



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

JUNE 2011

State budget borrowing requirements' financing plan and its background:

in June 2011

THE MOST IMPORTANT INFORMATION:

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The Ministry of Finance would like to inform you that translation of Convergence Programme 2011 into English is now available on the Ministry's webpage.

http://www.mf.gov.pl/_files_/english/publications/the_convergence_programme/cp2011_en.pdf

1 T-bond and BGK bond auctions

Auction date	Settlement date	Source T-bonds	Outstanding (PLN m)
9 JUN 2011*	13 JUN 2011	OK0713	1,500-3,000
15 JUN 2011	17 JUN 2011	WZ0121 / IZ0823	500-2,500
22 JUN 2011**	27 JUN 2011	IWS0645	up to 1,000

* auction on Thursday

** conditional auction depending on market situation

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 and BGK 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)
01 JUN 11 / 03 JUN 11	WZ0115 / PS0416 / DS1020*	OK0711	17,010
		WZ0911	17,327

* The sale of DS1020 up to ca. PLN 1.5bn

3 T-bill auctions

Auction date	Settlement date	T-bill	Maturity date	Planned offer (PLN m)
13 JUN 2011	15 JUN 2011	50 week	30 MAY 2012	300-800
27 JUN 2011	29 JUN 2011	52 week	27 JUN 2012	300-800

4 T-bill buy-back auction

Holding of T-bill buy-back auction is planned on June 20th, 2011. The list of repurchased

T-bills will include securities maturing in July 2011. The face value of these T-bills amounts to PLN 3.9bn.

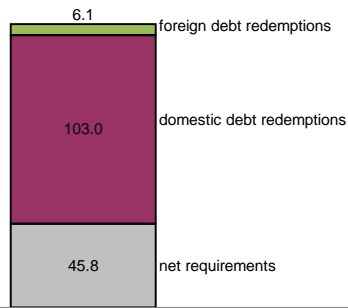
5 Offer on the retail market

T-bond	Issue price	Coupon
DOS0613	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
COI0615	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 5.00% in the first coupon period
EDO0621	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-V

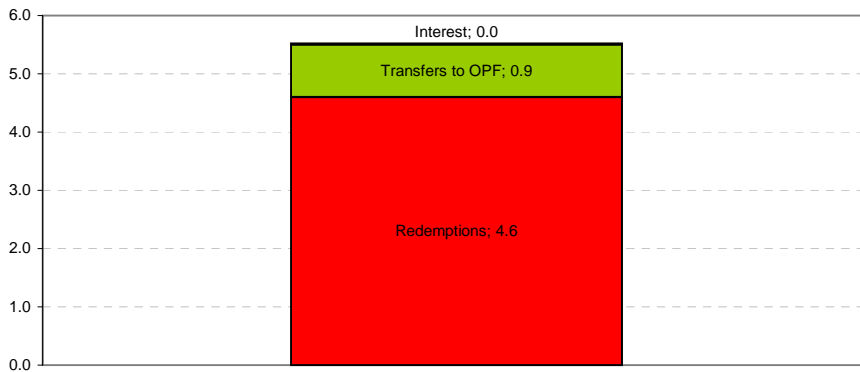
Total PLN 92.6bn (60%)



Funding of borrowing requirements of 2011 reached 60% which was a result of:

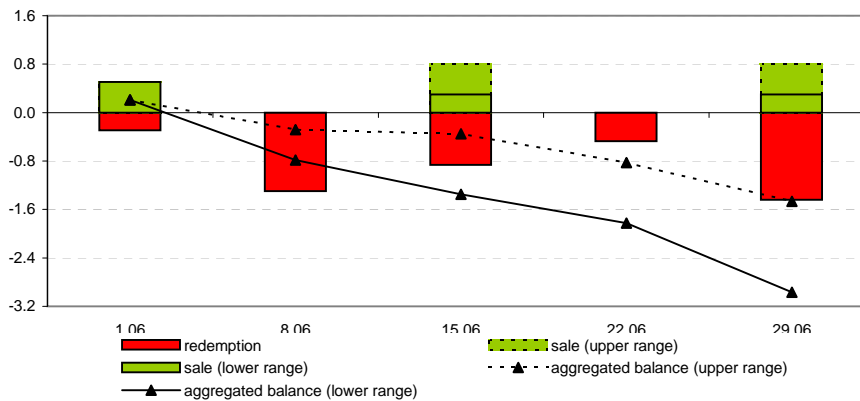
- Treasury bills buyback maturing in 2011: PLN 5.7bn,
- rolling over of Treasury bonds by switch auctions in 2010: PLN 3.3bn,
- higher than planned financial resources at the end of 2010: PLN 6.9bn
- Treasury securities sale on domestic market: PLN 62.8bn,
- Treasury bonds issuance on foreign markets: PLN 9.9bn,
- 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 June 2011 (PLN bn)



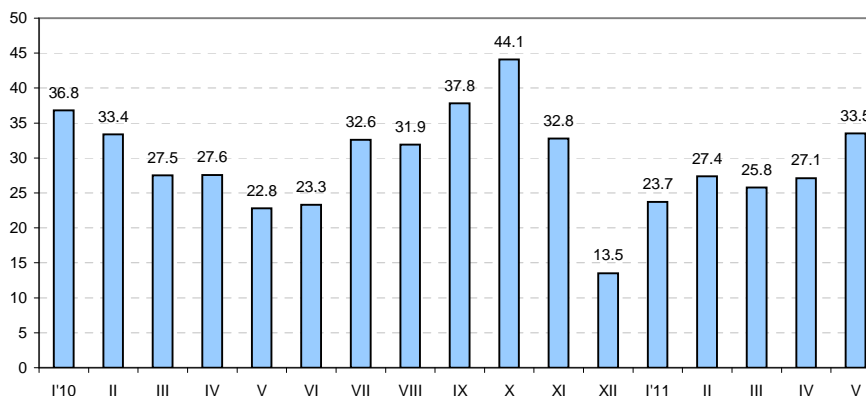
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 5.5bn.

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



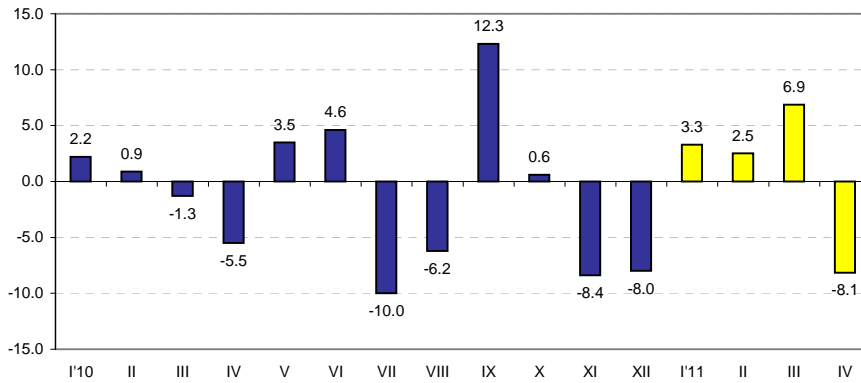
Assumed change of T-bills debt in June (by settlement date) will decrease by PLN 1.5 - 3.0bn.

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)



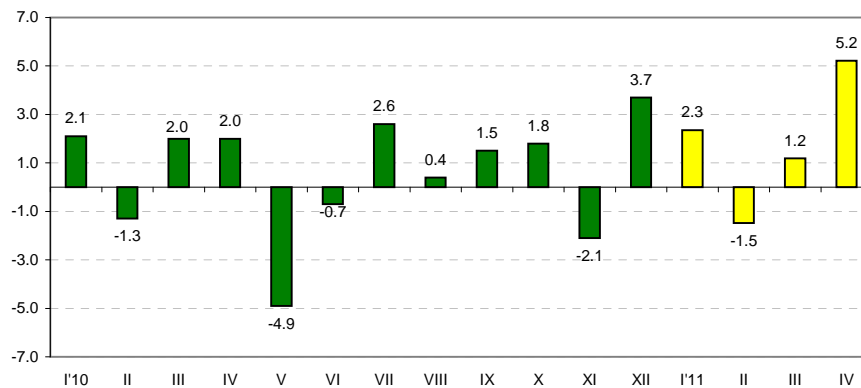
The funds ensure liquidity in borrowing needs financing.

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



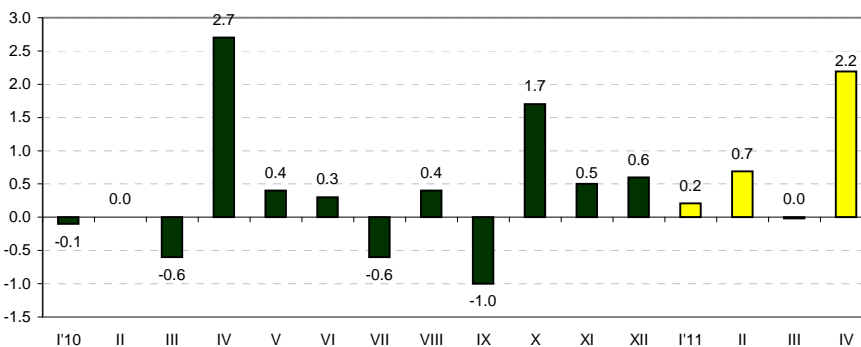
In the period of I-IV 2011 debt held by domestic banks increased by PLN 4.5bn comparing to PLN 3,7bn decrease during the same period of 2010.

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



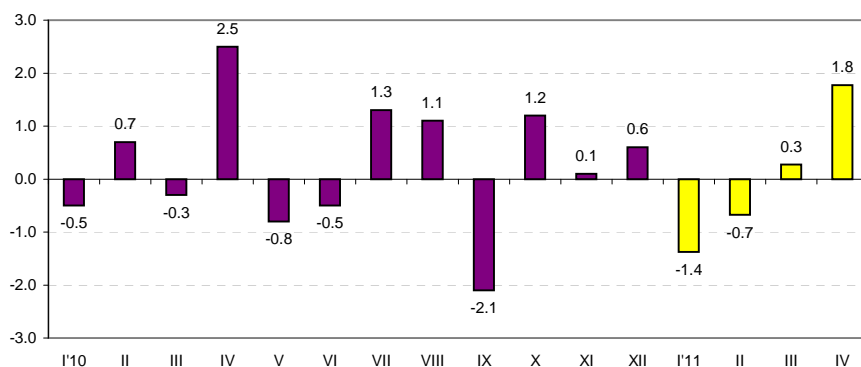
In the period of I-IV 2011 debt held by pension funds increased by PLN 7.3bn comparing PLN 4.8bn increase during the same period of 2010.

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



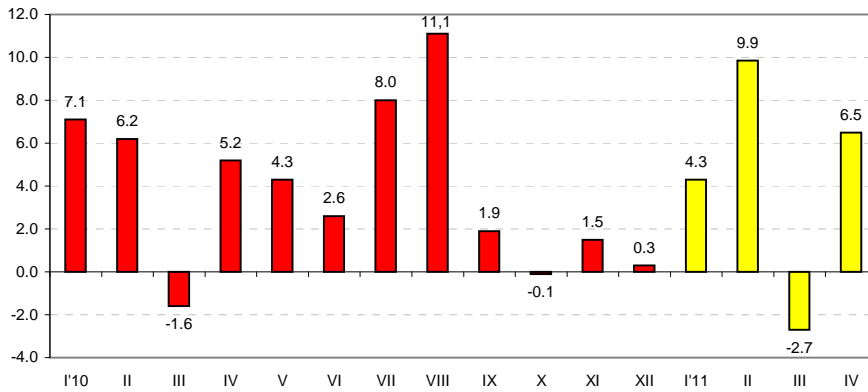
In the period of I-IV 2011 there was an increase of PLN 3.1bn in debt held by insurance companies. During the same period of 2010 there was an increase of PLN 2.0bn.

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



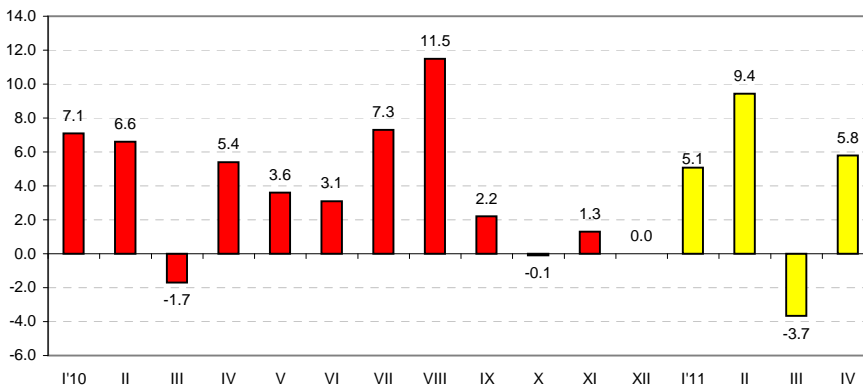
In the period of I-IV 2011 there was constant level of debt held by investment funds. During the same period of 2010 there was an increase of PLN 2.4bn.

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



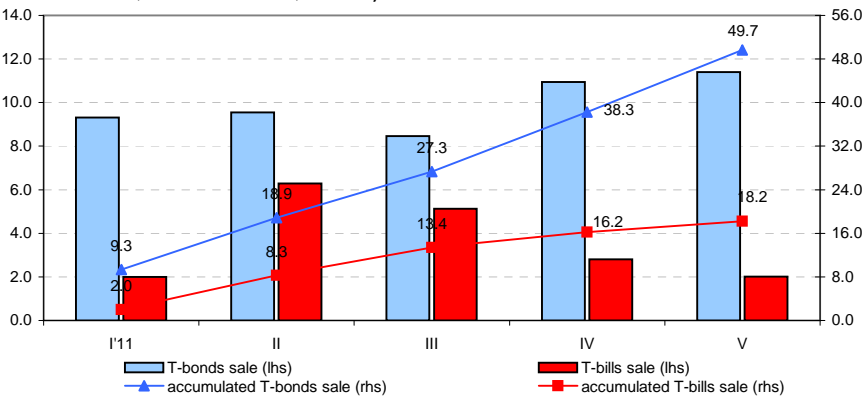
In the period of I-IV of 2011 inflow of foreign capital to the domestic TS market amounted to PLN 17.9bn comparing to PLN 16.9bn increase in the same period of 2010. Foreign investors' holdings reached level of PLN 146.2bn.

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



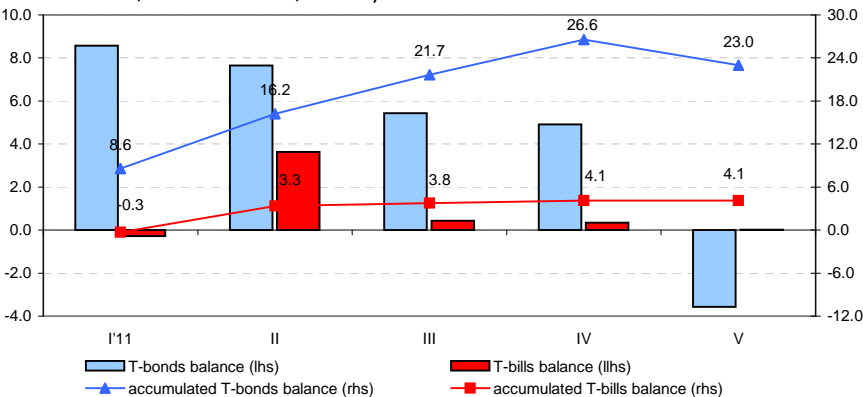
In the period of I-IV of 2011 inflow of foreign capital to domestic bonds market amounted to PLN 16.6bn comparing to PLN 17.4bn increase in the same period of 2010. Foreign investors' holdings reached PLN 141.4bn.

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



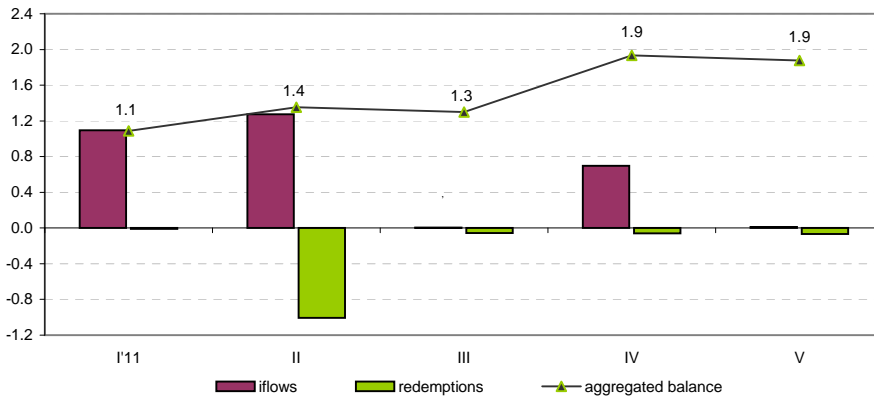
The structure of Treasury securities offered on domestic market in 2011 is dominated by T-bonds (73.1%).

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



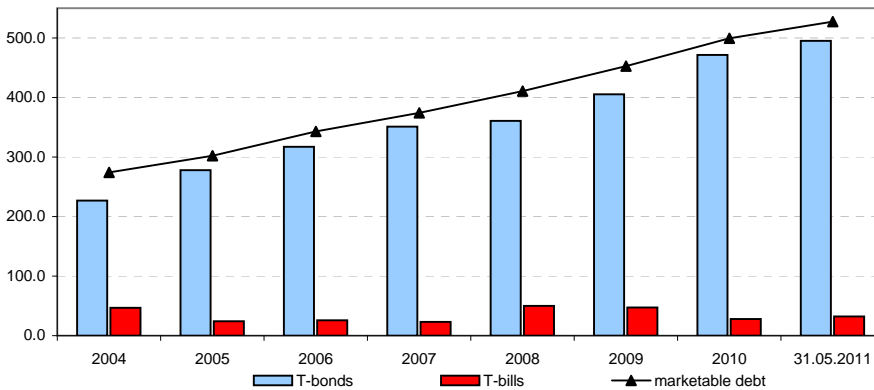
Indebtedness in T-bonds increased by PLN 23.0bn, whereas indebtedness in T-bills increased by PLN 4.1bn in 2011.

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



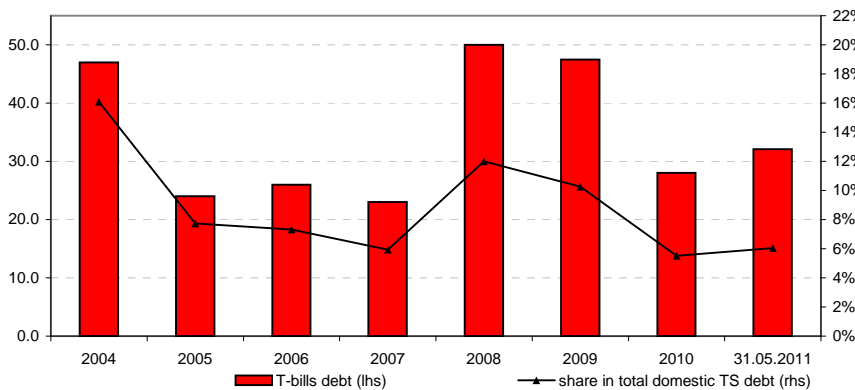
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 1.9bn. T-bonds issuance was EUR 2.1bn. Loans incurred from IFIs were at the level of EUR 1.0bn. The Registered Bonds denominated in EUR (EUR 460m), priced in May, will be settled in June, 2011.

14 Structure of marketable debt in the years
(PLN bn)



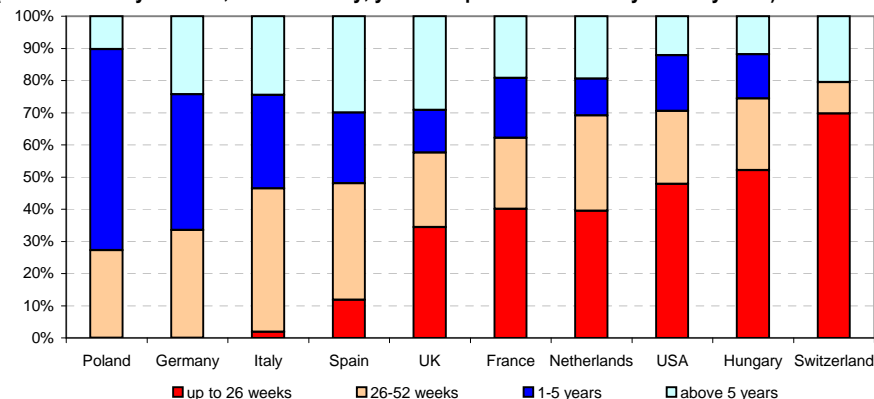
At the end of May 2011 the marketable domestic debt amounted to PLN 527.3bn comparing to PLN 499.3bn at the end of 2010.

15 T-bills outstanding
(PLN bn)



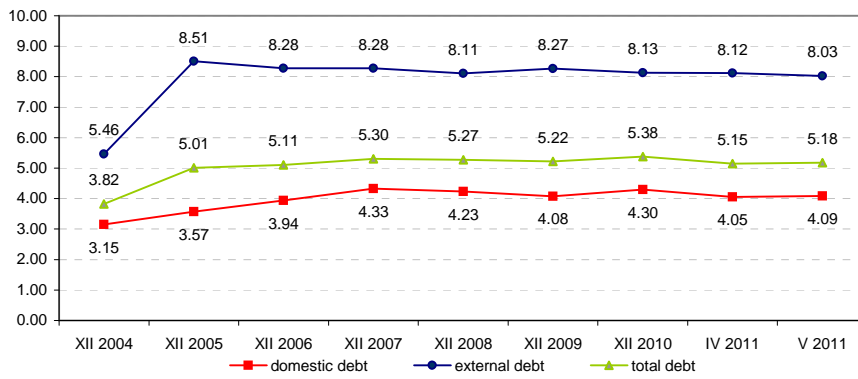
In the period of January - May, 2011 indebtedness in T-bills increased by PLN 4.1bn and its share in total domestic debt amounted to 6.0%.

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



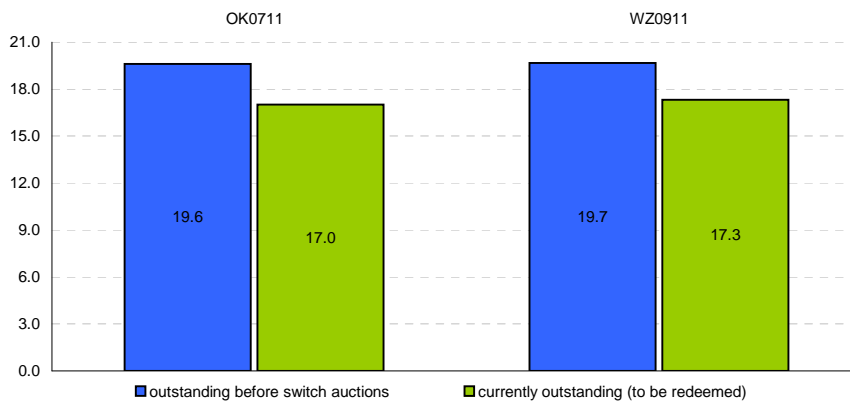
In terms of maturity, the sale of TS in Poland in 2011 is dominated by securities with maturity over 1 year.

17 Average maturity



In May 2011 the average maturity of domestic debt was at 5.18, a slight decrease in comparison with end 2010 figure.

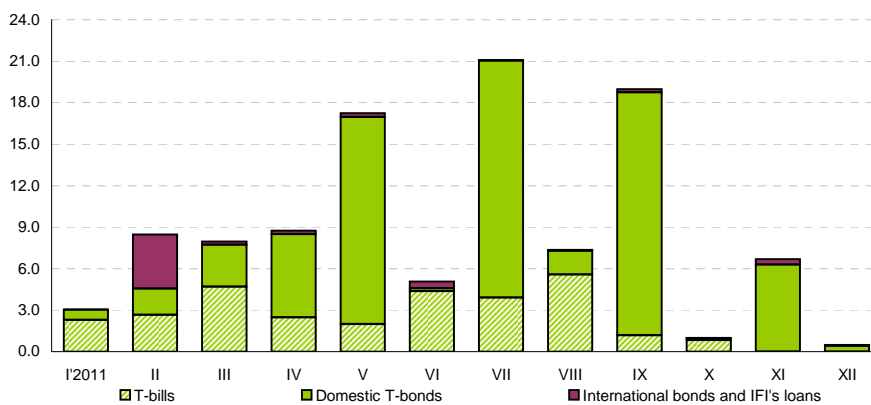
18 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2011 (switch auctions, PLN bn, as of 31 May 2011)



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

- OK0711: PLN 2.6bn (13% initial outstanding)
- WZ0911: PLN 2.3bn (12% initial outstanding).

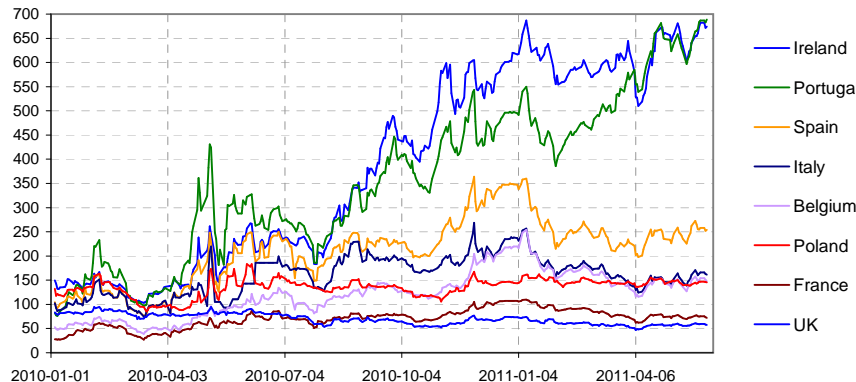
19 State Treasury debt redemptions in 2011 (nominal amount, PLN bn, as of 31 May 2011)



The nominal amount of debt to be redeemed in 2011 is equal to PLN 60.7bn, including:

- T-bills: PLN 15.9bn
- T-bonds on domestic market: PLN 43.5bn
- bonds and loans incurred in foreign markets: PLN 1.3bn.

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 Registered bonds in EUR

On 26 May 2011 the Ministry of Finance priced a 15-year EUR denominated Registered Bonds under German law for a nominal amount of EUR 460 million and a yield of 5.361 percent, which was 165.7 basis points over mid-swap rate. Bonds were allocated to longterm investors from Germany representing pensions funds and insurance companies. The transaction was managed by Commerzbank.