
State budget borrowing requirements' financing plan and its background:

in June 2012

THE MOST IMPORTANT INFORMATION:

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1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
20 JUN 2012	22 JUN 2012	PS0417	2,000-4,000
27 JUN 2012	29 JUN 2012	IDS1022	up to 2,000

In case of significant change in the market conditions it is possible to offer T-bonds series OK0714 on the auction held on June, 20th.

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-bond switching auction

Auction / settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)
14 JUN 2012* / 18 JUN 2012	Choice, depending on the market conditions, from the following T-bonds: WZ0117 / WZ0121 / IZ0823	OK0712	19,695
		OK1012	22,586

* auction on Thursday

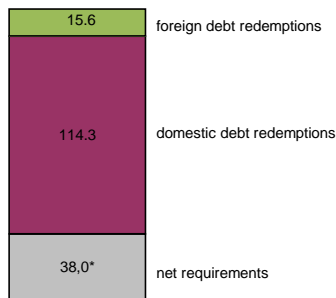
4 Offer on retail market

T-bond	Issue price	Coupon
DOS0614	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.75%
TOZ0615	100.00 PLN	Floating (1.00 * WIBOR 6M), 5.11% in the first coupon period
COI0616	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.25%), 5.50% in the first coupon period
EDO0622	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

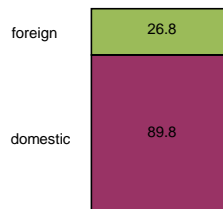
Total PLN 167.9bn*, of which:



* after PLN 8.2bn inflow from the NBP's profit

Funding in the period of I-V

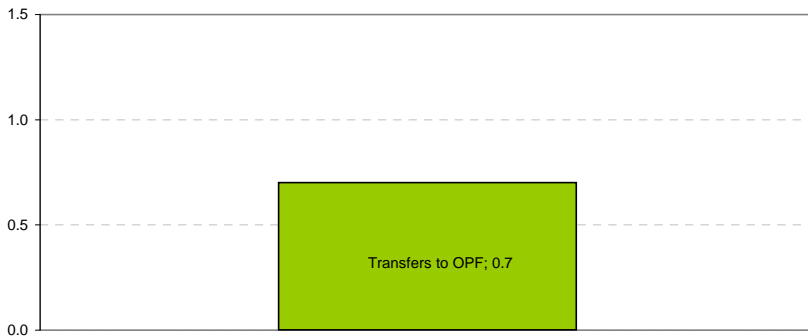
Total PLN 116.7bn (69.5%)



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 11.9bn,
- T-securities sale on domestic market: PLN 69.9bn,
- T-bonds issuance on foreign markets: PLN 12.7bn,
- and loans incurred from IFIs: PLN 2.2bn.

2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in June 2012 (PLN bn, as of May 31, 2012)

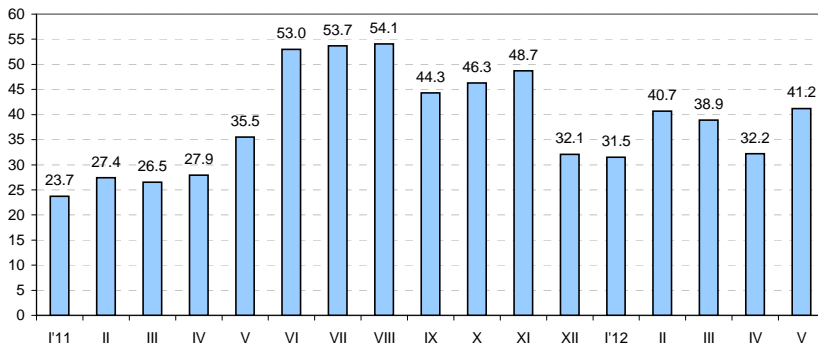


Flow of funds due to redemptions of T-securities, interest payments and transfers from State budget to Open Pension Funds will amount to ca. PLN 0.7bn.

3 Sale and redemption of T-bills and T-bonds in June 2012

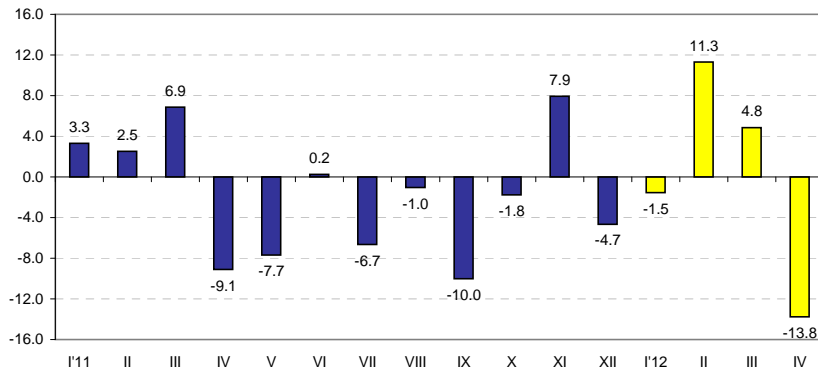
No T-bill auctions are planned in June. Simultaneously there are no such securities maturing in the given month - thus no change in T-bills outstanding. No T-bills sales result from the good actual State budget stance.

4 Funds in PLN and in foreign currency held by the MoF at the end of month (foreign currency funds include funds from debt issuance and received from the European Commission, PLN bn)



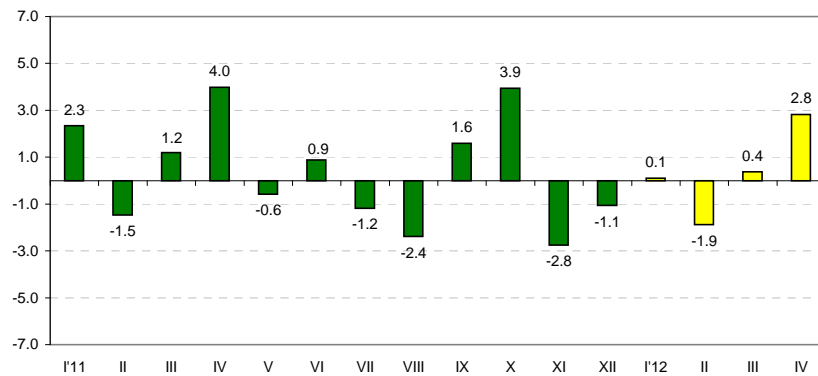
The funds ensure liquidity in borrowing needs financing.

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



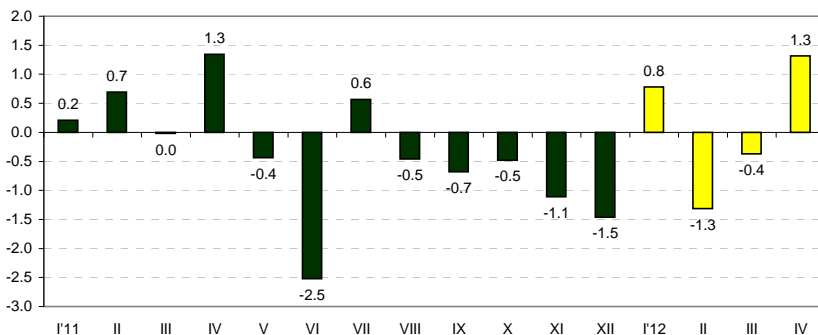
In the period of I-IV 2012 debt held by domestic banks increased by PLN 0.9bn comparing to PLN 3.6bn increase during the same period of 2011.

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



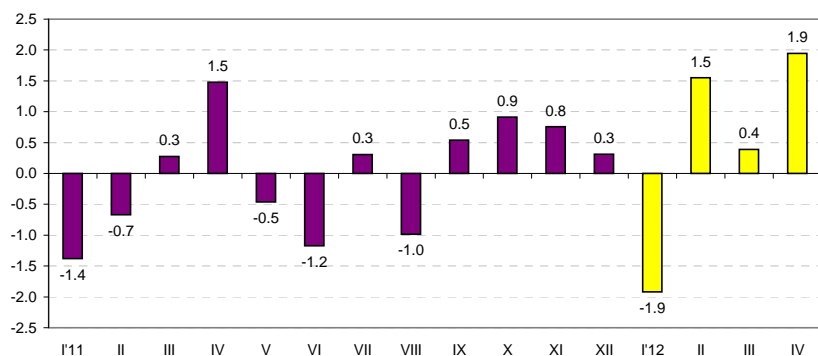
In the period of I-IV 2012 debt held by pension funds increased by PLN 1.4bn comparing to PLN 6.0bn increase during the same period of 2011.

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



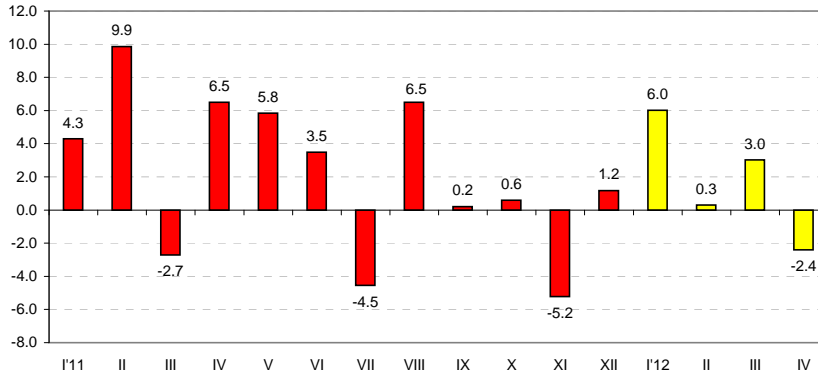
In the period of I-IV 2012 there was an increase of PLN 0.4bn in debt held by insurance companies. During the same period of 2011 there was an increase of PLN 2.2bn.

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



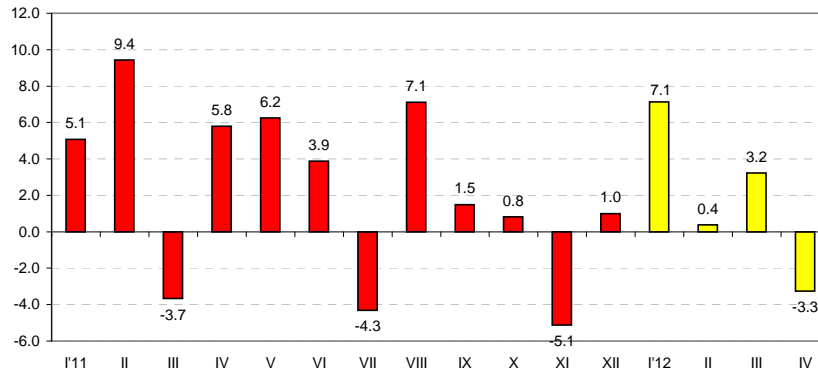
In the period of I-IV 2012 there was an increase of PLN 2.0bn in debt held by investment funds. During the same period of 2011 there was a decrease of PLN 0.3bn.

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



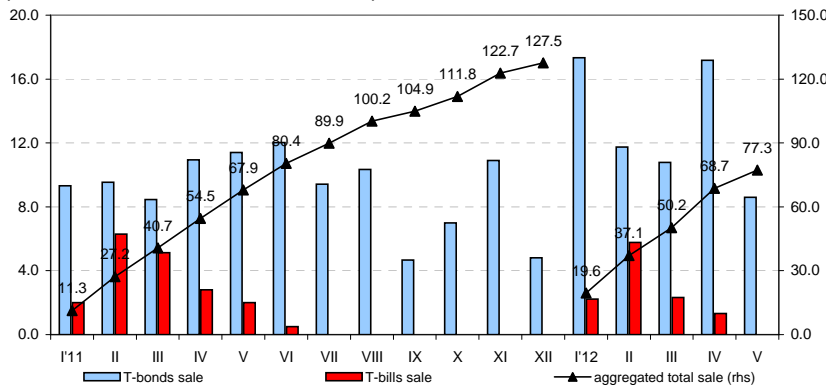
In the period of I-IV 2012 inflow of foreign capital to the domestic TS market amounted to PLN 6.9bn comparing to PLN 17.9bn increase in the same period of 2011. Foreign investors' holdings reached the level of PLN of 161.2bn.

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



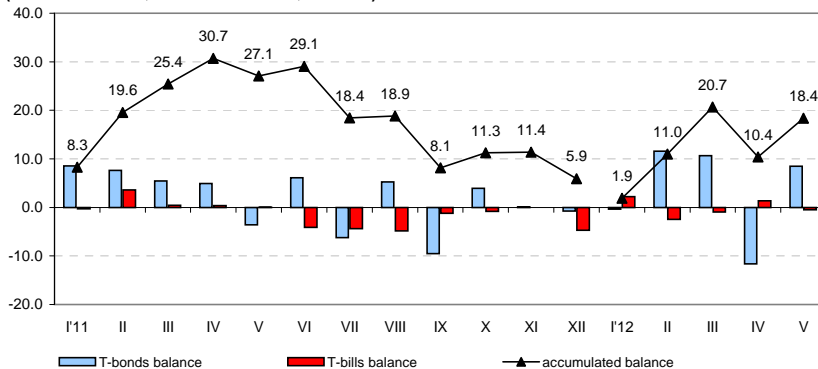
In the period of I-IV 2012 inflow of foreign capital to domestic bonds market amounted to PLN 7.5bn comparing to PLN 16.6bn increase in the same period of 2011. Foreign investors' holdings reached the level of PLN 160.0bn.

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



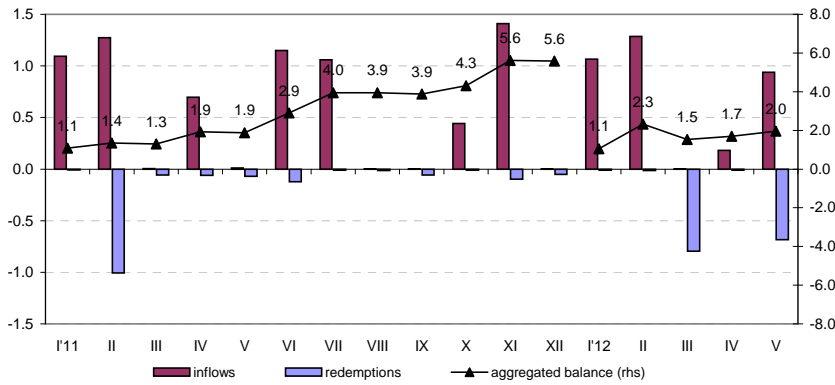
The structure of Treasury securities offered in 2012 is dominated by T-bonds (85% of total amount sold).

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



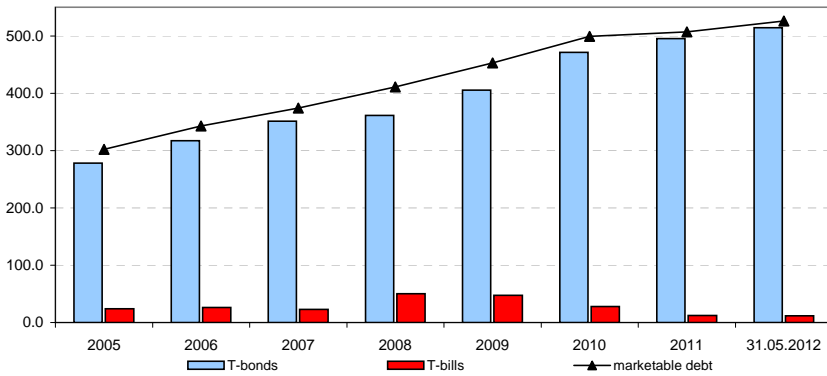
Indebtedness in T-bonds increased by PLN 18.7bn while indebtedness in T-bills decreased by PLN 0.4bn.

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



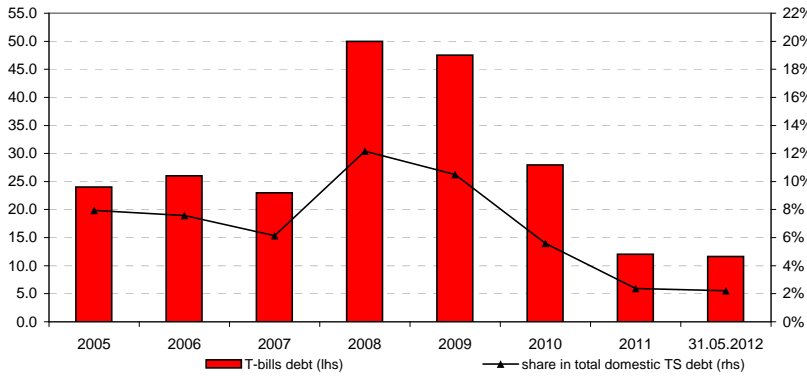
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 2.0bn. T-bonds issuance was EUR 3.0bn. Loans incurred from IFIs were at the level of EUR 0.5bn. Apart from those, EUR 2.7bn on the FX budgetary accounts was available - the money related to the foreign debt management raised and not spent in 2011.

14 Structure of marketable debt
(PLN bn)



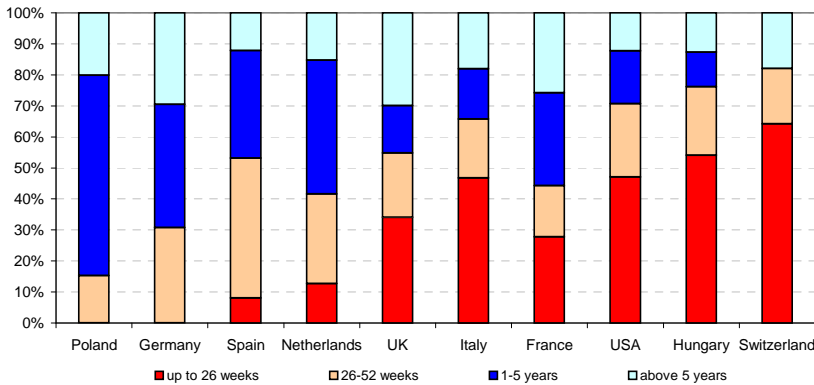
At the end of May 2012 the marketable domestic debt amounted to PLN 526.1bn comparing to PLN 507.2bn at the end of 2011.

15 T-bills outstanding
(PLN bn)



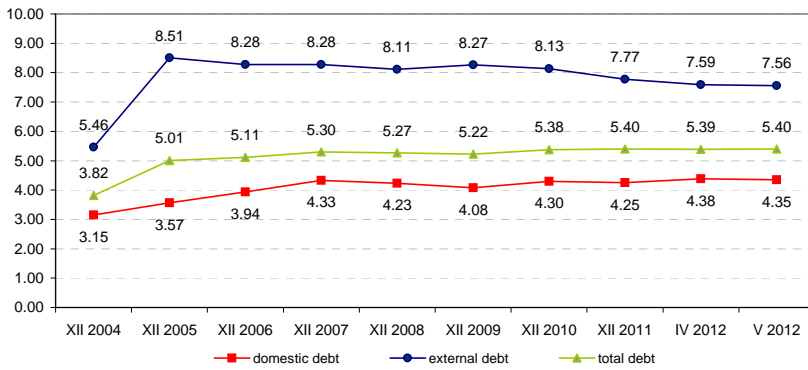
In May 2012 indebtedness in T-bills decreased by PLN 0.4bn to the level of PLN 11.7bn. T-bills share in total domestic debt amounted to 2.2% at the end of the month.

16 Maturity breakdown of T-securities in Poland and other countries
(auctions and syndicates, local currency, ytd in the period of January 1 - May 31, 2012)



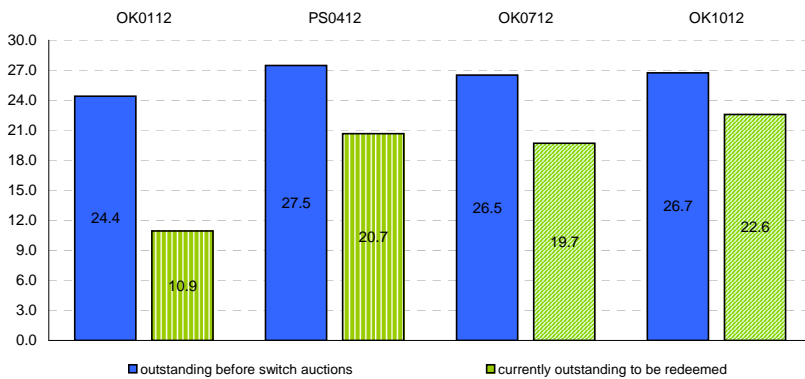
In terms of maturity, the sale of TS in Poland in 2012 is dominated by securities with maturity over 1 year.

17 Average maturity



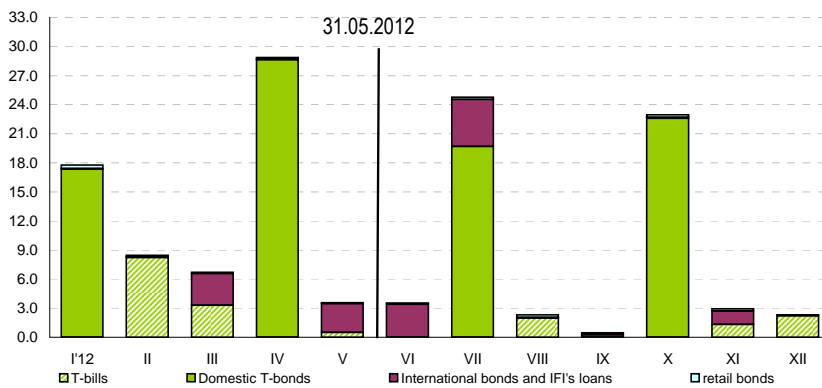
At the end of May 2012 the average maturity of domestic debt increased to 4.35 in comparison with the end-2011 figure.

18 Reducing refinancing risk connected with T-bonds' redemptions maturing in 2012 (switch auctions, PLN bn, as of 31 May 2012)



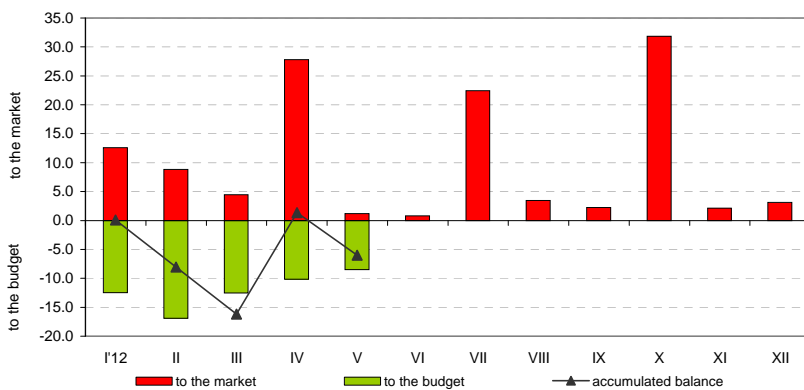
Buy-back of T-bonds maturing in 2012:
 - OK0112: PLN 13.5bn (55% of initial outstanding),
 - PS0412: PLN 6.8bn (25% of initial outstanding),
 - OK0712: PLN 6.8bn (26% of initial outstanding),
 - OK1012: PLN 4.2bn (16% of initial outstanding).

19 State Treasury debt redemptions in 2012 (nominal amount, PLN bn, as of 31 May 2012)



The nominal amount of debt to be redeemed in 2012 is equal to PLN 59.4bn, including:
 - T-bills: PLN 5.6bn,
 - T-bonds on domestic market: PLN 42.3bn,
 - T-retail bonds: PLN 1.4bn,
 - bonds and loans incurred in foreign markets: PLN 10.2bn.

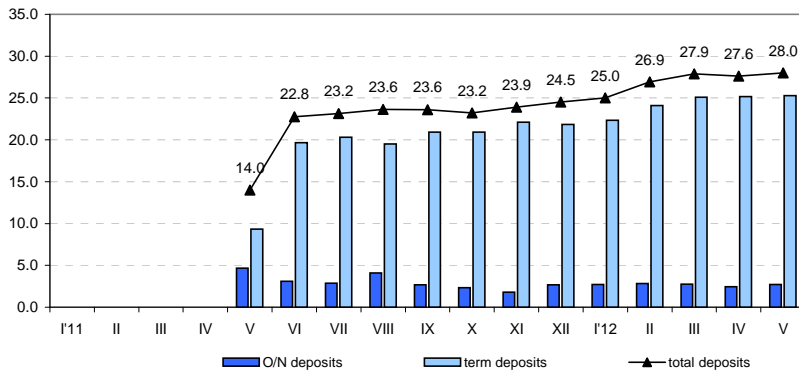
20 Flows of funds between the market and the budget* (PLN bn, as of 31 May 2012)



In the period of June-December 2012 the proceeds from the redemptions and interest payments to the market shall amount to PLN 60.3bn. Additionally PLN 5.7bn will be transferred to the Open Pension Funds. Proceeds from the TS issuance in the above-mentioned period shall bring ca. PLN 42.0bn to the budget.

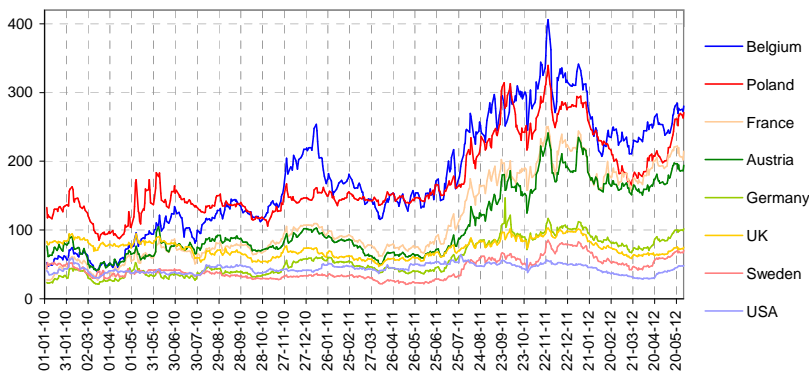
* figures include sale, redemptions and interest payments on wholesale bonds and bills and transfers to Open Pension Funds; monthly financing plans depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.

21 Consolidation of public finances liquidity management (PLN bn)



As a result of consolidation of public finances liquidity management there were PLN 28.0bn funds accumulated at the end of May, of which PLN 25.3bn was as term deposits and PLN 2.7bn on O/N deposits.

22 CDS levels (5-year, bp)



Polish 5-year CDS contracts are traded at the lower level than the Belgian CDS and at the levels close to CDS contracts of the higher rated countries.

23 Retail T-bonds issue on the Samurai market

On May 11th, 2012 the Ministry of Finance priced a 5-year retail targeted Samurai bond issue for a nominal amount of JPY 25bn. The bond was priced at 100 basis points over the swap rate what implies a yield of 1.49%.

The launched bond is the first retail targeted transaction of a foreign issuer on the Japanese market in 2012 and the second retail bond issued by the Republic of Poland on this market. The previous 4-year retail bond on the Samurai market was issued in July 2011.

24 EuroWeek awards: Most impressive borrower in Central and Eastern Europe & The most influential capital markets participants



One more time Poland was awarded by EuroWeek as the **Most impressive borrower in Central and Eastern Europe**. The prize is a result of wide range representatives of issuers, investors and bankers voting.

During the award ceremony, which took place on May 15th in London, **Undersecretary of State at the Ministry of Finance - Dominik Radziwiłł - received special award as one of 25 the most influential participants in the capital markets**. Among the honoured were investment banks' senior officials as well as heads of British, Italian and Turkish DMO and Treasurers of the World Bank, EIB, KfW and ENEL.



25 Market Comments

Piotr Marczak, Director of Public Debt Department, Ministry of Finance

"T-securities supply in June will be the lowest this year. Structure of supply accommodates the first issuance this year by BGK for the National Road Fund. Since the budget liquidity is good, there is no need to hold T-bill auction in June. The level of available funds in PLN will increase next month anyway due to the inflow from the NBP's profit.

The proceeds from the TS issuance till the end of the year are expected to be lower by ca. PLN 25bn than the transfers to the market from the budget in the form of redemptions proceeds, interest payments and transfers to Open Pension Funds.

We are watching foreign markets and waiting for a good moment to complete the foreign financing plan with a benchmark public issuance or alternatively with a private placement. The amount of foreign currency funds held by the MoF let us operate without time and market pressure.

Due to the redemption of PS0412 T-bonds, of which PLN 12.6bn was in foreign investors' holdings at the end of the previous year, their TS portfolios decreased by PLN 2.4bn (of which PLN 3.2bn in T-bonds) in April. In May we are observing foreign capital inflow to the Polish debt market, which may be the highest this year."

31-05-2012