



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

AUGUST 2010

State budget borrowing requirements' financing plan and its background:

in August 2010

THE MOST IMPORTANT INFORMATION:

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1 T-bond auction

Auction date	Settlement date	Series	Planned offer (PLN m)
4 AUG 2010	6 AUG 2010	OK1012 and PS0415	3,000-6,000

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)
25 AUG 2010/ 27 AUG 2010	Depending on market situation: PS0415 / DS1020 / WS0429 / WZ0121 / IZ0823	DS1110	19,203

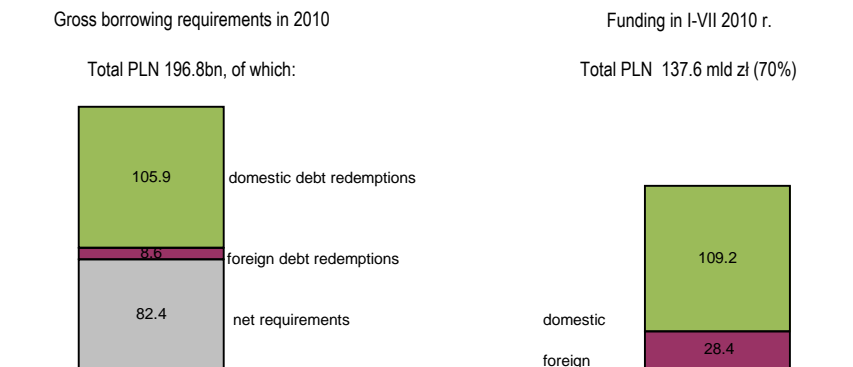
3 T-bill auctions

Auction date	Settlement date	T-bill	Planned offer (PLN m)
9 AUG 2010	11 AUG 2010	52 week	1,000-1,500
16 AUG 2010	18 AUG 2010	52 week	700-1,200
23 AUG 2010	25 AUG 2010	52 week	500-1,000
30 AUG 2010	1 SEP 2010	52 week	500-800

4 Offer on the retail market

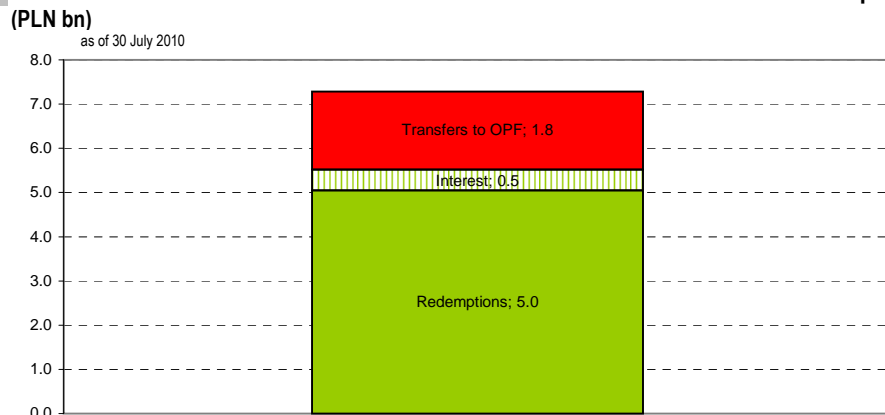
T-bond	Issue price	Coupon
DOS0812	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.00%
TZ0813	99.90 PLN	Floating (0.95 * WIBOR 6M), 3.79% in the first coupon period
COI0814	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 4.50% in the first coupon period
EDO0820	100.00 PLN	Floating (inflation rate + 3.00%), 5.25% in the first coupon period

1 Gross borrowing requirements in 2010



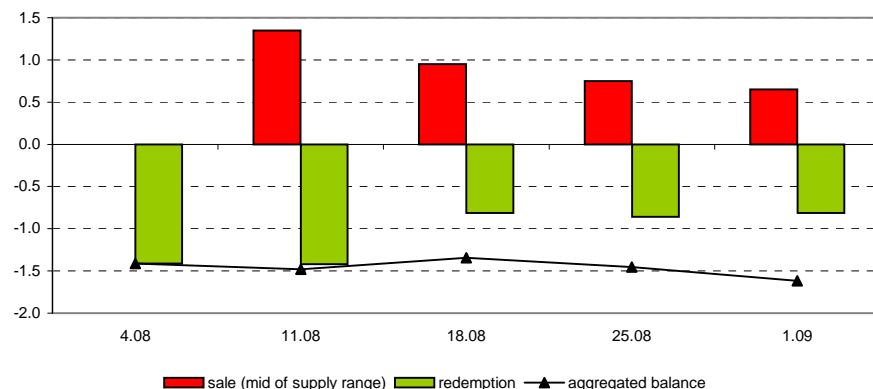
Funding of borrowing requirements after seven months of 2010 reached 70% which was mainly a result of bonds issuance on the domestic and foreign markets. Receipts from loans from international financial institutions accounted for EUR 1.0bn.

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



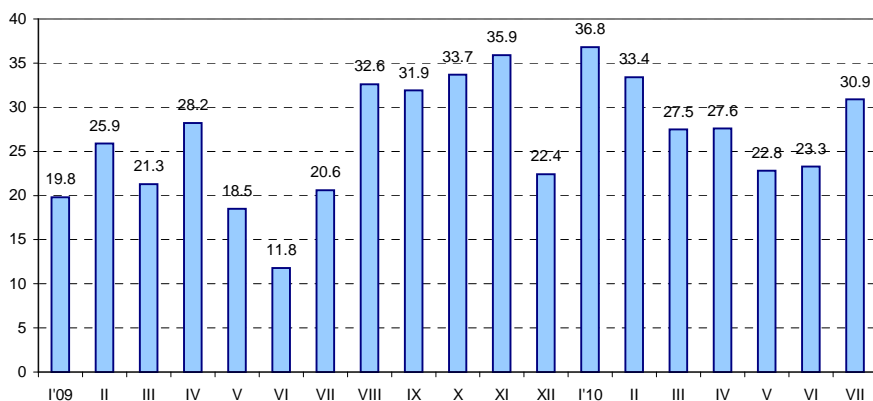
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 7.3 bn.

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



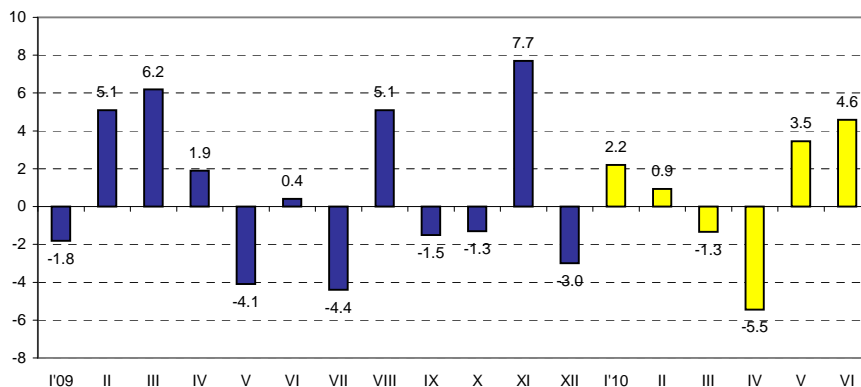
Assumed decrease of T-bills debt in August of PLN 0.8 - 2.3 bn. Supply of T-bills is adjusted to T-bonds offerings and T-bills redemptions.

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)



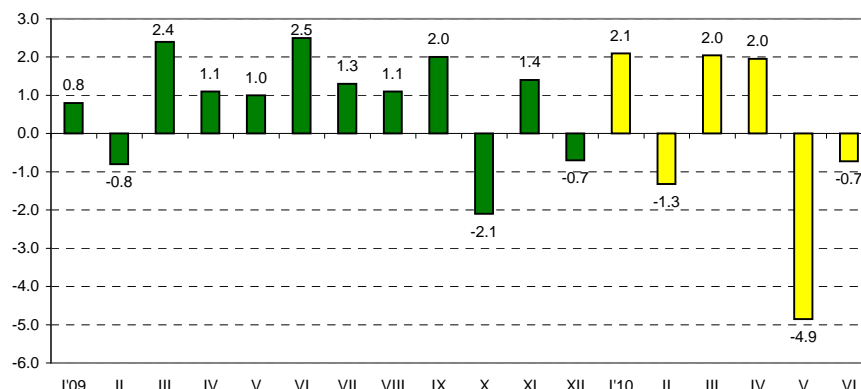
The funds ensure liquidity in borrowing needs financing.

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



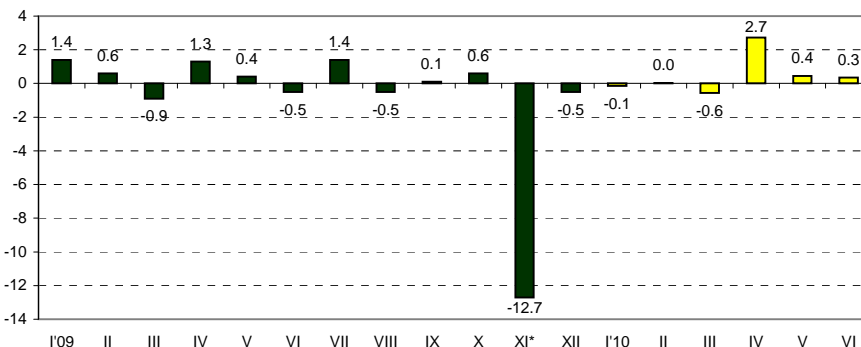
In the period of I-VI debt held by domestic banks increased by PLN 4.4bn comparing to PLN 7.7bn increase during the same period of 2009.

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



In the period of I-VI debt held by pension funds decreased by PLN 0.8bn comparing PLN 7.0bn increase during the same period of 2009.

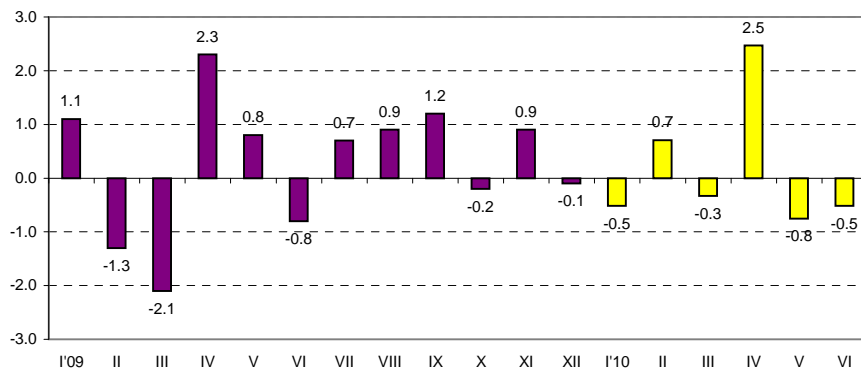
7 Change of debt in domestic Treasury securities held by insurance companies (PLN bn)



* dividend paid by PZU S.A.

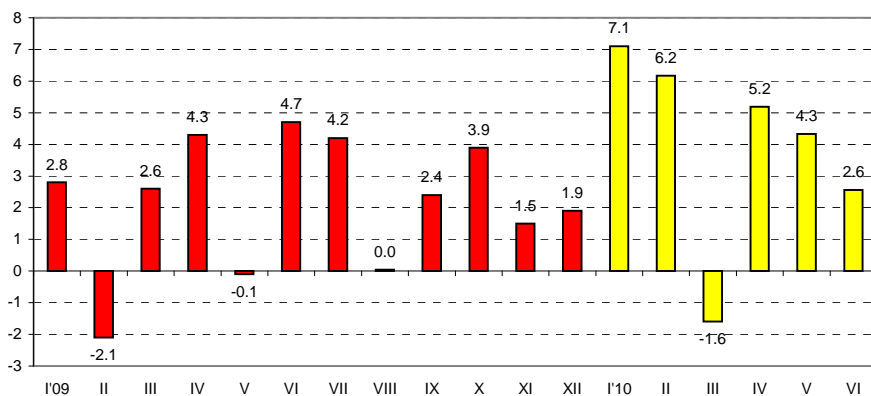
In the period of I-VI there was an increase of PLN 2.8bn in debt held by insurance companies. During the same period of 2009 there was an increase of PLN 2.3bn.

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



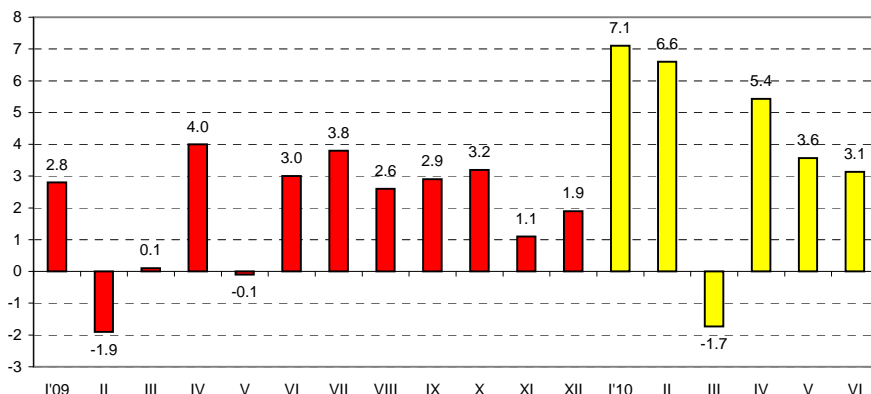
In the period of I-VI there was an increase of PLN 1.1bn in debt held by investment funds. Comparing to the same period of 2009 there were no changes.

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



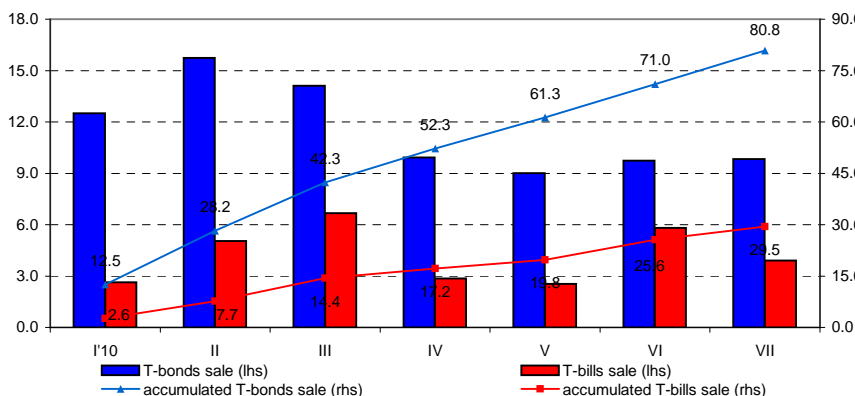
In the period of I-VI of 2010 inflow of foreign capital to domestic TS market amounted to PLN 23.8bn. Foreign investors' holdings reached PLN of 105.6bn.

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



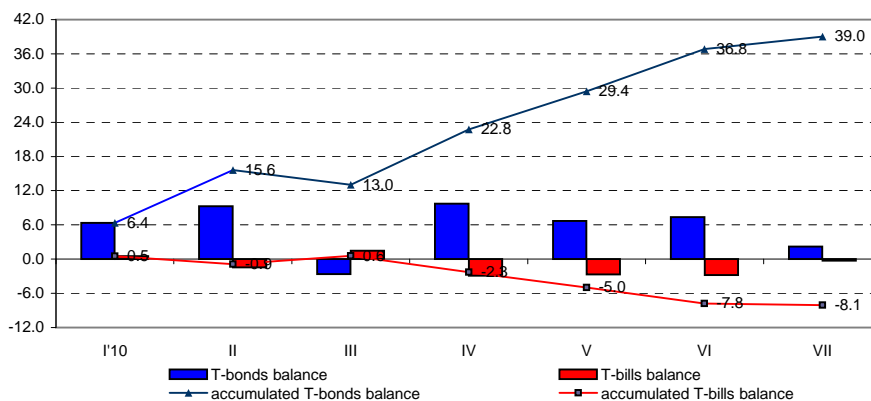
In the period of I-VI of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 24.1bn. Foreign investors' holdings reached PLN 102.7bn.

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



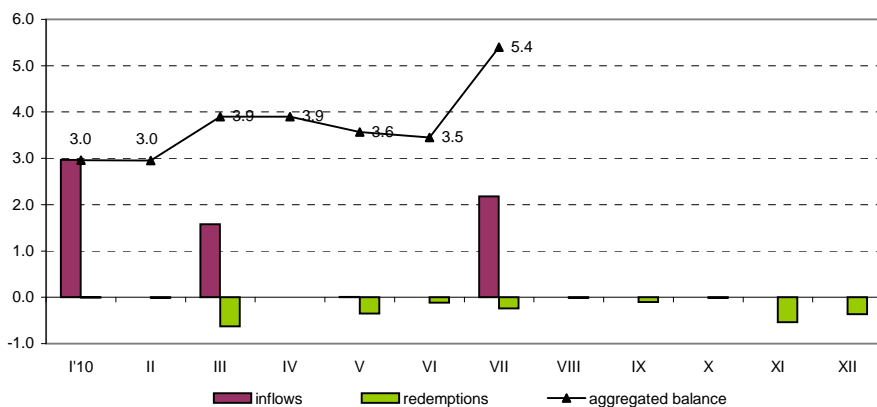
The structure of Treasury securities offered dominated by T-bonds (73% of total amount sold).

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



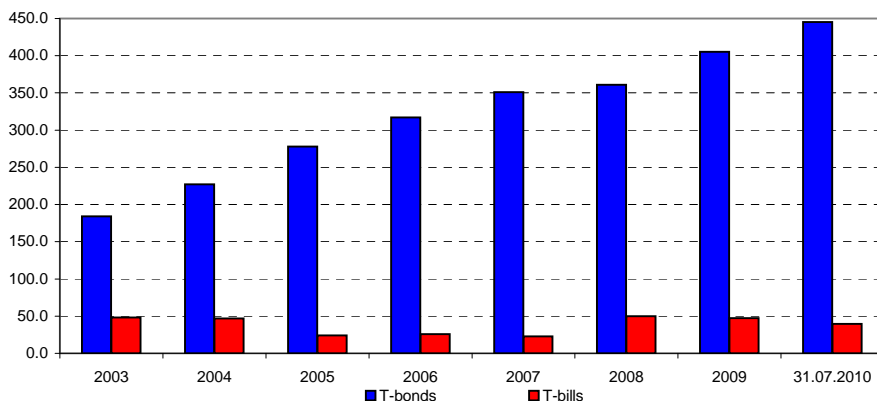
Indebtedness in T-bonds increased by PLN 39.0, whereas indebtedness in T-bills decreased by PLN 8.1bn.

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



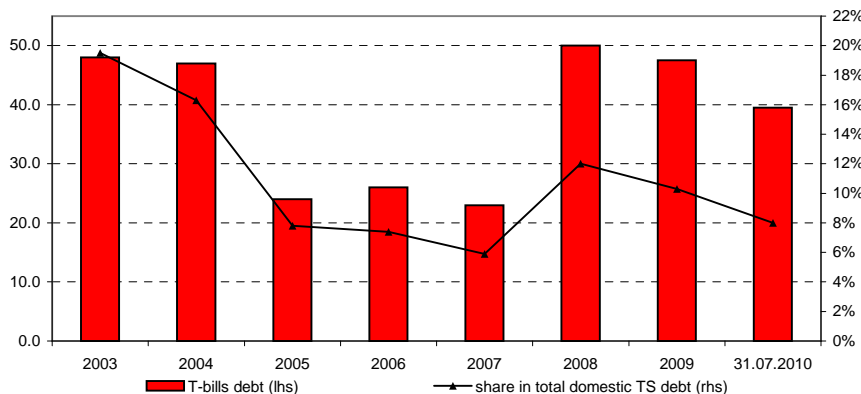
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 5.4bn. T-bonds issuance was EUR 5.7bn and EUR 1.0bn inflows from IFIs.

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



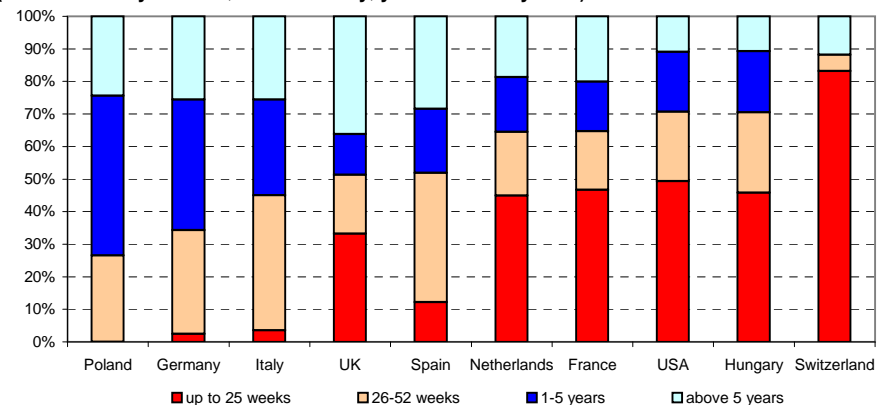
In July 2010 there was an increase in marketable domestic debt of PLN 2.3bn to PLN 484.7bn. There is distinct T-bonds lead in the structure (92%).

15 T-bills outstanding
(PLN bn)



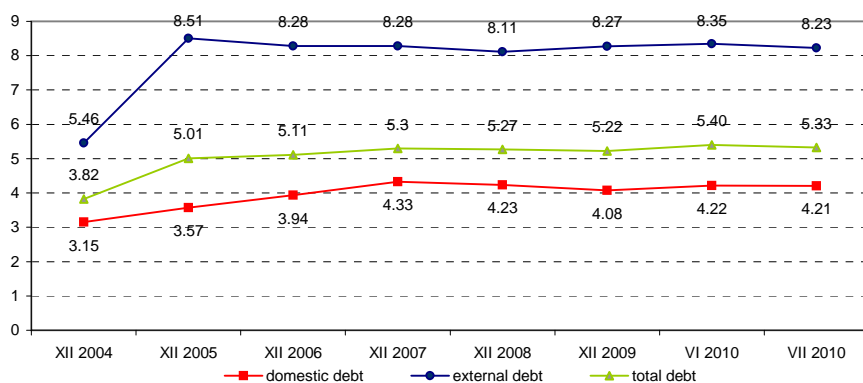
In the period of January - July indebtedness in T-bills decreased by PLN 8.1bn and its share in total domestic debt amounted to 8% at the end of July.

16 Maturity breakdown of T-securities in Poland and other countries
(auctions and syndicates, local currency, ytd as of 31 July 2010)



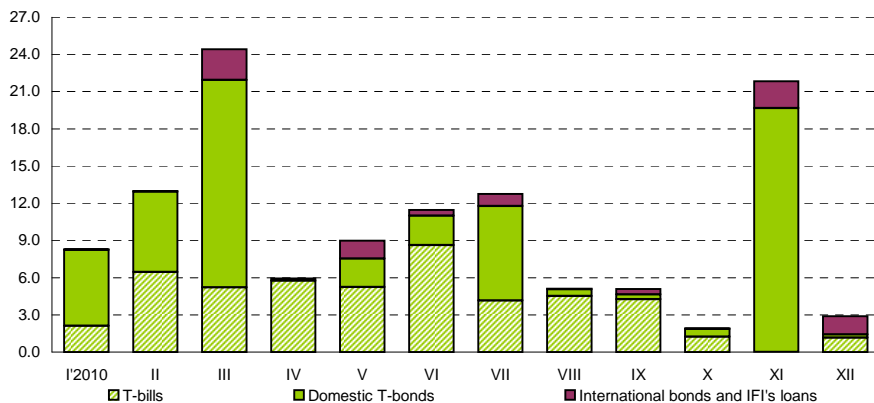
In terms of maturity, the sale of TS in Poland is dominated by securities with maturity over 1 year.

17 Average maturity



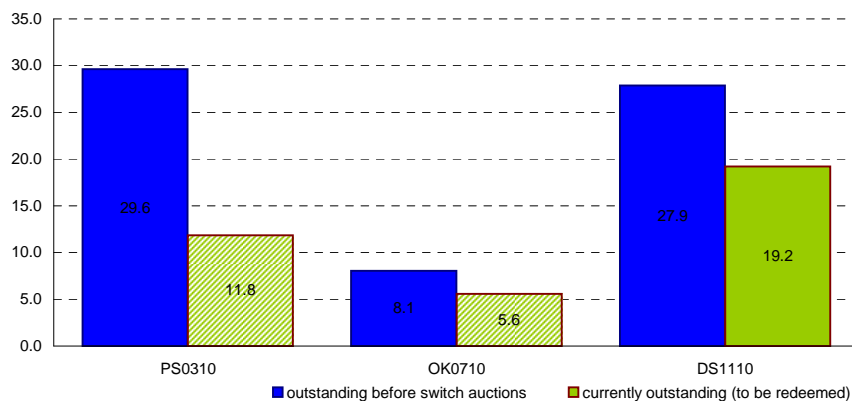
In July the average maturity of domestic debt was at 5.33.

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 36.8bn which makes up 30% of redemption of 2010.

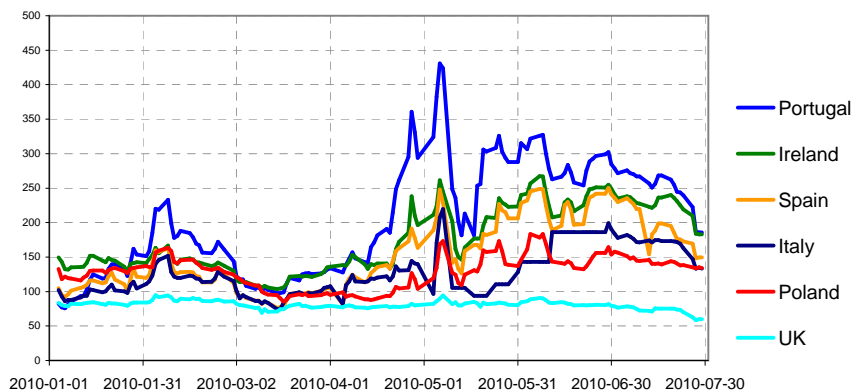
19 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2010 (switch auctions, PLN bn)



Buy-back of T-bonds maturing in 2010 via switch auctions:

- PS0310: PLN 17.8bn (60% of initial outstanding),
- OK0710: PLN 2.5bn (31%),
- DS1110: PLN 7.1bn (31%).

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 T-bonds issue on the Swiss franc market (reopening)Issue summary:

Amount:	CHF 150m (aggregate amount: CHF 625m)
Maturity date:	March 31, 2014
Coupon:	2.125%
Spread:	119 bp above the mid-swaps
Yield:	2.171%
Launch date:	July 6, 2010
Bookrunners:	Royal Bank of Scotland, UBS

Market commentary:

Euroweek no 1162 (July 9, 2010):
 "(...) we knew from our previous attempt that there were investors interested in buying Poland. We had soft orders of around Sfr100m before we opened books, and achieved Sfr150m.
 The bid was mainly from private banks and asset managers, helped by recent positive headlines about the country."

22 T-bonds issue on the USD marketIssue summary:

Amount:	USD 1.5bn
Maturity date:	July 16, 2015
Coupon:	3.875%
Spread:	215 bp above the mid-swaps
Yield:	3.941%
Launch date:	July 16, 2010
Bookrunners:	Barclays Capital, HSBC, Nomura

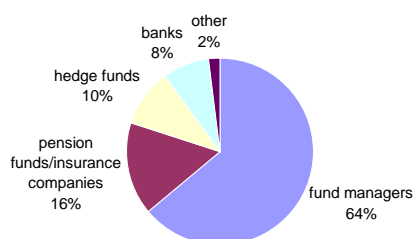
Market commentary:

Euroweek no 1163 (July 16, 2010):
 "Bookbuilding went quickly. Books were open for just under an hour and a half closing with over \$8bn of orders from 335 investors in 30 countries. We finalised pricing at Treasuries plus 215bp with a minimal new issue premium. The size and quality of the book exceeded expectations (...)"

"The book was a high quality one with sovereign wealth and high quality US accounts invoiced(...)"

"The speed and size of the bookbuilding was more than we expected."

"We tightened guidance and priced at Treasuries plus 215bp which equated to mid-swaps plus 189bp as the republic wanted to leave a good taste in investors' mouths."

Orderbook by investor typeOrderbook by geography