
State budget borrowing requirements' financing plan and its background:

in August 2012

THE MOST IMPORTANT INFORMATION:

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1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
1 AUG 2012	3 AUG 2012	PS0417	2,000-4,000

At Wednesday auction the Ministry of Finance sold PS0417 T-bonds with national amount at the level of PLN 4.41bn. Total demand amounted to PLN 7.0bn and yield to 4.36% which was the historically low level.

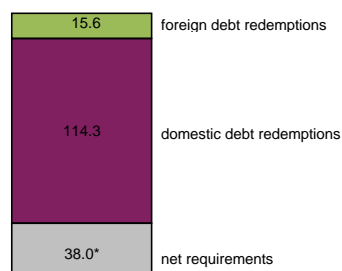
2 Offer on retail market

T-bond	Issue price	Coupon
DOS0814	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.50%
TOZ0815	99.90 PLN	Floating (1.00 * WIBOR 6M), 5.15% in the first coupon period
COI0816	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.25%), 5.50% in the first coupon period
EDO0822	100.00 PLN	Floating (inflation rate + 2.50%), 6.00% in the first coupon period

1 Gross borrowing requirements in 2012

Gross borrowing requirements in 2012

Total PLN 167.9bn*, of which:

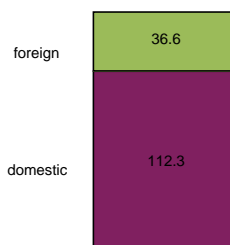


* after PLN 8.2bn inflow from the NBP's profit

** including loan from the World Bank (EUR 750m) and PS0417 T-bonds auction on August 1st, 2012

Funding in the period of I-VII

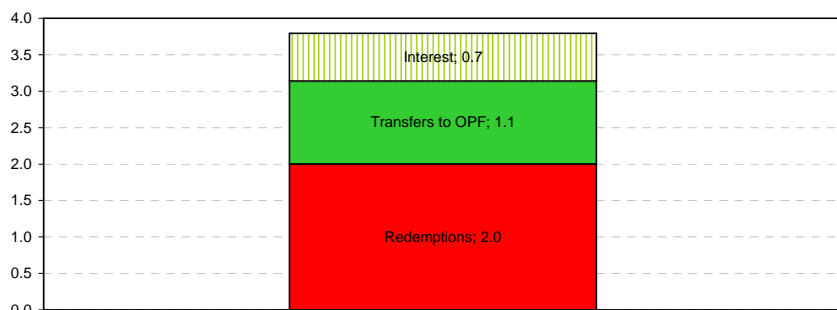
Total PLN 148.9bn (89%)**



Funding of borrowing requirements was a result of:

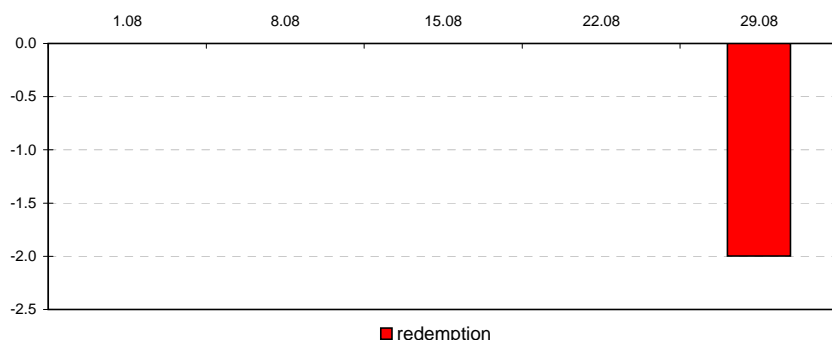
- T-bills buyback in 2011: PLN 4.5bn,
- rolling over of T-bonds by switch auctions in 2011: PLN 15.2bn,
- T-bonds buyback on foreign markets in 2011: PLN 0.2bn,
- higher than planned financial resources at the end of 2011: PLN 11.9bn,
- T-securities sale on domestic market: PLN 92.4bn,
- T-bonds issuance on foreign markets: PLN 19.1bn,
- and loans incurred from IFIs: PLN 5.5bn.

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



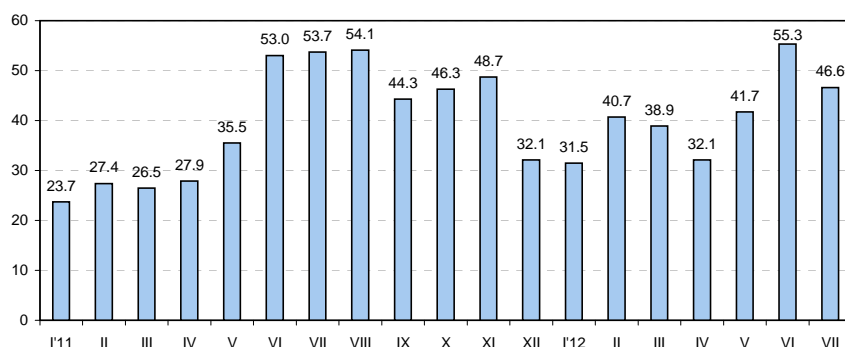
As of July 31, 2012 flow of funds due to redemptions of T-securities, interest payments and transfers from State budget to Open Pension Funds shall amount to PLN 3.8bn.

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



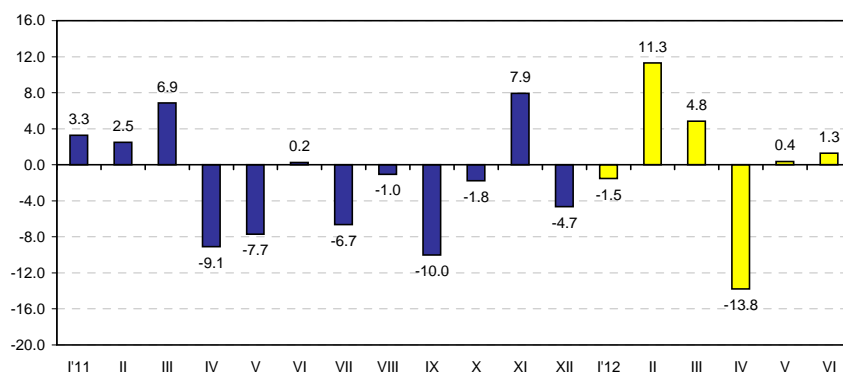
No T-bills auctions are planned in August. The amount of T-bills to be redeemed is PLN 2.0bn.

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)



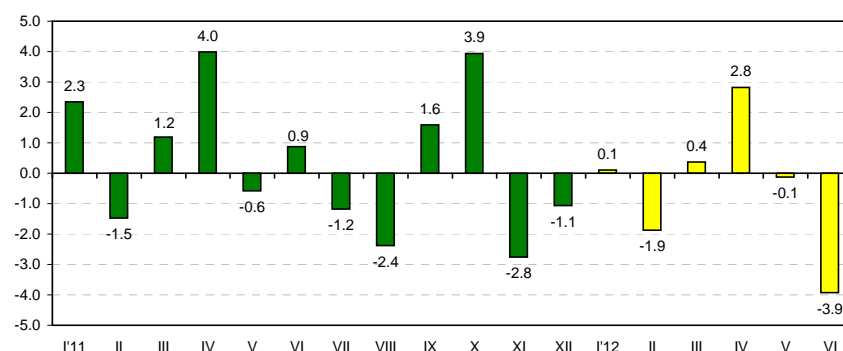
The funds ensure liquidity in borrowing needs financing.

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



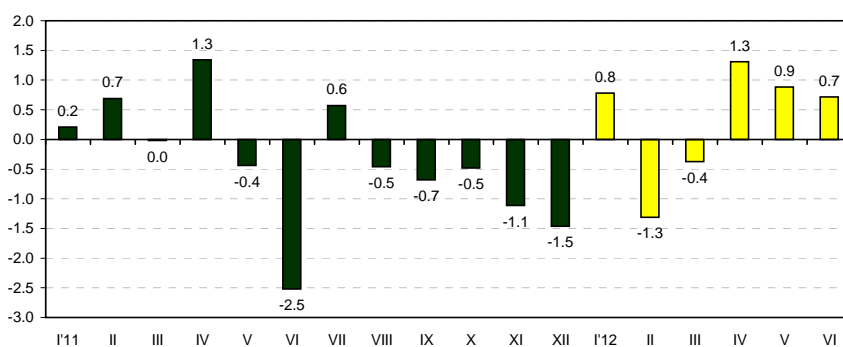
In the period of I-VI 2012 debt held by domestic banks increased by PLN 2.5bn comparing to PLN 3.9bn decrease during the same period of 2011.

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



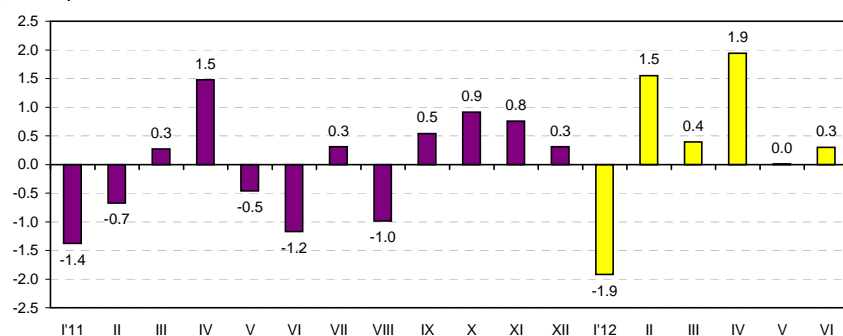
In the period of I-VI 2012 debt held by pension funds decreased by PLN 2.6bn comparing to PLN 6.3bn increase during the same period of 2011.

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



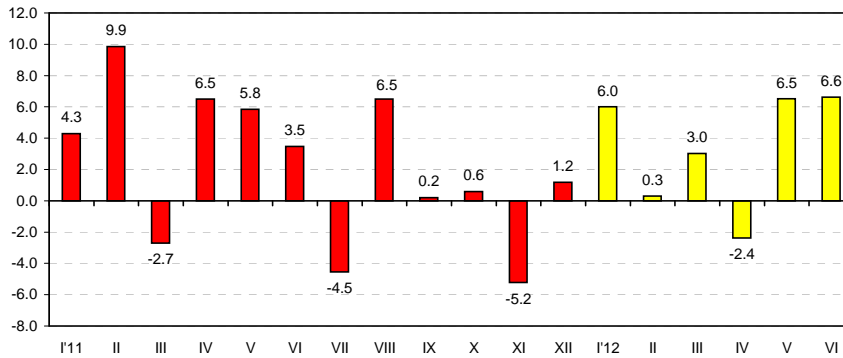
In the period of I-VI 2012 there was an increase of PLN 2.0bn in debt held by insurance companies. During the same period of 2011 there was a decrease of PLN 0.7bn.

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



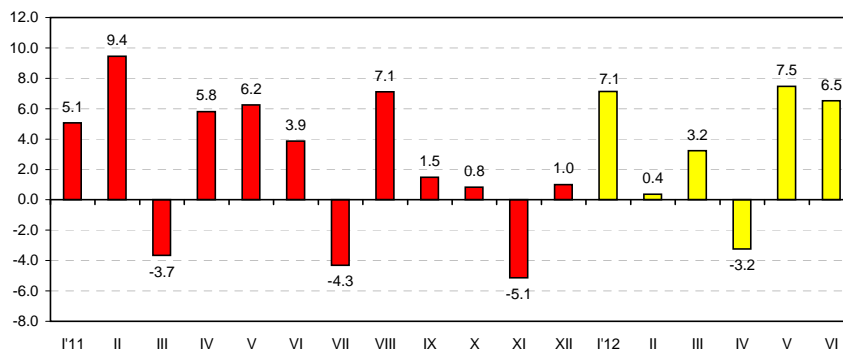
In the period of I-VI 2012 there was an increase of PLN 2.3bn in debt held by investment funds. During the same period of 2011 there was a decrease of PLN 1.9bn.

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



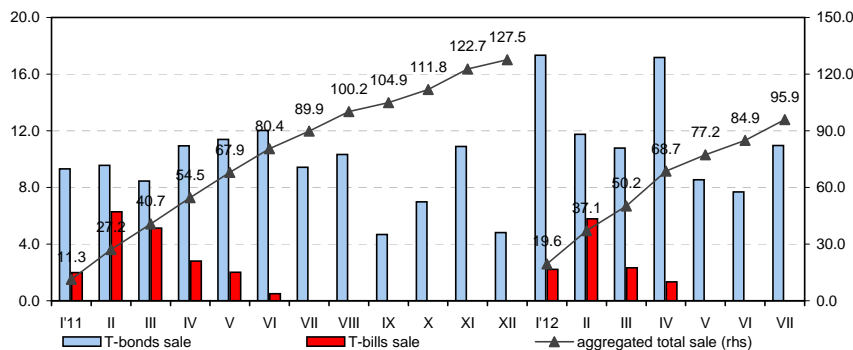
In the period of I-VI 2012 inflow of foreign capital to the domestic TS market amounted to PLN 20.1bn comparing to PLN 27.3bn increase in the same period of 2011. Foreign investors' holdings reached the record high level of PLN of 174.3bn.

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



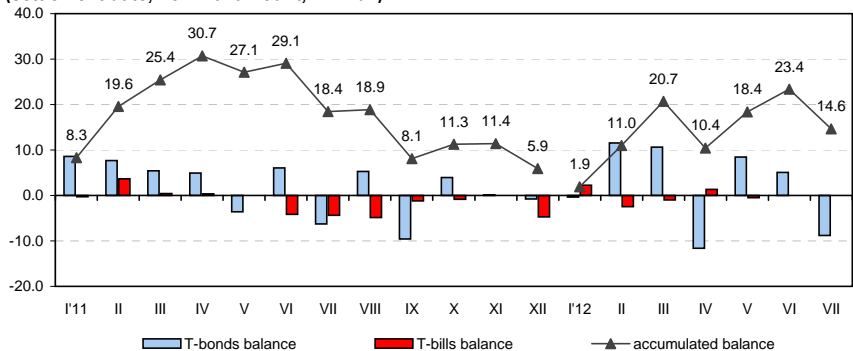
In the period of I-VI 2012 inflow of foreign capital to domestic bonds market amounted to PLN 21.5bn comparing to PLN 26.8bn increase in the same period of 2011. Foreign investors' holdings reached the record level of PLN 174.0bn.

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



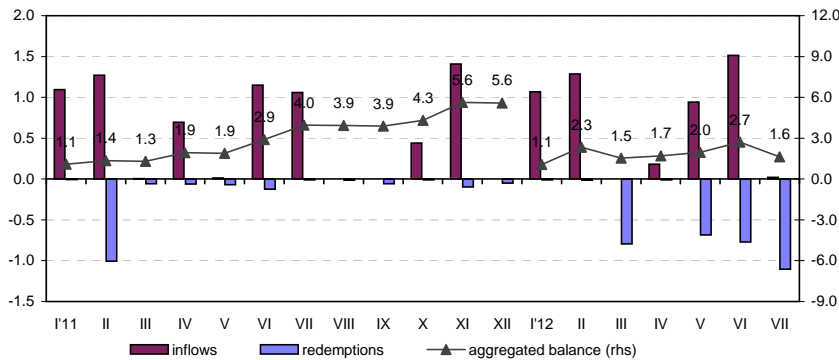
The structure of Treasury securities offered in 2012 is dominated by T-bonds (88% of total amount sold).

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



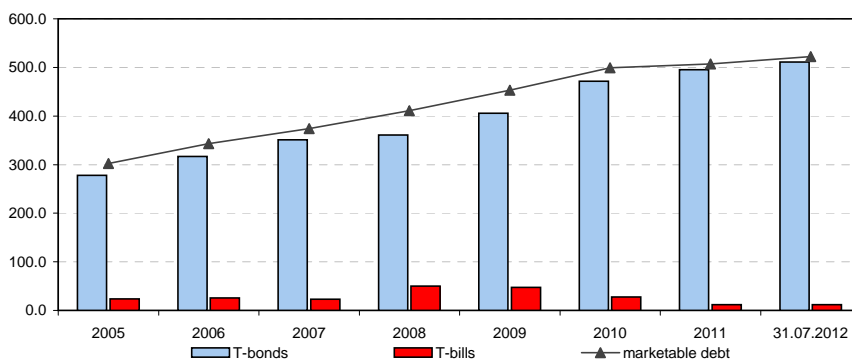
Indebtedness in T-bonds in the period of I-VII 2012 increased by PLN 15.0bn while indebtedness in T-bills decreased by PLN 0.4bn.

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



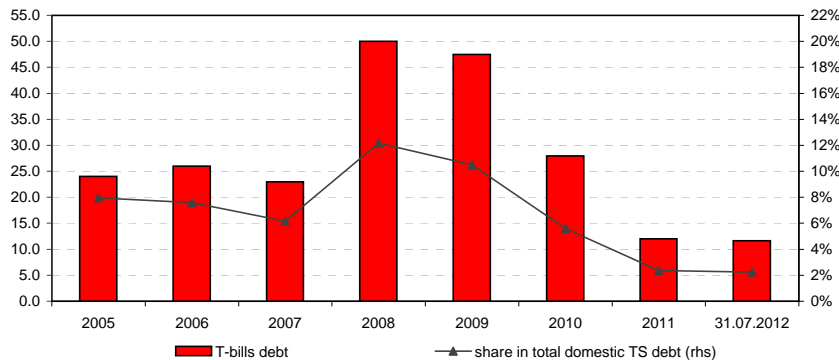
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 1.6bn. T-bonds issuance was EUR 4.5bn. Loans incurred from IFIs were at the level of EUR 0.6bn. Apart from those, EUR 2.7bn on the FX budgetary accounts was available - the money related to the foreign debt management raised and not spent in 2011.

14 Structure of marketable debt
(PLN bn)



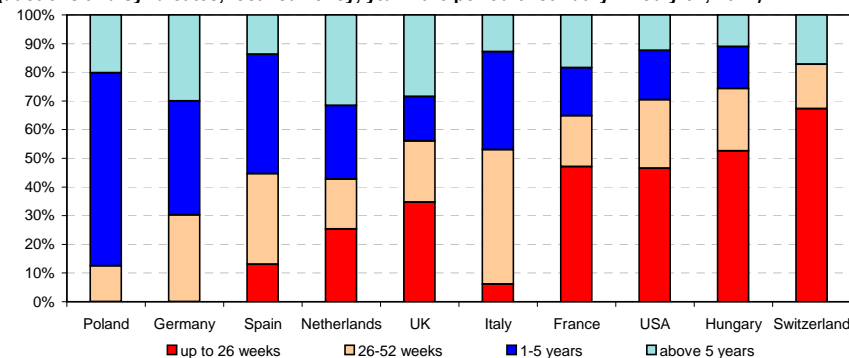
At the end of July 2012 the marketable domestic debt amounted to PLN 522.5bn comparing to PLN 507.2bn at the end of 2011.

15 T-bills outstanding
(PLN bn)



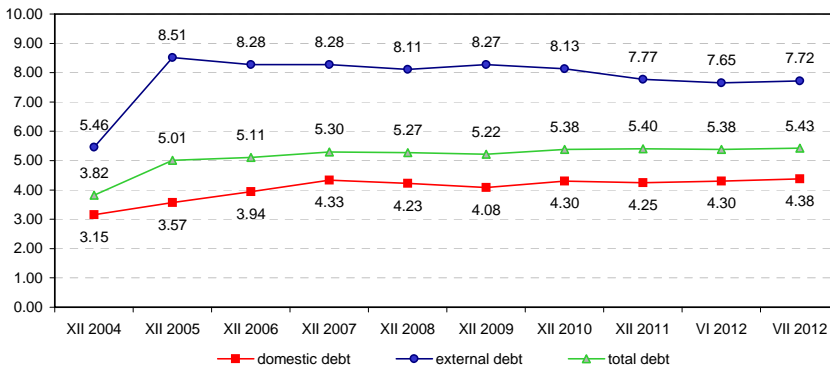
In July 2012 indebtedness in T-bills did not change. T-bills share in total domestic debt amounted to 2.2% at the end of the month.

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



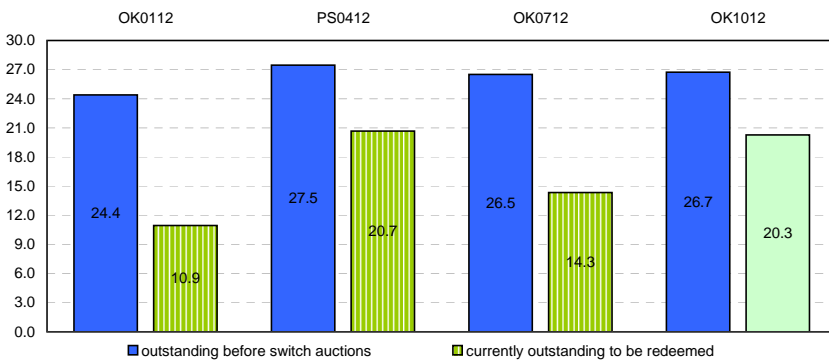
In terms of maturity, the sale of TS in Poland in 2012 is dominated by securities with maturity over 1 year.

17 Average maturity



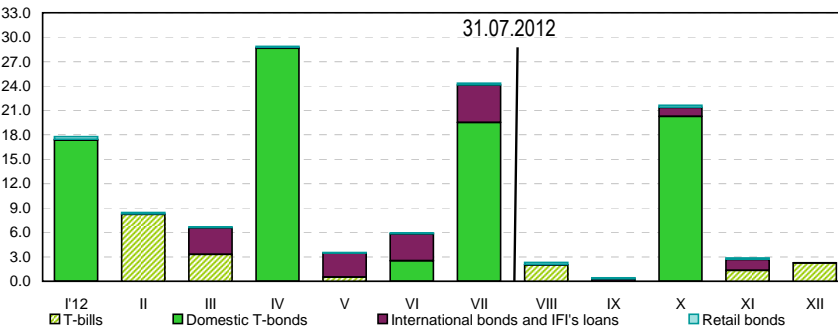
At the end of July 2012 the average maturity of domestic debt increased to 4.38 in comparison with the year-end 2011 figure (4.25).

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



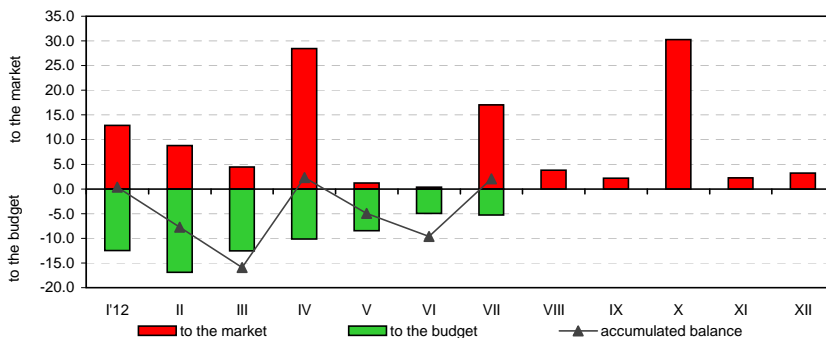
Buy-back of T-bonds maturing in 2012:
 - OK0112: PLN 13.5bn (55% of initial outstanding),
 - PS0412: PLN 6.8bn (25% of initial outstanding),
 - OK0712: PLN 12.2bn (46% of initial outstanding),
 - OK1012: PLN 6.5bn (24% of initial outstanding).

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



The nominal amount of debt to be redeemed in 2012 is equal to PLN 29.7bn, including:
 - T-bills: PLN 5.6bn,
 - T-bonds on domestic market: PLN 20.3bn,
 - T-retail bonds: PLN 1.1bn,
 - bonds and loans incurred on foreign markets: PLN 2.8bn.

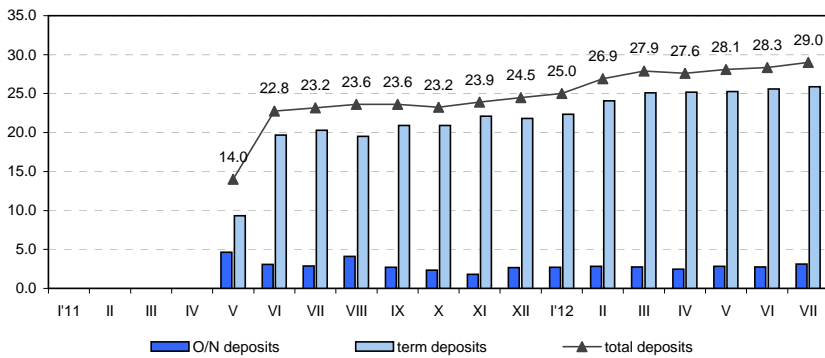
20 Flows of funds between the market and the budget* (PLN bn, as of 31 July 2012)



As of August 1st, 2012 the proceeds from the redemptions and interest payments to the market shall amount to PLN 37.2bn by the end of the year. Additionally PLN 4.6bn will be transferred to the Open Pension Funds. Proceeds from the TS issuance in the above-mentioned period shall bring ca. PLN 18.0bn to the budget.

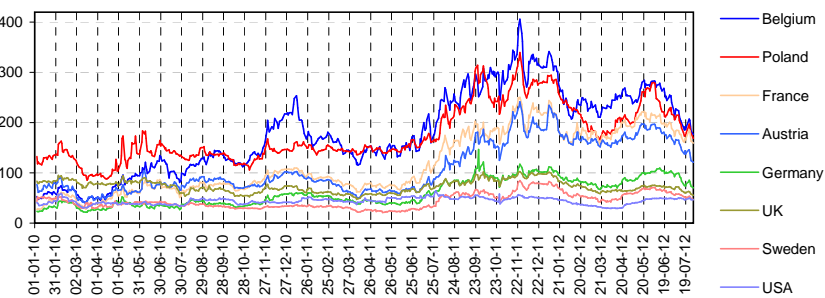
* figures include sale, redemptions and interest payments on wholesale bonds and bills and transfers to Open Pension Funds; monthly financing plans depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.

21 Consolidation of public finances liquidity management (PLN bn)



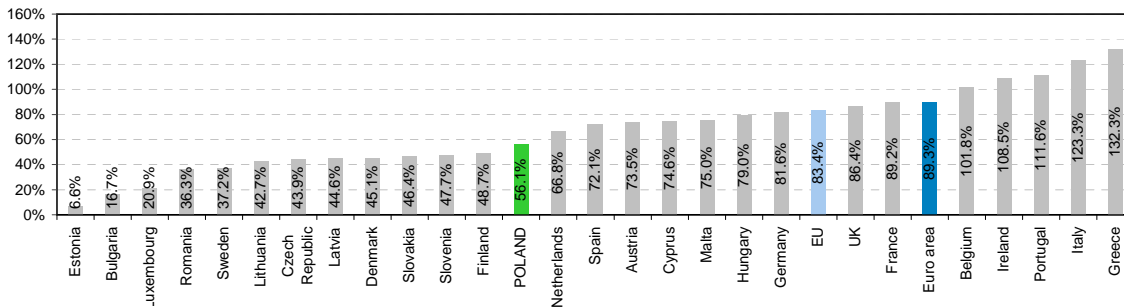
As a result of consolidation of public finances liquidity management there were PLN 29.0bn funds accumulated at the end of July, of which PLN 25.9bn was as term deposits and PLN 3.1bn on O/N deposits.

22 CDS levels (5-year, bp)



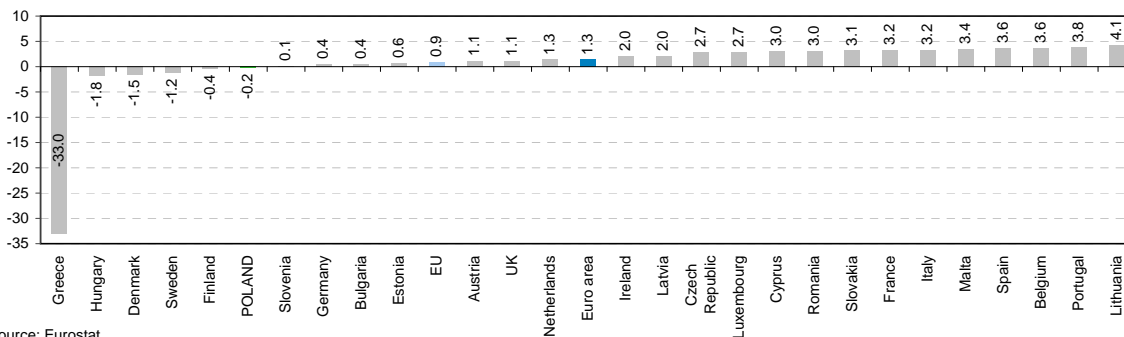
Polish 5-year CDS contracts are traded at the slightly lower level than the Belgian CDS and at the levels close to CDS contracts of France.

23 EDP debt-to-GDP ratios in EU countries (percent of GDP, as of March 31, 2012)



Source: Eurostat

Change in EDP debt-to-GDP ratios in the period of December 31, 2011 - March 31, 2012 (percentage points of GDP)



Source: Eurostat

According to Eurostat data, EDP in the European Union amounted to 83.4% of GDP at the end of first quarter, comparing with 82.5% of GDP at the end of 2011. Euro area debt increased from 87.3% to 88.2% of GDP. At the end of the first quarter Polish general government debt was at the level of 56.1% of GDP comparing with 56.3% of GDP at the end of the previous year. Thereby Poland was among six EU countries of which debt-to-GDP ratio decreased. The others are: Denmark, Sweden, Finland, Greece and Hungary. Full information is available at:

http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-23072012-AP/EN/2-23072012-AP-EN.PDF

24 News

On Wednesday [1.08.2012] the Ministry of Finance sold PLN 4.4bn of 5-year T-bonds with total demand of PLN 7.0bn and yield of 4.361%. It was the lowest yield in the history of auctions of 5-year T-bonds and lower than on the secondary market at the time while auction was held. Both domestic and foreign investors were present at the auction. Including the auction results the annual State borrowing requirements are financed in ca. 90%.

Jacek Rostowski, the Minister of Finance

"This is another positive signal during past weeks. Since the interest of the euro-denominated bonds reached the historically low levels in mid-July and the yield of 10-year domestic T-bonds fell below 5%, the lowest level since March 2006, here we have another proof of foreign investors' strong confidence in Poland. It is a result of determination of the government in reducing the deficit.

The latest Eurostat data and European Commission forecast of May are of great importance as well. According to Eurostat Poland was among six EU countries with decreasing debt-to-GDP ratio in 1Q 2012. The European Commission estimations indicated Poland as the EU country which by the end of the year will record the 4th lowest change in debt-to-GDP since the beginning of the crisis. According to the document smaller debt increases (calculating since 2007) will be noticed only by Sweden, Estonia and Bulgaria. The increase in the other 23 countries will be higher than in Poland."

01-08-2012

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

"Foreign funds are still coming to the domestic T-securities market. In June the highest monthly inflow of foreign capital since the beginning of the year was noticed - increase of PLN 6.6bn (including PLN 6.5bn in T-bonds). Thus the record high level of foreign investors' holdings was reached then - PLN 174.3bn (including PLN 174.0bn in T-bonds). In July the increase of foreign investors' holdings will be limited due to PLN 7.7bn redemption of 2-year T-bonds held by non-residents. Nevertheless the balance of foreign investors involvement remains significantly positive."

30-07-2012