



# MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

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MAY 2011

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## State budget borrowing requirements' financing plan and its background:

in May 2011

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### THE MOST IMPORTANT INFORMATION:

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➤ Current borrowing requirements in 2011 funded in 50%.....	3
➤ Bond issuance on the USD market.....	7
➤ General government deficit and debt in 2010 (Eurostat's methodology).....	7

**1 T-bond auctions**

Auction date	Settlement date	Source T-bonds	Outstanding (PLN m)
12 MAY 2011*	16 MAY 2011	OK0713	2,500-4,500
18 MAY 2011	20 MAY 2011	PS0416	1,000-3,000
25 MAY 2011	27 MAY 2011	IPS1014 / IDS1018	1,000-2,500

\* auction on Thursday

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)
04 MAY 11 / 06 MAY 11	DS1020* / WZ0115	PS0511	13.158
		OK0711	17.738
		WZ0911	18.086

\* The sale up to PLN 1.5bn

**3 T-bill auctions**

Auction date	Settlement date	T-bill	Maturity date	Planned offer (PLN m)
09 MAY 2011	11 MAY 2011	46 week	28 MAR 2012	400-600
16 MAY 2011	18 MAY 2011	45 week	28 MAR 2012	400-1,100
23 MAY 2011	25 MAY 2011	44 week	28 MAR 2012	500-1,500
30 MAY 2011	01 JUN 2011	52 week	30 MAY 2012	500-1,500

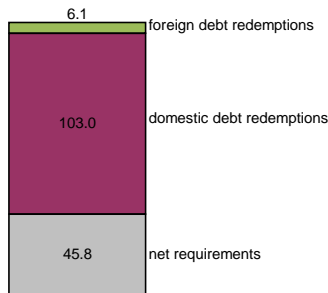
**4 Offer on the retail market**

T-bond	Issue price	Coupon
DOS0513	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.50%
TZ0514	99.90 PLN	Floating (0.95 * WIBOR 6M), 4.28% in the first coupon period
COI0515	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 5.00% in the first coupon period
EDO0521	100.00 PLN	Floating (inflation rate + 3.00%), 5.75% in the first coupon period

**1 Gross borrowing requirements in 2011**

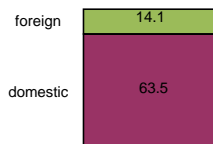
Gross borrowing requirements in 2011

Total PLN 154.9bn, of which:



Funding I-IV 2011

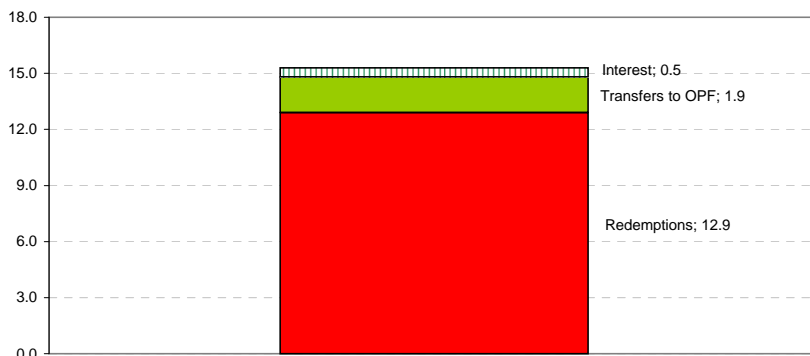
Total PLN 77.6bn (50%)



Funding of borrowing requirements of 2011 reached 50% which was a result of:

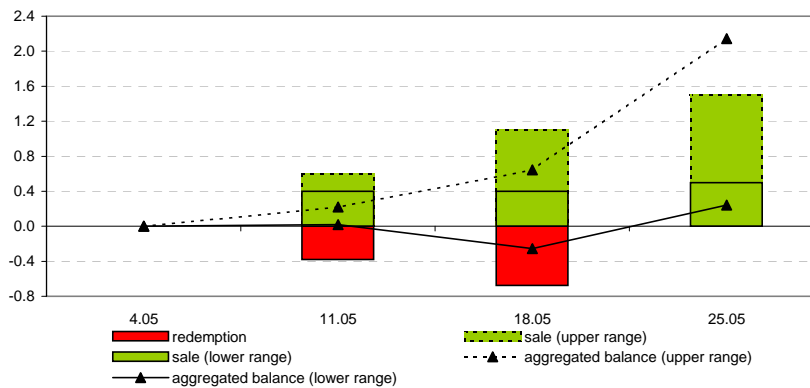
- Treasury bills buyback maturing in 2011: PLN 5.7bn,
- rolling over of Treasury bonds by switch auctions in 2010: PLN 3.3bn,
- higher than planned financial resources at the end of 2010: PLN 6.8bn
- Treasury securities sale on domestic market: PLN 49.7bn,
- Treasury bonds issuance on foreign markets: PLN 8.1bn
- 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 May 2011 (PLN bn)**



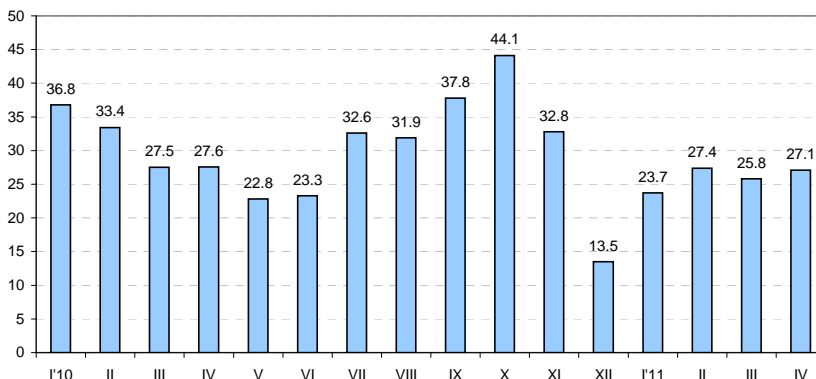
In May flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 15.3bn (including the results of switch auction held on May, 4th).

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



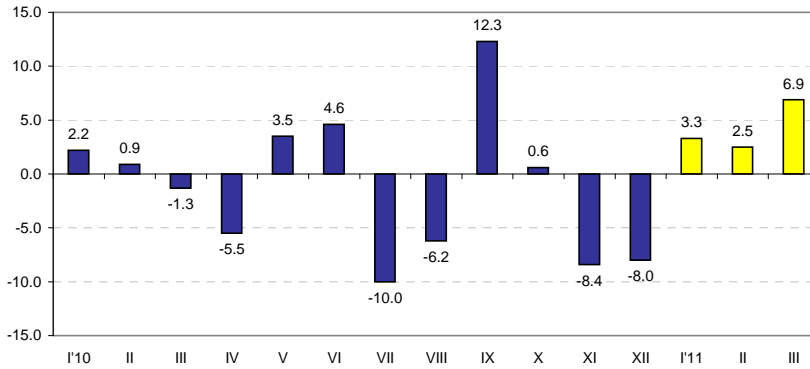
Assumed change of T-bills debt in May (by settlement date) will amount in range of PLN 0.2 to 2.1bn.

**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)**



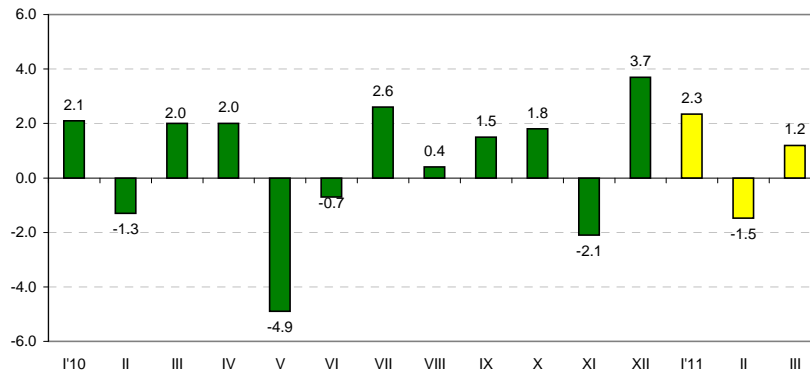
The funds ensure liquidity in borrowing needs financing.

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



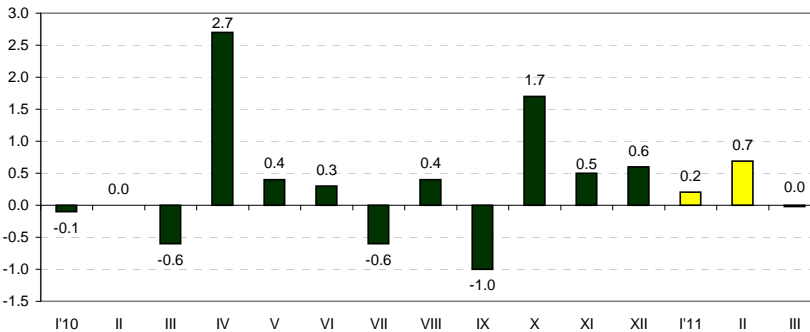
In the period of I-III 2011 debt held by domestic banks increased by PLN 12.7bn comparing to PLN 1.8bn increase during the same period of 2010.

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



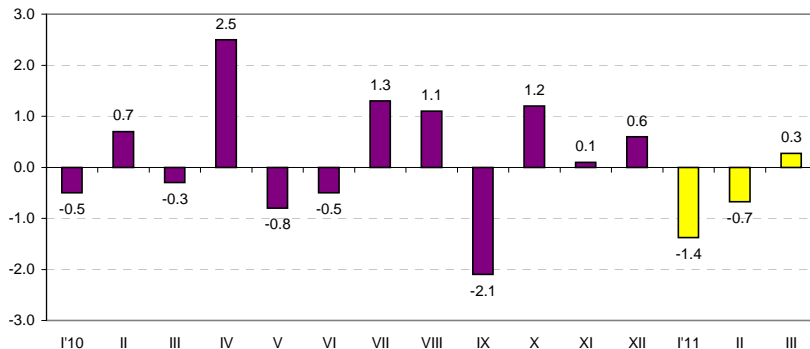
In the period of I-III 2011 debt held by pension funds increased by PLN 2.1bn comparing PLN 2.8bn increase during the same period of 2010.

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



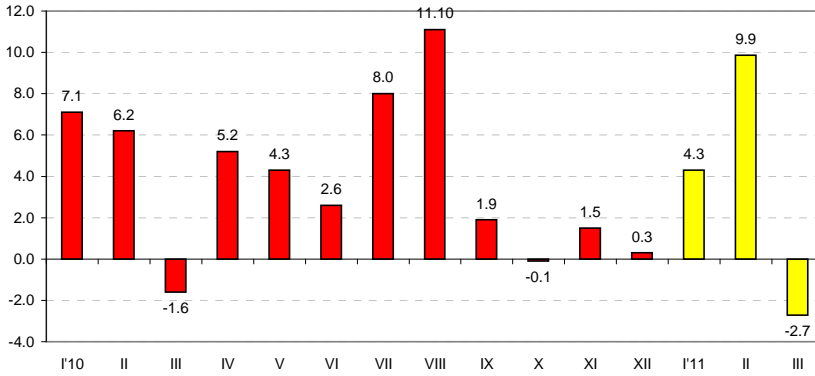
In the period of I-III 2011 there was an increase of PLN 0.9bn in debt held by insurance companies. During the same period of 2010 there was a decrease of PLN 0.7bn.

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



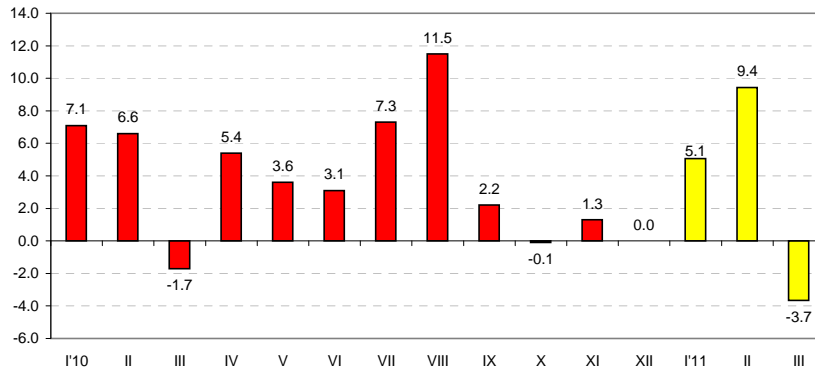
In the period of I-III 2011 there was a decrease of PLN 1.8bn in debt held by investment funds. During the same period of 2010 there was a decrease of PLN 0.1bn.

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



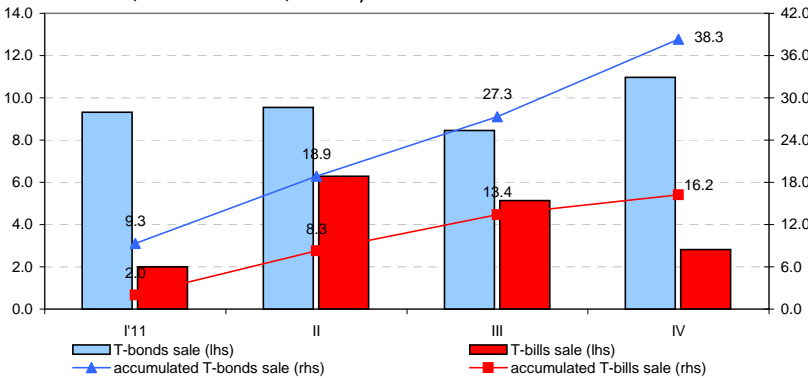
In the period of I-III of 2011 inflow of foreign capital to the domestic TS market amounted to PLN 11.4bn comparing to PLN 11.7bn increase in the same period of 2010. Foreign investors' holdings reached level of PLN of 139.7bn.

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



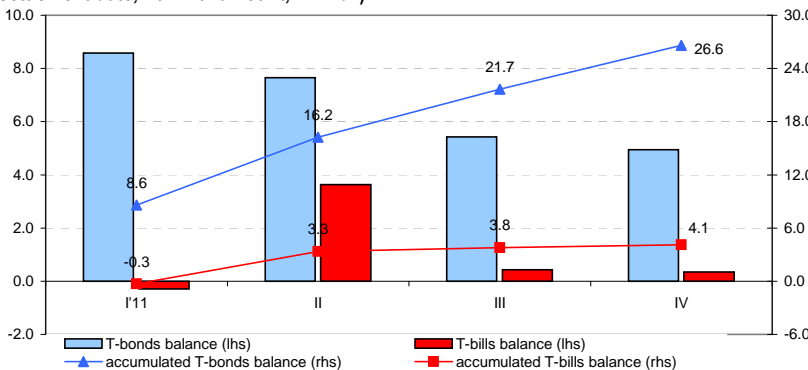
In the period of I-III of 2011 inflow of foreign capital to domestic bonds market amounted to PLN 10.8bn comparing to PLN 12bn increase in the same period of 2010. Foreign investors' holdings reached PLN 135.6bn.

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



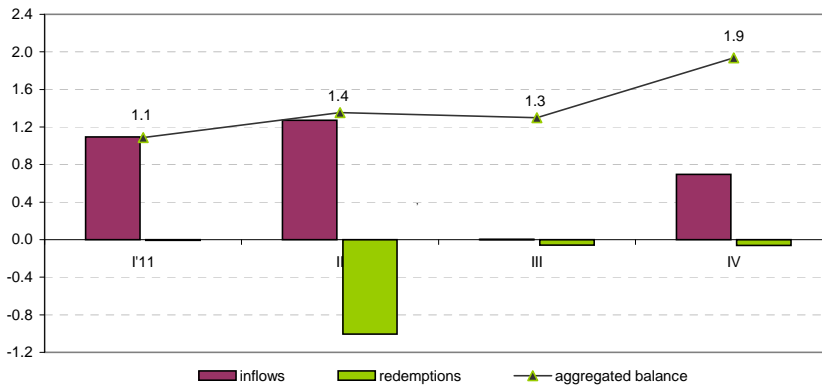
The structure of Treasury securities offered on domestic market in 2011 is dominated by T-bonds (70.2%).

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



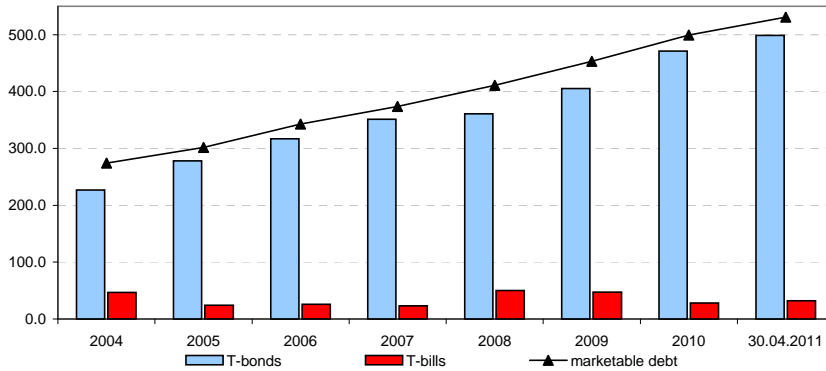
Indebtedness in T-bonds increased by PLN 26.6bn, whereas indebtedness in T-bills decreased by PLN 4.1bn in 2011.

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



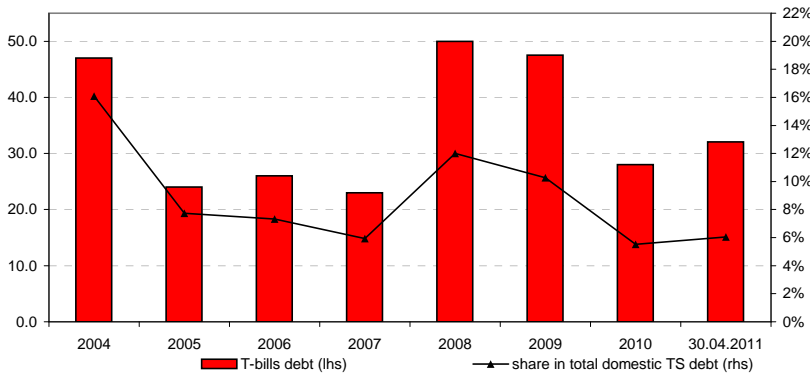
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 1.9bn. T-bonds issuance was EUR 2.1bn and inflows from IFIs was EUR 1.0bn.

**14 Structure of domestic debt**  
(PLN bn)



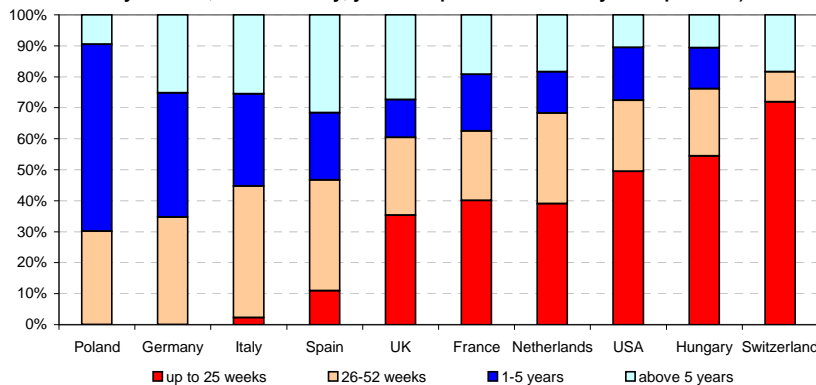
At the end of April 2011 the marketable domestic debt amounted to PLN 530.7bn comparing to PLN 499.3bn at the end of 2010.

**15 T-bills outstanding**  
(PLN bn)



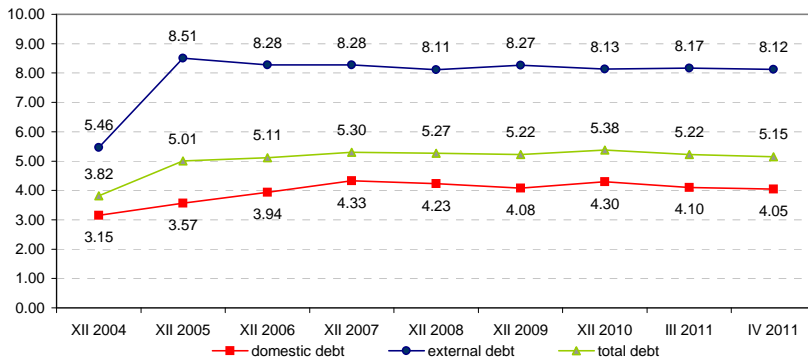
In the period of January - April 2011 indebtedness in T-bills increased by PLN 4.1bn and its share in total domestic debt amounted to 6%.

**16 Maturity breakdown of T-securities sold in Poland and other countries**  
(auctions and syndicates, local currency, ytd in the period of 1 January - 28 April 2011)



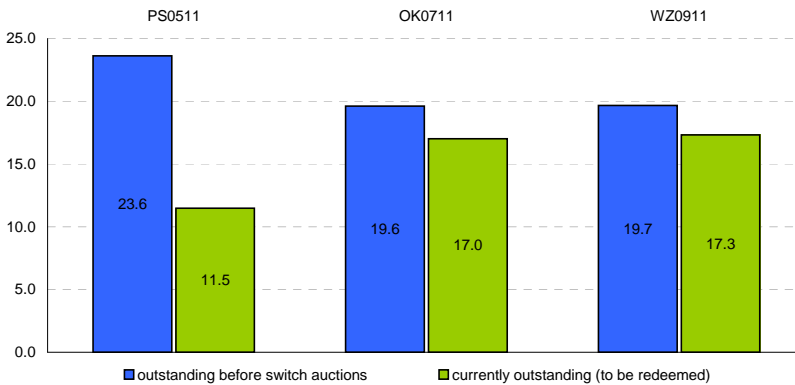
In terms of maturity, the sale of TS in Poland in 2011 is dominated by securities with maturity over 1 year.

17 Average maturity



In April 2011 the average maturity of domestic debt was at 5.15, a slight decrease in comparison with end-2010 figure.

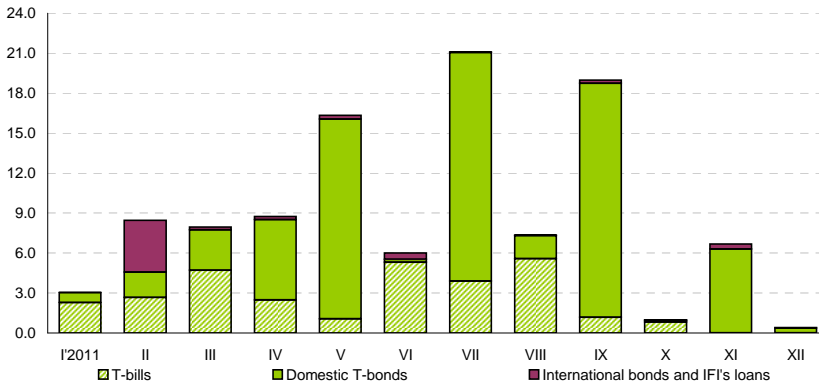
18 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2011 (switch auctions, PLN bn, as of 30 April 2011)



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

- PS0511: PLN 12.1bn (51% of initial outstanding),
- OK0711: PLN 2.6bn (13% of initial outstanding),
- WZ0911: PLN 2.3bn (12% of initial outstanding).

19 State Treasury debt redemptions in 2011 (nominal amount, PLN bn, as of 30 April 2011)

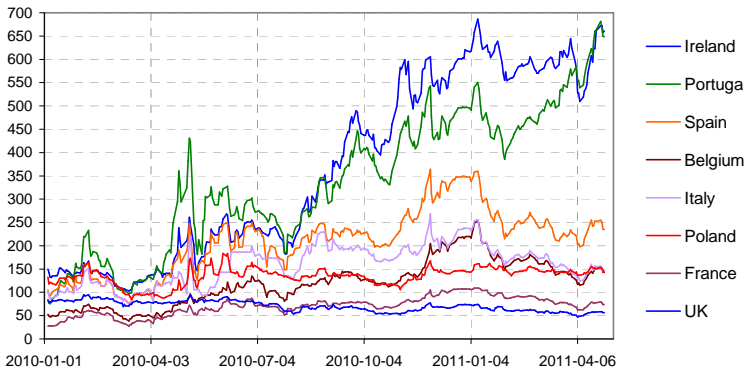


The nominal amount of debt to be redeemed in 2011 is equal to PLN 74.8bn, including:

- T-bills: PLN 17.9bn
- T-bonds on domestic market: PLN 55.3bn
- bonds and loans incurred in foreign markets: PLN 1.6bn.

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 USD market

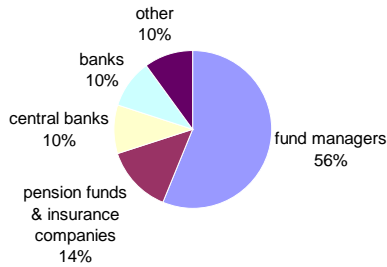
Issue summary:

Amount:	USD 1 bn
Maturity date:	21 April 2021
Coupon:	5.125%
Spread:	170 bp overj mid-swaps
Yield:	5.277%
Launch date:	14 April 2011
Bookrunners:	Citi, Goldman Sachs International, The Royal Bank of Scotland

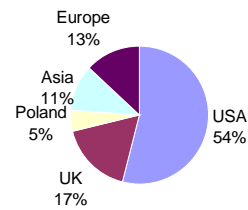
Market commentary:

Euoweek no 1201 (April 21, 2011):  
 "[...] it was well priced for investors compared to euros."  
 "There is a strong bit for Poland and [...] they could have done something equally good in euros."  
 "The borrowe must have been pleased with US distribution [...]"  
 "[...]guidance of 170bp over mid-swaps [...] was barely flat to Poland's 2010 benchmark."  
 "It was a challenging day as the market was volatile but, despite that, there was enough focus on Poland and on this transaction to get a successful print away."

Orderbook by investor type



Orderbook by geography



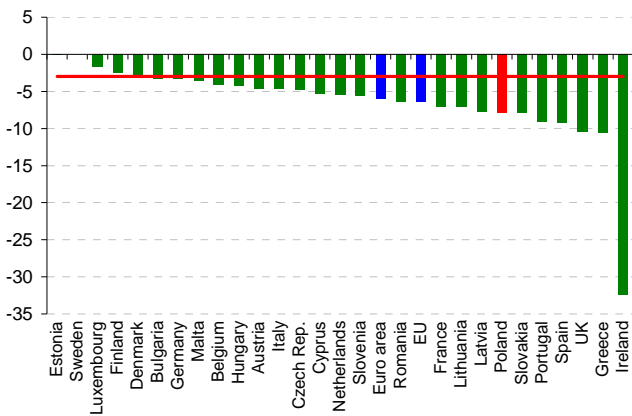
22 General government deficit and debt in 2010

On April 26th, Polish Central Statistical Office released the announcement on general government deficit and debt in 2010 (Eurostat's methodology), according to which deficit in Poland amounted to PLN 111 154 million, equivalent to -7,9% of GDP, and debt amounted to PLN 778 212 million, i.e. 55,0% of GDP.

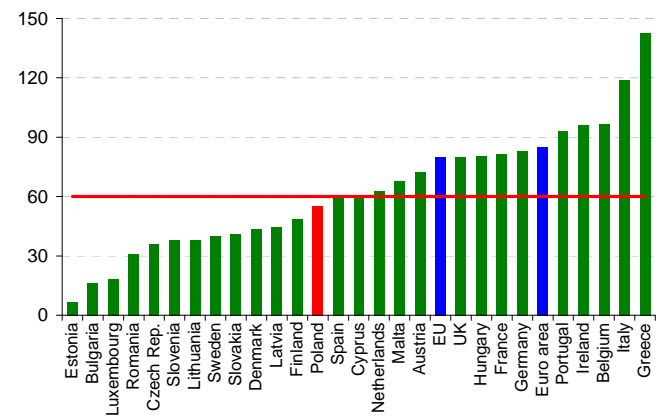
Link to Polish CSO: [http://www.stat.gov.pl/gus/5840\\_1377\\_ENG\\_HTML.htm](http://www.stat.gov.pl/gus/5840_1377_ENG_HTML.htm)

Link to Eurostat: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/2-26042011-AP/EN/2-26042011-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-26042011-AP/EN/2-26042011-AP-EN.PDF)

Deficit of GG in 2010 (% GDP)



Debt of GG in 2010 (% GDP)



Change in debt-to-GDP ratios in the years 2007- 2010 (percentage points of GDP)

