



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

OCTOBER 2010

State budget borrowing requirements' financing plan and its background:

in the fourth quarter of 2010

in October 2010

THE MOST IMPORTANT INFORMATION:

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1 General assumptions

- Due to high level of funding performance, the number of auctions and the offer of Treasury Securities will be reduced. Six auctions of TS are planned as follows:
 - one auction of OK type T-bond and one auction of PS type T-bond (October) and DS (November),
 - one auction of T-bond, where OK type T-bond and/or PS type T-bond will be offered (December),
 - two auctions of 52 week T-bills (October).
- Depending on the budgetary situation it is also possible to hold one auction of T-bills in November and one auction in December (conditional auctions),
- Depending on the financial situation of the National Road Fund it is possible to hold bond auction issued by BGK for the National Road Fund in December (conditional auction),
- Foreign financing will be determined mainly by the process of raising funds from international financial institutions. Depending on the market situation issuance of bonds on the Japanese market is possible.

2 Offer of T-bonds and BGK bonds on the domestic market• Sale auctions

Month	Auction date	Settlement date	T-bill	Offer (PLN m)
October	2010-10-06	2010-10-08	OK0113	2,000-3,000
	2010-10-13	2010-10-15	PS0416	1,500-3,000
November	2010-11-17	2010-11-19	DS1020	1,500-3,500
December	2010-12-01	2010-12-03	OK0113 and/or PS0416	2,000-4,500
	2010-12-08	2010-12-10	<i>IDS1018 (BGK)*</i>	<i>up to 1,863</i>

* conditional auction - will be held depending on the financial situation of the National Road Fund

• switch auctions

Month	Auction date	Settlement date
October	2010-10-21	2010-10-25
November	2010-11-10	2010-11-15
December	2010-12-15	2010-12-17

T-bonds to be repurchased are securities maturing from November 2010 to May 2011. The structure of sold bonds will result from the market situation and the offer structure on the standard bond auctions in a given month.

3 Offer of T-bills

Month	Auction Date	Settlement date	T-bill	Offer (PLN m)
October	2010-10-18	2010-10-20	52 week	500-600
	2010-10-25	2010-10-27	52 week	500-600
November	22-11-2010*	2010-11-24	Detailed information on the possible offer will be announced in the month information on the supply of TS	
December	20-12-2010*	2010-12-22		

* conditional auction - will be held depending on the budgetary situation

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 approximately EUR 0.7 bn,
- Bond issuance denominated in JPY depending on the market situation.

1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
6 OCT 2010	8 OCT 2010	OK0113	2,000-3,000
13 OCT 2010	15 OCT 2010	PS0416	1,500-3,000

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 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)
21 OCT 2010/ 25 OCT 2010	The structure of sold bonds will result from the market situation	DS1110	12.844
		PS0511	23.618

3 T-bill auctions

Auction date	Settlement date	T-bill	Planned offer (PLN m)
18 OCT 2010	20 OCT 2010	52 week	500-600
25 OCT 2010	27 OCT 2010	52 week	500-600

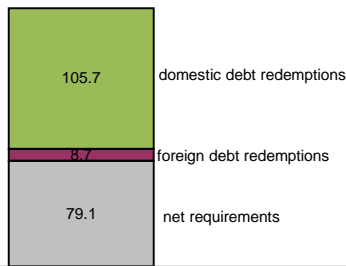
4 Offer on the retail market

T-bond	Issue price	Coupon
DOS1012	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
COI1014	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 4.50% in the first coupon period
EDO1020	100.00 PLN	Floating (inflation rate + 3.00%), 5.25% in the first coupon period

1 Gross borrowing requirements in 2010

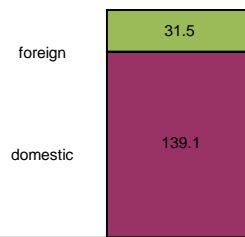
Gross borrowing requirements in 2010

Total PLN 193.5bn, of which:



Funding in I-IX 2010 r.

Total PLN 170.6 mld zł (88%)



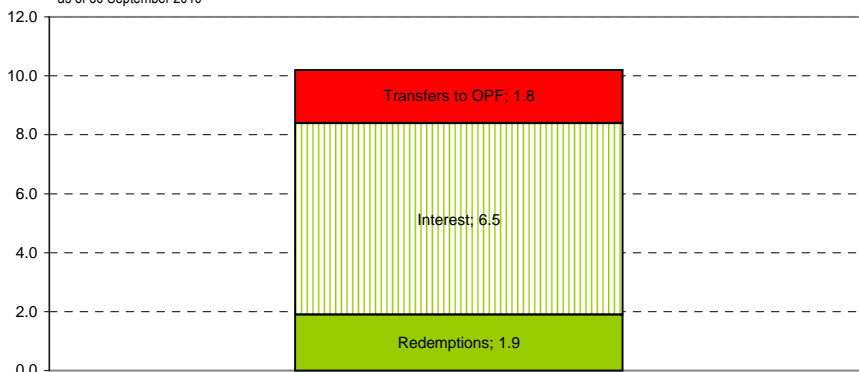
Funding of borrowing requirements after nine months of 2010 reached 88% which was mainly a result of:

- treasury securities issuance on the domestic market: PLN 134.5bn
- bonds issuance on the foreign market: PLN 27.2bn
- loans incurred from international financial institutions: PLN 4.3bn
- 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 October 2010

(PLN bn)

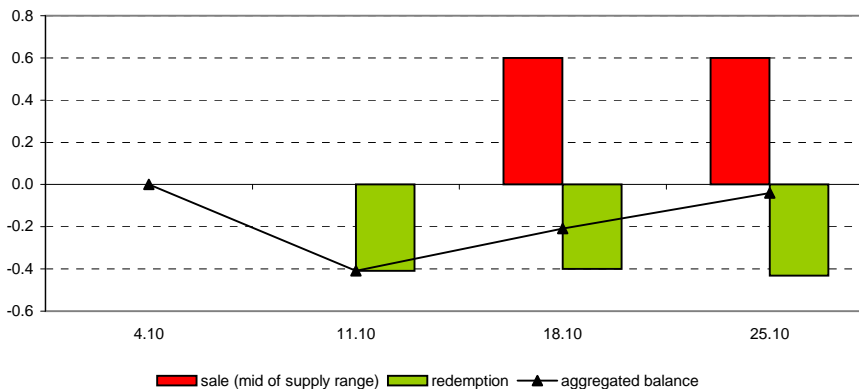
as of 30 September 2010



Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 10.2bn.

3 Sale and redemption of T-bills in October 2010

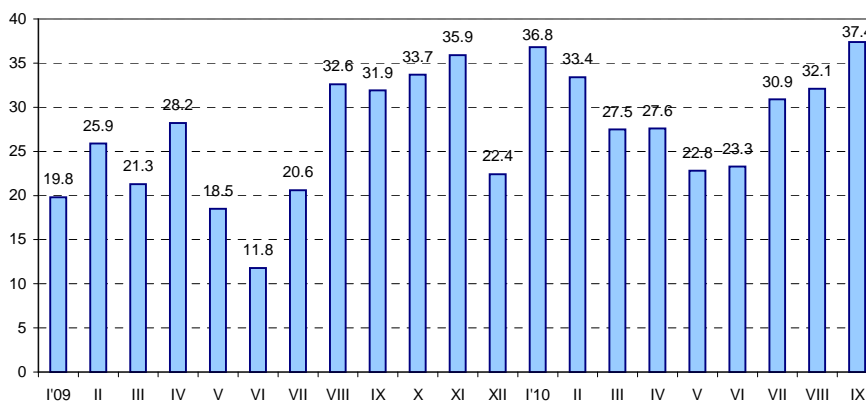
(settlement date, PLN bn)



Assumed unchanged level of T-bills debt in October. Supply of T-bills is a result of current good budget situation and is adjusted to T-bonds offerings.

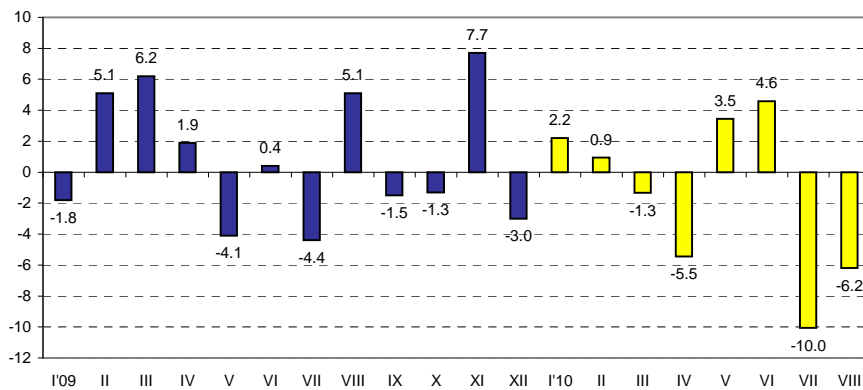
4 Funds in PLN and in foreign currency held by MoF at the end of month

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



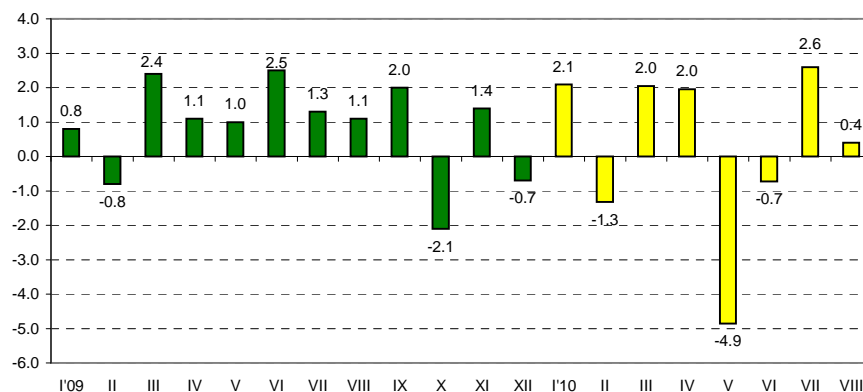
The funds ensure liquidity in borrowing needs financing.

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



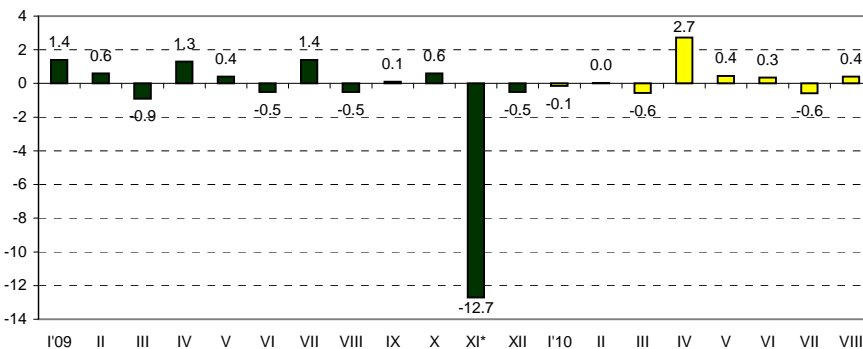
In the period of I-VIII debt held by domestic banks decreased by PLN 11.9bn comparing to PLN 8.4bn increase during the same period of 2009.

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



In the period of I-VIII debt held by pension funds increased by PLN 2.2bn comparing to PLN 9.4bn increase during the same period of 2009.

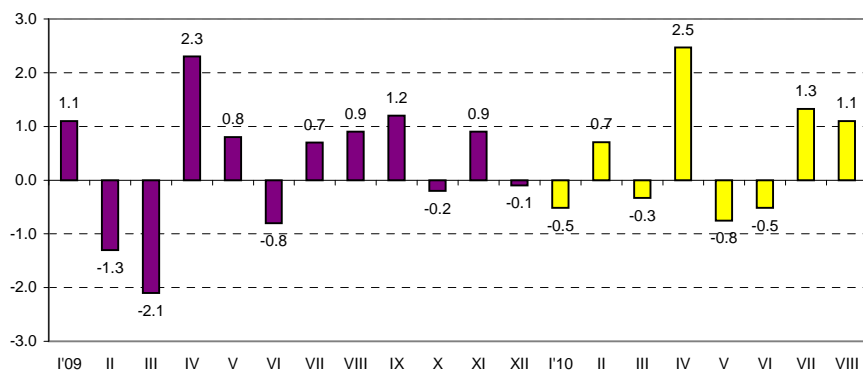
7 Change of debt in domestic Treasury securities held by insurance companies (PLN bn)



* dividend paid by PZU S.A.

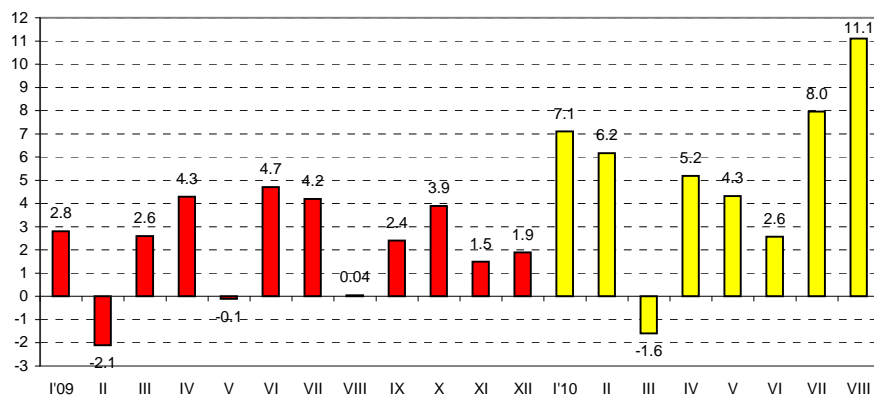
In the period of I-VIII there was an increase of PLN 2.6bn in debt held by insurance companies. During the same period of 2009 there was an increase of PLN 3.2bn.

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



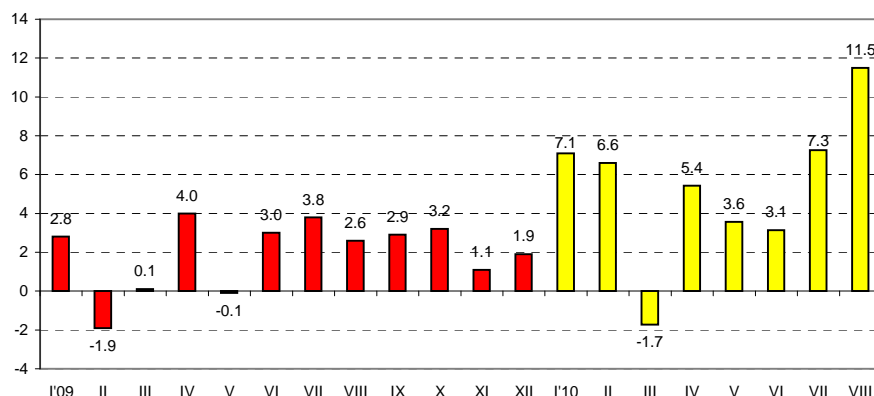
In the period of I-VIII there was an increase of PLN 3.5bn in debt held by investment funds. During the same period of 2009 there was an increase of PLN 1.6bn.

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



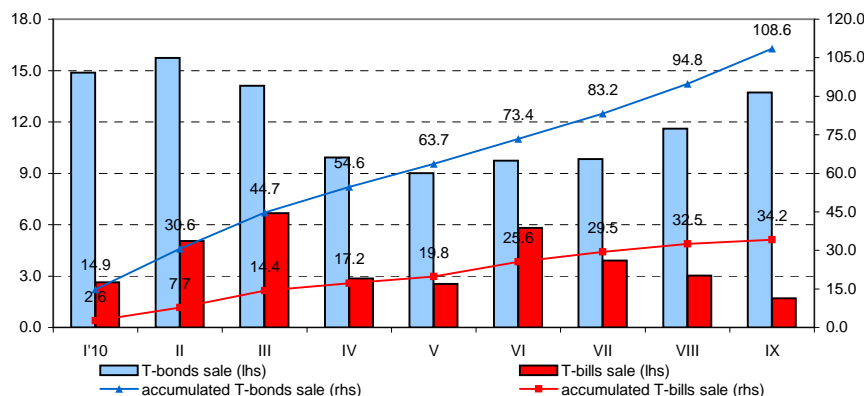
In the period of I-VIII of 2010 inflow of foreign capital to the domestic TS market amounted to PLN 42.8bn. Foreign investors' holdings reached record level of PLN of 124.6bn.

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



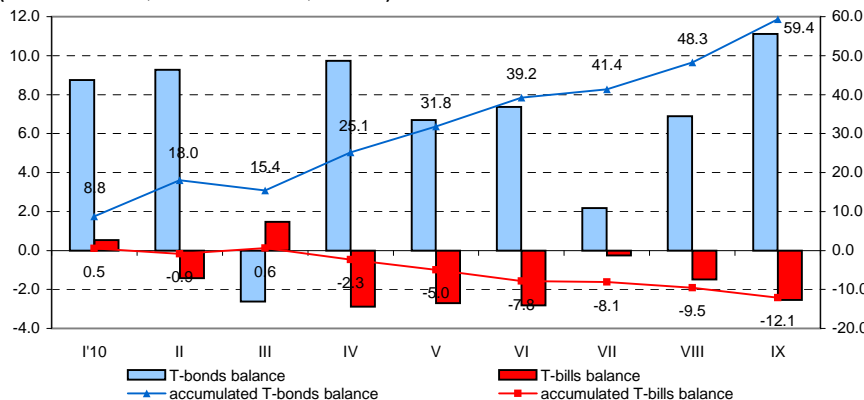
In the period of I-VIII of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 42.9bn. Foreign investors' holdings reached PLN 121.4bn.

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



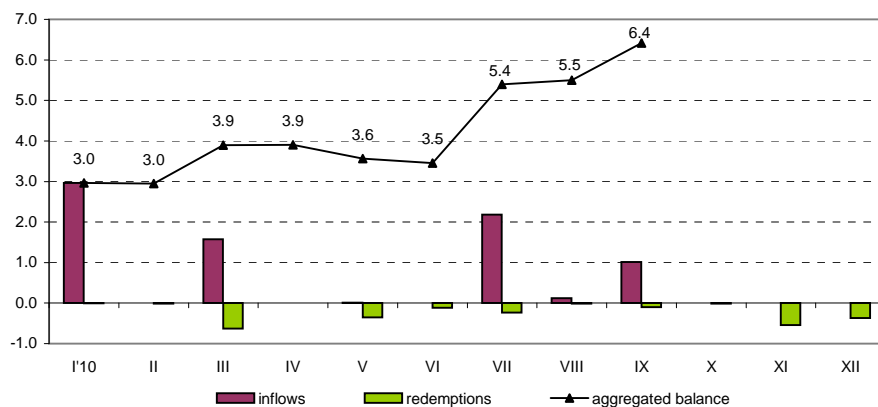
The structure of Treasury securities offered dominated by T-bonds (76% of total amount sold).

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



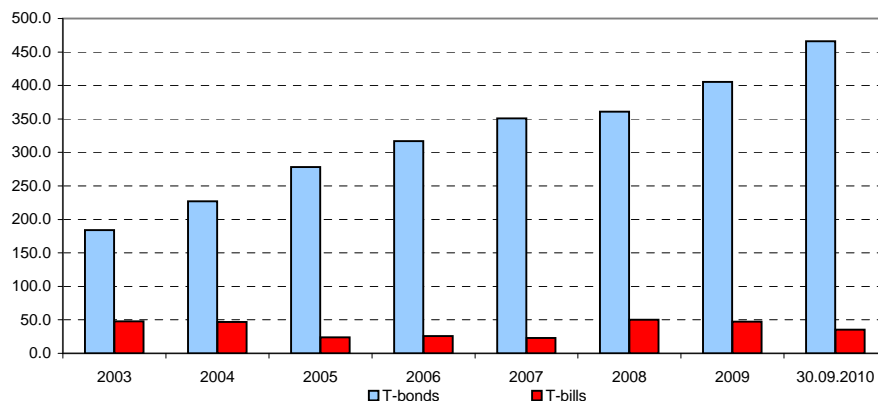
Indebtedness in T-bonds increased by PLN 59.4, whereas indebtedness in T-bills decreased by PLN 12.1bn.

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



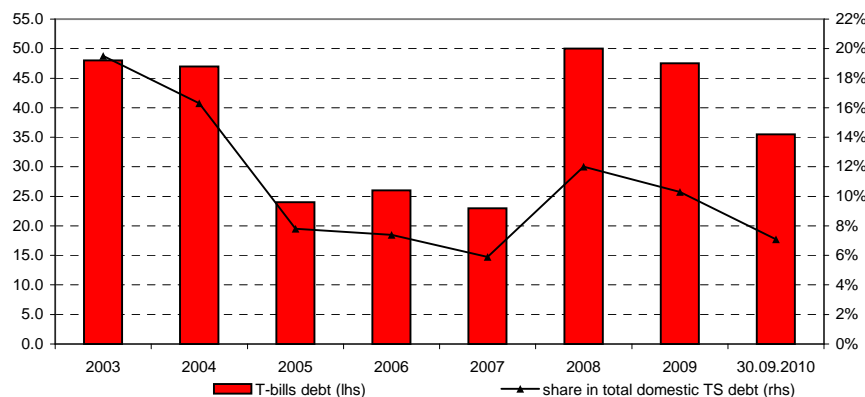
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 6.4bn. T-bonds issuance was EUR 6.8bn and EUR 1.1bn inflows from IFIs.

14 Structure of marketable debt
(PLN bn)



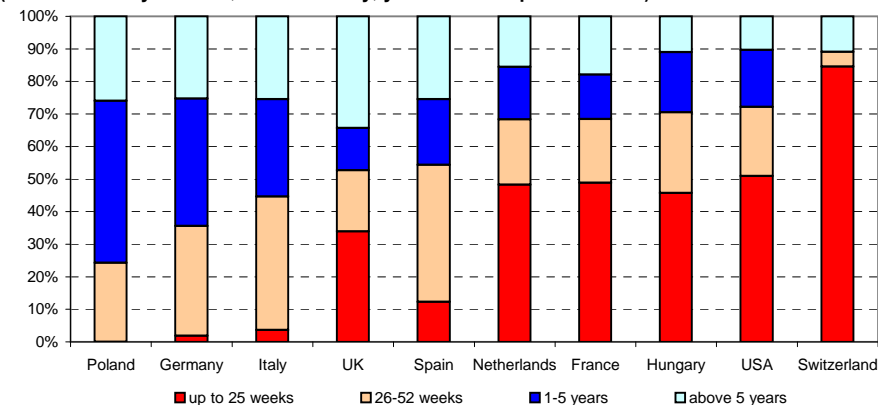
In September 2010 the marketable domestic debt amounted to PLN 501.6bn which was higher by PLN 8.8bn comparing to the previous month and by PLN 48.7bn from the beginning of the year. There is distinct T-bonds lead in the structure (92.9).

15 T-bills outstanding
(PLN bn)



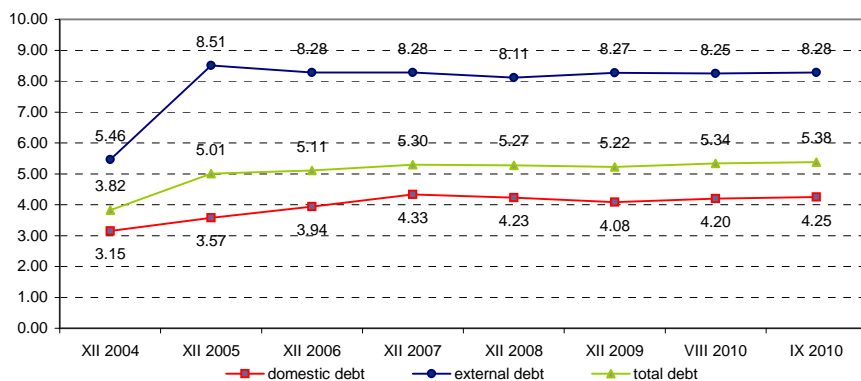
In the period of January - September indebtedness in T-bills decreased by PLN 12.1bn and its share in total domestic debt amounted to 7.1% at the end of August.

16 Maturity breakdown of T-securities sold in 2009 in Poland and other countries
(auctions and syndicates, local currency, ytd as of 30 September 2010)



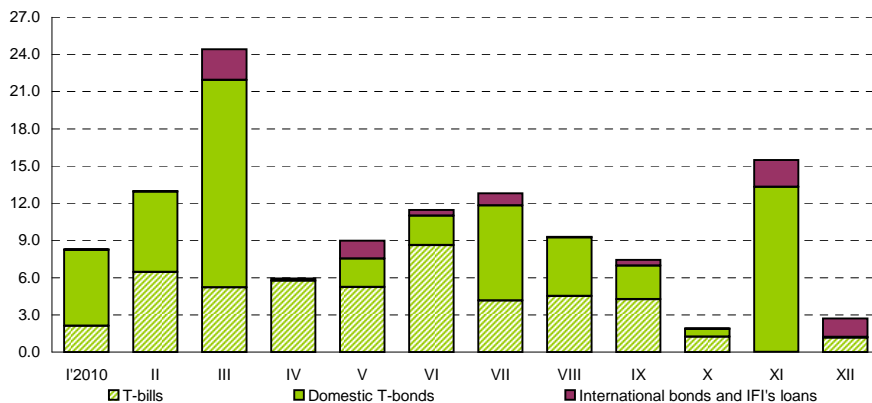
In terms of maturity, the sale of TS in Poland is dominated by securities with maturity over 1 year.

17 Average maturity



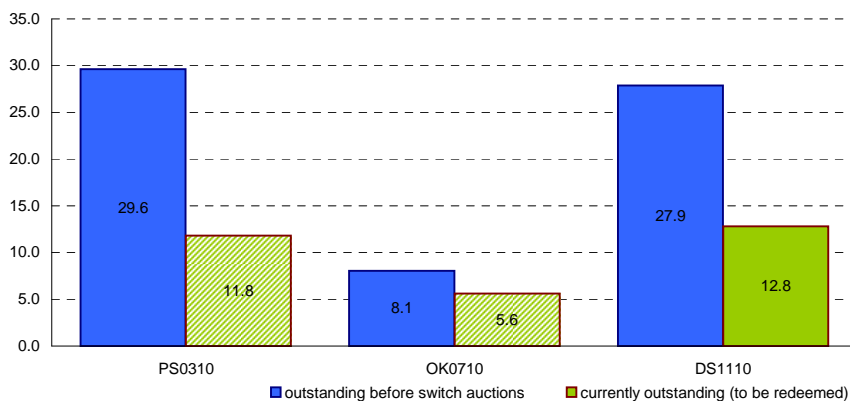
In September the average maturity of domestic debt was at 5.38.

18 State Treasury debt redemptions in 2010 (nominal amount, PLN bn; as of 30 September 2010)



The nominal amount of debt to be redeemed in 2010 is equal to PLN 20.1bn which makes up 16.5% 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).

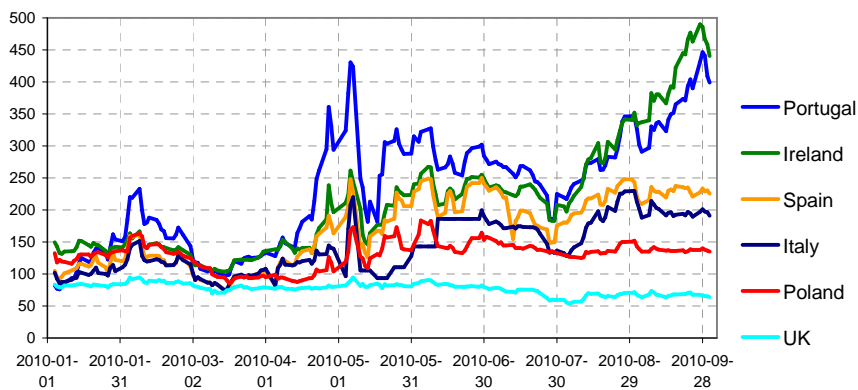
19 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2010 (switch auctions, PLN bn)



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 15bn (54%).

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.