



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

DECEMBER 2010

State budget borrowing requirements' financing plan and its background:

in December 2010

THE MOST IMPORTANT INFORMATION:

	<i>(page)</i>
➤ Detailed issuance calendar in December.....	2
➤ T-bills buy-back auction planned for December.....	3
➤ Borrowing requirements in 2010 funded in 96% (in the period January-November).....	3

1 T-bond auction

Auction Date	Settlement date	Series	Planned offer (PLN m)
1 DEC 2010	3 DEC 2010	OK0113	4,057 + 517
8 DEC 2010	10 DEC 2010	WZ0121 and/or IZ0823	1,000-2,000

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 Conditional T-bond switching auction

T-bond switching auction will be held only if the situation on fixed rate T-bonds market stabilizes.

Auction/settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)
15 DEC 2010/ 17 DEC 2010	The structure of sold bonds will result from the market situation	PS0511	21,162

3 Conditional T-bill auction

Holding on 52-week T-bill auction on December 20, 2010 with settlement on December 22, 2010 is possible depending on the budgetary situation. Information on this possible auction and the offer will be determined on December 17, 2010.

4 T-bill buy-back auction

Holding on T-bill buy-back auction is planned on December 6, 2010 with settlement on December 8, 2010. T-bills to buy-back will be securities maturing from January 12, 2011 to February 23, 2011. The face value of these T-bills amounts to PLN 7,680 m.

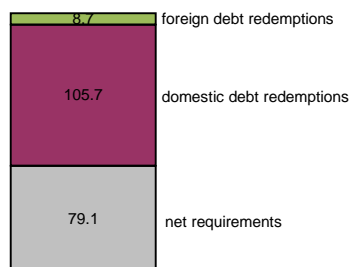
5 Offer on the retail market

T-bond	Issue price	Coupon
DOS1212	100.00 PLN (99.90 PLN for rolling-over)	5.25% in the first coupon period
TZ1113	99.90 PLN	Floating (0.95 * WIBOR 6M), 3.85% in the first coupon period
COI1214	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 4.50% in the first coupon period
EDO1220	100.00 PLN	Floating (inflation rate + 3.00%), 5.25% in the first coupon period

1 Gross borrowing requirements in 2010

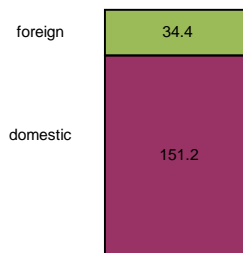
Gross borrowing requirements in 2010

Total PLN 193.5bn, of which:



Funding in I-XI 2010 r.

Total PLN 185.6bn (96%)



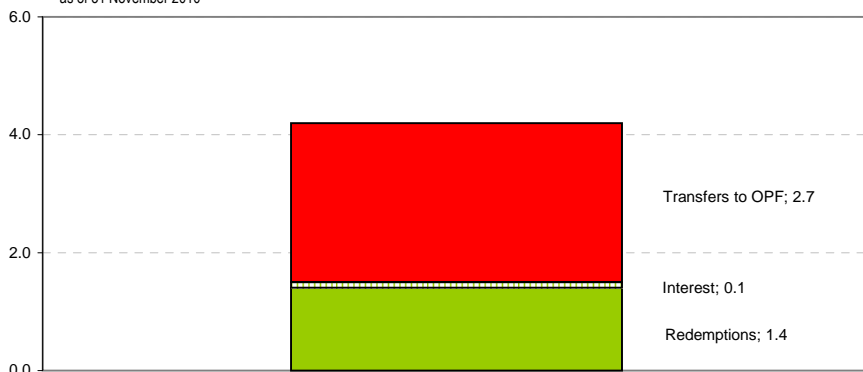
Funding of borrowing requirements after eleven months of 2010 reached 96% which was mainly a result of:

- Treasury Securities issuance on the domestic market: PLN 146.7bn
- bonds issuance on the foreign market: PLN 27.2bn
- loans incurred from international financial institutions: PLN 7.2bn
- assumed annual funds balance: PLN 4.5bn.

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

(PLN bn)

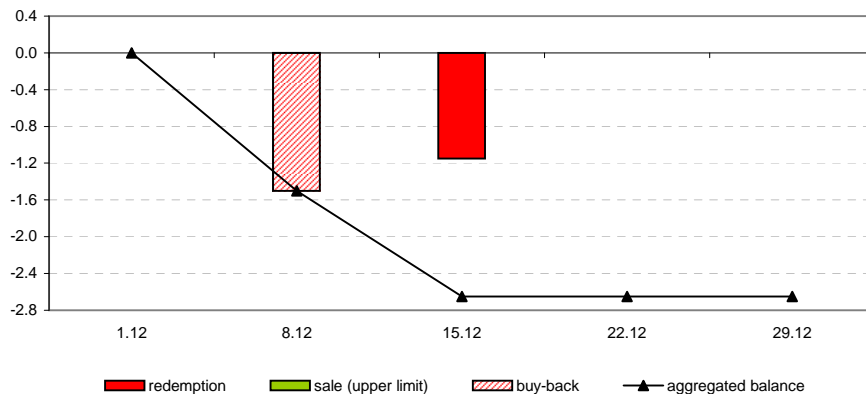
as of 31 November 2010



Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 4.2bn (excluding T-bills redemption result).

3 Sale and redemption of T-bills in December 2010

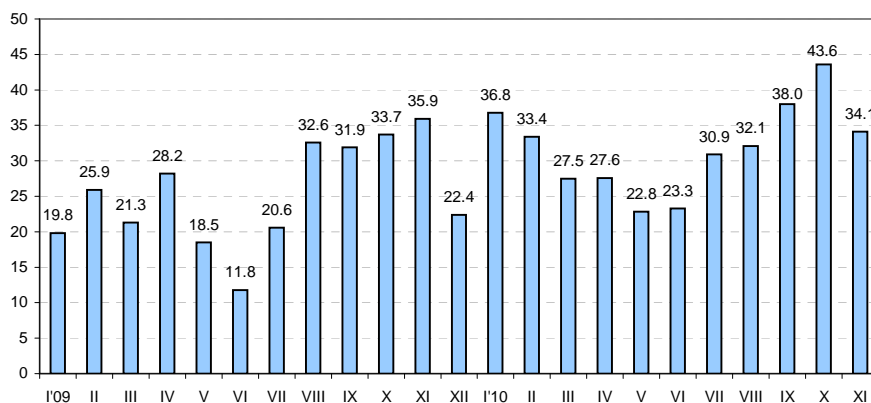
(settlement date, PLN bn)



Assumed decrease in T-bills debt by PLN 1.2bn. Further decreasing is possible due to buy-back auction. Simultaneously depending on budget situation there is a possibility of T-bills auction to be held on December, 20.

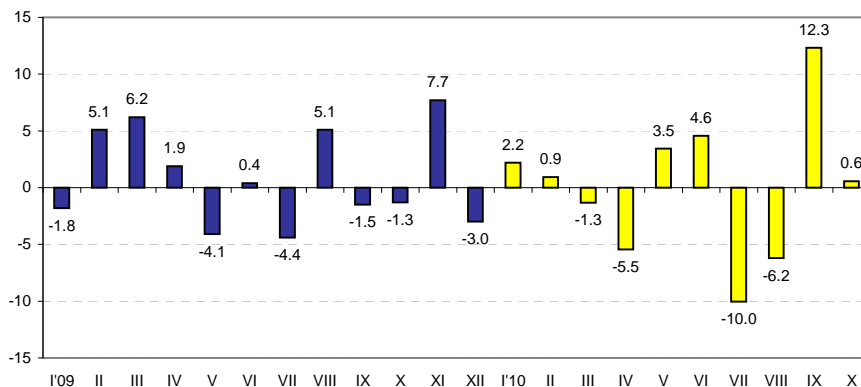
4 Funds in PLN and in foreign currency held by MoF at the end of month

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



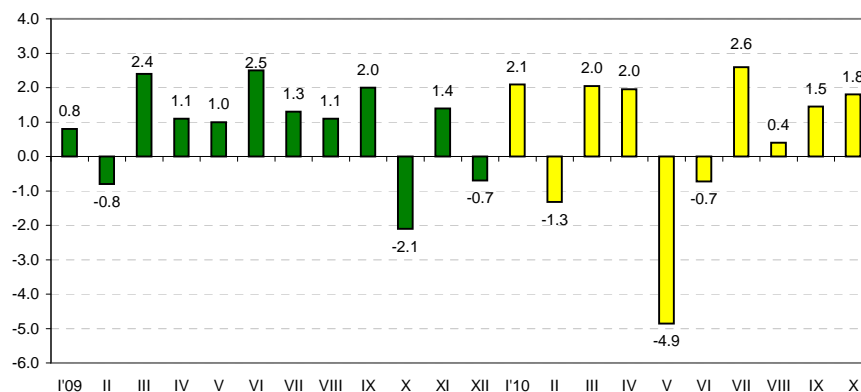
The funds ensure liquidity in borrowing needs financing.

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



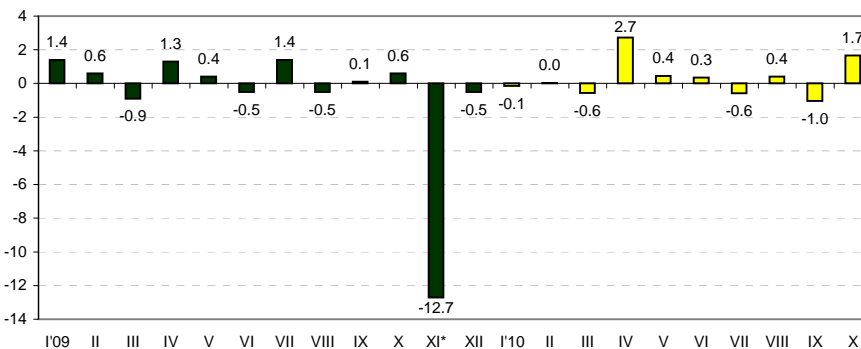
In the period of I-X debt held by domestic banks increased by PLN 1.0bn comparing to PLN 5.6bn increase during the same period of 2009.

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



In the period of I-X debt held by pension funds increased by PLN 5.4bn comparing to PLN 9.3bn increase during the same period of 2009.

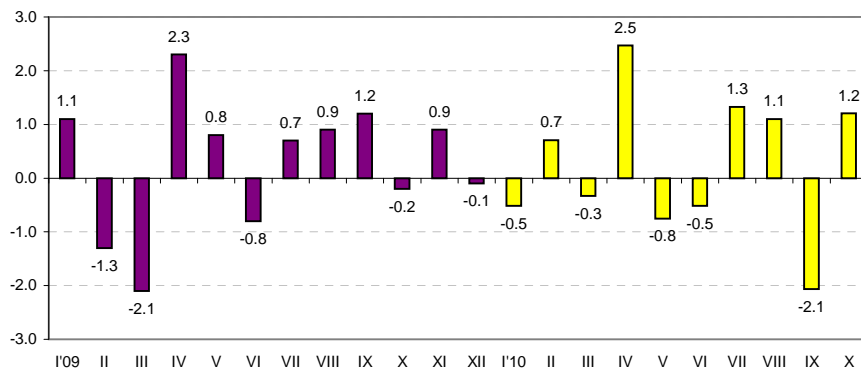
7 Change of debt in domestic Treasury securities held by insurance companies (PLN bn)



In the period of I-X there was an increase of PLN 3.3bn in debt held by insurance companies. During the same period of 2009 there was an increase of PLN 3.9bn.

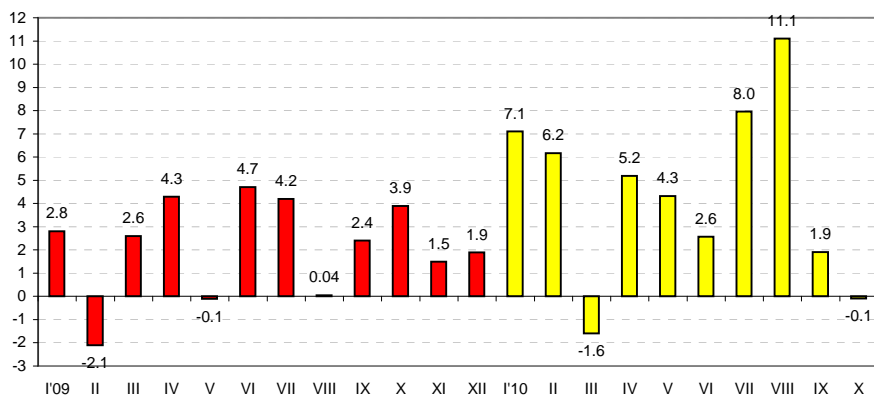
* dividend paid by PZU S.A.

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



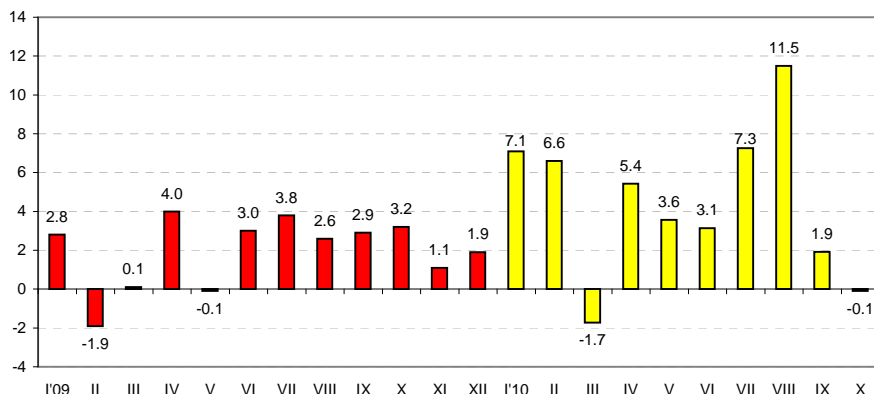
In the period of I-X there was an increase of PLN 2.6bn in debt held by investment funds. During the same period of 2009 there was an increase of PLN 2.6bn.

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



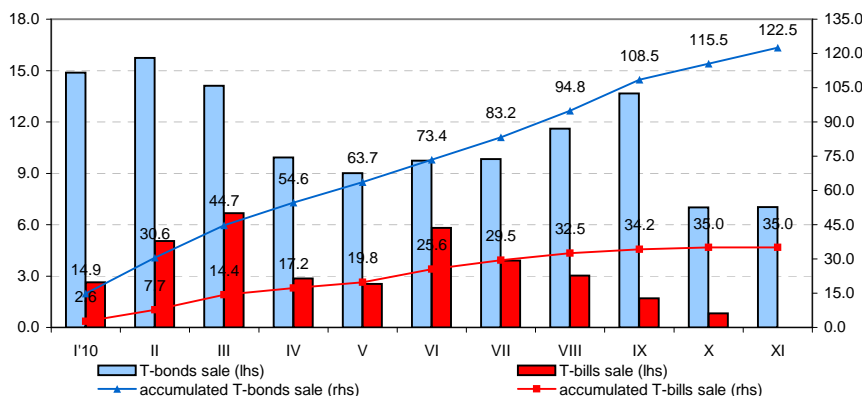
In the period of I-X of 2010 inflow of foreign capital to the domestic TS market amounted to PLN 44.6bn comparing to PLN 22.7bn increase in the same period of 2009. Foreign investors' holdings reached record level of PLN of 126.5bn.

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



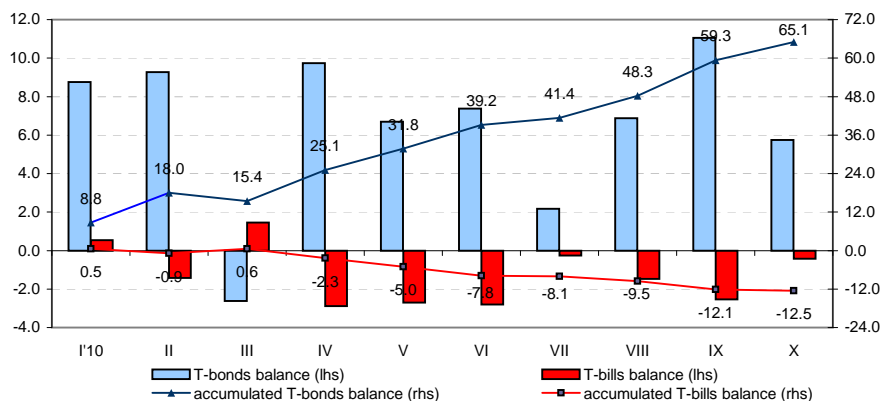
In the period of I-X of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 44.7bn comparing to PLN 20.4bn increase in the same period of 2009. Foreign investors' holdings reached PLN 123.6bn.

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



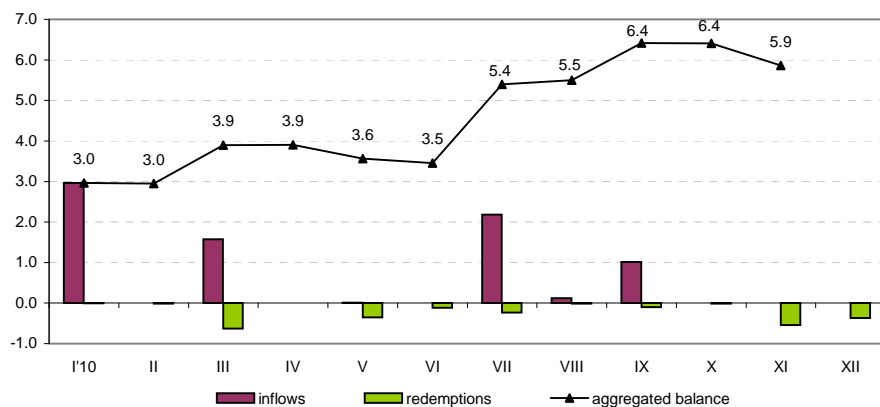
The structure of Treasury securities offered dominated by T-bonds (77.8% of total amount sold).

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



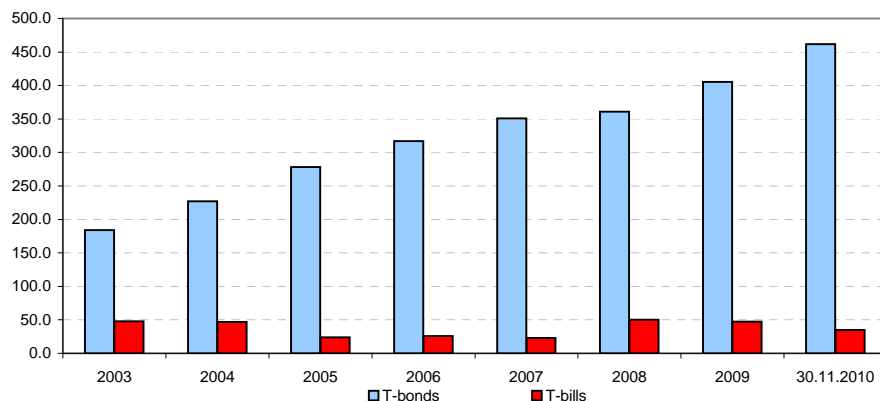
Indebtedness in T-bonds increased by PLN 57.0bn whereas indebtedness in T-bills decreased by PLN 12.5bn.

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



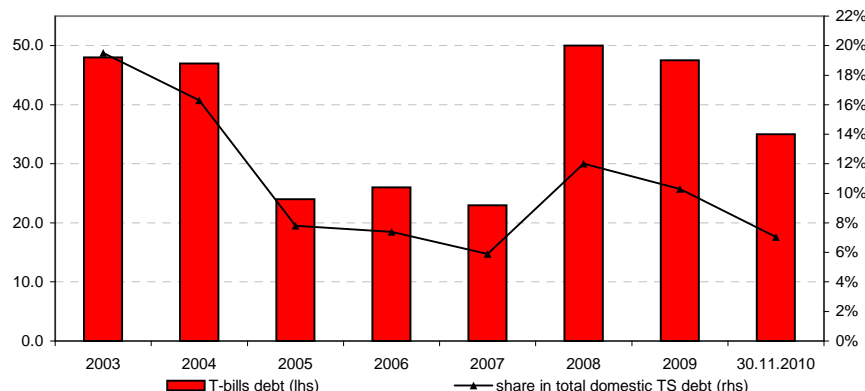
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 5.9bn. T-bonds issuance was EUR 6.8bn and EUR 1.8bn inflows from IFIs.

14 Structure of marketable debt
(PLN bn)



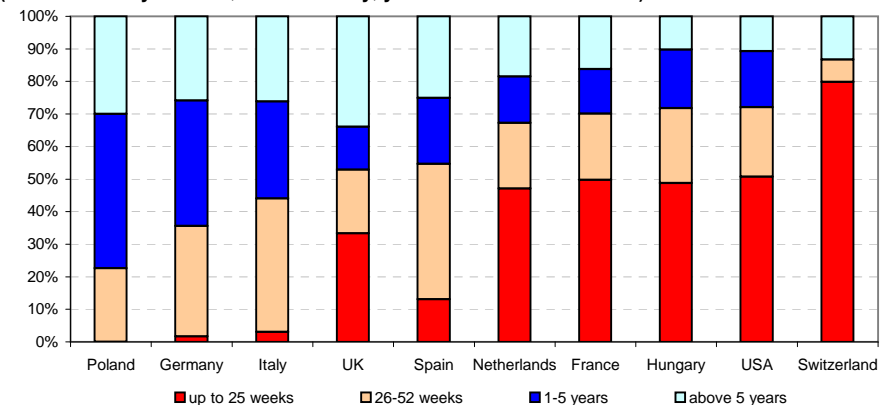
In November 2010 the marketable domestic debt amounted to PLN 496.8bn which was lower by PLN 10.2bn comparing to the previous month and higher by PLN 43.9bn from the beginning of the year. The structure is dominated by T-bonds (93%).

15 T-bills outstanding
(PLN bn)



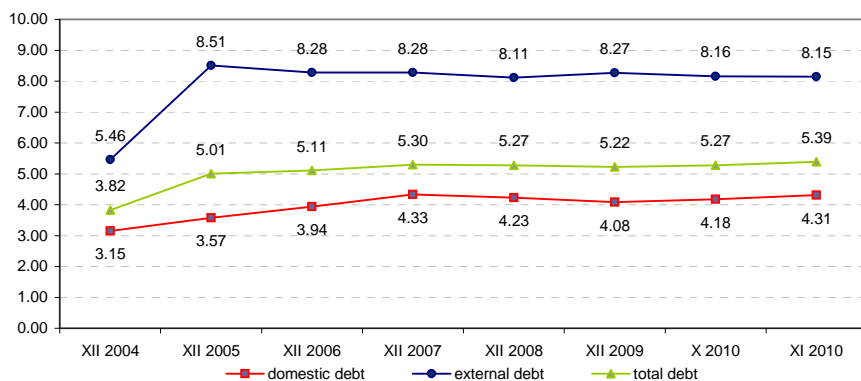
In the period of January - November indebtedness in T-bills decreased by PLN 12.5bn and its share in total domestic debt amounted to 7% at the end of November.

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



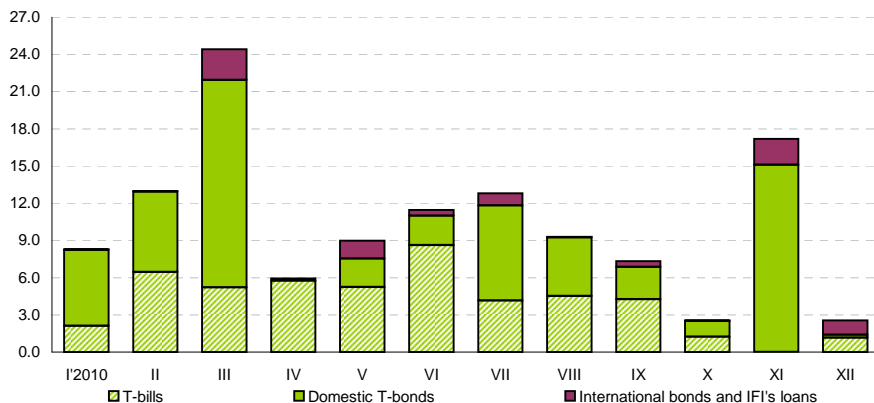
In terms of maturity, the sale of TS in Poland is dominated by securities with maturity over 1 year.

17 Average maturity



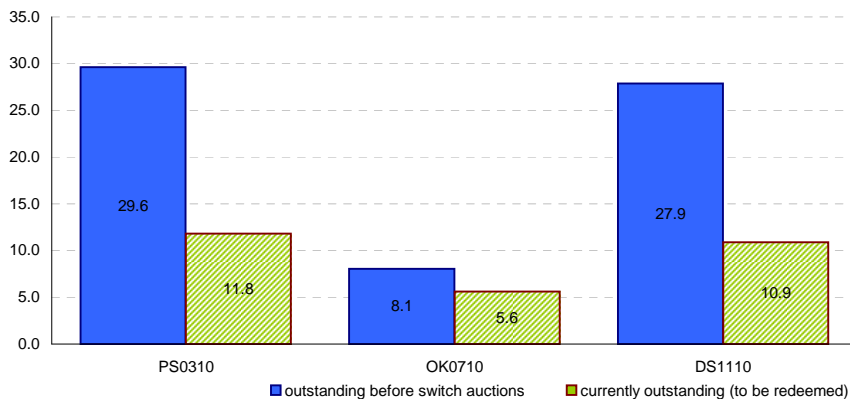
In November the average maturity of domestic debt was at 5.39.

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



The nominal amount of debt to be redeemed in 2010 is equal to PLN 2.6bn which makes up 2.1% of redemption of 2010. In 4th quarter there are T-bills of PLN 1.2bn only to be redeemed (2.5% of total T-bills redemption) and USD 0.4bn T-bonds.

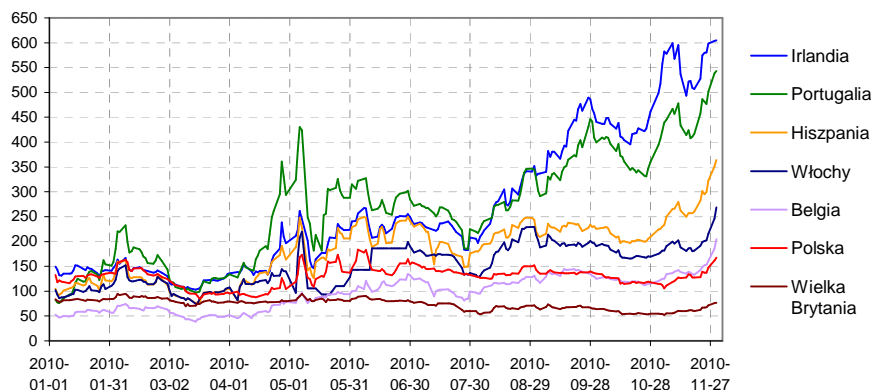
19 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2010 (switch auctions, PLN bn)



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 17bn (61%).

20 CDS levels (5-year, bp)



Currently 5-year CDS contracts for Poland are traded at clearly lower level than contracts for, e.g. Italy or Belgium. The level of Polish contracts diverged significantly from the CDS contracts of the countries which are suffering financial troubles.