
State budget borrowing requirements' financing plan and its background:

in March 2012

THE MOST IMPORTANT INFORMATION:

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1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
8 MAR 2012*	12 MAR 2012	PS1016	1,500-3,500
14 MAR 2012	16 MAR 2012	OK0114	1,500-3,500
21 MAR 2012	23 MAR 2012	DS1021 / WS0429	1,000-2,500

* auction on Thursday

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 a minimum price of bids accepted at the sale auction.

2 T-bill auction

Auction date	Settlement date	T-bill	Maturity date	Planned offer (PLN m)
26 MAR 2012	28 MAR 2012	52 week	27 MAR 2013	1,000-3,000

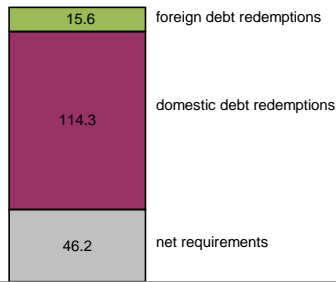
3 Offer on retail market

T-bond	Issue price	Coupon
DOS0314	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.75%
TZ0215	99.90 PLN	Floating (1.00 * WIBOR 6M), 5.01% in the first coupon period
COI0316	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.25%), 5.50% in the first coupon period
EDO0322	100.00 PLN	Floating (inflation rate + 2.75%), 6.50% in the first coupon period

1 Gross borrowing requirements in 2012

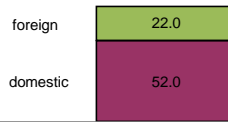
Gross borrowing requirements in 2012

Total PLN 176.1bn, of which:



Funding in the period of I-II

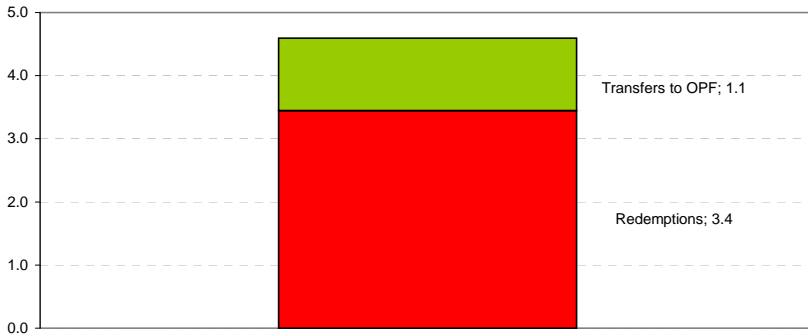
Total PLN 74.0bn (42%)



Funding of borrowing requirements was a result of:

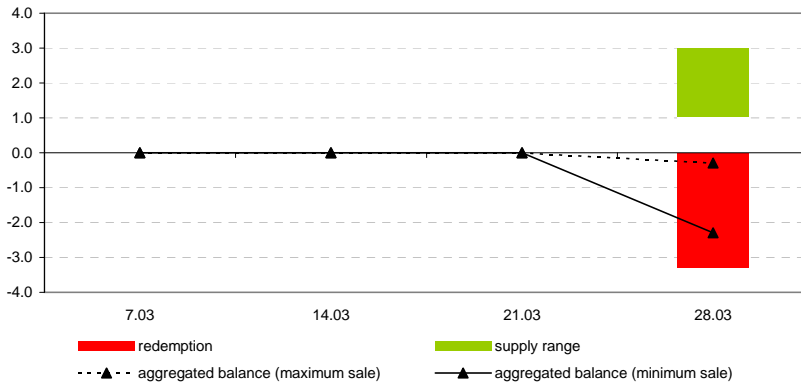
- T-bills buyback in 2011: PLN 4.5bn,
- T-bonds buyback in 2011: PLN 0.2bn,
- rolling over of T-bonds by switch auctions in 2011: PLN 15.2bn,
- higher than planned financial resources at the end of 2011: PLN 12.2bn,
- T-securities sale on domestic market: PLN 31.8bn,
- T-bonds issuance on foreign markets: PLN 8.7bn,
- and loans incurred from IFIs: PLN 1.4bn.

2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in March 2012 (PLN bn, as of February 29, 2012)



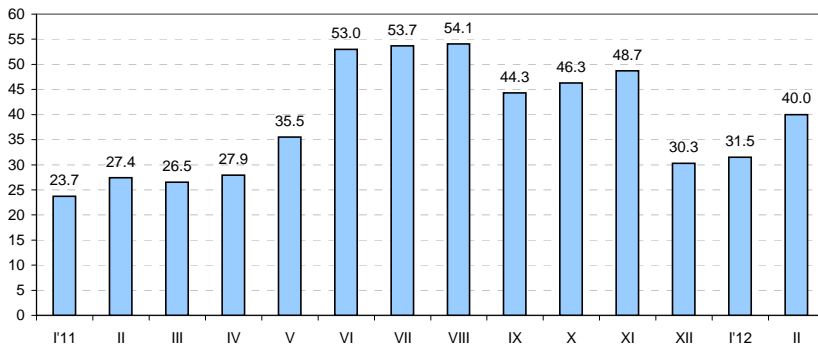
Flow of funds due to redemptions of T-securities, interest payments and transfers from State budget to Open Pension Funds will amount to ca. PLN 4.6bn.

3 Sale and redemption of T-bills and T-bonds in March 2012 (settlement date, PLN bn)



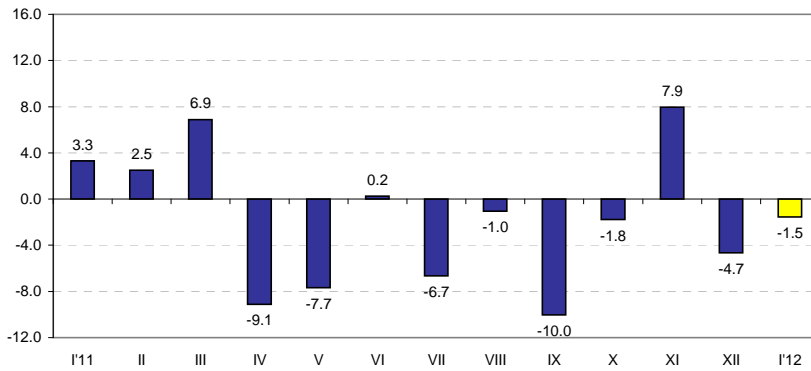
Assumed change of T-bills debt in March (by settlement date) will decrease in range of PLN 0.3 - 2.3bn.

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)



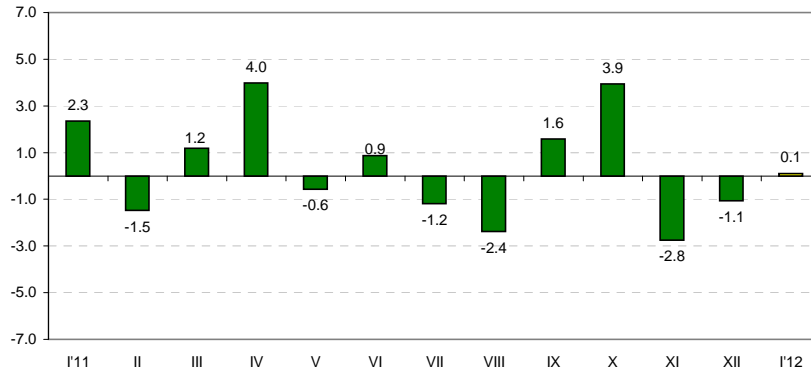
The funds ensure liquidity in borrowing needs financing.

5 Change of debt in domestic T-securities held by banks (without BSB transactions with MoF; PLN bn)



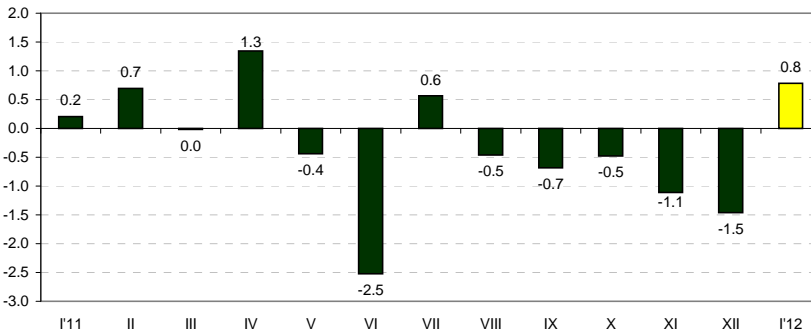
In January 2012 debt held by domestic banks decreased by PLN 1.5bn comparing to PLN 3.3bn increase during the same period of 2011.

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



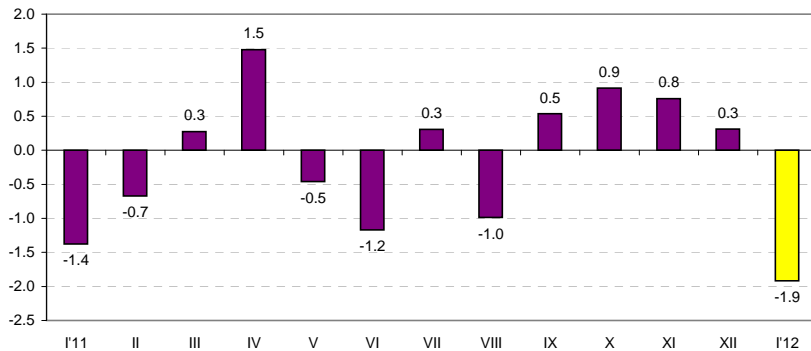
In January 2012 debt held by pension funds increased by PLN 0.1bn comparing to PLN 2.3bn increase during the same period of 2011.

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



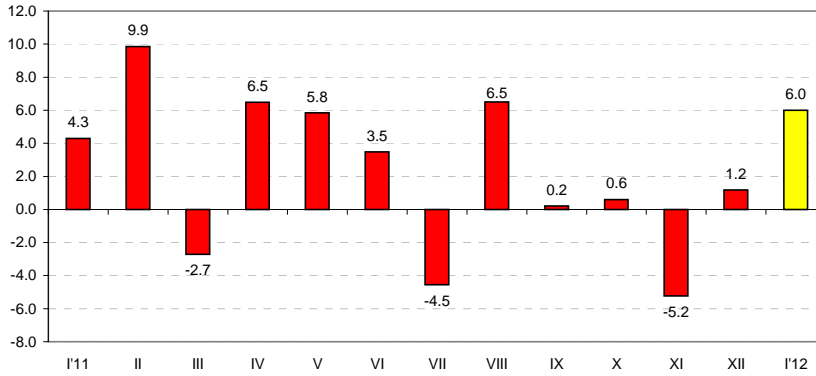
In January 2012 there was an increase of PLN 0.8bn in debt held by insurance companies. During the same period of 2011 there was an increase of PLN 0.2bn.

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



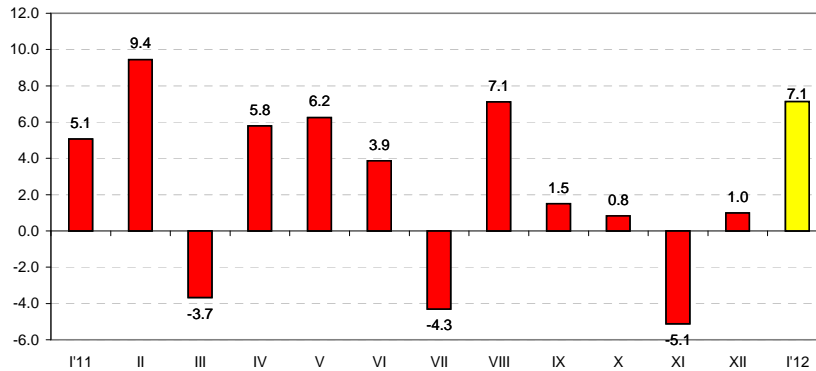
In January 2012 there was a decrease of PLN 1.9bn in debt held by investment funds. During the same period of 2011 there was a decrease of PLN 1.4bn.

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



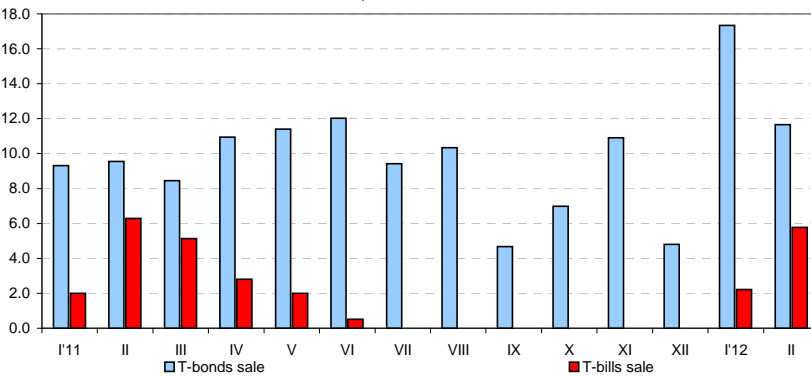
In January 2012 inflow of foreign capital to the domestic TS market amounted to PLN 6.0bn comparing to PLN 4.3bn increase in the same period of 2011. Foreign investors' holdings reached the level of PLN of 160.2bn.

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



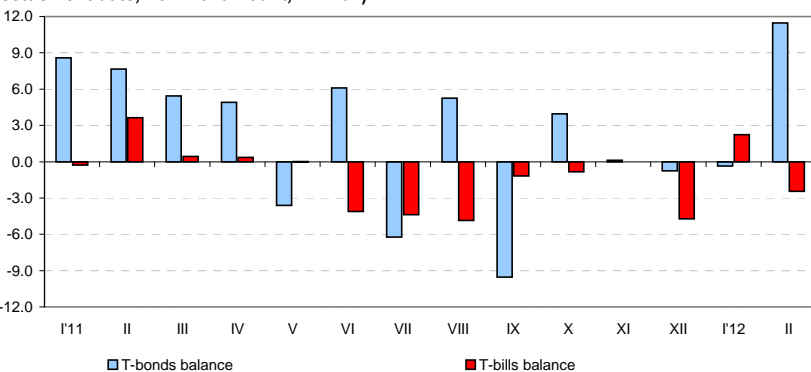
In January 2012 inflow of foreign capital to domestic bonds market amounted to PLN 7.1bn comparing to PLN 5.1bn in the same period of 2011. Foreign investors' holdings reached the record high level of PLN 159.6bn.

11 Sale of T-bonds and T-bills in the period of January - February 2012 and in 2011 (settlement date, nominal amount, PLN bn)



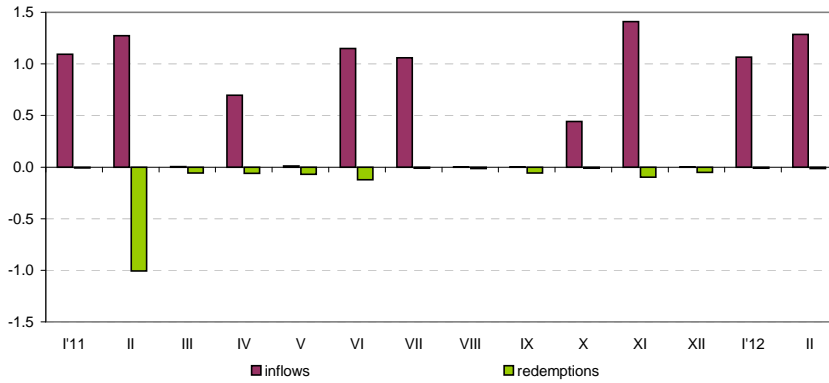
The structure of Treasury securities offered on domestic market in 2012 is dominated by T-bonds (78%).

12 Balance of T-bonds and T-bills in the period of January - February 2012 and in 2011 (settlement date, nominal amount, PLN bn)



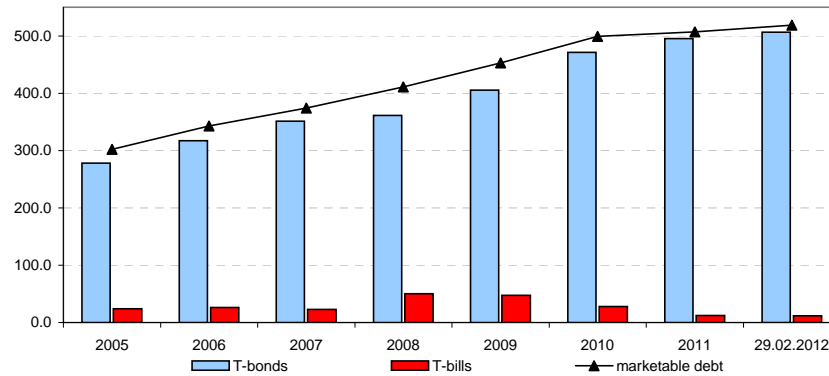
Indebtedness in T-bonds increased by PLN 11.1bn while indebtedness in T-bills decreased by PLN 0.2bn.

13 External financing in the period of January - February 2012 and in 2011
(bonds issued on foreign markets and loans received from IFIs, EUR bn)



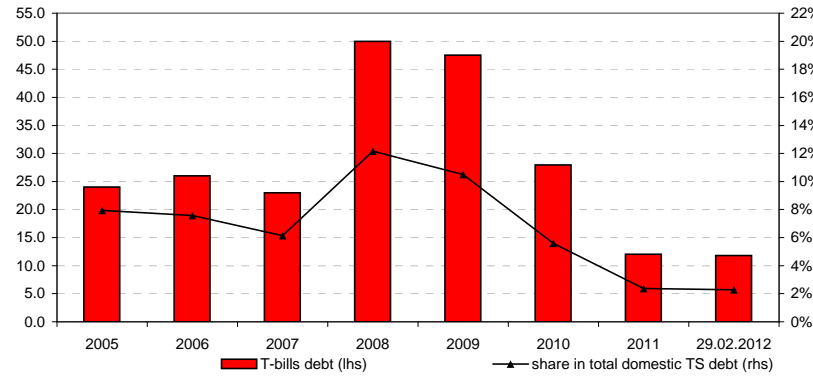
Net financing on foreign markets amounted to EUR 2.3bn. T-bonds issuance was EUR 2.0bn (USD 1.0bn settled in February). Loans incurred from IFIs were at the level of EUR 0.3bn.

14 Structure of marketable debt
(PLN bn)



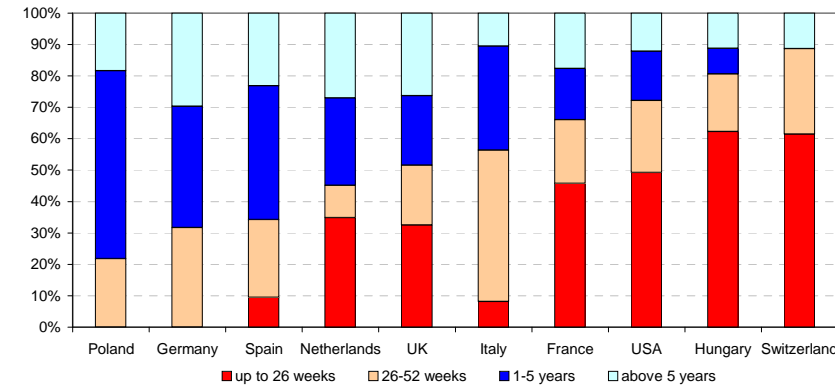
At the end of February 2012 the marketable domestic debt amounted to PLN 518.5bn comparing to PLN 507.2bn at the end of 2011.

15 T-bills outstanding
(PLN bn)



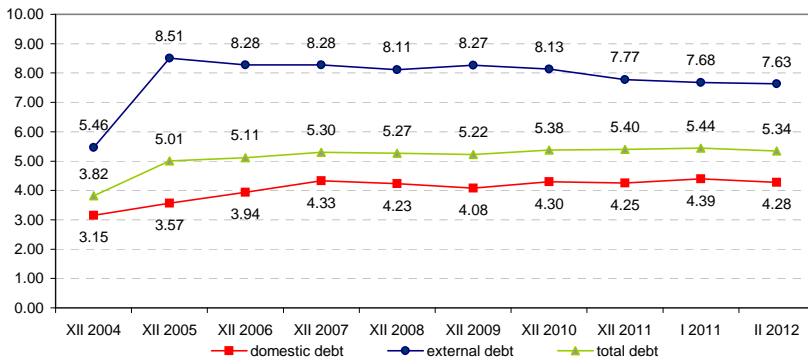
In February 2012 indebtedness in T-bills decreased by PLN 0.2bn to the level of PLN 11.8bn. T-bills share in total domestic debt amounted to 2.3% at the end of the month.

16 Maturity breakdown of T-securities in Poland and other countries
(auctions and syndicates, local currency, ytd in the period of January, 1 - February 29, 2012)



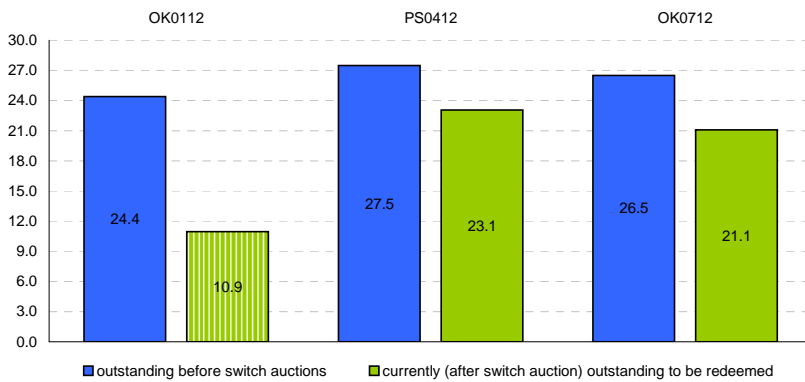
In terms of maturity, the sale of TS in Poland in 2012 is dominated by securities with maturity over 1 year.

17 Average maturity



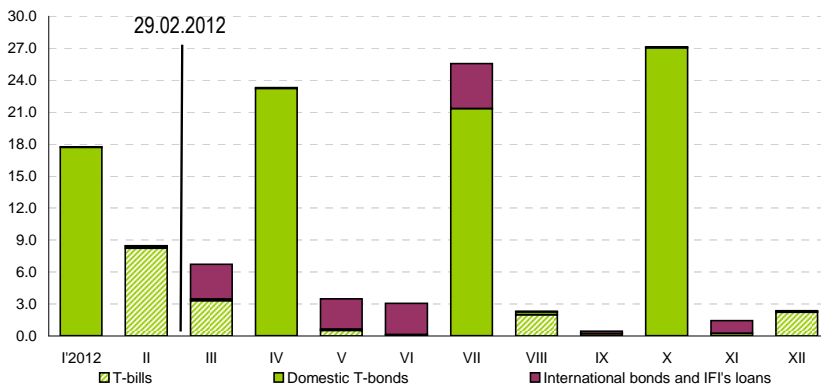
At the end of February 2012 the average maturity of domestic debt increased to 4.28 comparing to the end of 2011.

18 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2012 (switch auctions, PLN bn, as of 29 February 2012)



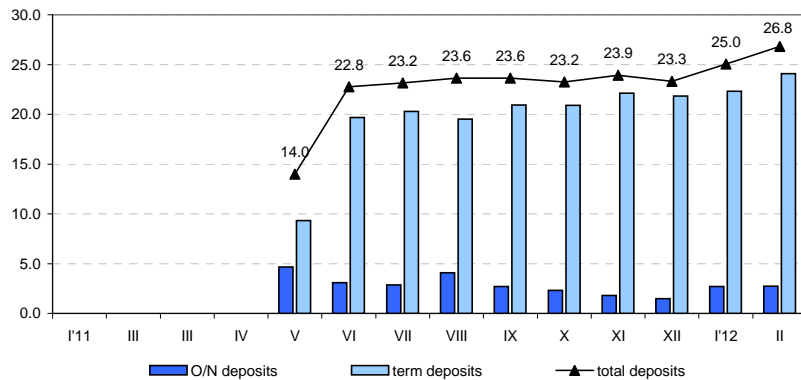
Buy-back of T-bonds maturing in 2012:
 - OK0112: PLN 13.5bn (55% of initial outstanding),
 - PS0412: PLN 4.4bn (16% of initial outstanding),
 - OK0712: PLN 5.4bn (20% of initial outstanding).

19 State Treasury debt redemptions in 2012 (nominal amount, PLN bn, as of 29 February 2012)



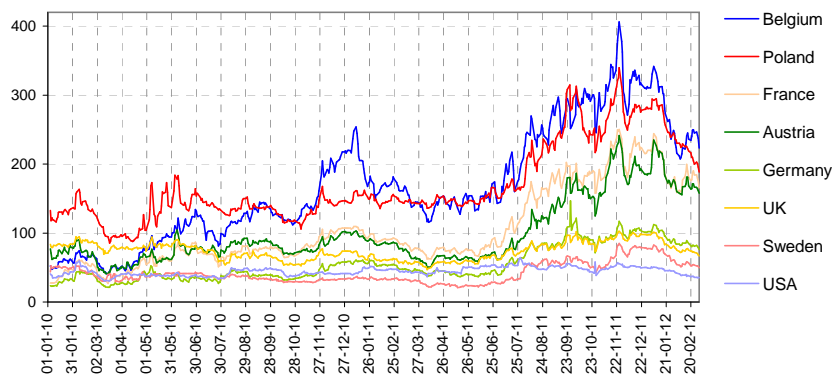
The nominal amount of debt to be redeemed in 2012 is equal to PLN 95.9bn, including:
 - T-bills: PLN 8.0bn,
 - T-bonds on domestic market: PLN 72.8bn,
 - bonds and loans incurred in foreign markets: PLN 15.1bn.

20 Consolidation of public finances liquidity management (PLN bn)



As a result of consolidation of public finances liquidity management there were PLN 26,8bn funds accumulated at the end of February, of which PLN 24,1bn was as term deposits and PLN 2,7bn on O/N deposits.

21 CDS levels (5-year, bp)



Polish 5-year CDS contracts are traded at the levels close to CDS contracts of the higher rated countries.

22 Market Comments

Piotr Marczak, Director of Public Debt Dept., Ministry of Finance

"If market situation allows it, we may stick to an above-average rate of financing borrowing needs in March and April (...). Later, we will significantly lower the supply of treasury papers. Foreign holdings of Polish Treasury securities rose by 6bn zlotys (of which PLN 7.1bn in Treasury bonds) in January to a new record high of 160.2bn zlotys (of which PLN 159.6bn in Treasury bonds)".

29-02-2012 r.

Fitch Ratings

"Poland's growth performance, macroeconomic resilience, credible monetary and exchange rate regime, financing flexibility and relatively strong banking sector also support its ratings."

"Fitch assumes that a sufficient political consensus will form to allow their approval in 2012-13 with limited watering down. The domestic political climate is more conducive to reforms than before, and ongoing changes to EU economic governance will put an increased onus on fiscal rectitude."

"Successful and sustained fiscal consolidation that reduces the budget deficit to a low level and puts the public debt-to-GDP ratio on a clear downward path could lead to positive rating action in the medium term. Significant decrease of current account shall have positive impact on ratings."

Fitch, 29-02-2012 r.

Michael Hasenstab, fund manager at Franklin Templeton

"Poland's zloty is undervalued and local bonds offer a significant pick-up in yields. Fiscal policy continues to be prudent (...). Poland demonstrated its economic robustness by being one of only a handful of countries globally to not fall into recession during the global financial crisis."

Bloomberg, 9-02-2012 r.