



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

SEPTEMBER 2010

State budget borrowing requirements' financing plan and its background:

in September 2010

THE MOST IMPORTANT INFORMATION:

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1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
1 SEP 2010	3 SEP 2010	OK1012	2,500-4,000
8 SEP 2010	10 SEP 2010	PS0415	1,500-3,500
15 SEP 2010	17 SEP 2010	DS1020	1,500-3,500

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)
22 SEP 2010/ 24 SEP 2010	Depending on market situation: WZ0121 / WS0429 / IZ0823	DS1110	15,077

3 T-bill auctions

Auction date	Settlement date	T-bill	Planned offer (PLN m)
20 SEP 2010	22 SEP 2010	52-week	500-1,000
27 SEP 2010	29 SEP 2010	52-week	500-1,000

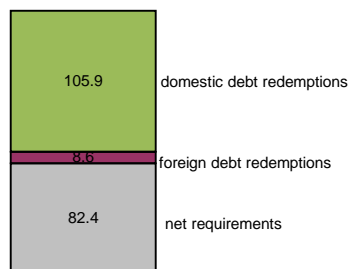
4 Offer on the retail market

T-bond	Issue price	Coupon
DOS0912	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
COI0914	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 4.50% in the first coupon period
EDO0920	100.00 PLN	Floating (inflation rate + 3.00%), 5.25% in the first coupon period

1 Gross borrowing requirements in 2010

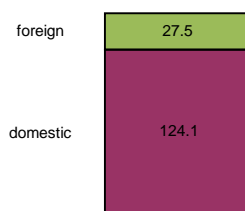
Gross borrowing requirements in 2010

Total PLN 196.8bn, of which:



Funding in I-VIII 2010 r.

Total PLN 151.6 mld zł (77%)



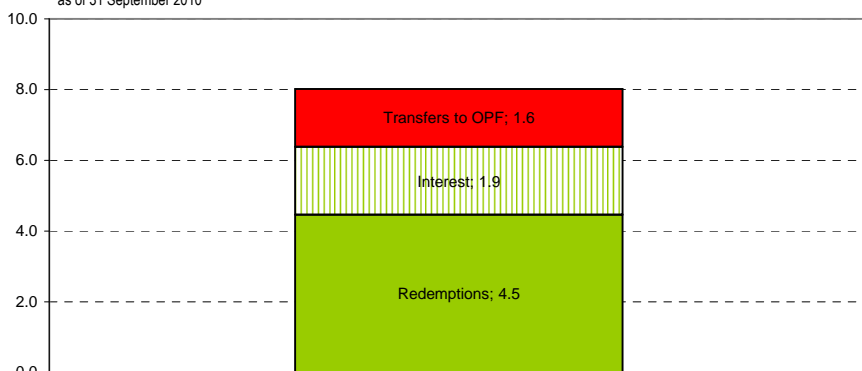
Funding of borrowing requirements after eight months of 2010 reached 77% which was mainly a result of:

- treasury securities issuance on the domestic market: PLN 119.5bn
- bonds issuance on the foreign market: PLN 23.3bn
- loans incurred from international financial institutions: PLN 4.2bn
- funds of 2009: PLN 4.6bn.

2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in September 2010

(PLN bn)

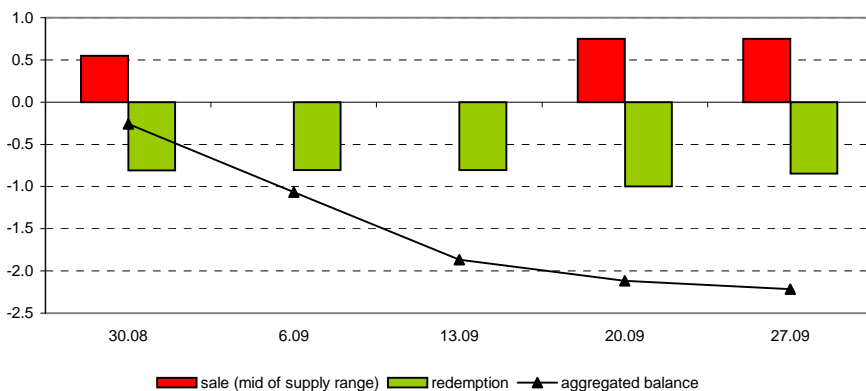
as of 31 September 2010



Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 8.0 bn.

3 Sale and redemption of T-bills in September 2010

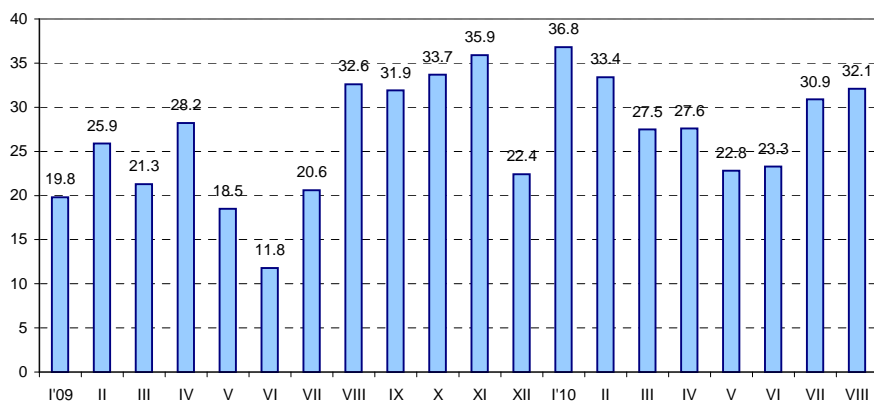
(settlement date, PLN bn)



Assumed decrease of T-bills debt in September of PLN 1.7 - 2.7bn. Supply of T-bills is a result of current good budget situation and is adjusted to T-bonds offerings.

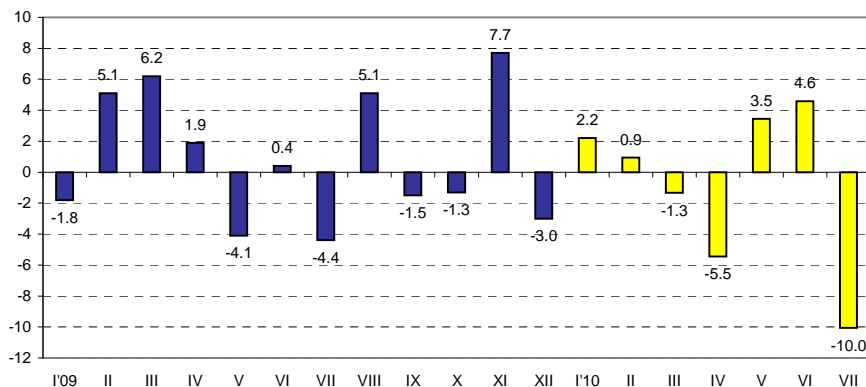
4 Funds in PLN and in foreign currency held by MoF at the end of month

(foreign currency funds include funds from debt issuance and received from the European Commission, PLN bn)



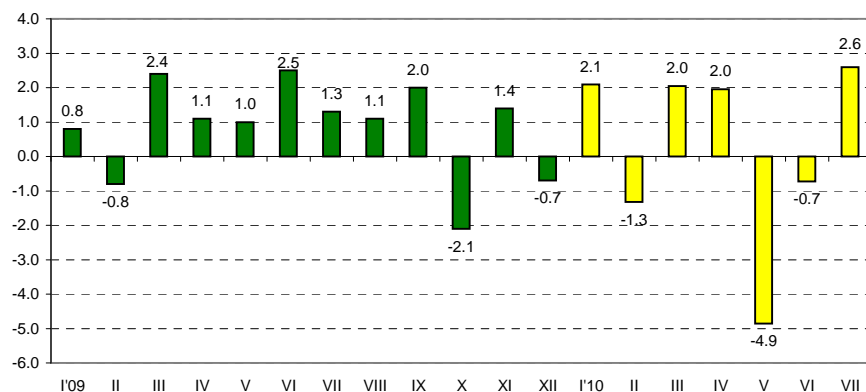
The funds ensure liquidity in borrowing needs financing.

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



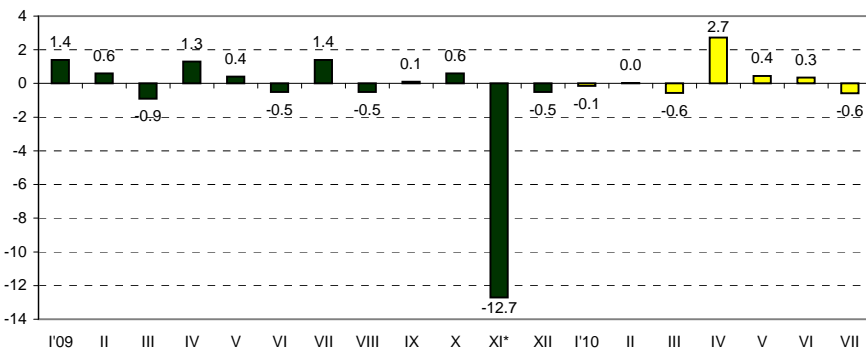
In the period of I-VII debt held by domestic banks decreased by PLN 5.7bn comparing to PLN 3.3bn increase during the same period of 2009.

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



In the period of I-VII debt held by pension funds increased by PLN 1.8bn comparing PLN 8.3bn increase during the same period of 2009.

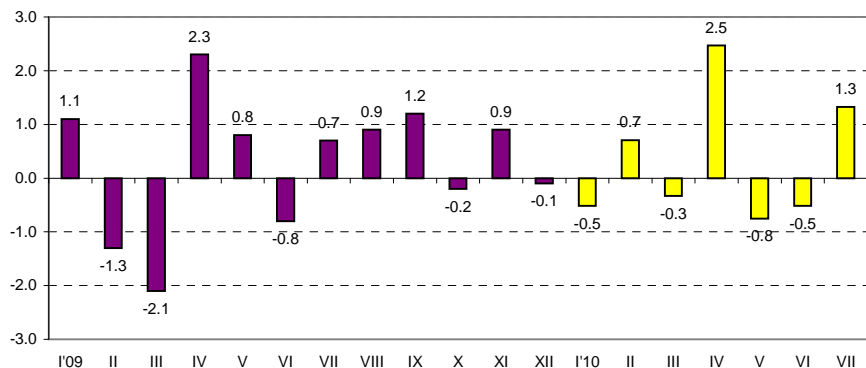
**7 Change of debt in domestic Treasury securities held by insurance companies
(PLN bn)**



In the period of I-VII there was an increase of PLN 2.2bn in debt held by insurance companies. During the same period of 2009 there was an increase of PLN 3.7bn.

* dividend paid by PZU S.A.

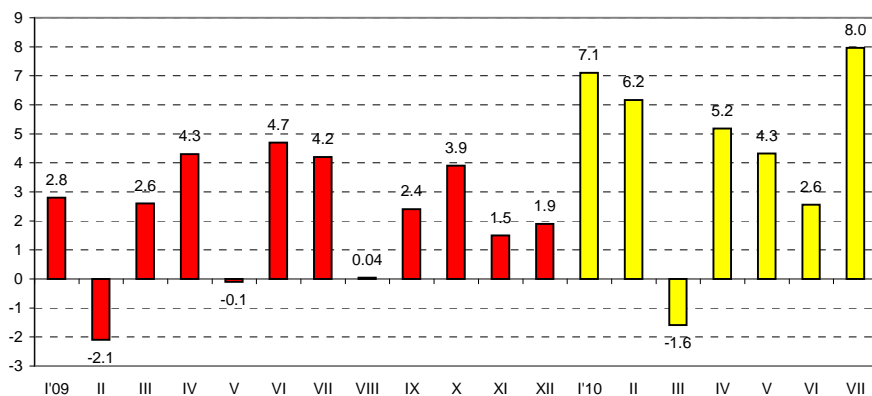
**8 Change of debt in domestic Treasury securities held by investment funds
(PLN bn)**



In the period of I-VII there was an increase of PLN 2.4bn in debt held by investment funds. During the same period of 2009 there was an increase of PLN 0.7bn.

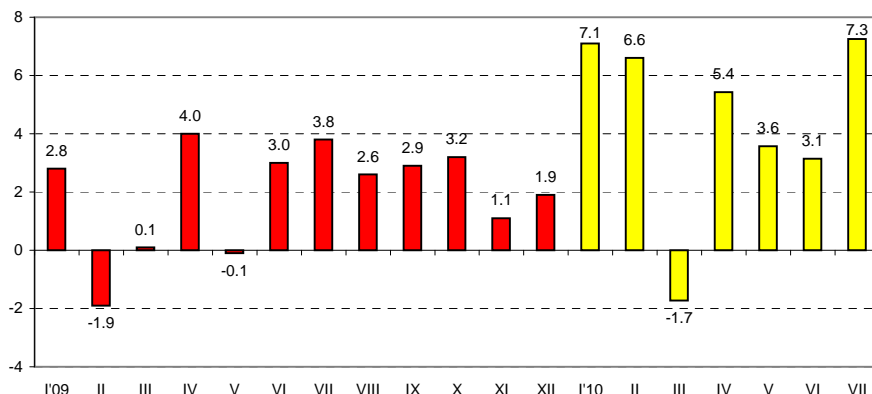
9 Change of debt in domestic Treasury securities held by foreign investors (PLN bn)

In the period of I-VII of 2010 inflow of foreign capital to the domestic TS market amounted to PLN 31.7bn. Foreign investors' holdings reached record level of PLN 113.5bn.



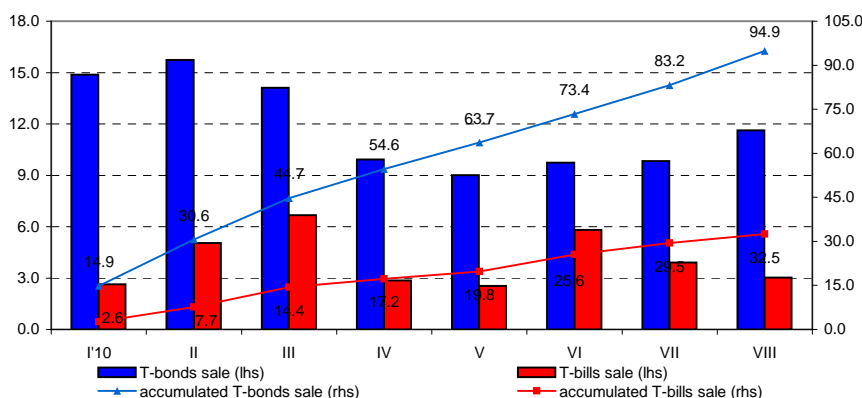
10 Change of debt in domestic bonds held by foreign investors (PLN bn)

In the period of I-VII of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 31.4bn. Foreign investors' holdings reached PLN 109.9bn.



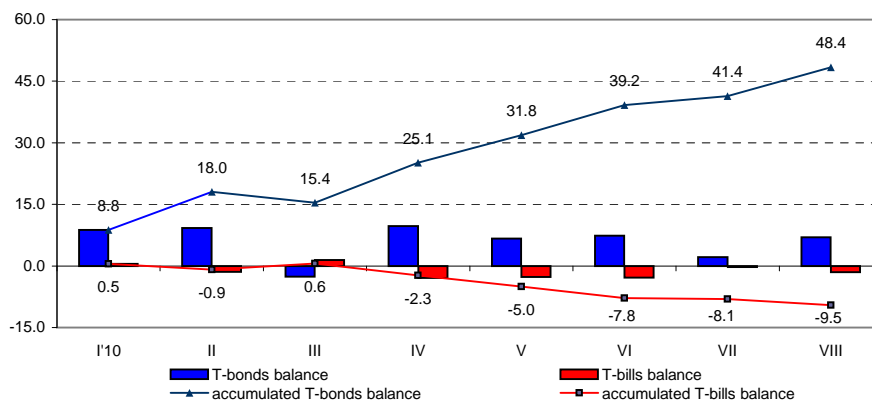
11 Sale of T-bonds and T-bills in the period January - August 2010 (settlement date, nominal amount, PLN bn)

The structure of Treasury securities offered dominated by T-bonds (74% of total amount sold).

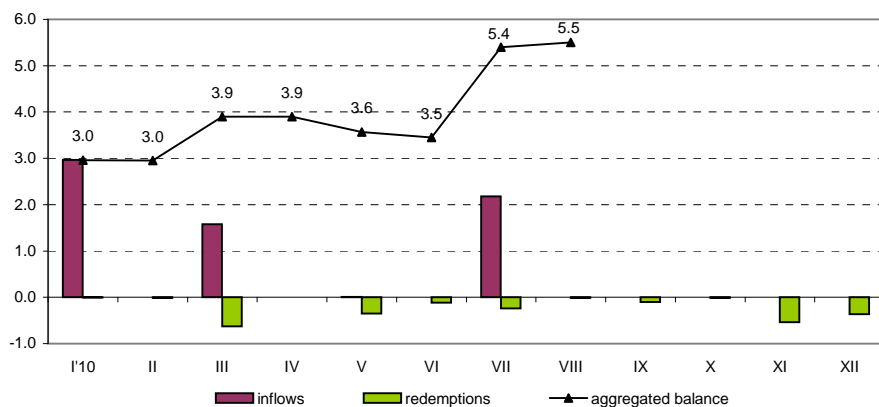


12 Balance of T-bonds and T-bills in the period January - August 2010 (settlement date, nominal amount, PLN bn)

Indebtedness in T-bonds increased by PLN 48.4, whereas indebtedness in T-bills decreased by PLN 9.5bn.

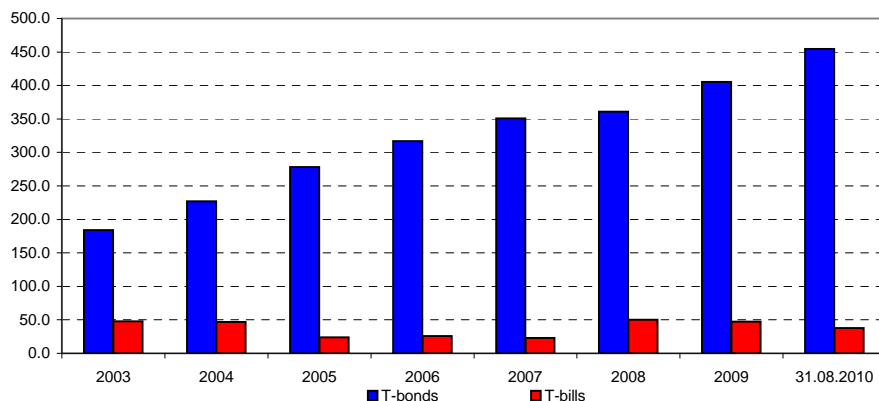


13 External financing in January - August 2010
(bonds issued on foreign markets and loans received from IFIs, EUR bn)



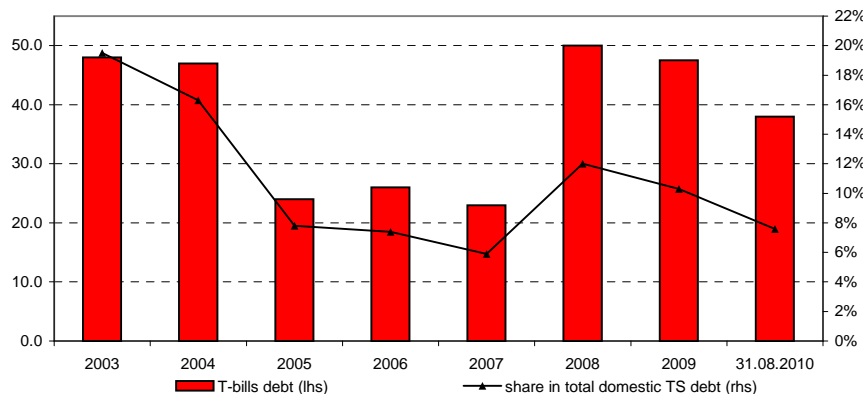
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 5.5bn. T-bonds issuance was EUR 5.8bn and EUR 1.0bn inflows from IFIs.

14 Structure of marketable debt
(PLN bn)



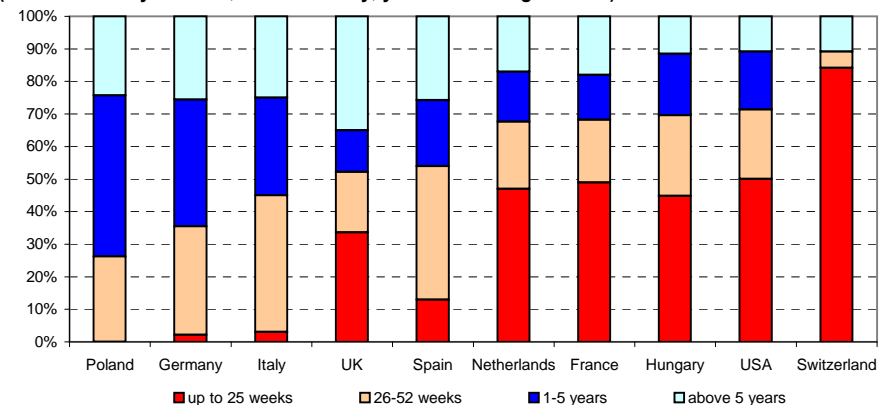
In August 2010 there was an increase in marketable domestic debt of PLN 7.2bn to PLN 492.7bn. There is distinct T-bonds lead in the structure (92%).

15 T-bills outstanding
(PLN bn)



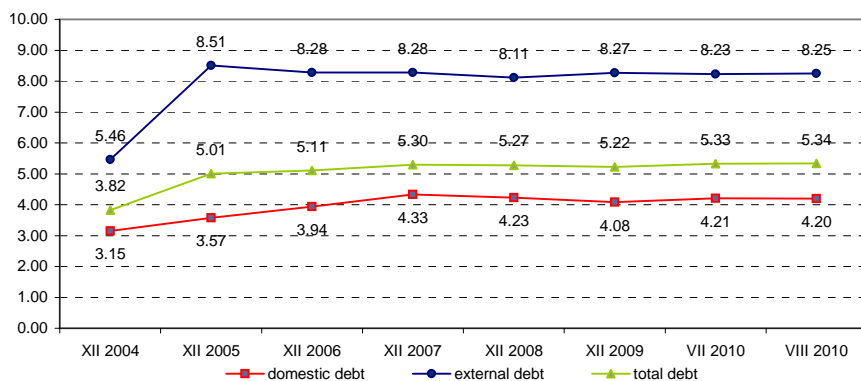
In the period of January - August indebtedness in T-bills decreased by PLN 9.5bn and its share in total domestic debt amounted to 7.6% at the end of August.

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



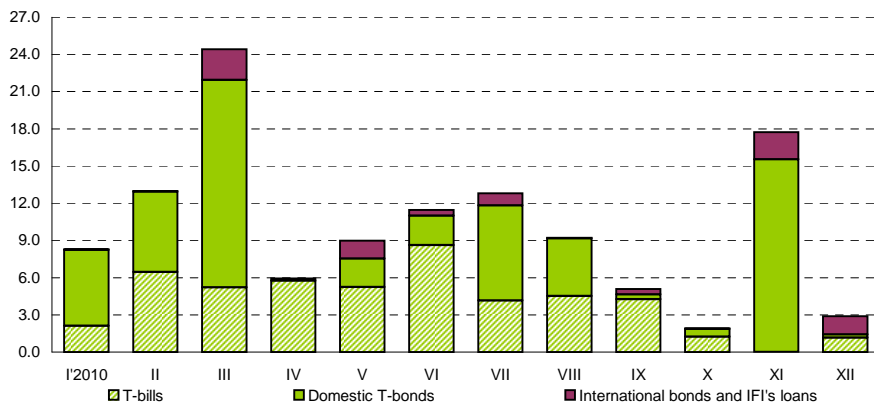
In terms of maturity, the sale of TS in Poland is dominated by securities with maturity over 1 year.

17 Average maturity



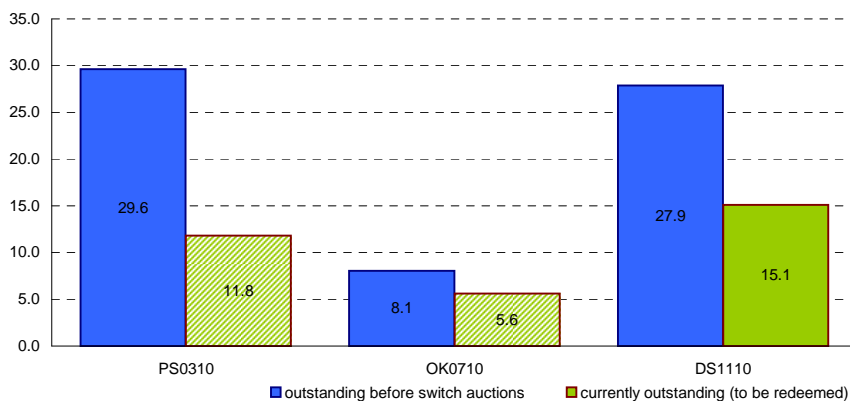
In August the average maturity of domestic debt was at 5.34.

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 27.6bn which makes up 22.7% of redemption of 2010. In 4th quarter there is T-bills of PLN 2.4bn only to be redeemed (4.9% of total T-bills redemption).

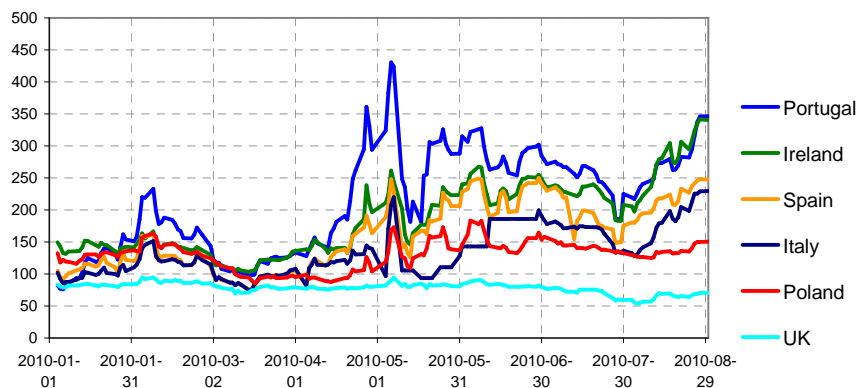
19 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2010 (switch auctions, PLN bn)



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 12.8bn (46%).

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, Ireland or Italy.