



# MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

AUGUST 2011

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

in August 2011

### THE MOST IMPORTANT INFORMATION:

	<i>(page)</i>
➤ Detailed issuance calendar in August.....	2
➤ Current borrowing requirements in 2011 funded in 83%.....	3
➤ Foreign investors' holdings reached the record high level in total domestic debt.....	5
➤ T-bills historically record low share in total domestic debt.....	6
➤ Issuance of retail Samurai bonds.....	8

**1 T-bond and BGK bond auctions**

Auction date	Settlement date	Series	Planned offer (PLN m)
10 AUG 2011	12 AUG 2011	OK0713 / PS0416	2,000-5,000
24 AUG 2011*	26 AUG 2011	Bonds issued by BGK for the National Road Fund	up to 2,000

\* conditional auction

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)
03 AUG 2011/ 05 AUG 2011	WZ0115 / WZ0121 / DS1021	DZ0811	1,261
		WZ0911	13,108
		DZ1111	5,949

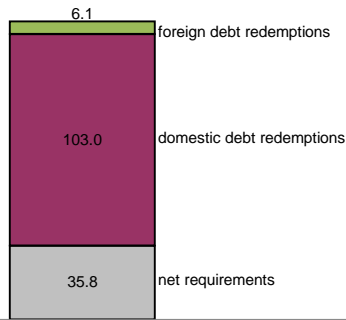
**3 Offer on the retail market**

T-bond	Issue price	Coupon
DOS0813	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.50%
TZ0814	99.90 PLN	Floating (0.95 * WIBOR 6M), 4.54% in the first coupon period
COI0815	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 5.00% in the first coupon period
EDO0821	100.00 PLN	Floating (inflation rate + 3.00%), 5.75% in the first coupon period

**1 Gross borrowing requirements in 2011**

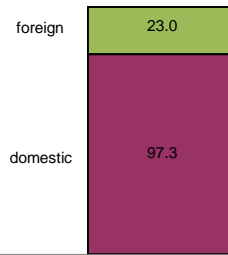
Gross borrowing requirements in 2011

Total PLN 145bn\*, of which:



Funding in the period of I-VII:

Total PLN 120.3bn (83%)

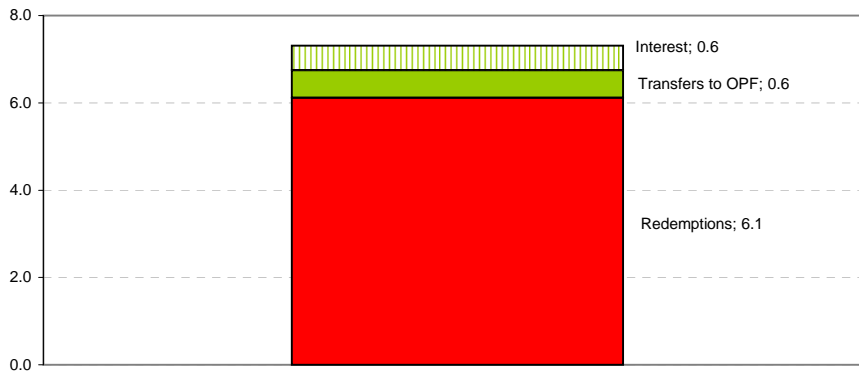


Funding of borrowing requirements of 2011 was a result of:

- 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 83.5bn,
- Treasury bonds issuance on foreign markets: PLN 13.8bn
- and loans incurred from IFIs: PLN 7.0bn.

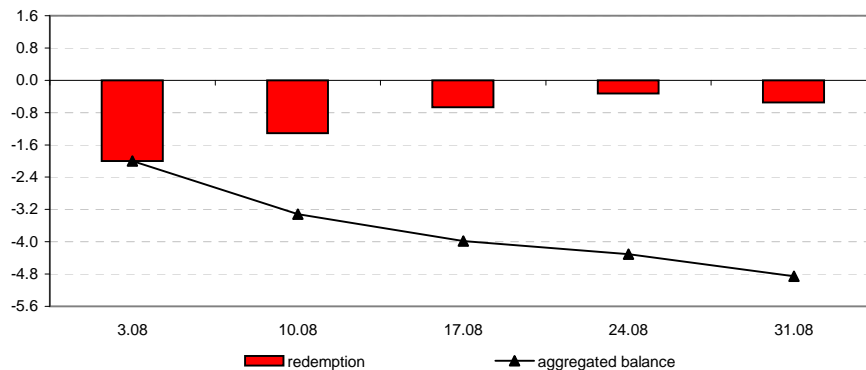
\* the amount from the draft Budget Act for 2012, diminished by ca. PLN 10bn, i.e. predicted lower borrowing needs.

**2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in August 2011 (PLN bn, as of July 31, 2011)**



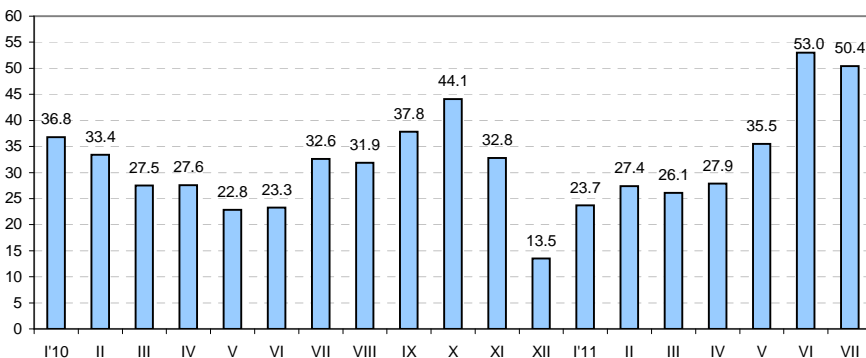
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to ca. PLN 7.3bn.

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



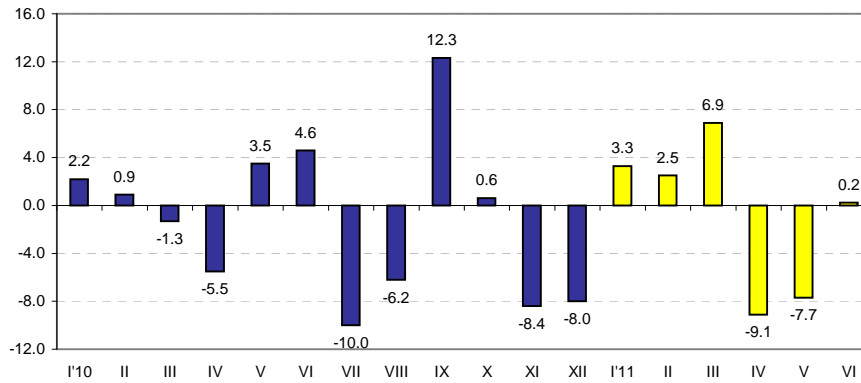
Assumed change of T-bills debt in July (by settlement date and with the buy-back auction excluded) will decrease by PLN 4.9bn.

**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)**



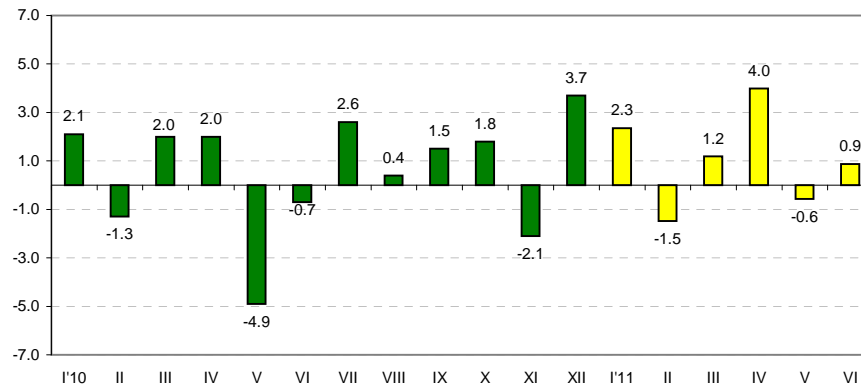
The funds ensure liquidity in borrowing needs financing.

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



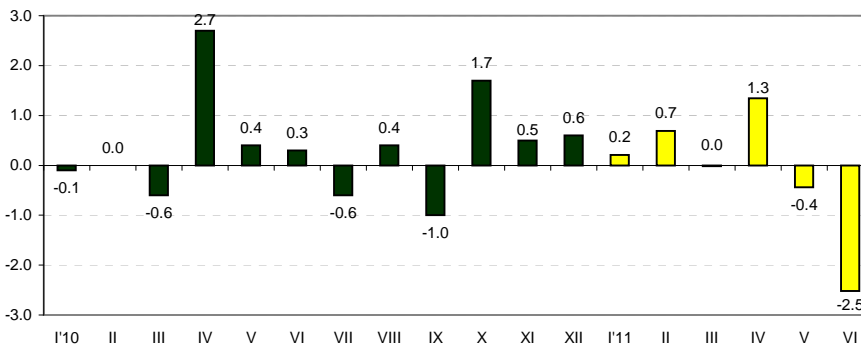
In the period of I-VI 2011 debt held by domestic banks decreased by PLN 3.9bn comparing to PLN 4.4bn increase during the same period of 2010.

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



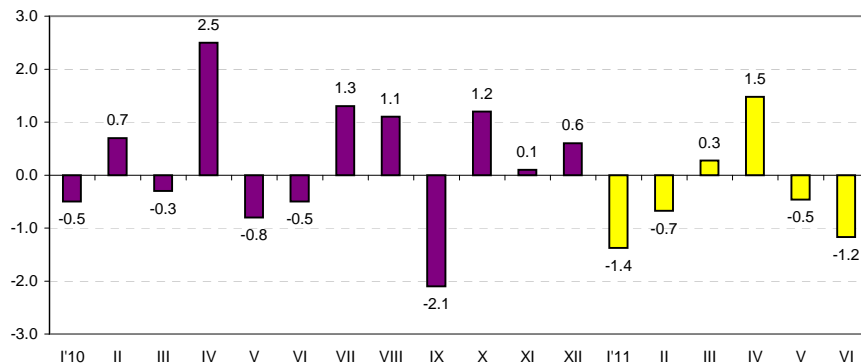
In the period of I-VI 2011 debt held by pension funds increased by PLN 6.3bn comparing to PLN 0.8bn decrease during the same period of 2010.

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



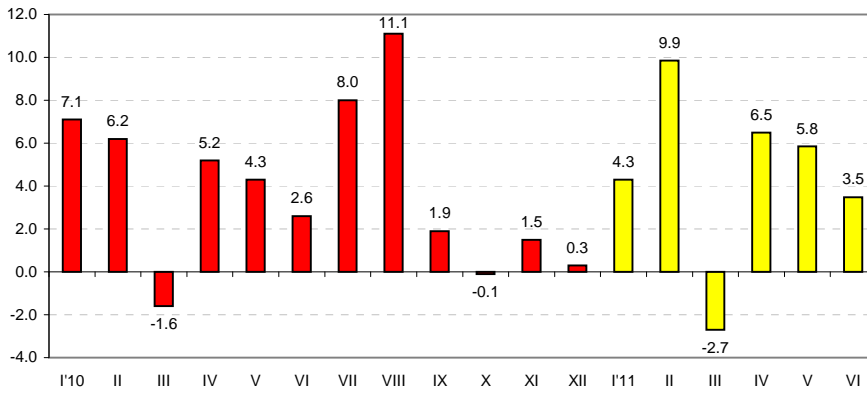
In the period of I-VI 2011 there was a decrease of PLN 0.7bn in debt held by insurance companies. During the same period of 2010 there was an increase of PLN 2.8bn.

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



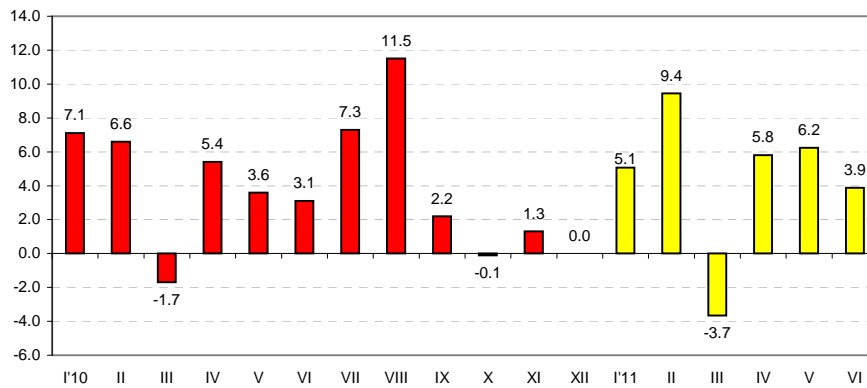
In the period of I-VI 2011 there was a decrease of PLN 1.9bn in debt held by investment funds. During the same period of 2010 there was an increase of PLN 1.1bn.

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



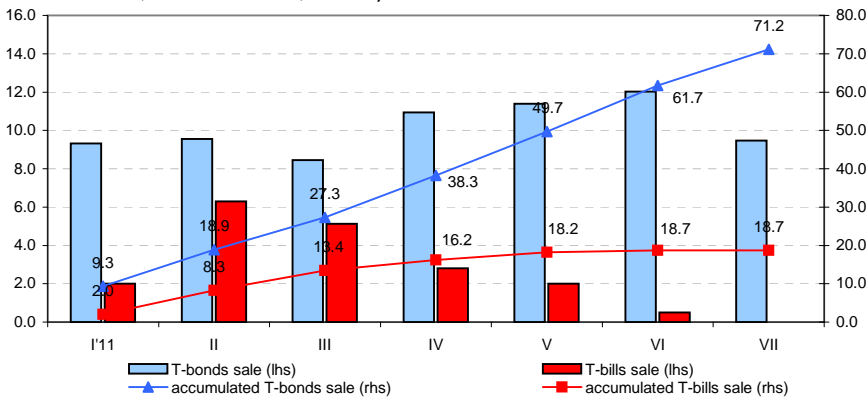
In the period of I-VI of 2011 inflow of foreign capital to the domestic TS market amounted to PLN 27.3bn comparing to PLN 23.8bn increase in the same period of 2010. Foreign investors' holdings reached the record high level of PLN of 155.5bn.

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



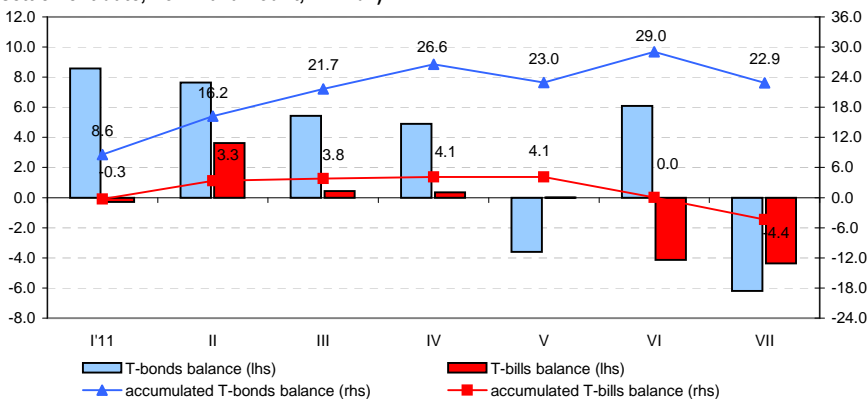
In the period of I-VI of 2011 inflow of foreign capital to domestic bonds market amounted to PLN 26.8bn comparing to PLN 24.1bn increase in the same period of 2010. Foreign investors' holdings reached the record high level of PLN 151.5bn.

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



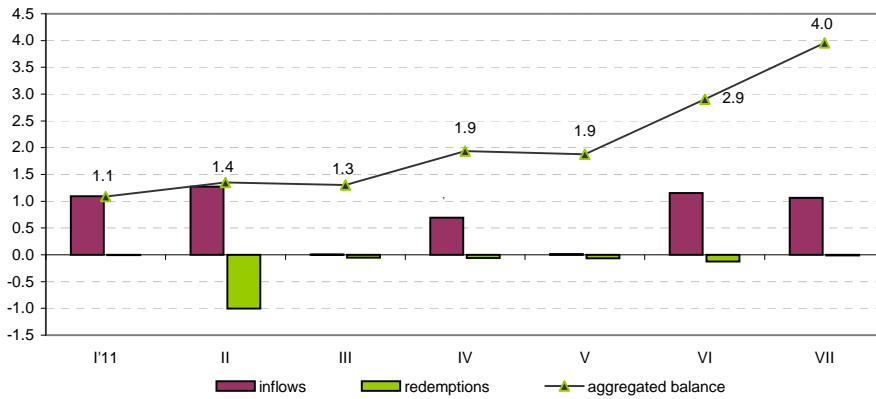
The structure of Treasury securities offered on domestic market in 2011 is dominated by T-bonds (79.1%).

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



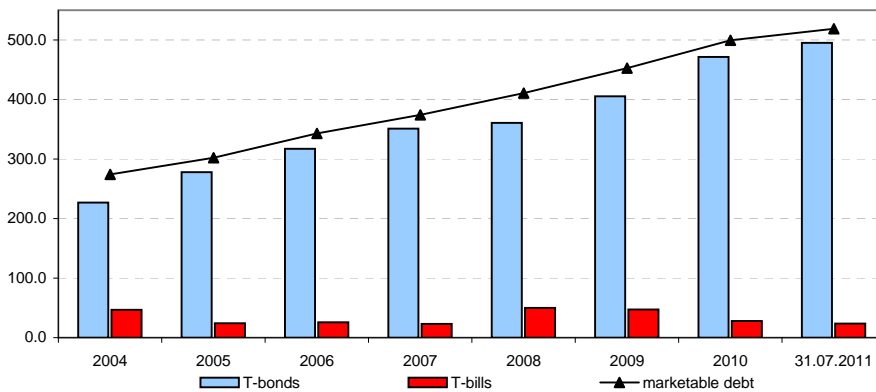
Indebtedness in T-bonds increased by PLN 22.9bn while indebtedness in T-bills decreased by PLN 4.4bn.

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



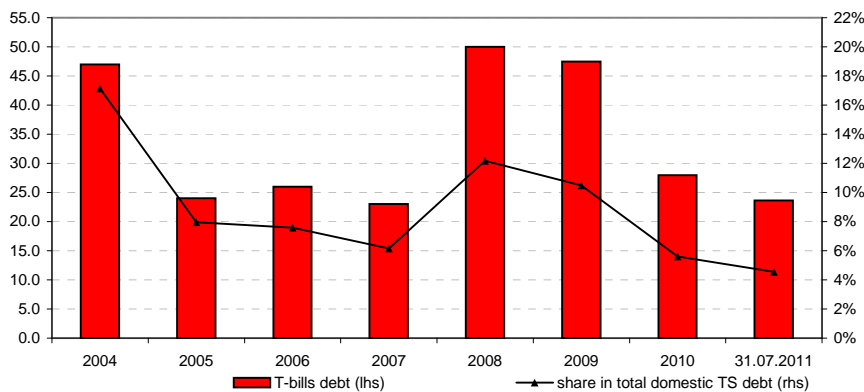
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 4.0bn. T-bonds issuance was EUR 3.5bn. Loans incurred from IFIs were at the level of EUR 1.8bn.

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



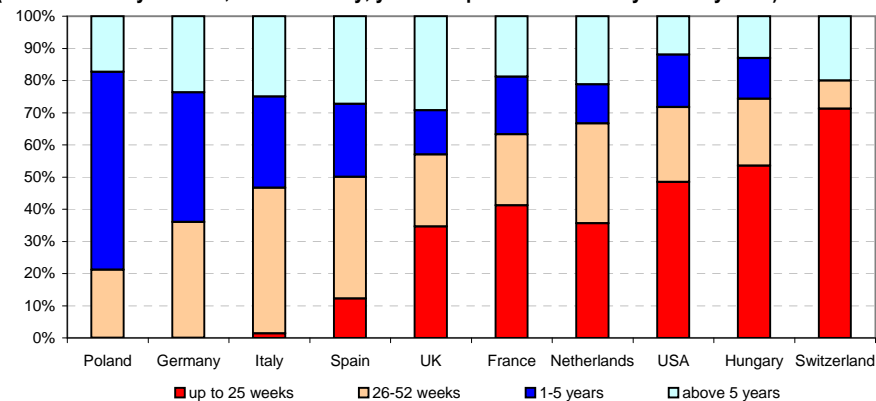
At the end of July 2011 the marketable domestic debt amounted to PLN 519.0bn comparing to PLN 499.3bn at the end of 2010.

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



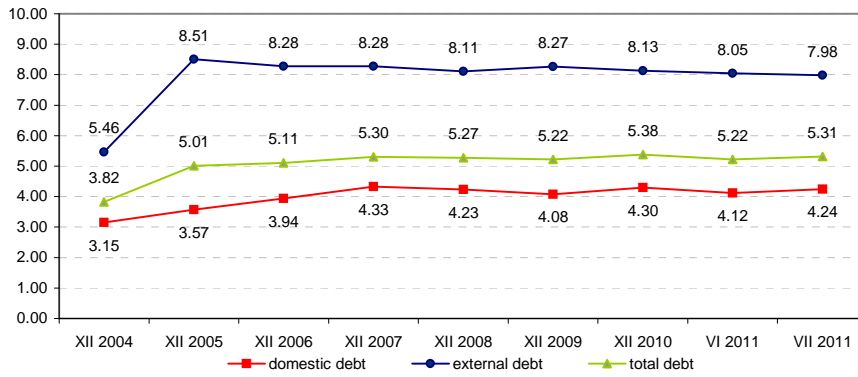
In the period of January - July 2011 indebtedness in T-bills decreased by PLN 4.4bn to the level of PLN 23.6bn. T-bills share in total domestic debt amounted to 4.5% which was historically record low level.

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



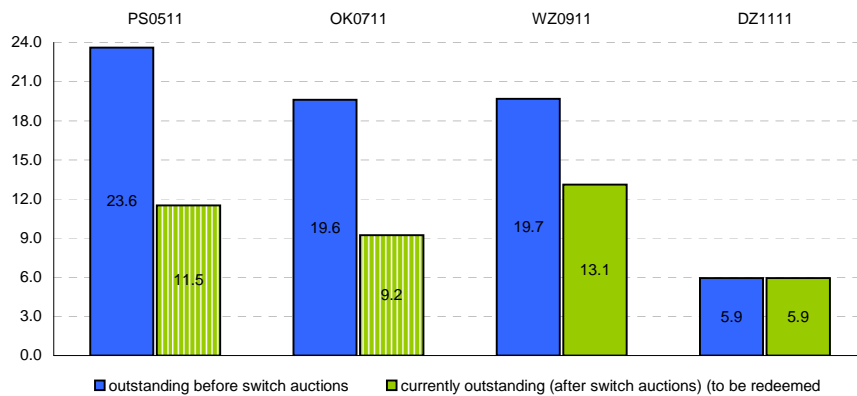
In terms of maturity, the sale of TS in Poland in 2011 is dominated by securities with maturity over 1 year.

**17 Average maturity**



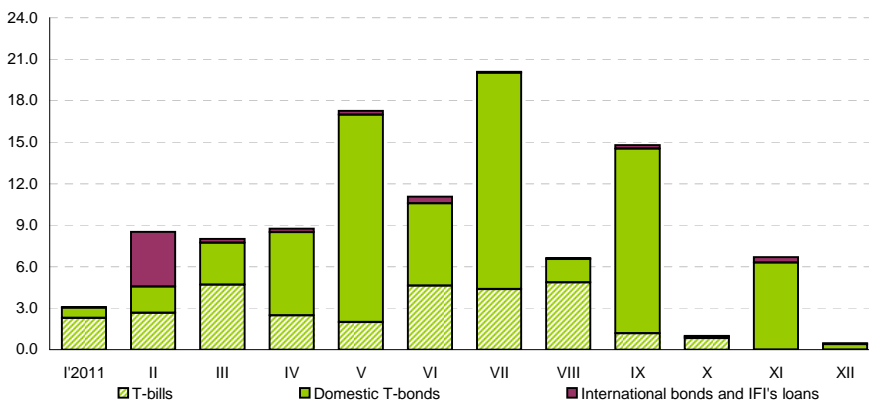
In July 2011 the average maturity of domestic debt was at 5.31, a slight decrease in comparison with the end-2010 figure.

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



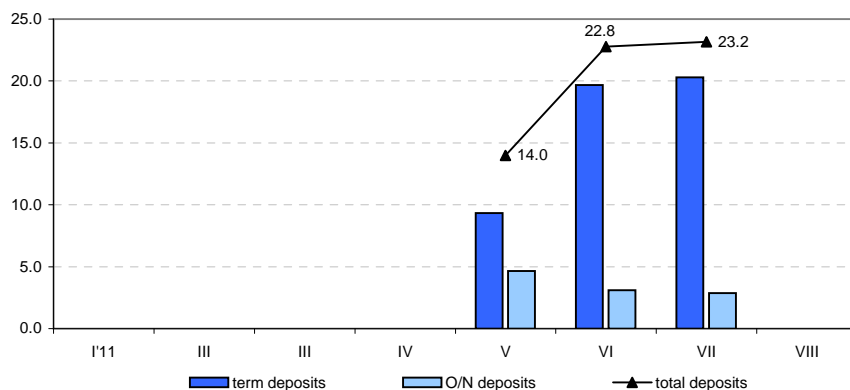
Buy-back of T-bonds maturing in 2011:  
 - PS0511: PLN 12.1bn (51% of initial outstanding),  
 - OK0711: PLN 10.4bn (53% of initial outstanding),  
 - WZ0911: PLN 6.6bn (34% of initial outstanding).

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



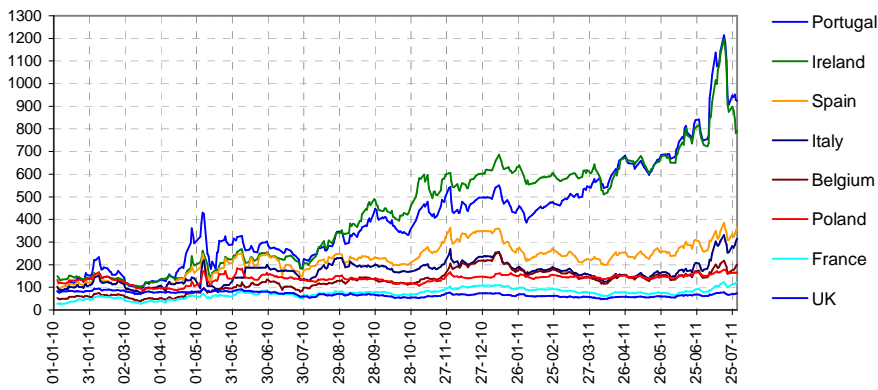
The nominal amount of debt to be redeemed in 2011 is equal to PLN 29.6bn, including:  
 - T-bills: PLN 6.9bn  
 - T-bonds on domestic market: PLN 21.9bn  
 - bonds and loans incurred in foreign markets: PLN 0.8bn.

**20 Consolidation of public finances liquidity management (PLN bn)**



As a result of consolidation of public finances liquidity management there were PLN 23.2bn funds accumulated at the end of July, of which PLN 20.3bn was as term deposits and PLN 2.9bn on O/N deposits.

## 21 CDS levels (5-year, bp)



The level of Polish 5-year CDS contracts are traded at lower level than contracts for Spain, Italy or Belgium and still significantly lower in comparison to CDS contracts of the countries suffering financial troubles, e.g. Ireland or Portugal.

## 21 T-bonds issue on the Samurai market

On July 8th, 2011 the Ministry of Finance priced a 4-year retail targeted Samurai bond issue for a nominal amount of JPY 25bn. The bond was priced at 71 basis points over the swap rate what implies a yield of 1.25 per cent.

The bond launched today is the first retail bond issued by the Republic of Poland on the Japanese market. Moreover it is the first Sovereign retail targeted transaction on the Japanese market since 2001.