to 10 years (inc.)	101,195	80,897	78,159
above 10 years	27,969	23,625	21,371
floating-rate	0	1,251	1,290
up to one year (inc.)	0	0	1,290
above 1 and up to 3 years (inc.)	0	1,251	0
2. Foreign loans	77,959	70,823	68,719
fixed-rate	21,185	26,746	28,342
up to one year (inc.)	1,525	4,134	4,215

Item	December 2016	December 2017	December 2018
above 1 and up to 3 years (inc.)	7,655	8,668	6,379
above 3 and up to 5 years (inc.)	2,287	3,384	3,624
above 5 and up to 10 years (inc.)	6,077	7,540	10,128
above 10 years	3,642	3,019	3,997
floating-rate	56,774	44,077	40,377
up to one year (inc.)	1,377	1,424	1,377
above 1 and up to 3 years (inc.)	4,295	3,963	6,256
above 3 and up to 5 years (inc.)	11,312	7,977	5,935
above 5 and up to 10 years (inc.)	18,188	13,799	12,925
above 10 years	21,604	16,914	13,883
3. Other State Treasury debt	16	15	0
up to one year (inc.)	16	15	0

Table 20. Public Debt according to the place of issue criterion – after consolidation (PLN million, at nominal value, eop).

Item	December 2016	December 2017	December 2018
Public debt	965,199	961,842	984,318
Domestic debt	630,172	662,517	688,252
1. Debt securities	574,284	605,563	623,424
2. Loans	50,129	50,638	57,276
3. Other domestic liabilities	5,759	6,317	7,553
Foreign debt	335,027	299,324	296,065
1. Debt securities	241,851	213,330	211,246
2. Loans	93,153	85,973	84,810
3. Other foreign liabilities	24	21	10

Table 21. Public Debt according to the residency criterion – after consolidation (PLN million, at nominal value, eop).

Item	December 2016	December 2017	December 2018
Public debt	965,199	961,842	984,318
Domestic debt	454,042	474,095	516,787
1. Debt securities	398,171	417,807	451,967
2. Loans	50,129	50,638	57,276
3. Other domestic liabilities	5,742	5,650	7,544
Foreign debt	511,157	487,747	467,531
1. Debt securities	417,964	401,087	382,703
2. Loans	93,153	85,973	84,810
3. Other foreign liabilities	41	687	18

Table 22. Public Debt – before consolidation (PLN million, at nominal value, eop).

Item	December 2016	December 2017	December 2018
Public debt	1,051,239	1,011,565	1,038,035
1. Central government sector debt	930,433	930,146	956,146
1.1. State Treasury	928,666	928,473	954,269
1.2. Earmarked State funds	0	0	0
1.3. State institutions of higher education	370	371	376
1.4. Independent public health-care units	1,383	1,288	1,412
1.5. State institutions of culture	5	6	8
1.6. Polish Academy of Science and units established by it	2	1	1
1.7. 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	6	80
2. Local government sector debt	74,401	74,180	81,819
2.1. Local government units and their unions	69,416	69,281	76,464
2.2. Independent public health-care units	4,271	4,237	4,818
2.3. Local institutions of culture	52	62	84
2.4. 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	663	600	454
3. Social Security Sector debt	46,405	7,239	69
3.1. Social Insurance Institution	0	0	0
3.2. Funds managed by Social Insurance Institution	46,405	7,239	69
3.3. Agricultural Social Insurance Fund	0	0	0
3.4. National Health Fund	0	0	0

Table 23. Public Debt – after consolidation (PLN million, at nominal value, eop).

Item	December 2016	December 2017	December 2018
Public debt	965,199	961,842	984,318
1. Central government sector debt	895,559	892,272	907,318
1.1. State Treasury	893,893	890,687	905,594
1.2. Earmarked State funds	0	0	0
1.3. State institutions of higher education	333	339	347
1.4. Independent public health-care units	1,328	1,240	1,368
1.5. State institutions of culture	1	1	6
1.6. Polish Academy of Science and units established by it	1	1	1
1.7. 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	4	4	2

Item	December 2016	December 2017	December 2018
2. Local government sector debt	69,561	69,504	76,931
2.1. Local government units and their unions	65,841	65,780	72,635
2.2. Independent public health-care units	3,649	3,662	4,234
2.3. Local institutions of culture	36	44	58
2.4. 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	35	19	4
3. Social Security Sector debt	79	65	69
3.1. Social Insurance Institution	0	0	0
3.2. Funds managed by Social Insurance Institution	79	65	69
3.3. Agricultural Social Insurance Fund	0	0	0
3.4. National Health Fund	0	0	0

Table 24. Public Debt at nominal value (PLN million, at nominal value, eop) and it's ratio to GDP.

Item	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	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 (%)	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)	Value in m PLN	Ratio to GDP (%)
State Treasury debt	569,946	44.3%	631,506	46.0%	701,851	48.6%	771,128	49.2%	793,854	48.7%	838,025	50.6%	779,938	45.3%	834,551	46.4%	928,666	49.9%	928,473	46.7%	954,269	45.1%
Public debt	597,764	46.5%	669,876	48.8%	747,899	51.7%	815,346	52.0%	840,477	51.6%	882,293	53.2%	826,775	48.1%	877,282	48.7%	965,199	51.9%	961,842	48.4%	984,318	46.5%
General Government debt	595,380	46.3%	678,328	49.4%	767,844	53.1%	847,708	54.1%	875,260	53.7%	922,755	55.7%	867,344	50.4%	923,259	51.3%	1,009,257	54.2%	1,005,722	50.6%	1,034,376	48.9%
GDP	1,286,069		1,372,208		1,445,298		1,566,824		1,629,425		1,656,895		1,720,430		1,800,228		1,861,112		1,989,314		2,115,700	

Table 25. Differences between public debt (according to domestic methodology) and general government debt (PLN million, at nominal value, eop).

Item	December 2016	December 2017	December 2018
Public debt	965,199	961,842	984,318
1) Adjustments concerning the scope of the sector	46,178	45,498	51,482
Debt of National Road Fund	38,467	41,088	47,952
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	-1,384	-1,023	-1,589
Aquisition of infrastructure assets (motorways)	10,699	10,342	9,962
Bank Guarantee Fund	-18,255	-18,931	-19,848
Public corporations included in general government sector	16,652	14,022	15,005
2) Differences concerning debt instruments	-2,120	-1,618	-1,423
Matured payables	-1,733	-2,106	-1,739
Guarantees - debt assumption	0	2	2
Restructured/refinanced trade credits, sale-leaseback operations and other	693	726	763
Derivatives	-1,081	-239	-450
General government debt	1,009,257	1,005,722	1,034,376

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 29th, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies,
2. The Law of July 29th, 2005 on Trading in Financial Instruments,
3. The Law of July 29th, 2005 on Capital Market Supervision,
4. The Law of July 21st, 2006 on Financial Market Supervision.

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) Powszechna Kasa Oszczędności Bank Polski S.A, (PKO BP S.A.) – issue agent of retail bonds,
- h) BondSpot S.A. – organizer of secondary market Treasury BondSpot Poland for T-bills and T-bonds offered at auctions,
- i) Bank Gospodarstwa Krajowego – payment agent of a part of the State Treasury foreign debt (including T-bonds),
- j) Domestic banks – major participants of the TS market,
- k) Brokerage houses – intermediaries on the primary and secondary markets for securities,
- l) Institutions participating in foreign bond issues.

5.1. Useful addresses:

Ministry of Finance
12 Świętokrzyska St.
00-916 Warszawa
tel.: +48 (22) 694 55 55
gov.pl/finance/public-debt

Warsaw Stock Exchange
4 Książęca St.
00-498 Warszawa
tel.: +48 (22) 628 32 32
gpw.pl

Financial Supervision Authority
1 Plac Powstańców Warszawy
00-950 Warszawa
tel.: +48 (22) 262 50 00
knf.gov.pl

BondSpot S.A.,
4 Książęca St.
00-498 Warszawa
tel.: +48 (22) 537 74 00
bondspot.pl

National Bank of Poland
11/21 Świętokrzyska St.
00-049 Warszawa
tel.: +48 (22) 185 10 00
nbp.pl

National Depository for Securities
4 Książęca St.
00-498 Warszawa
tel.: +48 (22) 537 93 43
kdpw.com.pl

Powszechna Kasa Oszczędności Bank Polski S.A.
15 Puławska St.
02-515 Warszawa
tel.: +48 801 302 302 (hotline)
tel.: +48 (81) 535 65 65
pkobp.pl

Central Brokerage House Pekao S.A.
18 Wołoska St.
02-675 Warszawa
tel.: +48 (22) 821 88 70
cdmpekao.com.pl

REUTERS – page [PLMINFIN](#)

BLOOMBERG – page [PLMF](#)

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