



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

JANUARY 2011

State budget borrowing requirements' financing plan and its background:

in the first quarter of 2011

in January 2011

THE MOST IMPORTANT INFORMATION:

	<i>(page)</i>
➤ Initial information on public debt in 2010.....	1
➤ Detailed issuance calendar in the first quarter.....	2-3
➤ Detailed issuance calendar in January.....	4
➤ Borrowing requirements in 2011 funded in 7%.....	5
➤ Average maturity of total debt at historically record high level.....	9

Initial information on public debt in 2010

- Estimated State Treasury Debt level in the end of 2010: PLN 702bn (PLN 4.5bn lower than assumed in the *Debt Management Strategy*)
- Estimated public debt to GDP ratio at level ca. 53.5% - significantly lower than 55% statutory threshold,
- Increase in average maturity of domestic debt from 4.1 to 4.3 years and of total debt – from 5.2 to 5.4 years,
- Increase in duration of domestic debt from 2.9 to 3.0 years and of total debt – from 3.6 to 3.7 years,
- Significant decrease in State Treasury Debt interest rates from 5.4% in 2009 to 5.1% in 2010.

1 General assumptions:

- In the first quarter of 2011 T-bond and T-bill auctions are planned to follow the announced yearly issuance calendar,
- Offer of bonds on the domestic market will depend on the market situation and the consultations with investors,
- Offer of T-bills will result from the budgetary situation, level of issuance of T-bonds and foreign financing,
- Level of foreign financing will be determined by the situation on the international and domestic financial market.

2 Offer of T-bonds on the domestic market:

- Sale auctions:

OK/PS T-bonds	DS/WS/WZ/IZ T-bonds	Bonds issued by BGK
PLN 12.0-18.0 bn (three auctions)	PLN 5.0-9.0 bn (three auctions)	One conditional auction

- Switch auctions: T-bonds to be repurchased are securities maturing from May to July 2011. The structure of sold bonds will result from the market situation and the offer structure on the standard bond auctions in a given month.

3 Offer of T-bills:

Number of Auctions	T-bill with term to maturity 24-28 week	T-bill with term to maturity 49-52 week	Other maturities
12	PLN 3.0-6.0 bn	PLN 9.0-12.0 bn	depending on budget liquidity

4 Retail bonds:

- As previously issued with yields equal to wholesale market yields less the spread.

5 Foreign financing:

- Possible issuance on the core international markets depending on the market situation,
- Possibility of additional financing by structured coupon bonds' issuance in the private placement system.

6 T-bond and BGK bond auctions on the domestic market:

- Sale auctions

Month	Auction date	Settlement date	Bond
January	2011-01-05	2011-01-10	OK0113 / PS0416
	2011-01-12	2011-01-14	DS1020 / WS0429
February	2011-02-09	2011-02-11	OK / PS
	2011-02-16	2011-02-18	DS / WS / WZ / IZ
March	2011-03-09	2011-03-11	OK / PS
	2011-03-16	2011-03-18	DS / WS / WZ / IZ
	23-03-2011*	2011-03-25	Bonds issued by BGK for the National Road Fund

* conditional auction

- Switch auctions

Month	Auction date	Settlement date
January	20-01-2011*	2011-01-24
February	2011-02-02	2011-02-04
March	03-03-2011*	2011-03-07

*auction on Thursday

7 T-bill auctions:

Month	Auction date	Settlement date	T-bill	Maturity date
January	2011-01-10	2011-01-12	24 week	2011-06-29
	2011-01-17	2011-01-19	28 week	2011-08-03
	2011-01-24	2011-01-26	27 week	2011-08-03
	2011-01-31	2011-02-02	52 week	2012-02-01
February	2011-02-07	2011-02-09	51 week	2012-02-01
	2011-02-14	2011-02-16	50 week	2012-02-01
	2011-02-21	2011-02-23	49 week	2012-02-01
	2011-02-28	2011-03-02	52 week	2012-02-29
March	2011-03-07	2011-03-09	51 week	2012-02-29
	2011-03-14	2011-03-16	50 week	2012-02-29
	2011-03-21	2011-03-23	49 week	2012-02-29
	2011-03-28	2011-03-30	52 week	2012-03-28

1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
5 JAN 2011	10 JAN 2011	OK0113 / PS0416	4,000-6,500
12 JAN 2011	14 JAN 2011	DS1020 / WS0429	1,000-3,000

The final offer and the supply will be announced 2 days before the auction and will result from the market situation and consultations with investors.

The Minister of Finance is entitled to organize non-competitive auctions where bonds will be sold at auction average clean price.

2 T-bond switching auction

Auction/ settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)
20 JAN 2011/ 24 JAN 2011	WZ0121 / IZ0823	PS0511	20,226
		OK0711	19,615

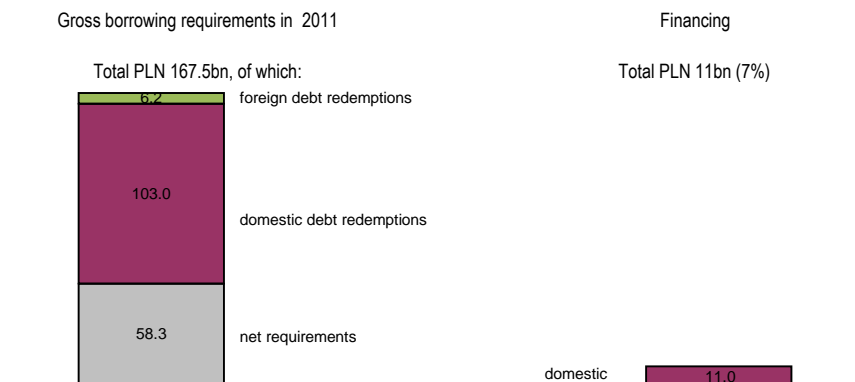
3 T-bill auctions

Auction date	Settlement date	T-bill	Maturity date	Planned offer (PLN m)
10 JAN 2011	12 JAN 2011	24 week	29 JUN 2011	1,000-2,000
17 JAN 2011	19 JAN 2011	28 week	03 AUG 2011	1,000-2,000
24 JAN 2011	26 JAN 2011	27 week	03 AUG 2011	1,000-2,000
31 JAN 2011	02 lut 2011	52 week	01 FEB 2012	1,000-2,000

4 Offer on retail market

T-bond	Issue price	Coupon
DOS0113	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.00%
TZ1113	99.90 PLN	Floating (0.95 * WIBOR 6M), 3.85% in the first coupon period
COI0115	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 4.50% in the first coupon period
EDO0121	100.00 PLN	Floating (inflation rate + 3.00%), 5.25% in the first coupon period

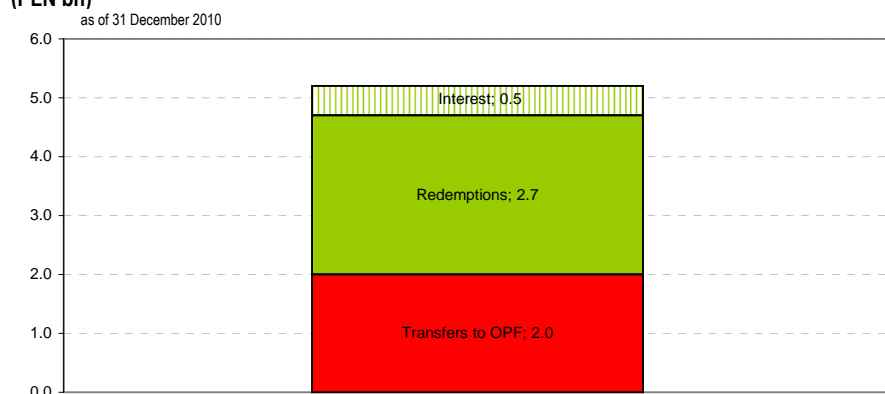
1 Gross borrowing requirements in 2011



Funding of borrowing requirements in the beginning of the year reached 7% which was mainly a result of:

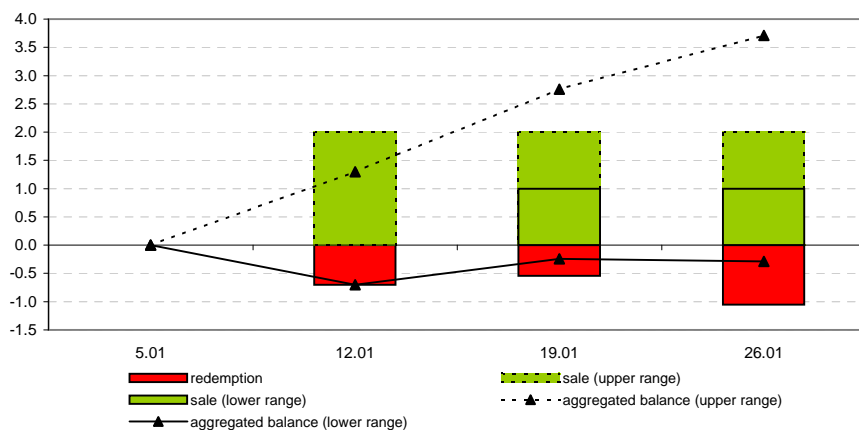
- Treasury bills buyback in 2010: PLN 5.7bn,
- Treasury bonds buyback in 2010: PLN 3.3bn,
- higher than planned passing financial resources of 2010: PLN 2.0bn.

2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in January 2011 (PLN bn)



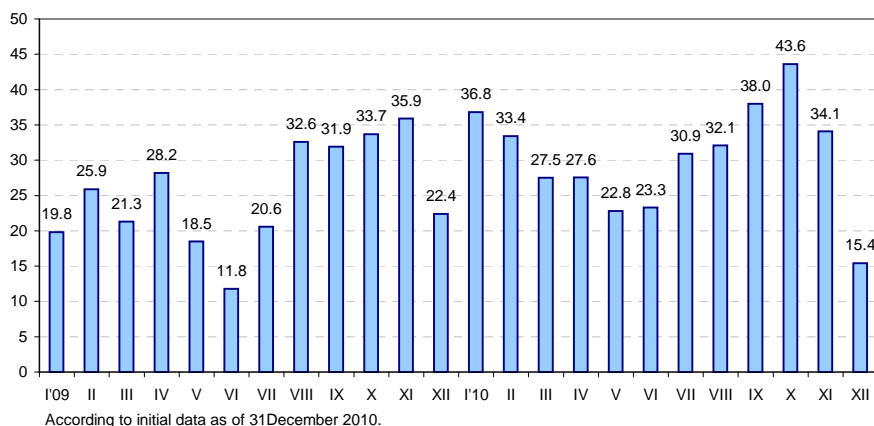
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 5.2bn.

3 Sale and redemption of T-bills in January 2011 (settlement date, PLN bn)



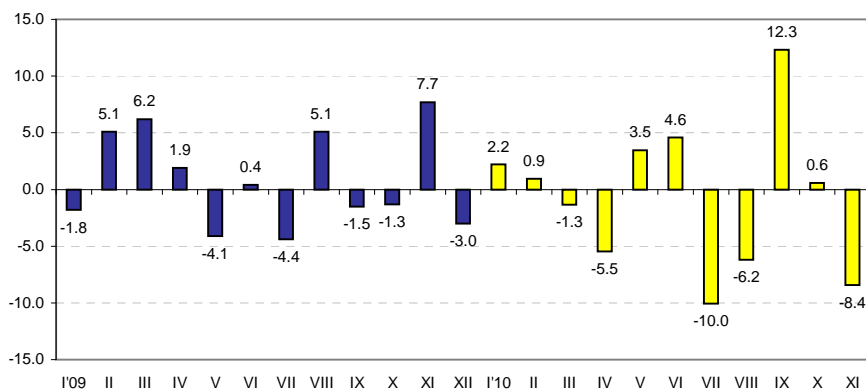
Assumed change of T-bills debt in January will amount in range of PLN -0.3 - 3.7bn. There is a possibility that the auction on January 10, 2011 will not be held.

4 Funds in PLN and in foreign currency held by MoF at the end of month (foreign currency funds include funds from debt issuance and received from the European Commission, PLN bn)



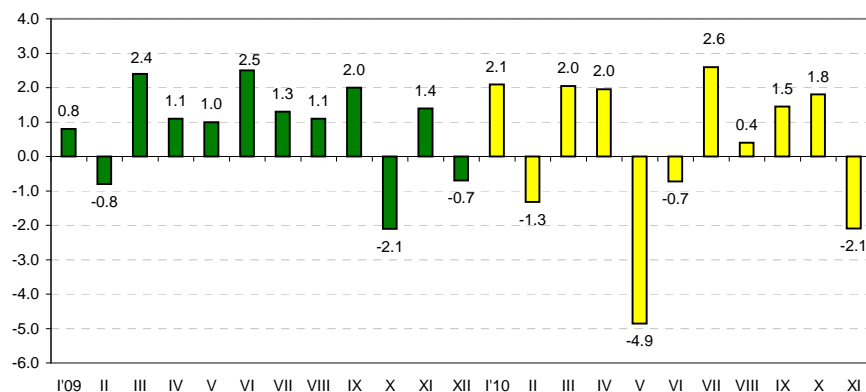
The funds ensure liquidity in borrowing needs financing.

**5 Change of debt in domestic Treasury Securities held by banks
(without BSB transactions with MoF; PLN bn)**



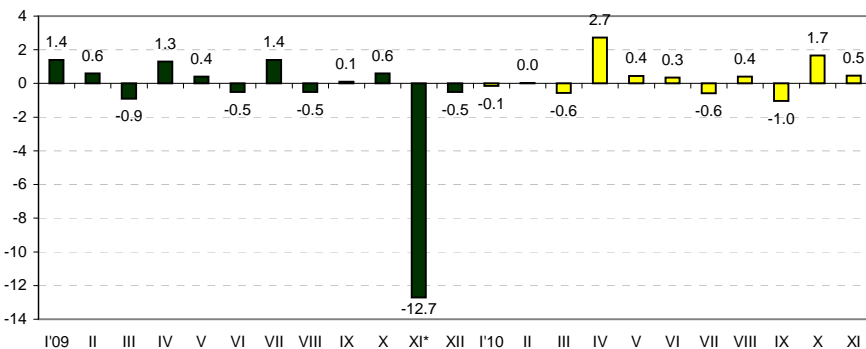
In the period of I-XI debt held by domestic banks decreased by PLN 7.4bn comparing to PLN 13.3bn increase during the same period of 2009.

**6 Change of debt in domestic Treasury securities held by pension funds
(PLN bn)**



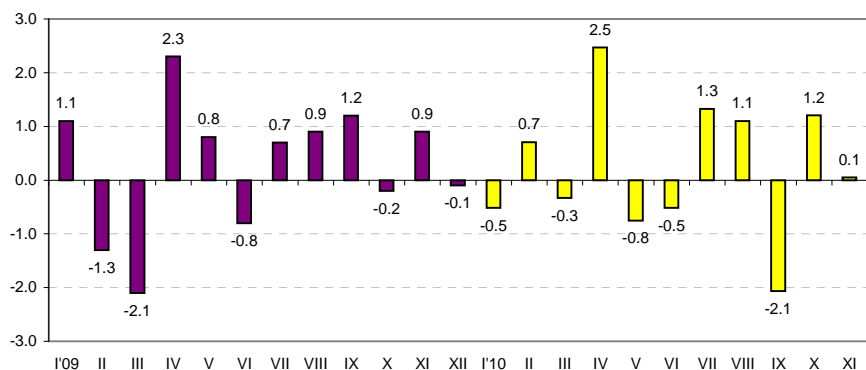
In the period of I-XI debt held by pension funds increased by PLN 3.4bn comparing PLN 10.7bn increase during the same period of 2009.

**7 Change of debt in domestic Treasury securities held by insurance companies
(PLN bn)**



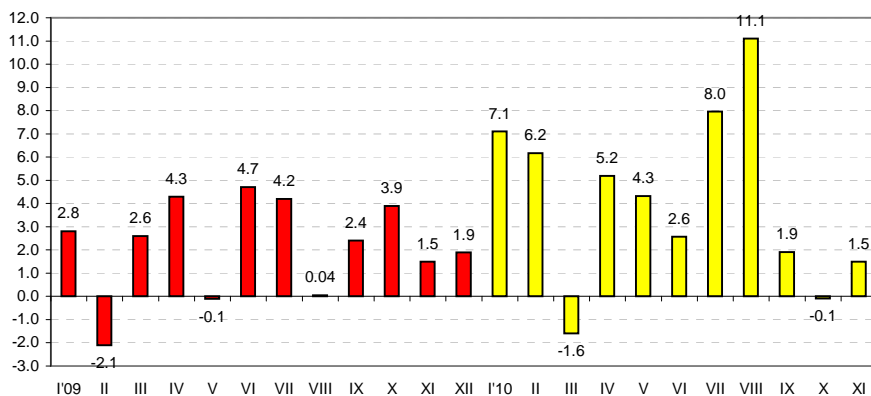
In the period of I-XI there was an increase of PLN 3.7bn in debt held by insurance companies. During the same period of 2009 there was an increase of PLN 8.8bn.

**8 Change of debt in domestic Treasury securities held by investment funds
(PLN bn)**



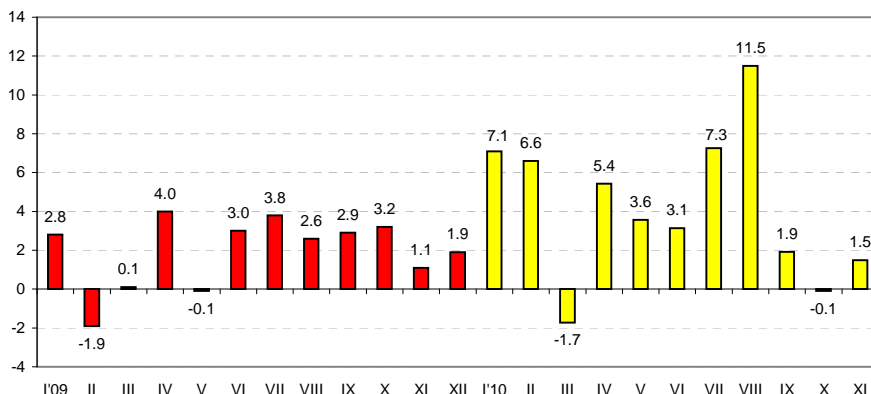
In the period of I-XI there was an increase of PLN 2.7bn in debt held by investment funds. During the same period of 2009 there was an increase of PLN 3.5bn.

9 Change of debt in domestic Treasury securities held by foreign investors (PLN bn)



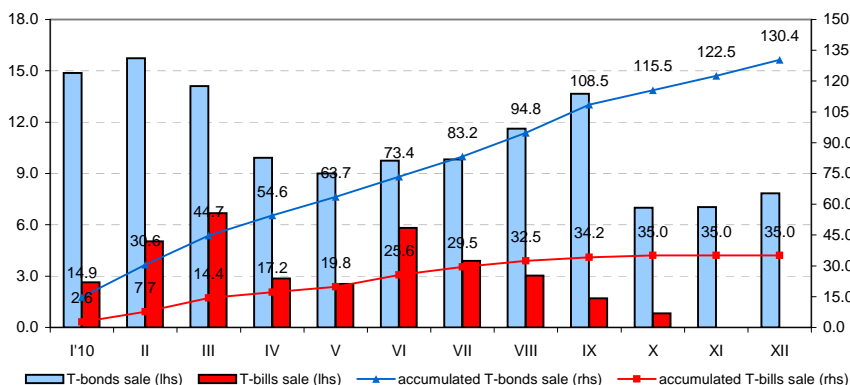
In the period of I-XI of 2010 inflow of foreign capital to the domestic TS market amounted to PLN 46.1bn comparing to PLN 24.2bn increase in the same period of 2009. Foreign investors' holdings reached record level of PLN of 127.9bn.

10 Change of debt in domestic bonds held by foreign investors (PLN bn)



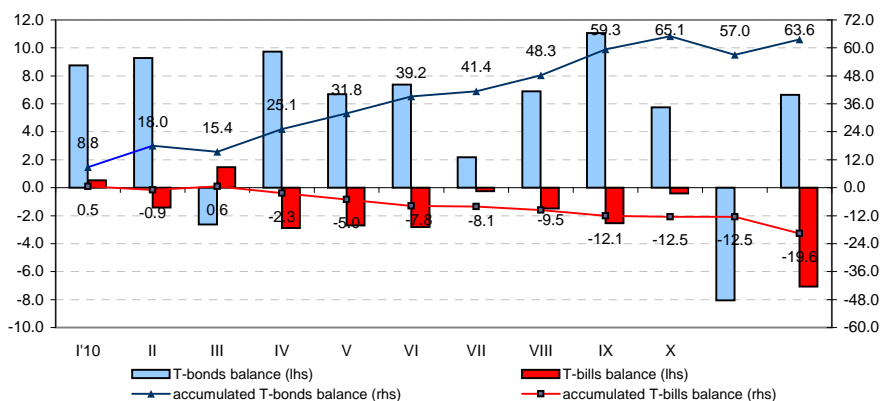
In the period of I-XI of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 46.2bn comparing to PLN 21.5bn increase in the same period of 2009. Foreign investors' holdings reached PLN 124.8bn.

11 Sale of T-bonds and T-bills in the period January - December 2010 (settlement date, nominal amount, PLN bn)



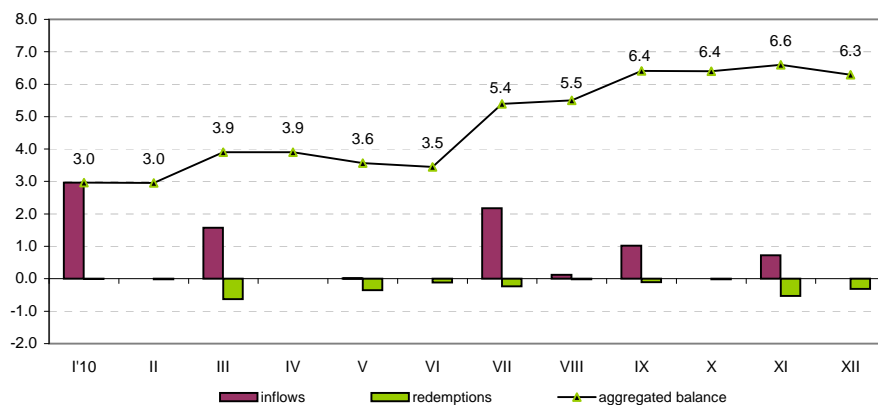
The structure of Treasury securities offered dominated by T-bonds (78.8% of total amount sold).

12 Balance of T-bonds and T-bills in the period January - December 2010 (settlement date, nominal amount, PLN bn)



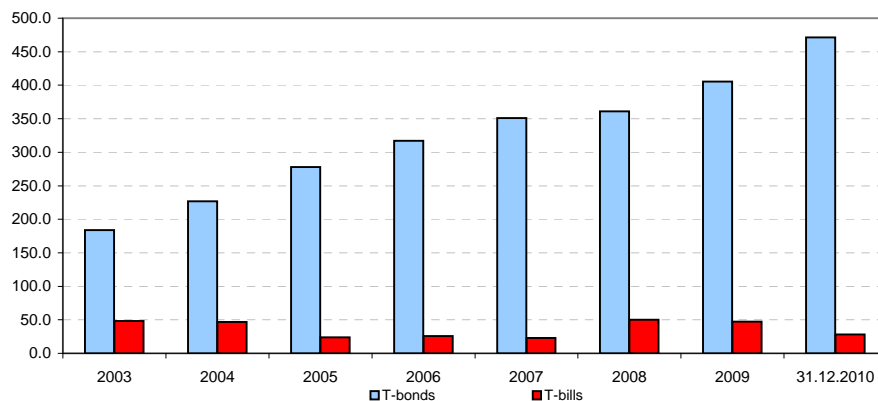
Indebtedness in T-bonds increased by PLN 63.6, whereas indebtedness in T-bills decreased by PLN 19.6bn.

13 External financing in January - December 2010
(bonds issued on foreign markets and loans received from IFIs, EUR bn)



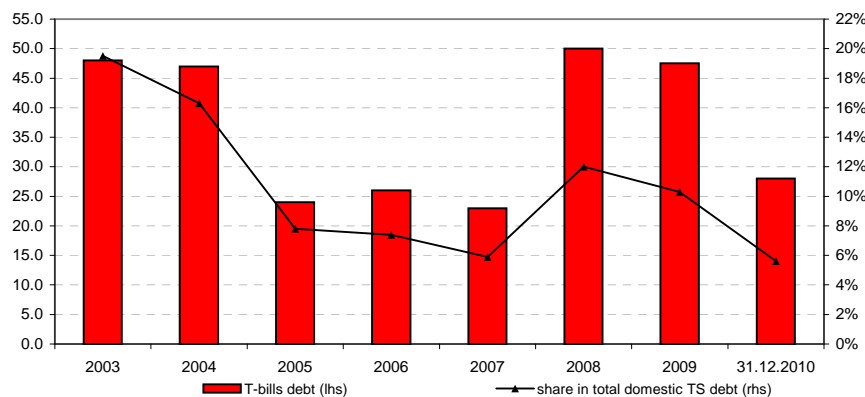
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 6.3bn. T-bonds issuance was EUR 6.8bn and EUR 1.8bn inflows from IFIs.

14 Structure of marketable debt
(PLN bn)



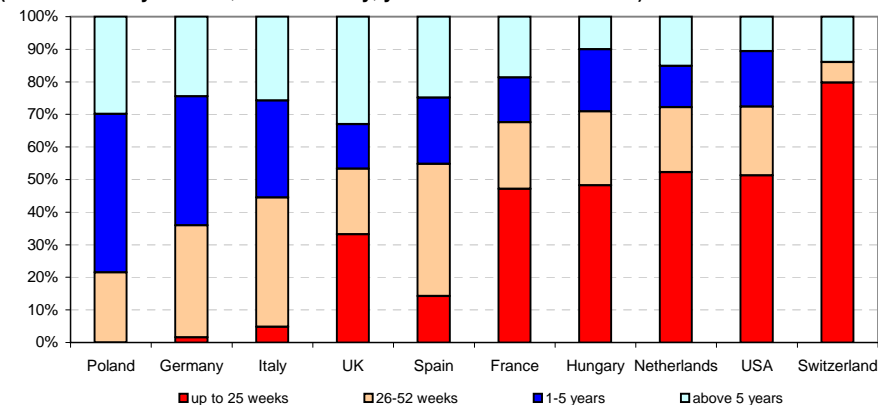
In the end of 2010 the marketable domestic debt amounted to PLN 499.3bn. Annually increase was of PLN 46.3bn.

15 T-bills outstanding
(PLN bn)



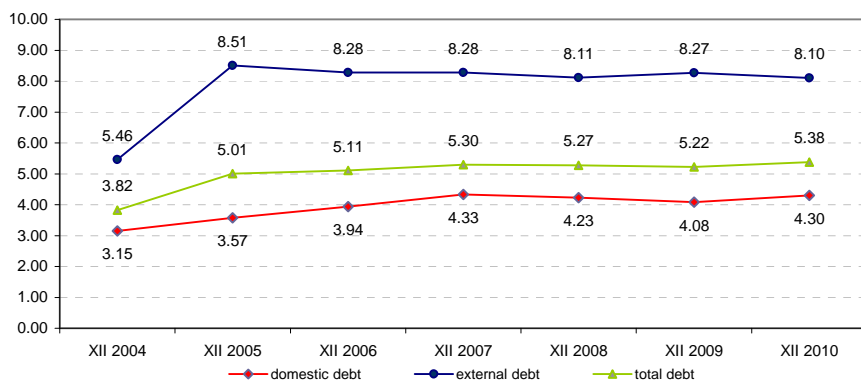
In 2010 there was an indebtedness in T-bills of PLN 19.6bn. T-bills share in total domestic debt amounted to 5.5% at the end of December (historically record low level).

16 Maturity breakdown of T-securities sold in 2009 in Poland and other countries
(auctions and syndicates, local currency, ytd as of 31 December 2010)



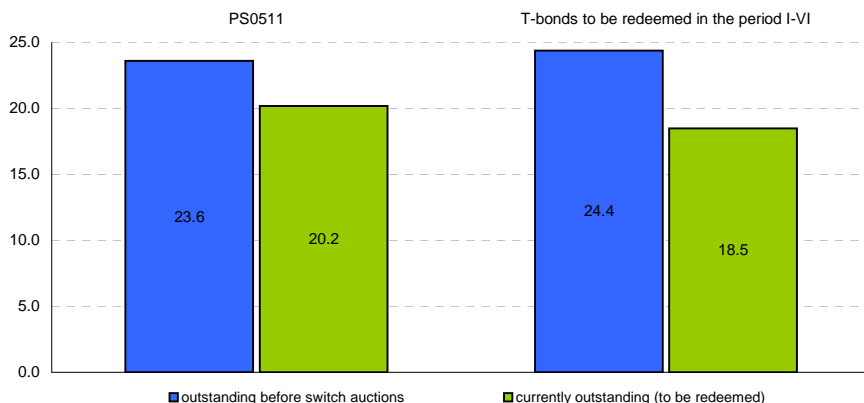
In terms of maturity, the sale of TS in Poland is dominated by securities with maturity over 1 year.

17 Average maturity



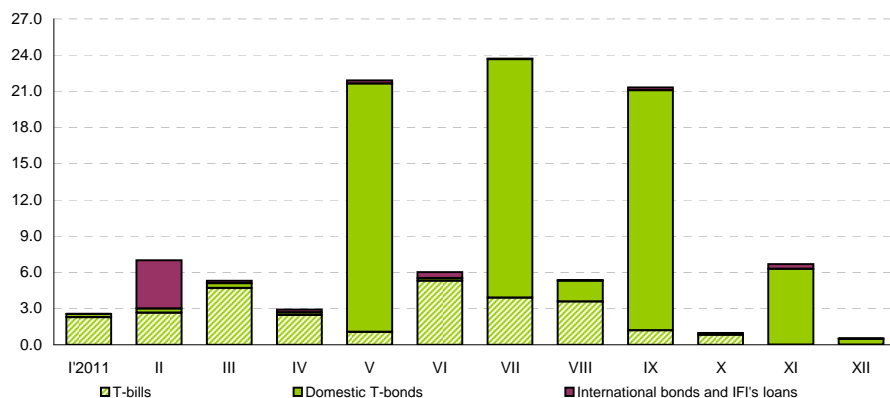
In December the average maturity of total debt was at historically record high level of 5.38.

18 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2011 (switch auctions, PLN bn)



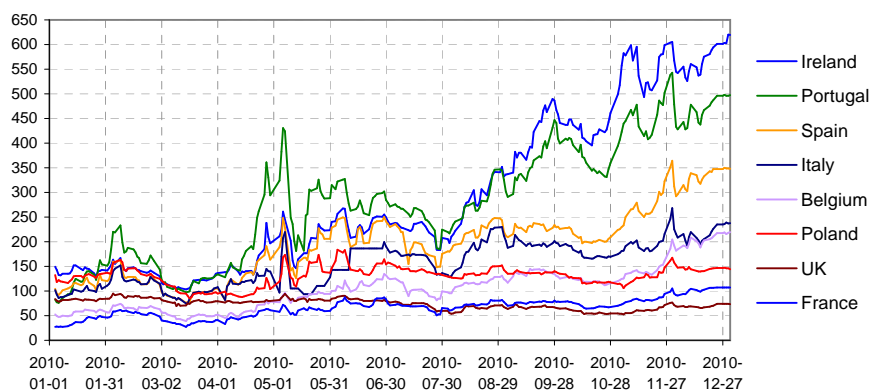
Buy-back of T-bonds maturing in 2011 was carried out:
 - PS0511 T-bond: PLN 3.4bn (14% of initial outstanding)
 - T-bills to be redeemed in the period of I-VI: PLN 5.9bn (24%).

19 State Treasury debt redemptions in 2011 (nominal amount, PLN bn, as of 31 December 2010)



The nominal amount of debt to be redeemed in 2011 is equal to PLN 104.4bn, including:
 - T-bills: PLN 28.0bn,
 - T-bonds on domestic market: PLN 70.2bn,
 - bonds and loans on foreign markets: PLN 6.2bn.

20 CDS levels (5-year, bp)



The level of Polish contracts diverged significantly from the the CDS contracts of the countries which are suffering financial troubles. Currently 5-year CDS contracts for Poland are traded at lower and lower level than contracts for Belgium. Simultaneously Polish contracts are approaching the level of French contracts.