



# MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

---

JUNE 2010

---

---

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

in June 2010

---

### THE MOST IMPORTANT INFORMATION:

	<i>(page)</i>
➤ Detailed issuance calendar in June.....	2
➤ Further decrease in indebtedness in T-bills planned for June 2010.....	3
➤ Borrowing requirements in 2010 funded in 51% (in the period January-May).....	3
➤ Treasury debt average maturity close to historically record high level.....	7
➤ Polish borrowing policy as the most effective in the region - the EuroWeek award.....	8

**1 T-bond auctions**

Auction date	Settlement date	Series	Planned offer (PLN m)
2 JUN 2010	7 JUN 2010	OK1012	3,000-4,500
9 JUN 2010	11 JUN 2010	IPS1014 (BGK)	1,000-2,500
16 JUN 2010	18 JUN 2010	DS1020	1,000-3,000

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 are entitled to organize non-competitive auctions where bonds will be sold at auction average clean price.

**2 T-bill auctions**

Auction date	Settlement date	T-bill	Planned offer (PLN m)
7 JUN 2010	9 JUN 2010	52 week	1,000-1,600
14 JUN 2010	16 JUN 2010	52 week	600-1,200
21 JUN 2010	23 JUN 2010	52 week	500-1,000
28 JUN 2010	30 JUN 2010	52 week	1,200-1,800

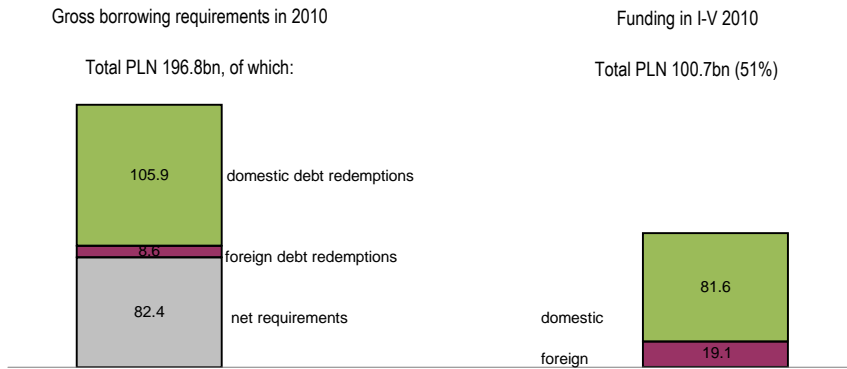
**3 T-bond switching auction**

Auction/ settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)
23 JUN 2010/ 25 JUN 2010	PS0415, WS0429	OK0710	6,356
		DS1110	21,590

**4 Offer on the retail market**

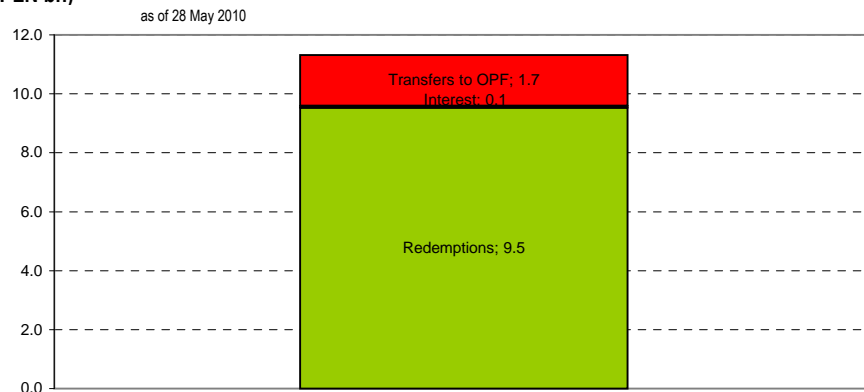
T-bond	Issue price	Coupon
DOS0612	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.00%
TZ0513	99.90 PLN	Floating (0.95 * WIBOR 6M), 3.85% in the first coupon period
COI0614	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 4.50% in the first coupon period
EDO0620	100.00 PLN	Floating (inflation rate + 3.00%), 5.25% in the first coupon period

**1 Gross borrowing requirements in 2010**



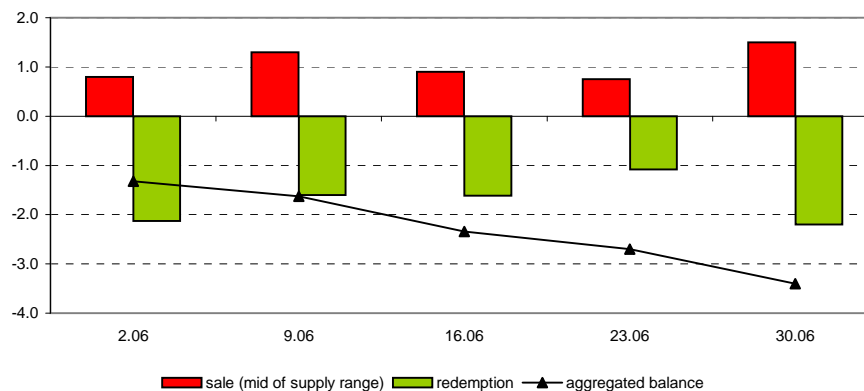
Funding of borrowing requirements after five months of 2010 reached 51% which was mainly a result of bonds issuance on the domestic and foreign markets. Drawings of loans from international financial institutions was postponed to the third quarter of the year.

**2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in June 2010 (PLN bn)**



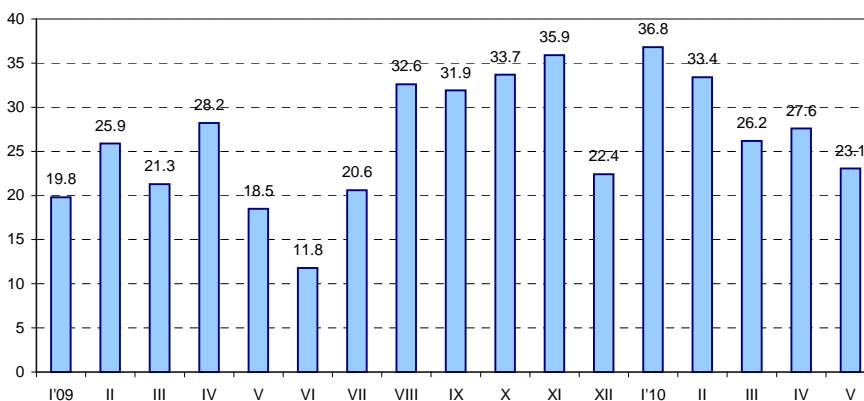
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 11.3bn.

**3 Sale and redemption of T-bills in June 2010 (settlement date, PLN bn)**



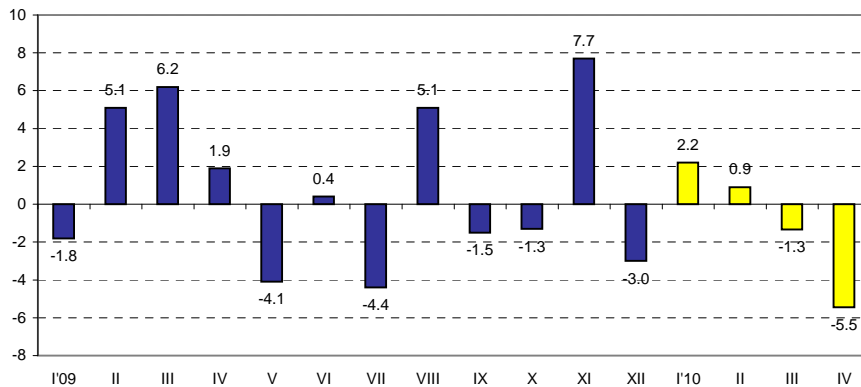
Assumed decrease of T-bills debt in June of PLN 2.0 - 4.7 bn. Supply of T-bills is adjusted to T-bonds offerings and T-bills redemptions.

**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)**



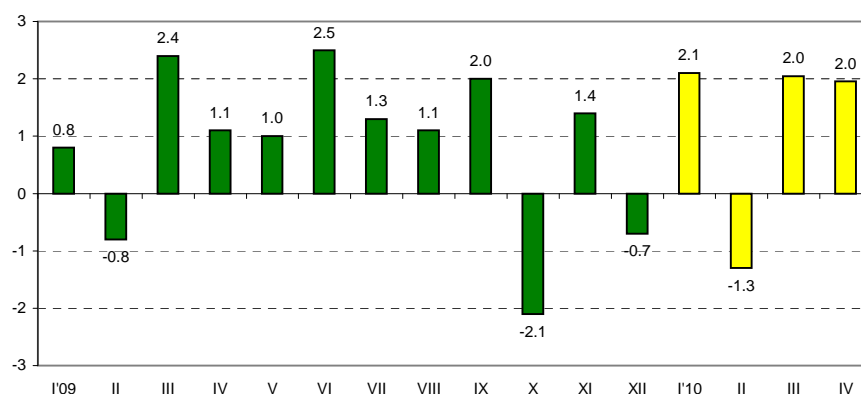
The funds ensure liquidity in borrowing needs financing.

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



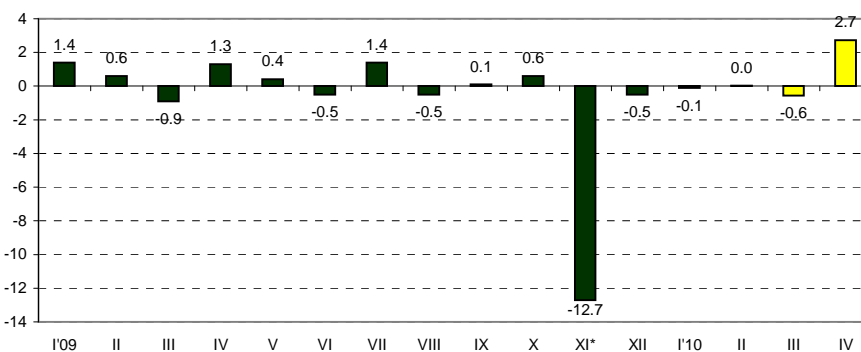
In the period of I-IV debt held by domestic banks decreased by PLN 3.7bn comparing to PLN 11.4bn increase during the same period of 2009.

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



In the period of I-IV debt held by pension funds increased by PLN 4.8bn comparing PLN 3.5bn increase during the same period of 2009.

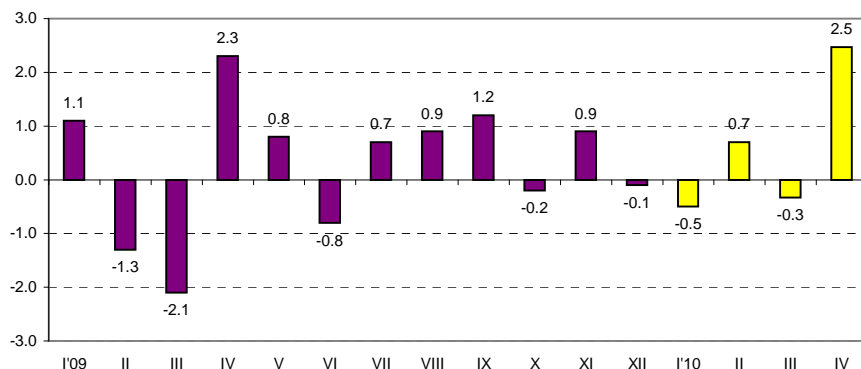
**7 Change of debt in domestic Treasury securities held by insurance companies**  
(PLN bn)



\* dividend paid by PZU S.A.

In the period of I-IV there was an increase of PLN 2.1bn in debt held by insurance companies. During the same period of 2009 there was an increase of PLN 2.4bn.

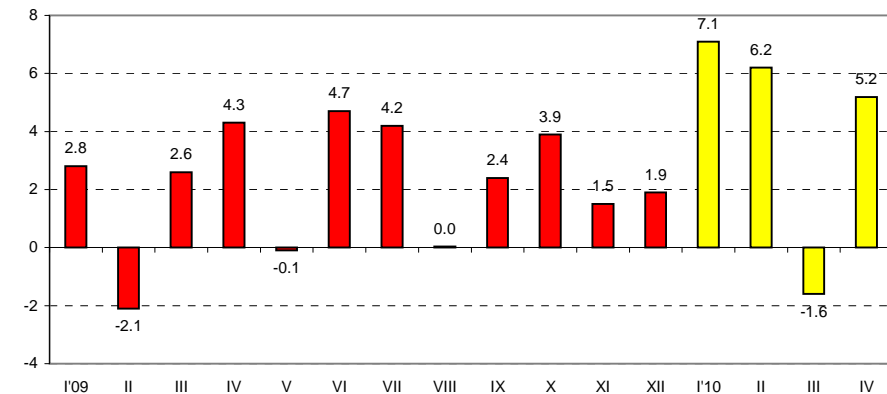
**8 Change of debt in domestic Treasury securities held by investment funds**  
(PLN bn)



In the period of I-IV there was an increase of PLN 2.3bn in debt held by investment funds. Comparing to the same period of 2009 there were no changes.

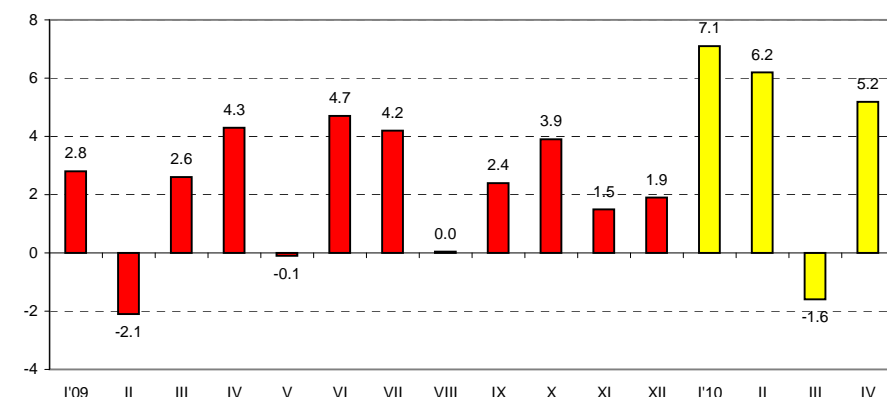
**9 Change of debt in domestic Treasury securities held by foreign investors (PLN bn)**

In the period of I-IV of 2010 inflow of foreign capital to domestic TS market amounted to PLN 16.9bn. Foreign investors' holdings reached PLN of 98.7bn.



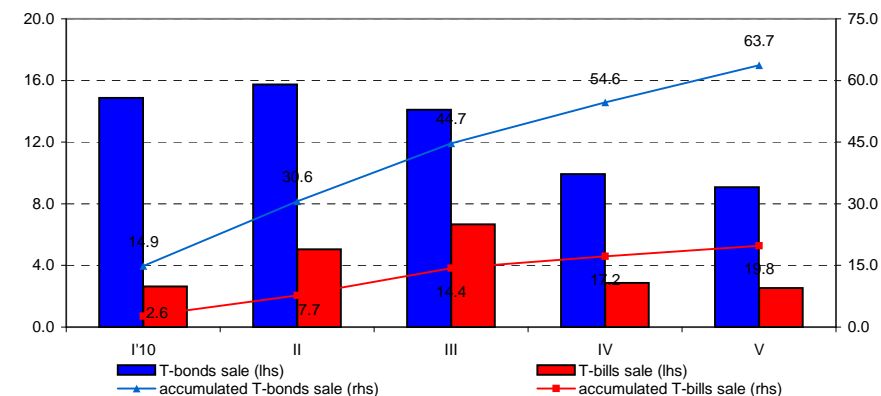
**10 Change of debt in domestic bonds held by foreign investors (PLN bn)**

In the period of I-IV of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 17.4bn. Foreign investors' holdings reached PLN 96.0bn.



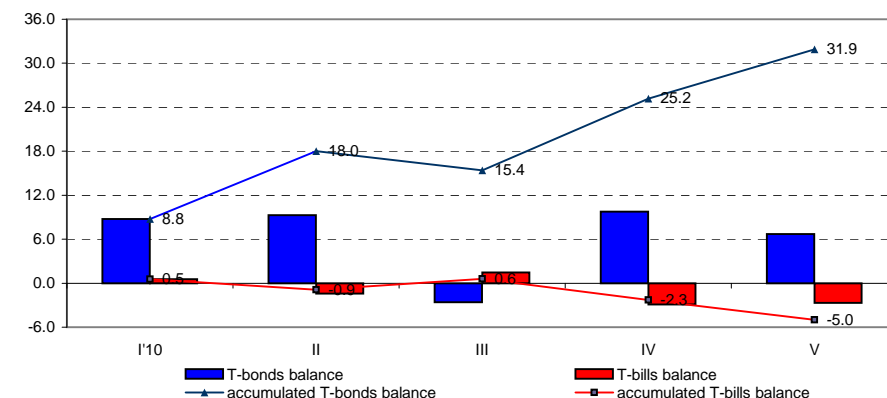
**11 Sale of T-bonds and T-bills in the period January - May 2010 (settlement date, nominal amount, PLN bn)**

The structure of Treasury securities offered dominated by T-bonds (76% of total amount sold).

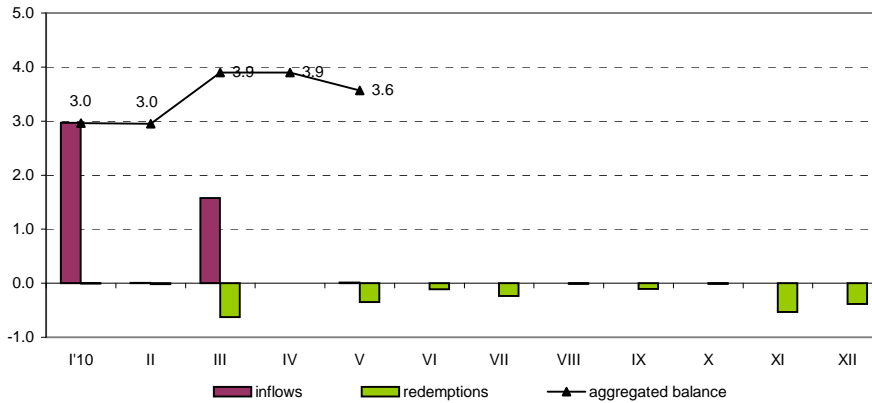


**12 Balance of T-bonds and T-bills in the period January - May 2010 (settlement date, nominal amount, PLN bn)**

Indebtedness in T-bonds increased by PLN 31.9bn, whereas indebtedness in T-bills decreased by PLN 5bn.

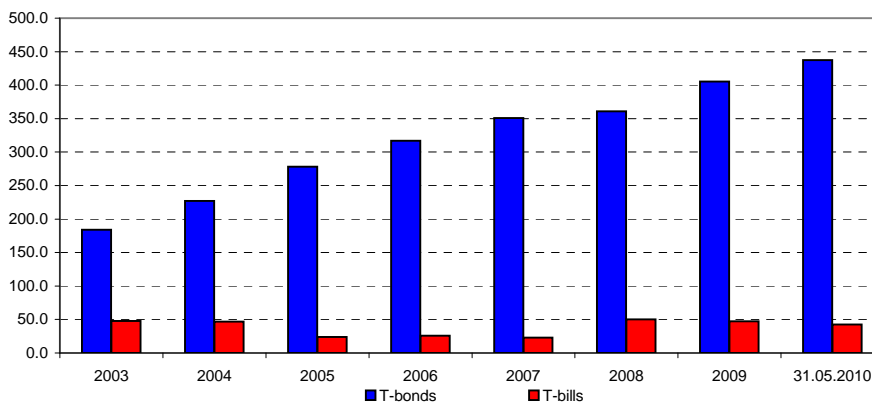


**13 External financing in January - May 2010**  
(bonds issued on foreign markets and loans received from IFIs, EUR bn)



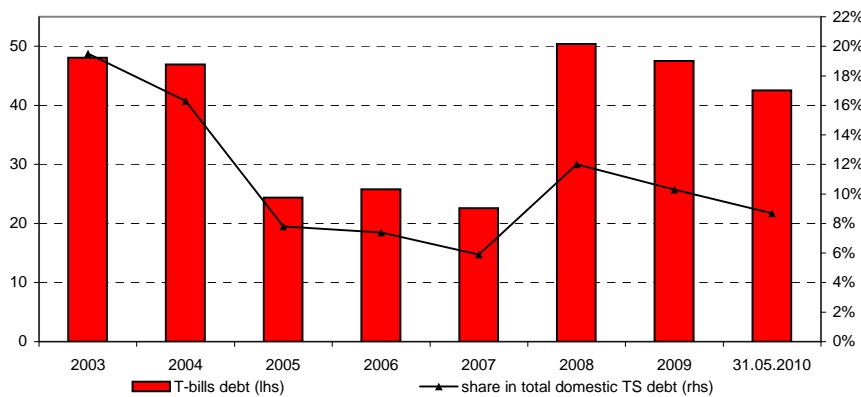
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 3.6bn.

**14 Structure of marketable debt in the years 2003-2010**  
(PLN bn)



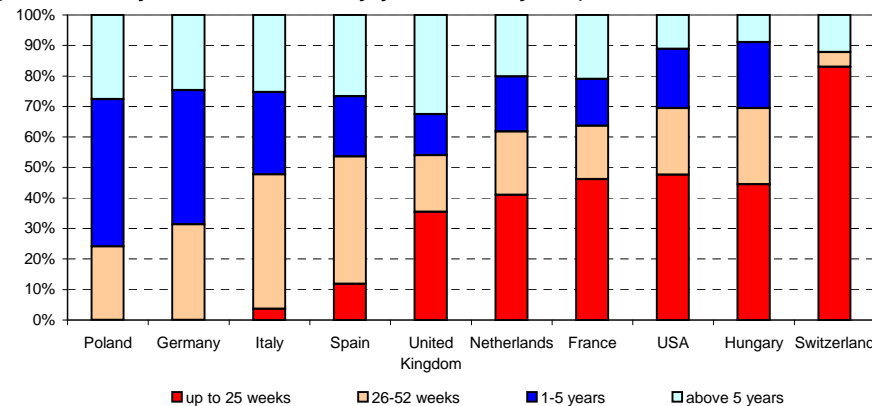
In May 2010 there was an increase in marketable domestic debt of PLN 4.1bn to PLN 480.0bn. There is distinct T-bonds lead in the structure (91%).

**15 T-bills outstanding in the years 2003-2010**  
(PLN bn)



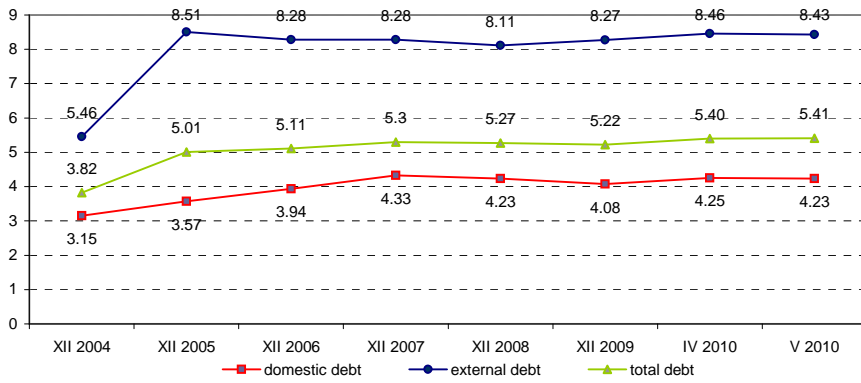
In the period of January - May indebtedness in T-bills decreased by PLN 5bn and its share in total domestic debt amounted to 8.7%.

**16 Maturity breakdown of T-securities sold in 2009 in Poland and other countries**  
(auctions and syndicates, local currency, ytd as of 26 May 2010)



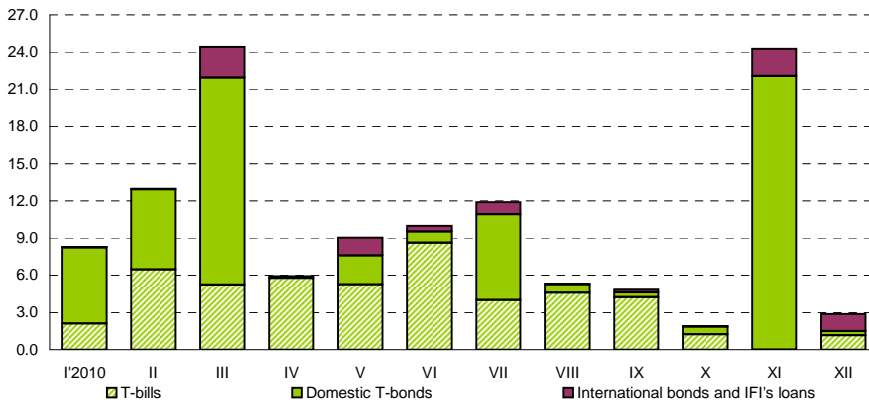
In terms of maturity, the sale of TS in Poland is dominated by securities with maturity over 1 year.

17 Average maturity



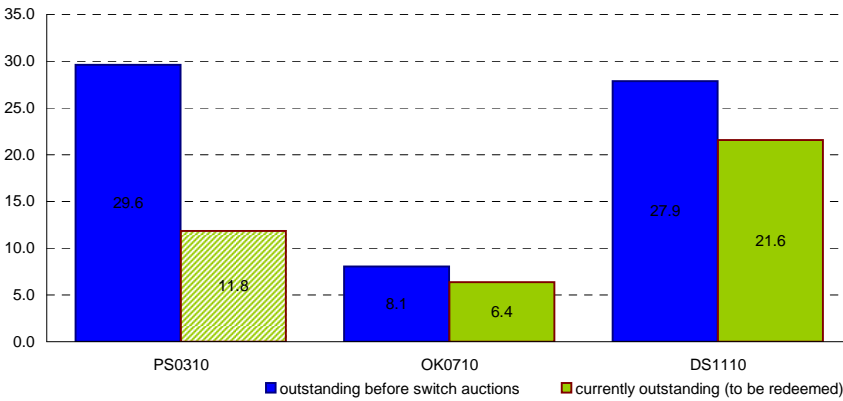
In May the average maturity of domestic debt was at the historic highest level (5.50 in January 2009).

18 State Treasury debt redemptions in 2010 (nominal amount, PLN bn)



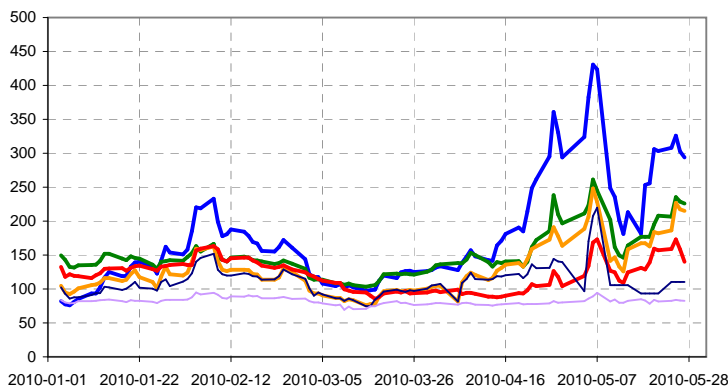
The nominal amount of debt to be redeemed in 2010 is equal to PLN 61.1bn which makes up half of redemption of 2009.

19 Reducing refinancing risk connected with T-bonds' redemptions (switch auctions, PLN bn)



Buy-back of T-bonds maturing in 2010 via switch auctions was as follows:  
 - PS0310: PLN 17.8bn (60% of initial outstanding),  
 - OK0710: PLN 1.7bn (21%),  
 - DS1110: PLN 6.3bn (23%).

20 CDS levels (5-year, bp)



Currently 5-year CDS contracts for Poland are traded at lower level than contracts for e.g. Portugal, Spain or Ireland.

**21 Public debt to GDP ratios in 2008 and 2009**

*Due to a revision of nominal GDP for 2008 announced by Central Statistical Office on 14 May 2010 the ratio of public debt to GDP changed to:*

**- in the year 2008: 46.9%**

**- in the year 2009: 49.8%**

**22 Most Impressive Central and Eastern European Borrower award**

According to EuroWeek magazine Poland conducts the most effective borrowing policy in the region. Deputy Finance Minister Dominik Radziwiłł, on behalf of the Republic of Poland, received in London the award **Most Impressive Central and Eastern European borrower**.

