



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

APRIL 2011

State budget borrowing requirements' financing plan and its background:

in the second quarter of 2011

in April 2011

THE MOST IMPORTANT INFORMATION:

	<i>(page)</i>
➤ Initial information on public debt at the end of 2010	1
➤ Detailed issuance calendar in the second quarter of 2011.....	2-3
➤ Detailed issuance calendar in April.....	4
➤ Current borrowing requirements in 2011 funded in 37%.....	5
➤ Foreign investors' holdings at historically record high level.....	7

Initial information on public debt at the end of 2010:

- Estimated State Treasury level was PLN 701.9bn which translated into 49.7% of GDP,
- Estimated public debt level was PLN 748.5bn which translated into 53.0% of GDP,
- Estimated General Government debt level was PLN 778.2bn which translated into 55.1% of GDP.

According to expectations public debt has not exceeded the statutory threshold of 55% of GDP and has been lower in comparison to prior estimate (53.5%).

1 General assumptions

- In the second quarter of 2011 T-bond and T-bill auctions are planned to follow the announced yearly issuance calendar and the following modifications in April:
 - auction of PS, DS, WS, WZ and IZ T-bond series will not be held,
 - T-bond switch auction will be held on the third Wednesday,
- Offer of T-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,
- Offer and structure of T-bonds will take into account possibility of holding two auctions of bonds issued by BGK for the National Road Fund.

2 Offer of T-bonds on the domestic market

- Sale auctions

OK/PS T-bonds	WZ/IZ T-bonds	Bonds issued by BGK
PLN 10.0-18.0 bn (three auctions)	PLN 3.0-6.0 bn (two auctions)	up to 5.0 bn (two auctions)

- Switch auctions: T-bonds to be repurchased are securities maturing from May to September 2011. The structure of sold T-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 44-52 week	Other maturities
12	PLN 6.0-12.0 bn	depending on budget liquidity

4 Retail bonds:

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

5 Foreign financing:

- Bond issuance on the U.S. market denominated in USD,
- Possibility of additional financing by bond issuance on the other core international markets in the public offering and private placement system,
- Possibility of additional financing by loans from International Financial Institutions up to EUR 0.5 bn.

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

- Sale auctions

Month	Auction date	Settlement date	Bond
April	2011-04-13	2011-04-15	OK0713
May	12-05-2011*	2011-05-16	OK / PS
	2011-05-18	2011-05-20	WZ / IZ
	25-05-2011**	2011-05-27	Bonds issued by BGK for the National Road Fund
June	09-06-2011*	2011-06-13	OK / PS
	2011-06-15	2011-06-17	WZ / IZ
	22-06-2011**	2011-06-27	Bonds issued by BGK for the National Road Fund

* auction on Thursday

** conditional auction

- Switch auctions

Month	Auction date	Settlement date
April	2011-04-20	2011-04-26
May	2011-05-04	2011-05-06
June	2011-06-01	2011-06-03

7 T-bill auctions

Month	Auction date	Settlement date	T-bill	Maturity date
April	2011-04-04	2011-04-06	51 week	2012-03-28
	2011-04-11	2011-04-13	50 week	2012-03-28
	2011-04-18	2011-04-20	49 week	2012-03-28
	21-04-2011*	2011-04-27	48 week	2012-03-28
May	2011-05-09	2011-05-11	46 week	2012-03-28
	2011-05-16	2011-05-18	45 week	2012-03-28
	2011-05-23	2011-05-25	44 week	2012-03-28
	2011-05-30	2011-06-01	52 week	2012-05-30
June	2011-06-06	2011-06-08	51 week	2012-05-30
	2011-06-13	2011-06-15	50 week	2012-05-30
	2011-06-20	2011-06-22	49 week	2012-05-30
	2011-06-27	2011-06-29	52 week	2012-06-27

* auction on Thursday

1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
13 APR 2011	15 APR 2011	OK0713	3,000-5,500

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 APR 2011/ 26 APR 2011	PS0416/ WZ0115	PS0511	16,647
		OK0711	18,492
		WZ0911	19,670

3 T-bill auctions

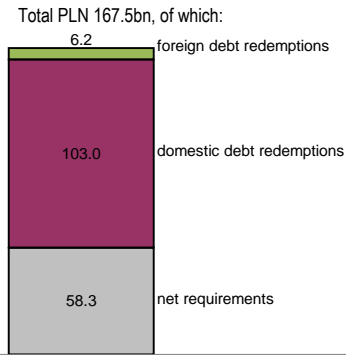
Auction date	Settlement date	T-bill	Maturity date	Planned offer (PLN m)
4 APR 2011	6 APR 2011	51-week	28 MAR 2012	500-1,000
11 APR 2011	13 APR 2011	50-week	28 MAR 2012	300-600
18 APR 2011	20 APR 2011	49-week	28 MAR 2012	500-1,000
21 APR 2011	27 APR 2011	48-week	28 MAR 2012	500-1,500

4 Offer on retail market

T-bond	Issue price	Coupon
DOS0413	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
COI0415	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 5.00% in the first coupon period
EDO0421	100.00 PLN	Floating (inflation rate + 3.00%), 5.75% in the first coupon period

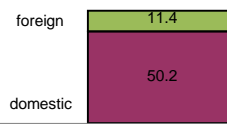
1 Gross borrowing requirements in 2011

Gross borrowing requirements in 2011



Funding I-III 2011

Total PLN 61.6bn (37%)

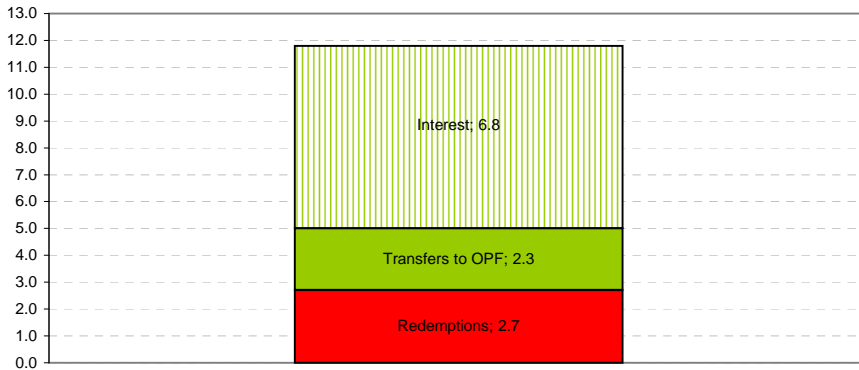


Funding of borrowing requirements of 2011 reached 37% which was a result of:

- 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 6.8bn
- Treasury securities sale on domestic market: PLN 36.5bn,
- Treasury bonds issuance on foreign markets: PLN 5.3bn
- and loans incurred from IFIs: PLN 4.0bn.

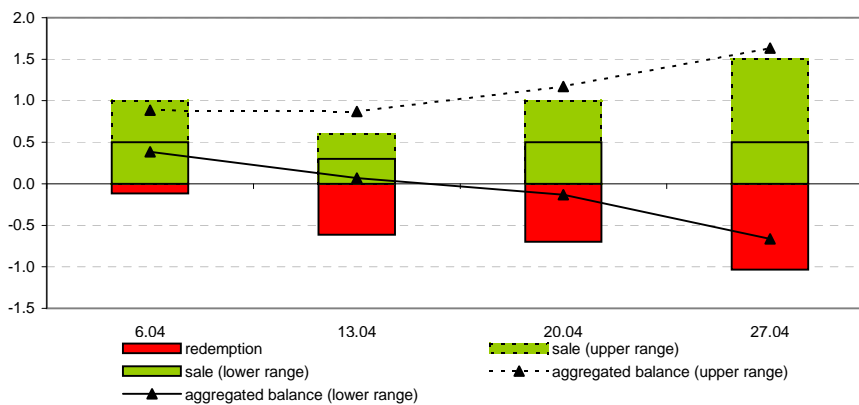
2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in April 2011 (PLN bn)

as of 31 March 2011



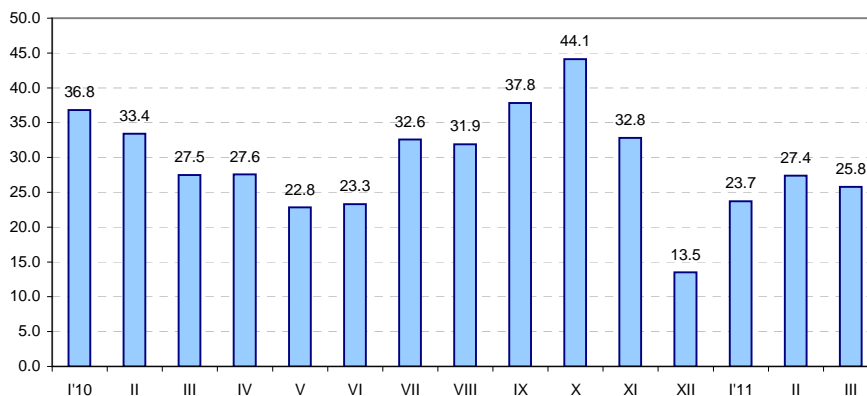
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 11.8bn.

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



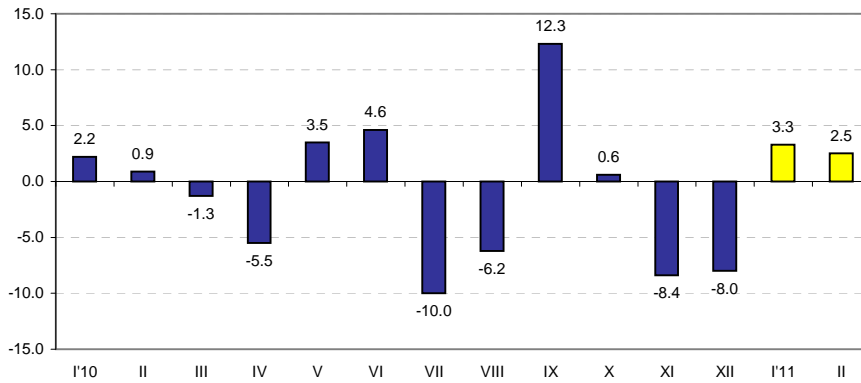
Assumed change of T-bills debt in April (by settlement date) will amount in range of PLN -0.7 to 1.6bn.

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)



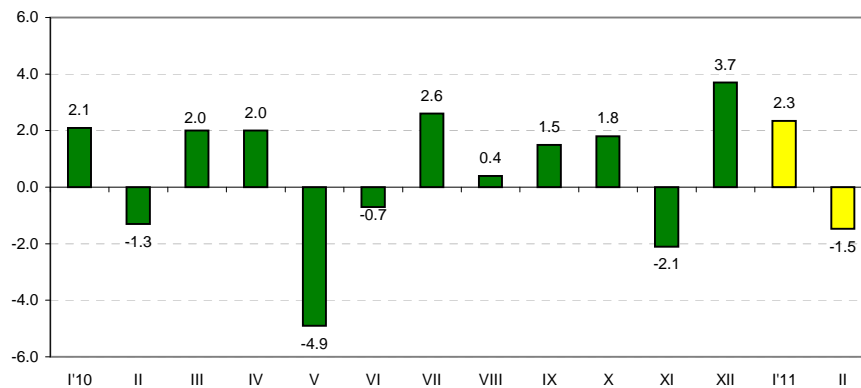
The funds ensure liquidity in borrowing needs financing.

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



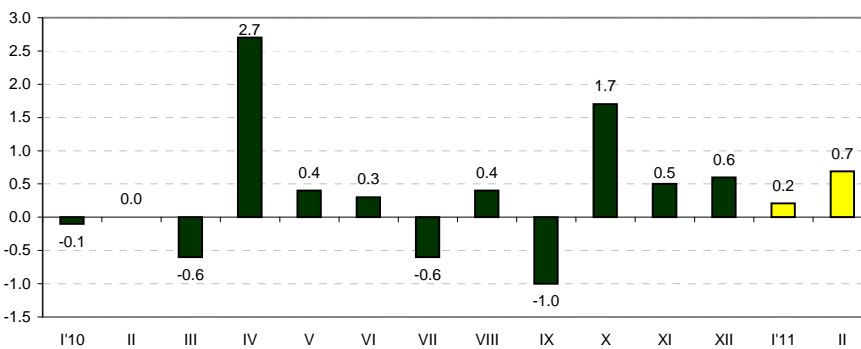
In the period of I-II 2011 debt held by domestic banks increased by PLN 5.8bn comparing to PLN 3.1bn increase during the same period of 2010.

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



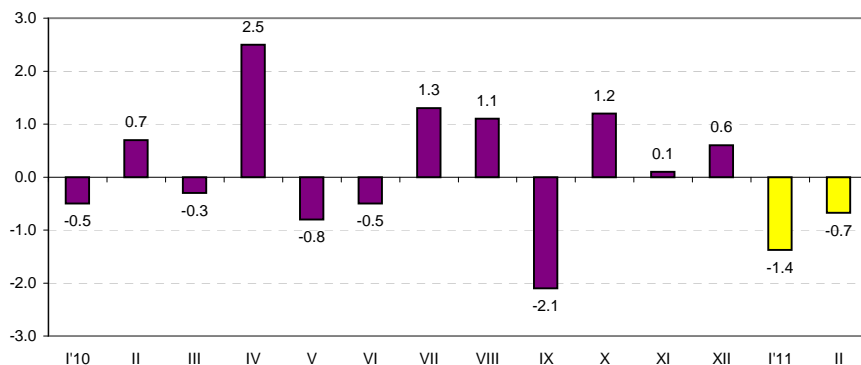
In the period of I-II 2011 debt held by pension funds increased by PLN 0.9bn comparing to PLN 0.8bn increase during the same period of 2010.

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



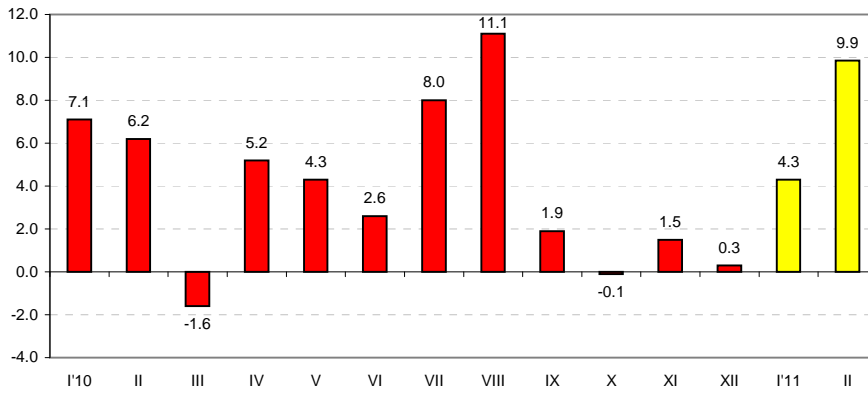
In the period of I-II 2011 there was an increase of PLN 0.9bn in debt held by insurance companies. During the same period of 2010 there was a decrease of PLN 0.1bn.

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



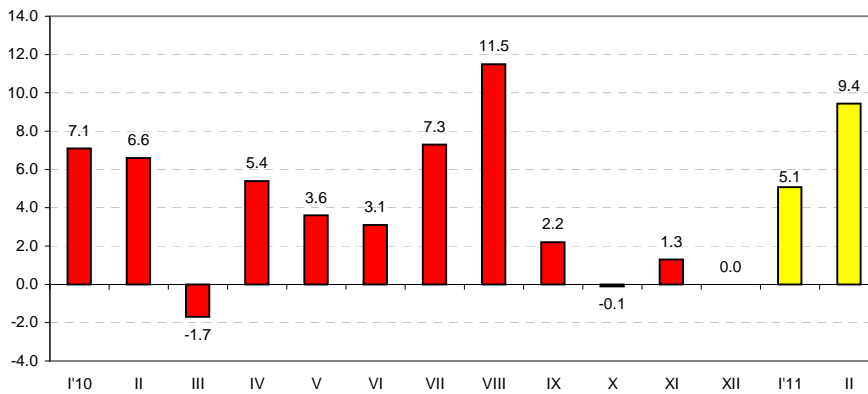
In the period of I-II 2011 there was a decrease of PLN 2.0bn in debt held by investment funds. During the same period of 2010 there was an increase of PLN 0.2bn.

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



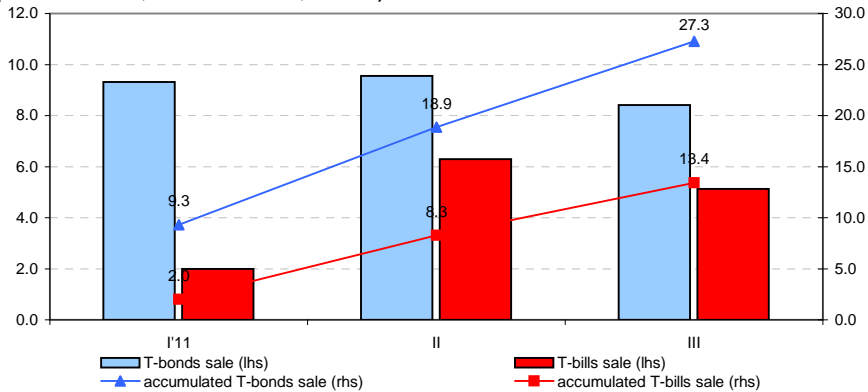
In the period of I-II of 2011 inflow of foreign capital to the domestic TS market amounted to PLN 14.2bn comparing to PLN 13.3bn increase in the same period of 2010. Foreign investors' holdings reached historically record high level of PLN 142.4 bn.

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



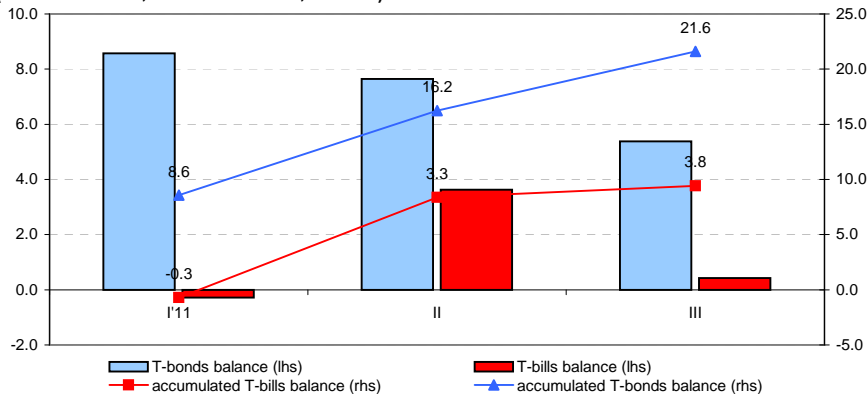
In the period of I-II of 2011 inflow of foreign capital to domestic bonds market amounted to PLN 14.5bn comparing to PLN 13.7bn increase in the same period of 2010. Foreign investors' holdings reached historically record high level of PLN 139.3bn.

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



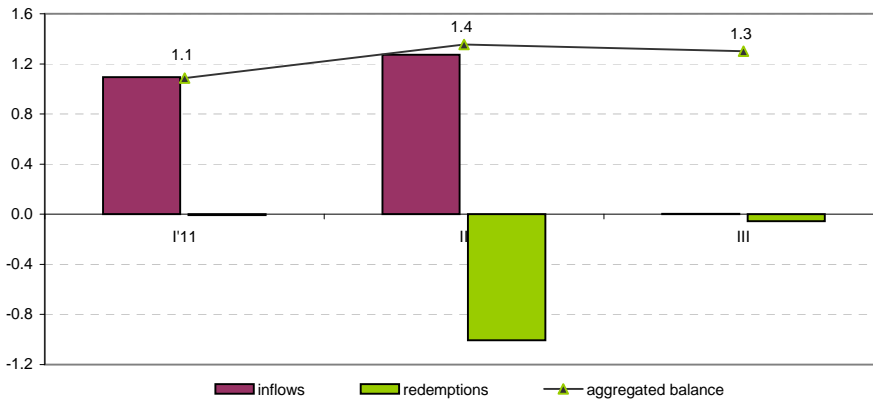
The structure of Treasury securities offered on domestic market in 2011 is dominated by T-bonds (67.0%).

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



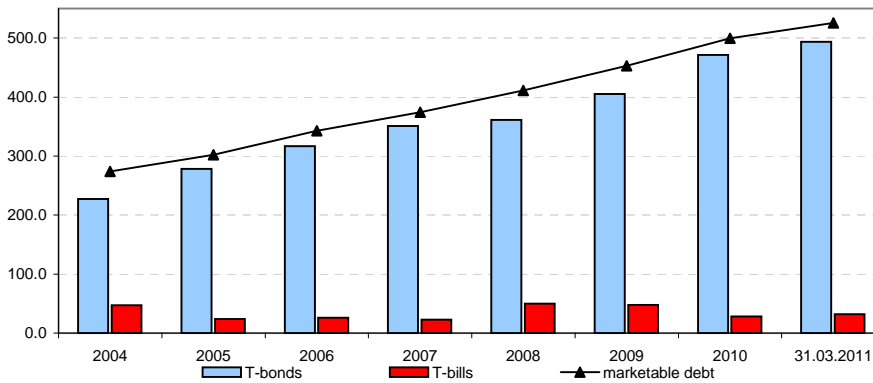
Indebtedness in T-bonds increased by PLN 21.6bn, whereas indebtedness in T-bills increased by PLN 3.8bn in 2011.

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



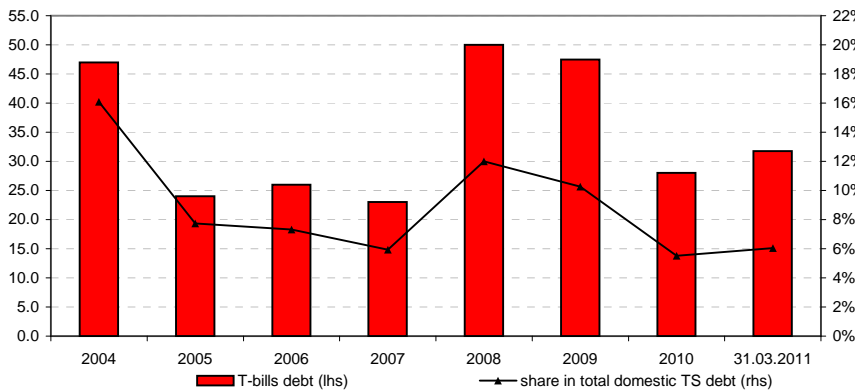
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 1.3bn. T-bonds issuance was EUR 1.4bn and EUR 1.0bn inflows from IFIs.

14 Structure of marketable debt
(PLN bn)



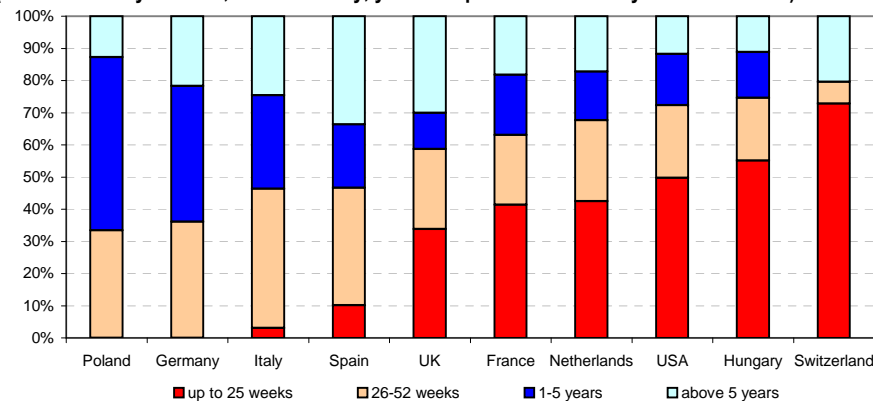
At the end of March 2011 the marketable domestic debt amounted to PLN 525.3bn comparing to PLN 499.3bn at the end of 2010.

15 T-bills outstanding
(PLN bn)



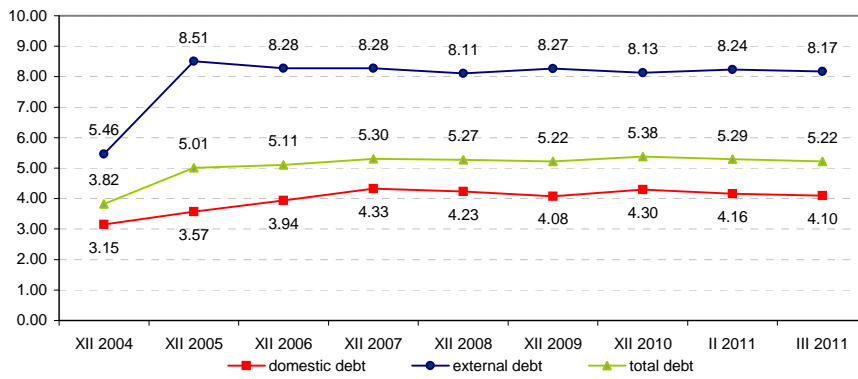
In the period of January - March 2011 indebtedness in T-bills decreased by PLN 3.7bn and its share in total domestic debt amounted to 6.0%.

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 - 30 March 2011)



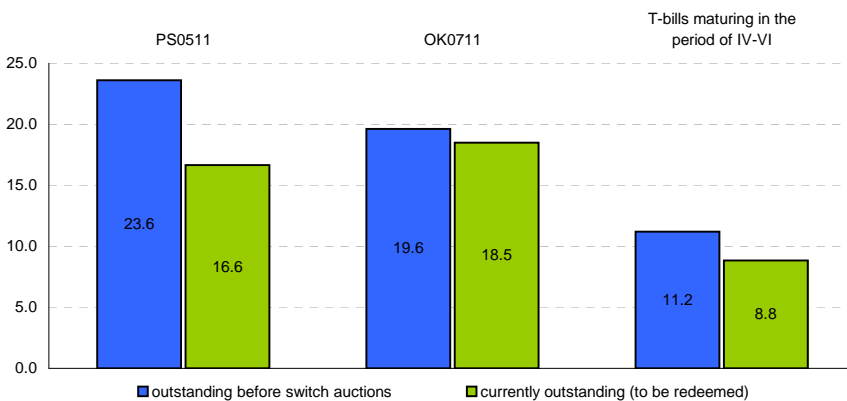
In terms of maturity, the sale of TS in Poland in 2011 is dominated by securities with maturity over 1 year.

17 Average maturity



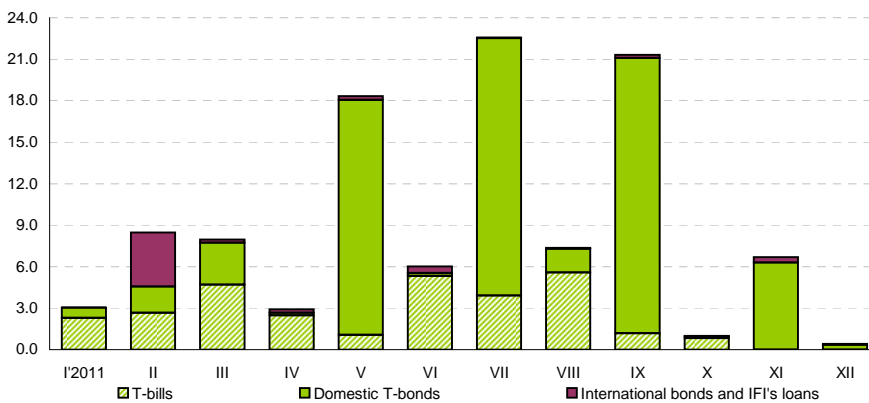
In March 2011 the average maturity of domestic debt was at 5.22 - a slightly decrease in comparison with the amount at the end of 2010.

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



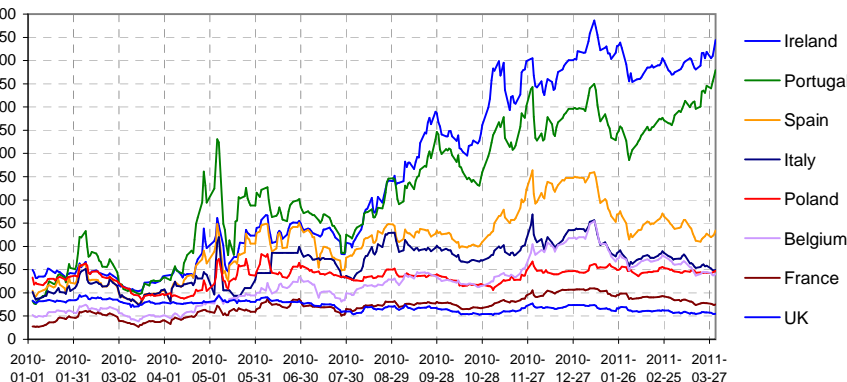
Buy-back of T-bonds maturing in 2011:
 - PS0511: PLN 7.0bn (30% of initial outstanding),
 - OK0711: PLN 1.1bn (6% of initial outstanding),
 - T-bills maturing in the period April - June: PLN 2.4 bn (21% of initial outstanding).

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



The nominal amount of debt to be redeemed in 2011 is equal to PLN 86.6bn, including:
 - T-bills: PLN 20.3 bn
 - T-bonds on domestic market: PLN 64.4bn
 - bonds and loans incurred in foreign markets: PLN 1.9bn.

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 and still Italy. Belgian CDS are traded at slightly lower level than Polish ones.