



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

FEBRUARY 2011

State budget borrowing requirements' financing plan and its background:

in February 2011

THE MOST IMPORTANT INFORMATION:

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1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
9 FEB 2011	11 FEB 2011	OK0113	2,500-5,500
16 FEB 2011	18 FEB 2011	WZ / IZ	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)
2 FEB 2011/ 4 FEB 2011	PS0416	PS0511	20,094
		OK0711	19,264

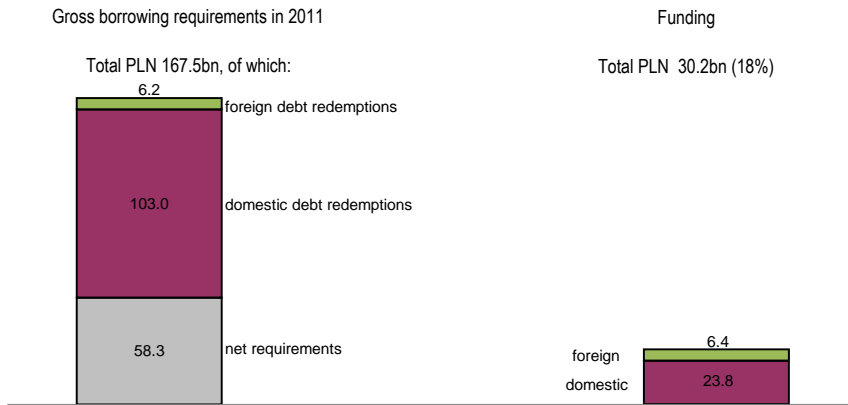
3 T-bill auctions

Auction date	Settlement date	T-bill	Maturity date	Planned offer (PLN m)
7 FEB 2011	9 FEB 2011	51-week	01 FEB 2012	500-1,100
14 FEB 2011	16 FEB 2011	50-week	01 FEB 2012	700-1,700
21 FEB 2011	23 FEB 2011	49-week	01 FEB 2012	1,000-2,000
28 FEB 2011	02 MAR 2011	52-week	29 FEB 2012	1,000-2,000

4 Offer on retail market

T-bond	Issue price	Coupon
DOS0213	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.50%
TZ0214	99.90 PLN	Floating (0.95 * WIBOR 6M), 4.07% in the first coupon period
COI0215	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 5.00% in the first coupon period
EDO0221	100.00 PLN	Floating (inflation rate + 3.00%), 5.75% in the first coupon period

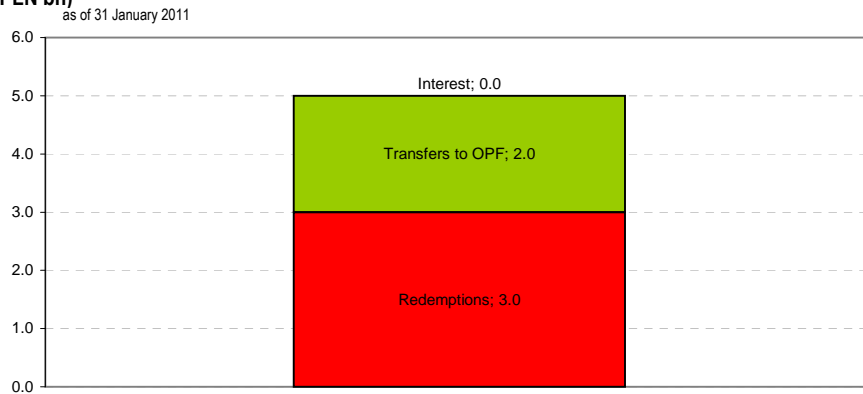
1 Gross borrowing requirements in 2011



Funding of borrowing requirements of 2011 reached 18% which was a result of:

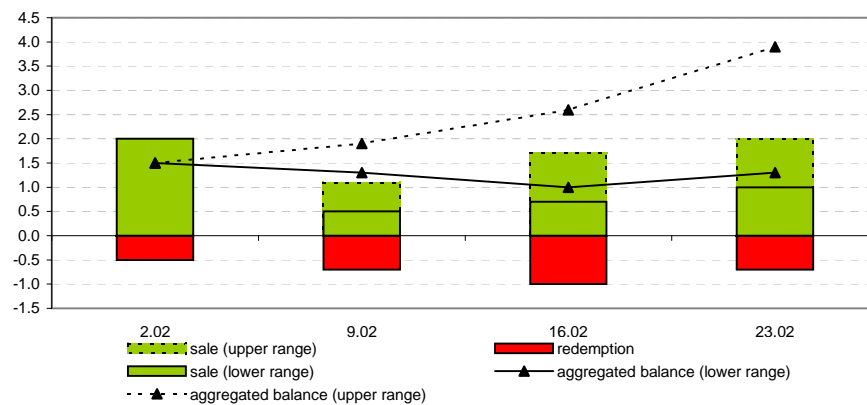
- Treasury bills buyback maturing in 2011: PLN 5.7bn,
- rolling over of Treasury bonds by switch auctions in 2010: PLN 3.3bn,
- higher than planned financial resources at the end of 2010: PLN 6.3bn
- Treasury securities sale on domestic market: PLN 10.7bn,
- Treasury bonds issuance on foreign markets: PLN 4.3bn.

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



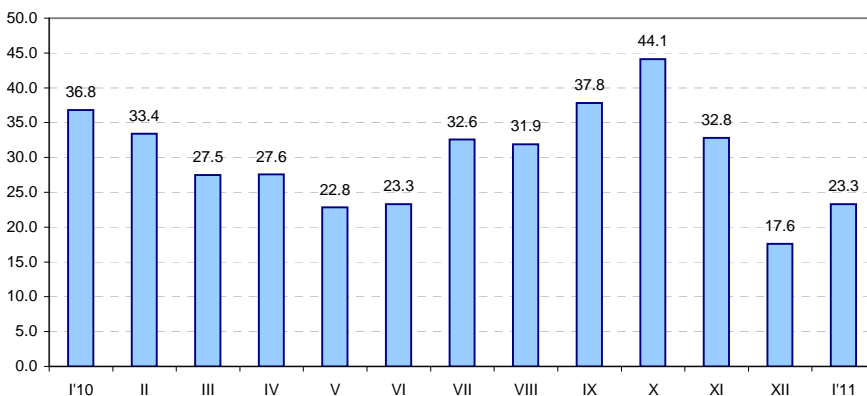
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 5bn.

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



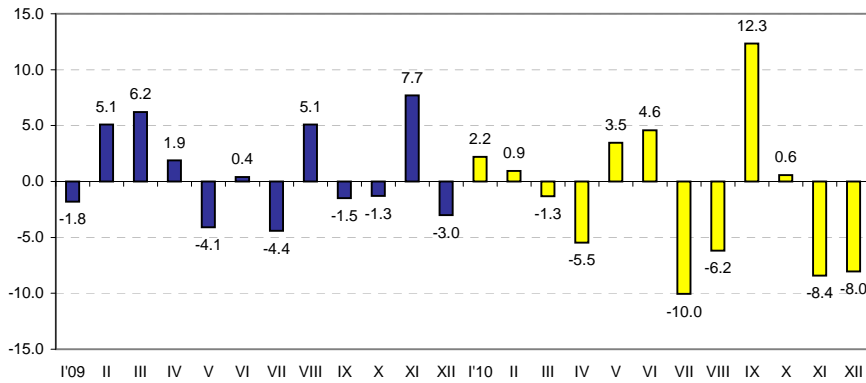
Assumed change of T-bills debt in February (by settlement date) will increase by PLN 1.3 - 3.9bn.

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)



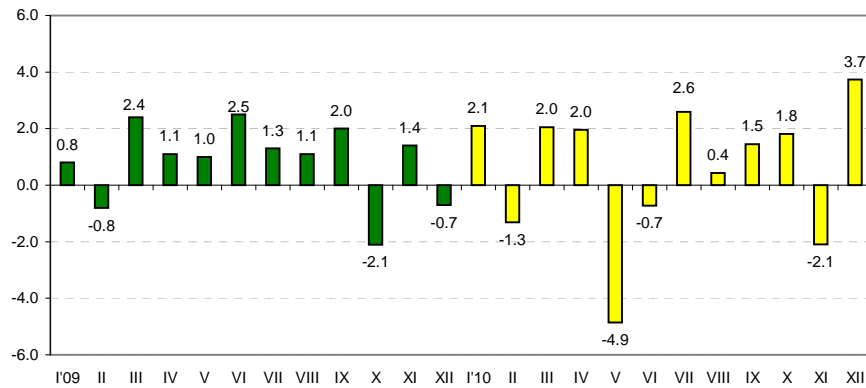
The funds ensure liquidity in borrowing needs financing.

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



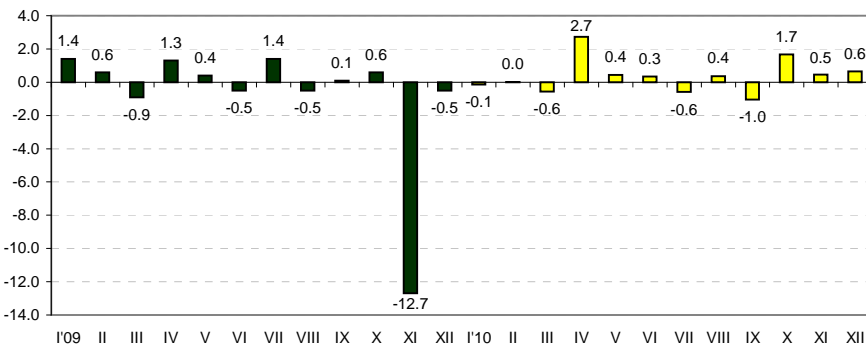
In the period of I-XII 2010 debt held by domestic banks decreased by PLN 15.4bn comparing to PLN 10.3bn increase during the same period of 2009.

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



In the period of I-XII 2010 debt held by pension funds increased by PLN 7.1bn comparing PLN 10.0bn increase during the same period of 2009.

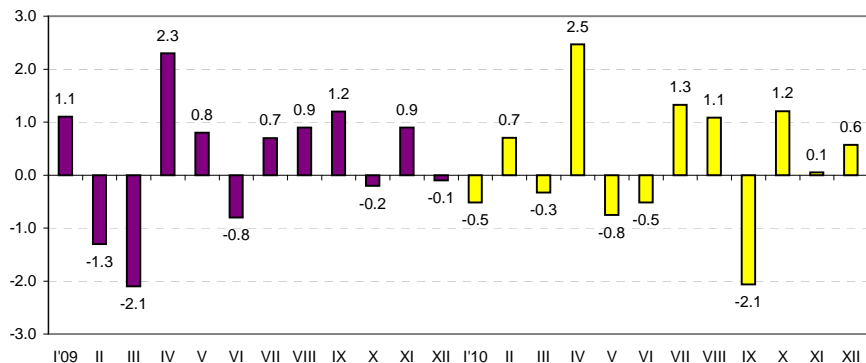
7 Change of debt in domestic Treasury securities held by insurance companies (PLN bn)



In the period of I-XII 2010 there was an increase of PLN 4.3bn in debt held by insurance companies. During the same period of 2009 there was a decrease of PLN 9.3bn.

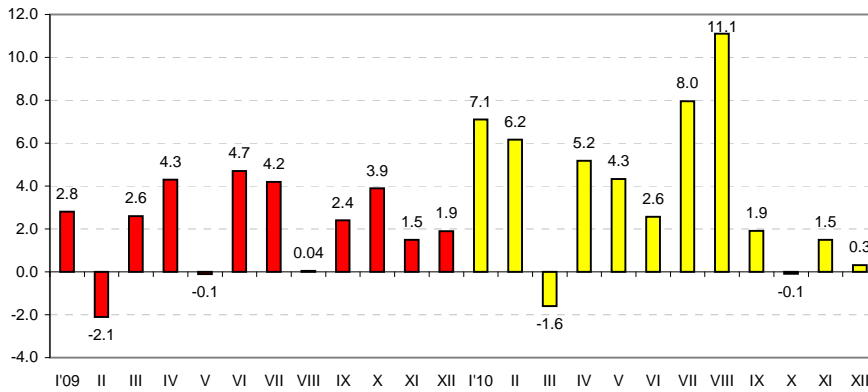
* dividend paid by PZU S.A.

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



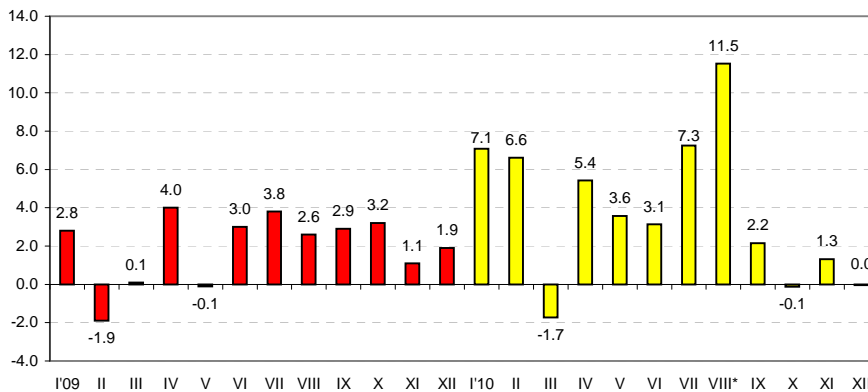
In the period of I-XII 2010 there was an increase of PLN 3.2bn in debt held by investment funds. During the same period of 2009 there was an increase of PLN 3.4bn.

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



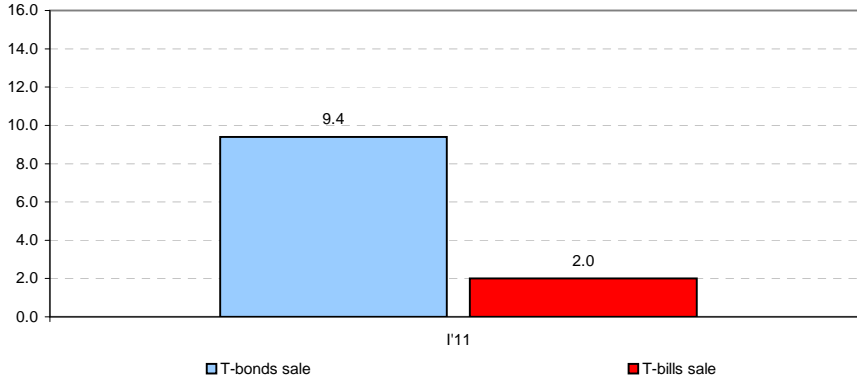
In the period of I-XII of 2010 inflow of foreign capital to the domestic TS market amounted to PLN 46.4bn comparing to PLN 26.1bn increase in the same period of 2009. Foreign investors' holdings reached level of PLN of 128.3bn.

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



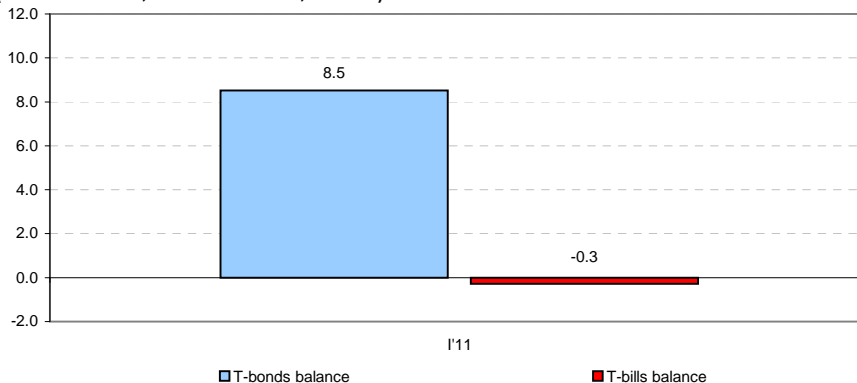
In the period of I-XII of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 46.2bn comparing to PLN 23.4bn increase in the same period of 2009. Foreign investors' holdings reached PLN 124.8bn.

11 Sale of T-bonds and T-bills in January 2011 (settlement date, nominal amount, PLN bn)



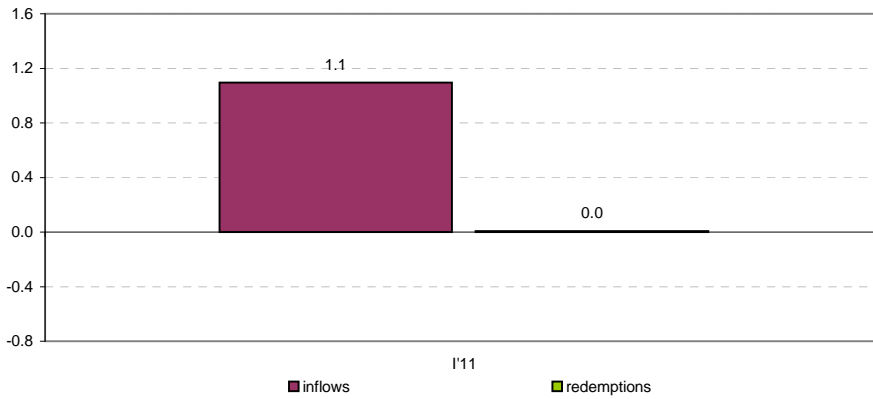
The structure of Treasury securities offered on domestic market in 2011 is dominated by T-bonds (82.5%).

12 Balance of T-bonds and T-bills in January 2011 (settlement date, nominal amount, PLN bn)



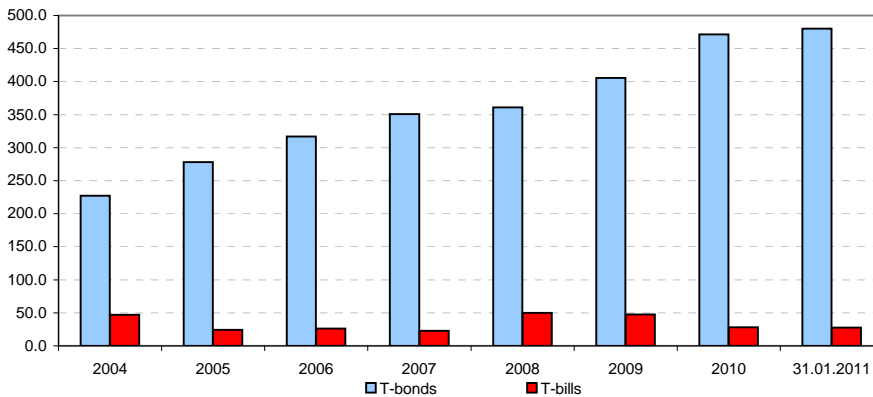
Indebtedness in T-bonds increased by PLN 8.5bn, whereas indebtedness in T-bills decreased by PLN 0.3bn in 2011.

13 External financing in January 2011
(bonds issued on foreign markets and loans received from IFIs, EUR bn)



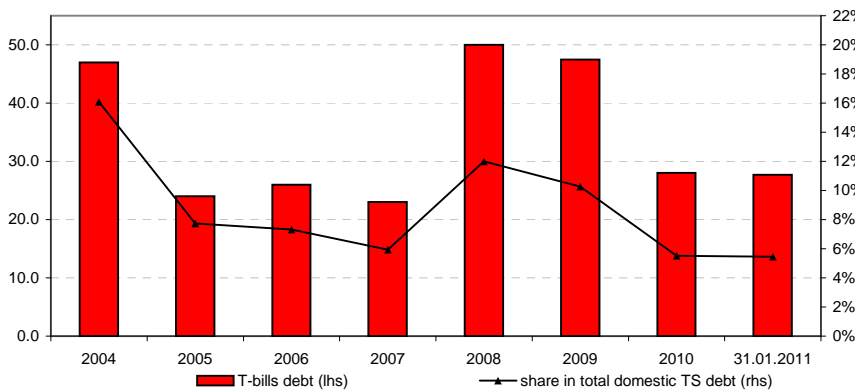
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 1.1bn. T-bonds issuance was EUR 1.1bn.

14 Structure of marketable debt
(PLN bn)



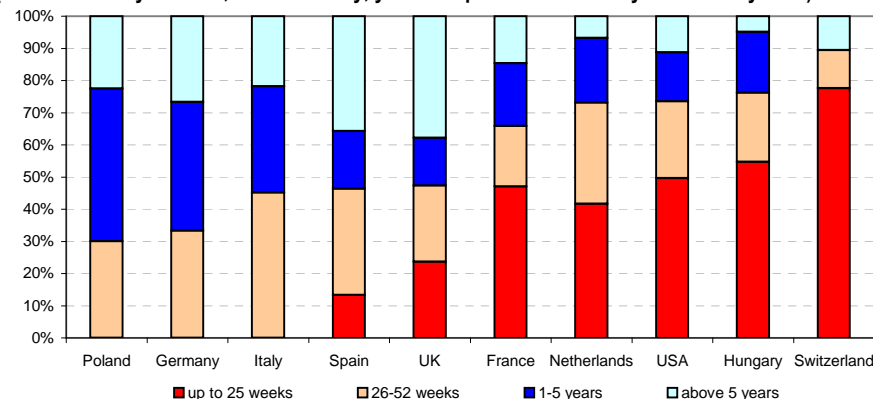
At the end of January 2011 the marketable domestic debt amounted to PLN 507.8bn comparing to PLN 499.3bn at the end of 2010.

15 T-bills outstanding
(PLN bn)



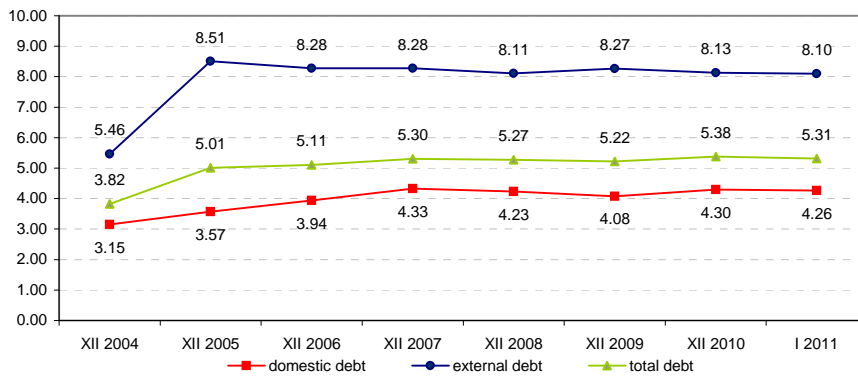
In January 2011 indebtedness in T-bills decreased by PLN 0.3bn and its share in total domestic debt amounted to 5.4% (historically record low level).

16 Maturity breakdown of T-securities sold in 2009 in Poland and other countries
(auctions and syndicates, local currency, ytd in the period of 1 January - 31 January 2011)



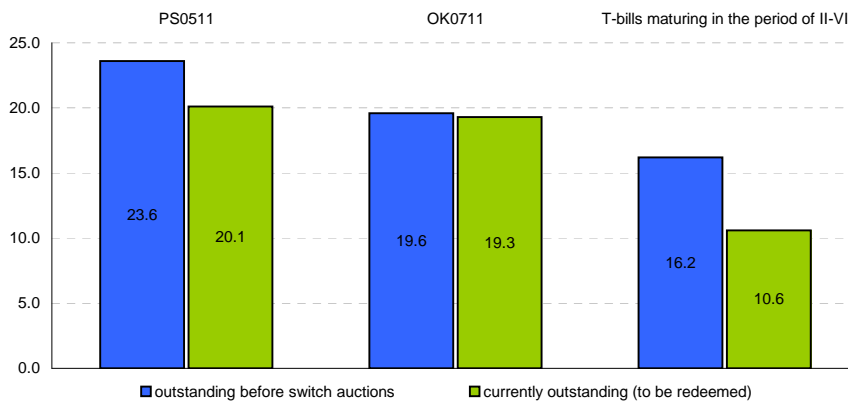
In terms of maturity, the sale of TS in Poland in 2011 is dominated by securities with maturity over 1 year.

17 Average maturity



In January 2011 the average maturity of domestic debt was at 5.31.

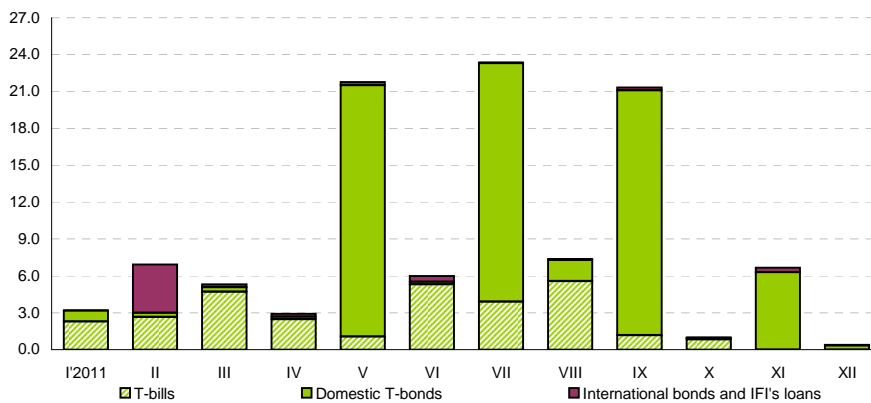
18 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2011 (switch auctions, PLN bn, as of 31 January 2011)



Buy-back of T-bonds maturing in 2011 via switch auctions:

- PS0511: PLN 3.5bn (15% of initial outstanding),
- OK0711: PLN 0.3bn (2% of initial outstanding),
- T-bills maturing in the period February-June: PLN 5.6bn (35% of initial outstanding).

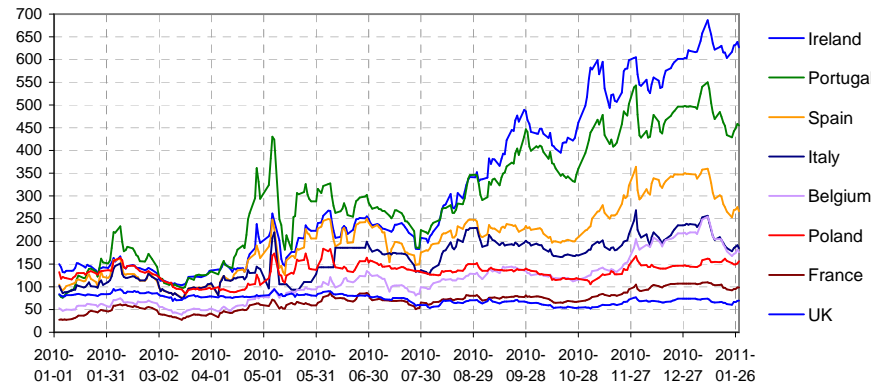
19 State Treasury debt redemptions in 2011 (nominal amount, PLN bn, as of 31 January 2011)



The nominal amount of debt to be redeemed in 2011 is equal to PLN 103.2bn, including:

- T-bills: PLN 27.7bn
- T-bonds on domestic market: PLN 69.4bn
- bonds and loans incurred in foreign markets: PLN 6.1bn.

20 CDS levels (5-year, bp)



The level of Polish 5-year CDS contracts traded at lower level in comparison to CDS contracts of the countries suffering financial troubles, e.g. Ireland, Portugal, Spain but also Italy or Belgium.

21 T-bonds issue on the EUR market (reopening)Issue summary:

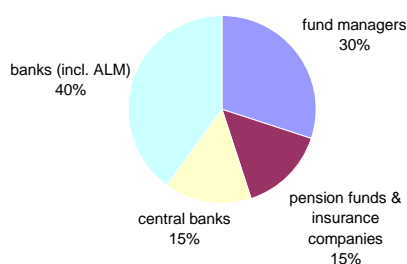
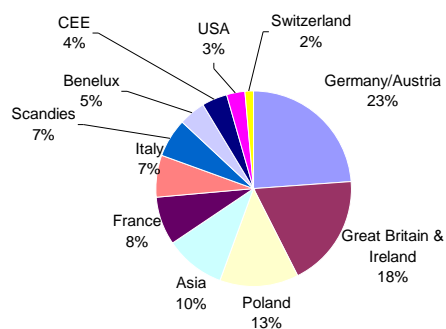
Amount:	EUR 1bn (aggregate amount: EUR 2bn)
Maturity date:	March 23, 2021
Coupon:	4.000%
Spread:	150 bp above the mid-swaps
Yield:	4.853%
Launch date:	January 13, 2011
Bookrunners:	Deutsche Bank, ING Bank N.V., Société Générale and UniCredit Bank AG

Market commentary:

IFR no 1866 (January 15, 2011):

"(...) Poland took advantage of the strong issuance window and the improved market environment after the Portuguese auctions to successfully return to the markets. (...)

This tap enabled Poland to access its traditionally strong investor following its first issue in the euro sector this year, and to further increase the liquidity of the 2021 bond".

Orderbook by investor typeOrderbook by geography**22 T-bonds issue on the JPY market (private placement)**

On January 26th, 2011 the Ministry of Finance issued a 15-year Japanese Yen denominated bond for the nominal amount of JPY 18 bn. The bond maturing on 26 January 2026. The yield and semi-annual coupon has been set at 3 per cent. The issue was executed under Republic of Poland's Euro Medium Term Note (EMTN) Programme as private placement. The lead manager on the transaction was Nomura International plc.

23 New Flexible Credit Line approved

On January 21, 2011 International Monetary Fund approved another Flexible Credit Line to Poland. The amount of SDR 19.16bn (ca. USD 30bn) was given for the period of 2 years.

For more information visit:

www.imf.org/external/np/sec/pr/2011/pr1115.htm