



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

OCTOBER 2011

State budget borrowing requirements' financing plan and its background:

in the 4th quarter of 2011

in October

THE MOST IMPORTANT INFORMATION:

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➤ Current borrowing requirements in 2011 funded in 92%.....	4
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1 General assumptions

- in the fourth quarter of 2011 T-bond sale auctions are planned according to the following agenda:
 - in October – one auction of new PS1016 series,
 - in November – one auction, structure of T-bonds will depend on the market situation,
 - in December – one conditional auction, holding the auction will depend on the budgetary situation,
- offer of T-bonds on the domestic market will depend on the market and budgetary situation and consultations with investors,
- T-bill sale auctions are not planned,
- offer and structure of T-bonds will take into account possibility of holding one auction of bonds issued by BGK for the National Road Fund,
- presented plan can be modified depending on the market situation.

2 Offer of T-bonds and bonds issued by BGK on the domestic market

- sale auctions:

Month	Auction date	Settlement date	Bond	Offer
October	2011-10-19	25-10-2011*	PS1016	PLN 1.0-3.5 bn
November	2011-11-16	2011-11-18	Structure of offer depending on market situation	PLN 1.0-3.5 bn
	23-11-2011**	2011-11-25	<i>Bonds issued by BGK for the National Road Fund - conditional auction</i>	<i>up to PLN 1.0 bn</i>
December	2011-12-08	2011-12-12	<i>Conditional auction - depending on budgetary and market situation</i>	

* settlement T+4,

** conditional auction, depending on the situation of the National Road Fund

- switch auctions: T-bonds to be repurchased are securities maturing from November 2011 to April/July 2012. The structure of sold T-bonds will result from the current market situation and the offer structure on T-bond sale auctions in a given month.

Month	Auction date	Settlement date
October	2011-10-12	2011-10-14
November	2011-11-10	2011-11-15
December	2011-12-14	2011-12-16

3 Offer of T-bills

- T-bill sale auctions are not planned.

4 Retail bonds

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

5 Foreign financing

- loans from the European Investment Bank amounting to EUR 0.4bn,
- possible issuance of bonds on the core international markets depending on the market situation,
- possibility of additional financing by structured coupon bonds' issuance in the private placement system.

1 T-bond auction

Auction date	Settlement date	Series	Planned offer (PLN m)
19 OCT 2011	25 OCT 2011	PS1016	1,000-3,500

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)
12 OCT 2011/ 14 OCT 2011	OK0114	DZ1111	3.697
		OK0112	22.420
		PS0412	27.469

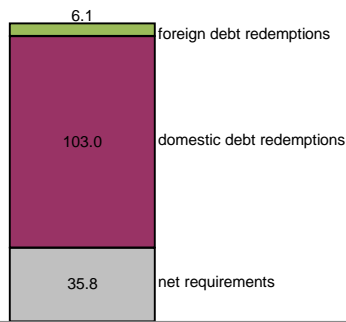
3 Offer on the retail market

T-bond	Issue price	Coupon
DOS1013	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
COI1015	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 5.00% in the first coupon period
EDO1021	100.00 PLN	Floating (inflation rate + 3.00%), 5.75% in the first coupon period

1 Gross borrowing requirements in 2011

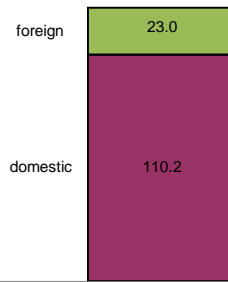
Gross borrowing requirements in 2011

Total PLN 144.9bn*, of which:



Funding in the period of I-IX:

Total PLN 133.1bn (92%)

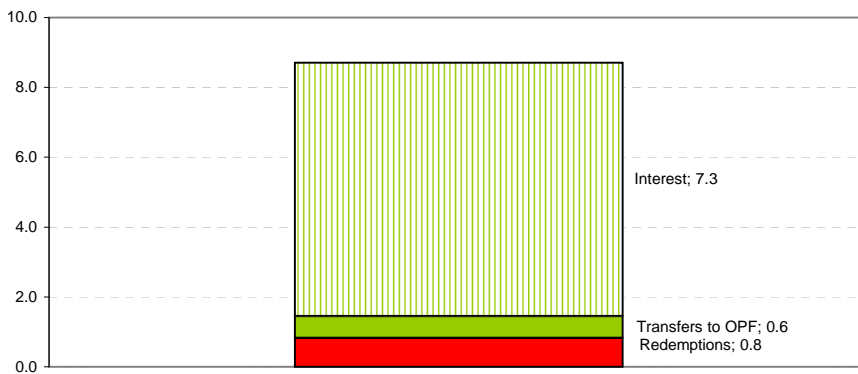


Funding of borrowing requirements of 2011 was a result of:

- 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 96.3bn,
- Treasury bonds issuance on foreign markets: PLN 13.8bn
- and loans incurred from IFIs: PLN 7.0bn.

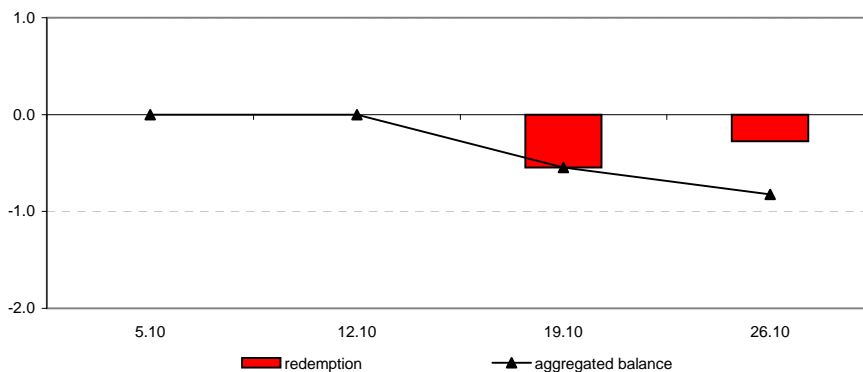
* the amount from the draft Budget Act for 2012, diminished by ca. PLN 10bn, i.e. predicted lower borrowing needs.

2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in October 2011 (PLN bn, as of September 30, 2011)



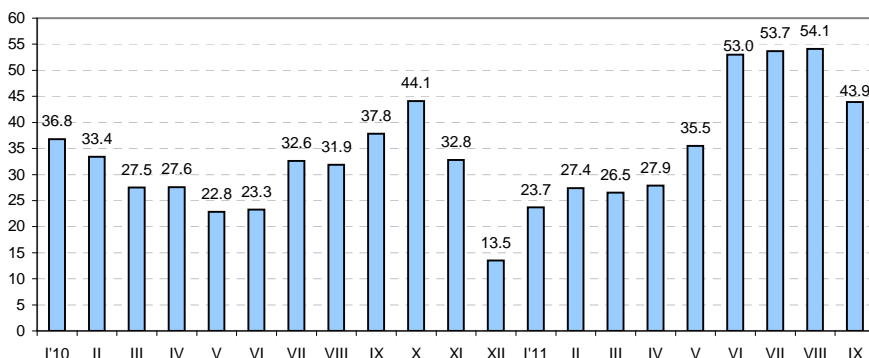
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to ca. PLN 8.7bn.

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



Assumed change of T-bills debt in July (by settlement date) will decrease by PLN 0.8bn.

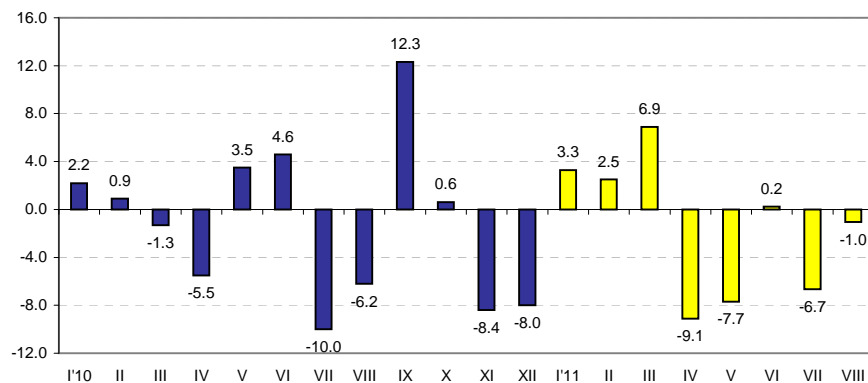
4 Funds in PLN and in foreign currency held by MoF at the end of month (foreign currency funds include funds from debt issuance and received from the European Commission, PLN bn)



The funds ensure liquidity in borrowing needs financing.

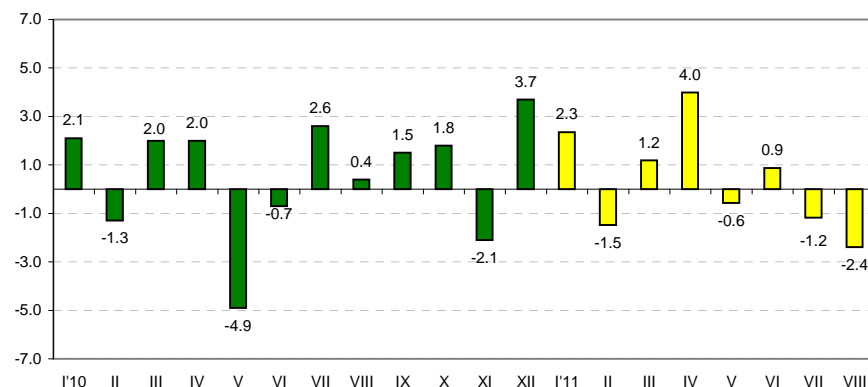
5 Change of debt in domestic Treasury Securities held by banks (without BSB transactions with MoF; PLN bn)

In the period of I-VIII 2011 debt held by domestic banks decreased by PLN 11.6bn comparing to PLN 11.8bn decrease during the same period of 2010.



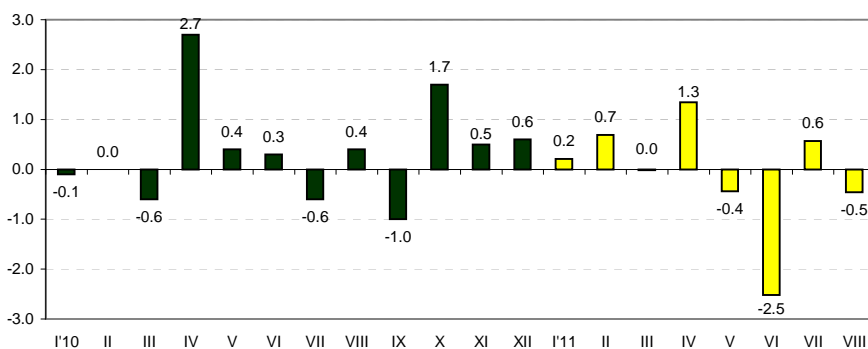
6 Change of debt in domestic Treasury securities held by pension funds (PLN bn)

In the period of I-VIII 2011 debt held by pension funds increased by PLN 2.8bn comparing to PLN 2.2bn increase during the same period of 2010.



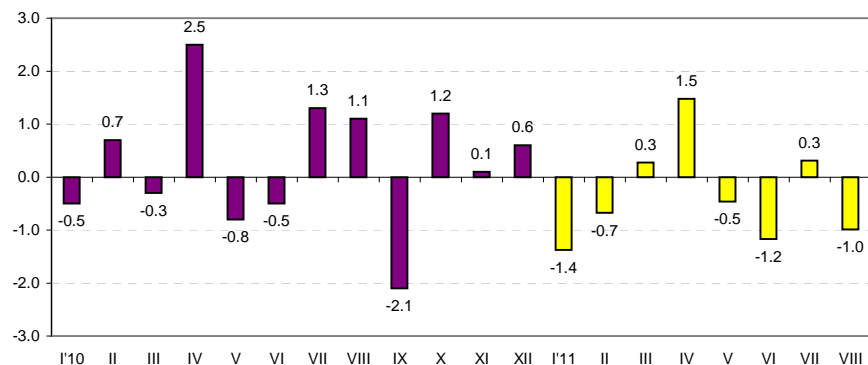
7 Change of debt in domestic Treasury securities held by insurance companies (PLN bn)

In the period of I-VIII 2011 there was a decrease of PLN 0.6bn in debt held by insurance companies. During the same period of 2010 there was an increase of PLN 2.6bn.

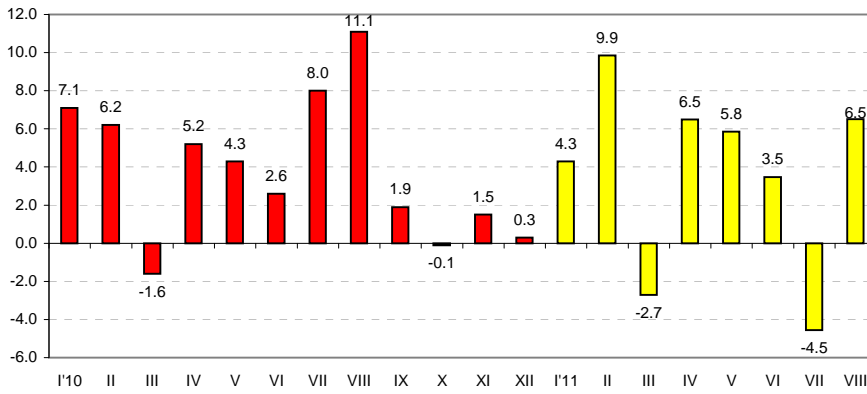


8 Change of debt in domestic Treasury securities held by investment funds (PLN bn)

In the period of I-VIII 2011 there was a decrease of PLN 2.6bn in debt held by investment funds. During the same period of 2010 there was an increase of PLN 3.5bn.

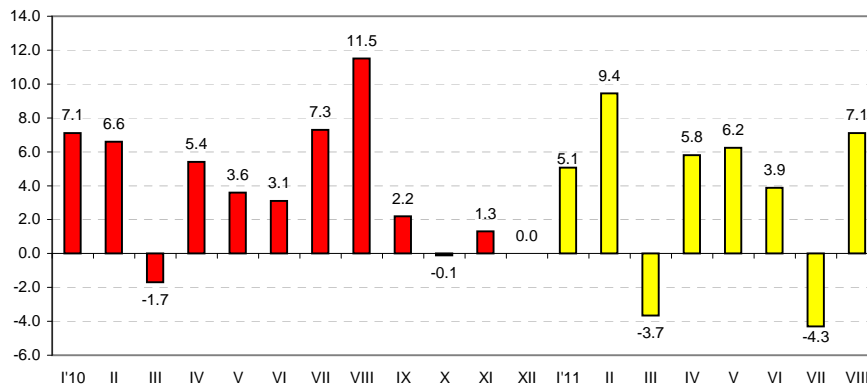


9 Change of debt in domestic Treasury securities held by foreign investors (PLN bn)



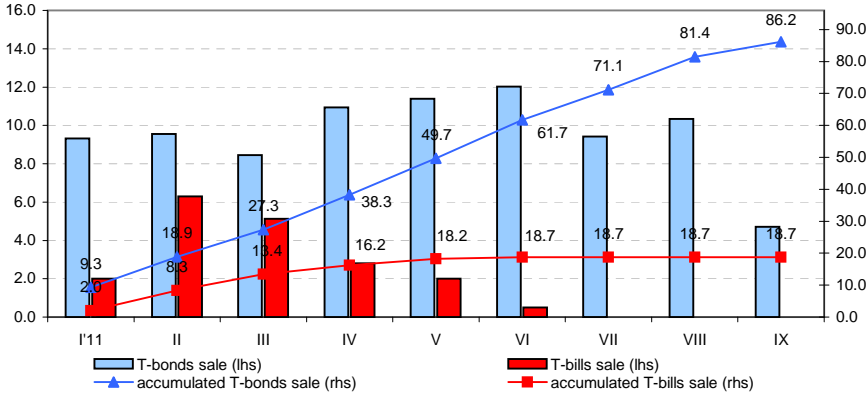
In the period of I-VIII of 2011 inflow of foreign capital to the domestic TS market amounted to PLN 29.2bn comparing to PLN 42.8bn increase in the same period of 2010. Foreign investors' holdings reached the level of PLN of 157.5bn.

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



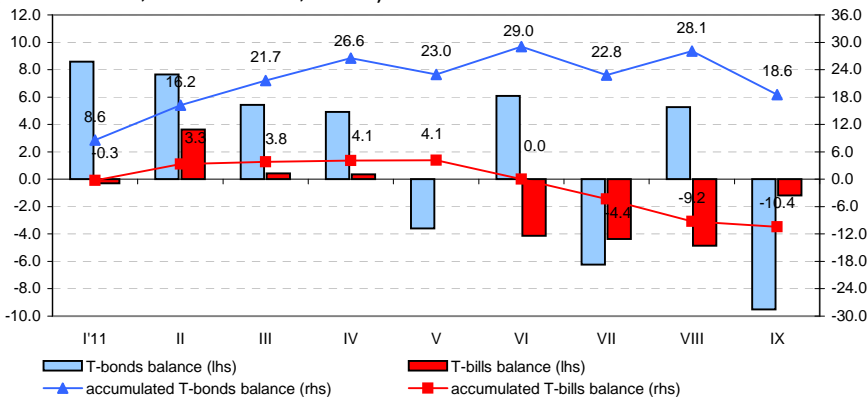
In the period of I-VIII of 2011 inflow of foreign capital to domestic bonds market amounted to PLN 29.6bn comparing to PLN 42.9bn increase in the same period of 2010. Foreign investors' holdings reached the level of PLN 154.3bn.

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



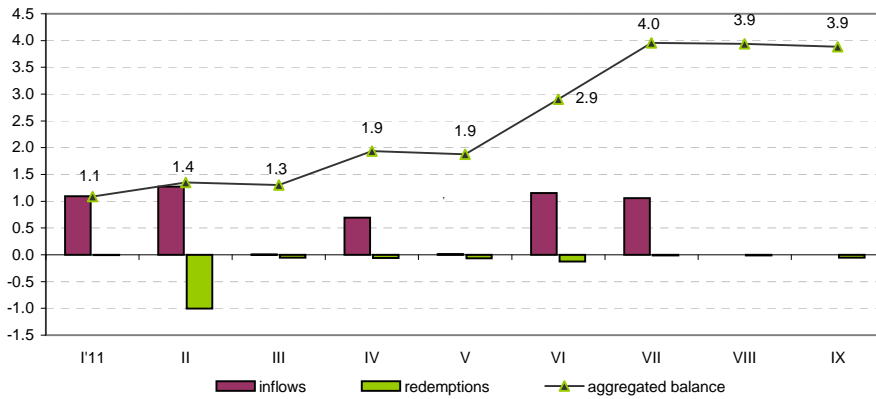
The structure of Treasury securities offered on domestic market in 2011 is dominated by T-bonds (82.1%).

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



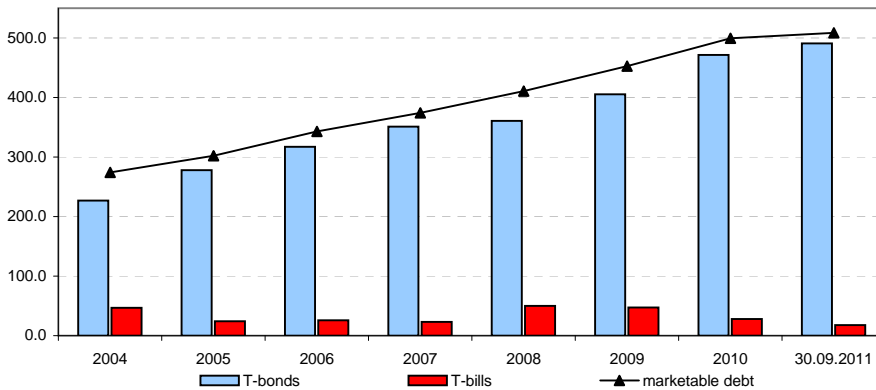
Indebtedness in T-bonds increased by PLN 18.6bn while indebtedness in T-bills decreased by PLN 10.4bn.

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



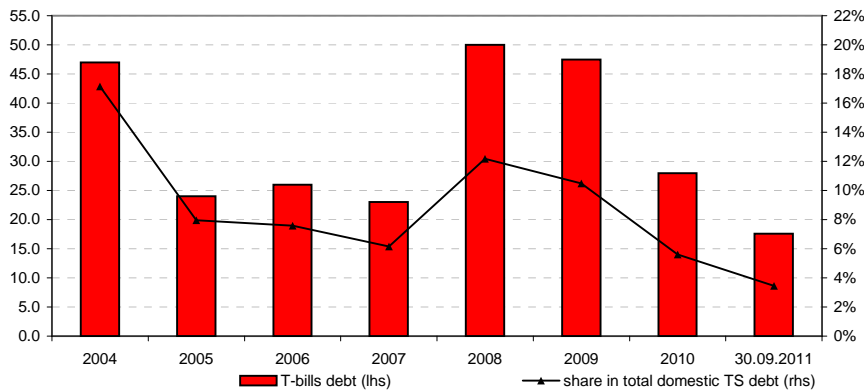
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 3.9bn. T-bonds issuance was EUR 3.5bn. Loans incurred from IFIs were at the level of EUR 1.8bn.

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



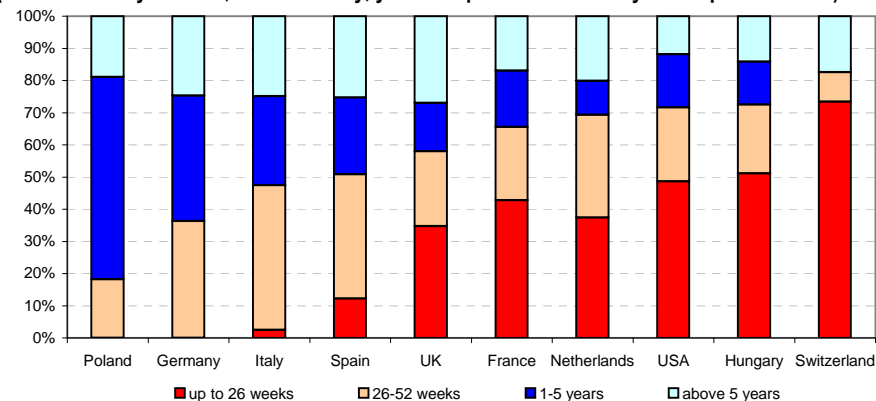
At the end of September 2011 the marketable domestic debt amounted to PLN 508.6bn comparing to PLN 499.3bn at the end of 2010.

15 T-bills outstanding
(PLN bn)



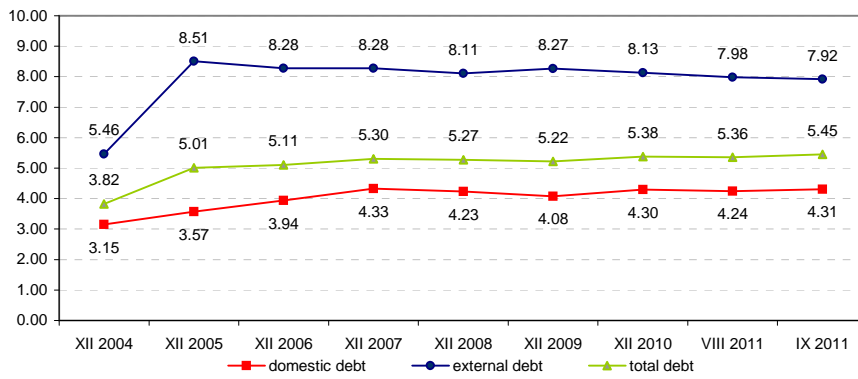
In the period of January - September 2011 indebtedness in T-bills decreased by PLN 10.4bn to the level of PLN 17.6bn. T-bills share in total domestic debt amounted to 3.5% which was historically record low level.

16 Maturity breakdown of T-securities in Poland and other countries
(auctions and syndicates, local currency, ytd in the period of 1 January - 30 September 2011)



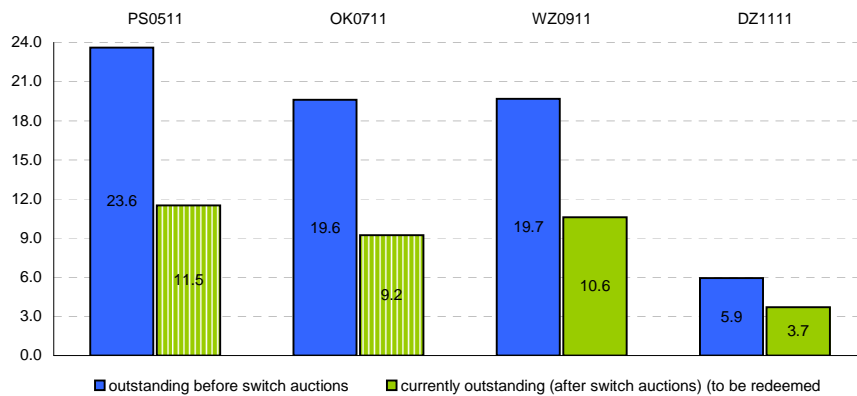
In terms of maturity, the sale of TS in Poland in 2011 is dominated by securities with maturity over 1 year.

17 Average maturity



In September 2011 the average maturity of domestic debt was at 5.45, a slight increase in comparison with the end-2010 figure.

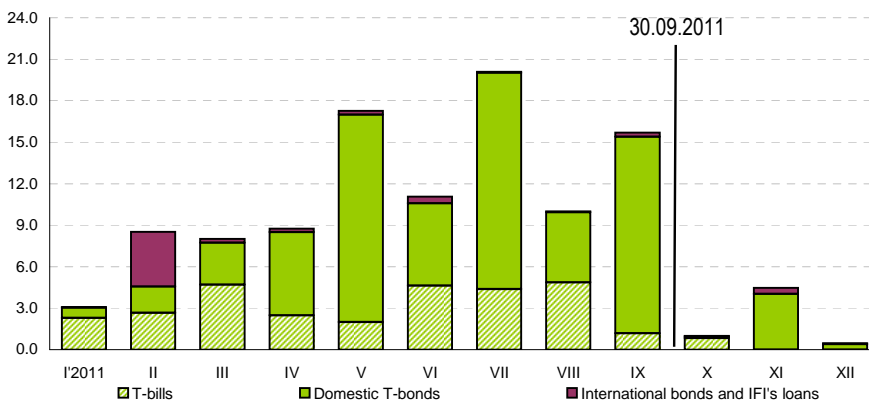
18 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2011 (switch auctions, PLN bn, as of 30 September 2011)



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 9.1bn (46% of initial outstanding)
- DZ1111: PLN 2.3bn (39% of initial outstanding).

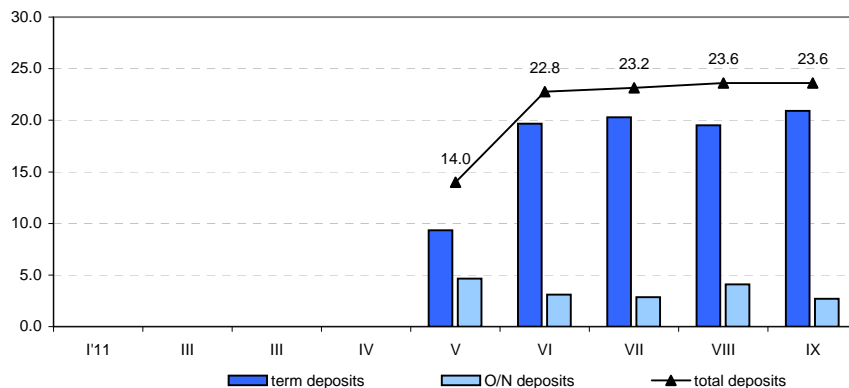
19 State Treasury debt redemptions in 2011 (nominal amount, PLN bn, as of 30 September 2011)



The nominal amount of debt to be redeemed in 2011 is equal to PLN 6.0bn, including:

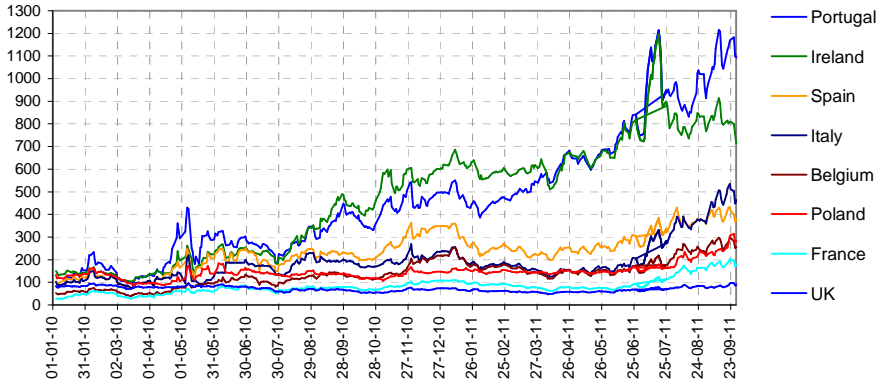
- T-bills: PLN 0.8bn
- T-bonds on domestic market: PLN 4.6bn
- bonds and loans incurred in foreign markets: PLN 0.6bn.

20 Consolidation of public finances liquidity management (PLN bn)



As a result of consolidation of public finances liquidity management there were PLN 23.6bn funds accumulated at the end of July, of which PLN 20.9bn was as term deposits and PLN 2.7bn on O/N deposits.

21 CDS levels
(5-year, bp)



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