

POLISH BOND MARKET OPPORTUNITIES FOR RUSSIAN INVESTORS

DECEMBER 2011, SANKT PETERSBURG



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President of Supervisory Board

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Chief Economist of Polish Business
Council, BRE Bank SA and
Westdeutsche Landesbank SA
Economist of Institute of
International Finance, New York



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Vice - President of Supervisory Board

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AIB Asset Management SA
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Member of the Managing Board in Caisse
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Lyonnaise de Banque, Paris
Pekao Bank SA
Bank Handlowy SA



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Polish Minister of Finance
Consultant in World Bank and ONZ
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Main economist in International Centre
for the Study of East Asian Development -
Japan



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Member of Supervisory Board

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Prawni sp. k.
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Chief Executive Officer
President of Management Board

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Merrill Lynch International, London,
Bank BPH, Warsaw
BRE Bank, Warsaw



Łukasz Knap
Vice - President of Management Board

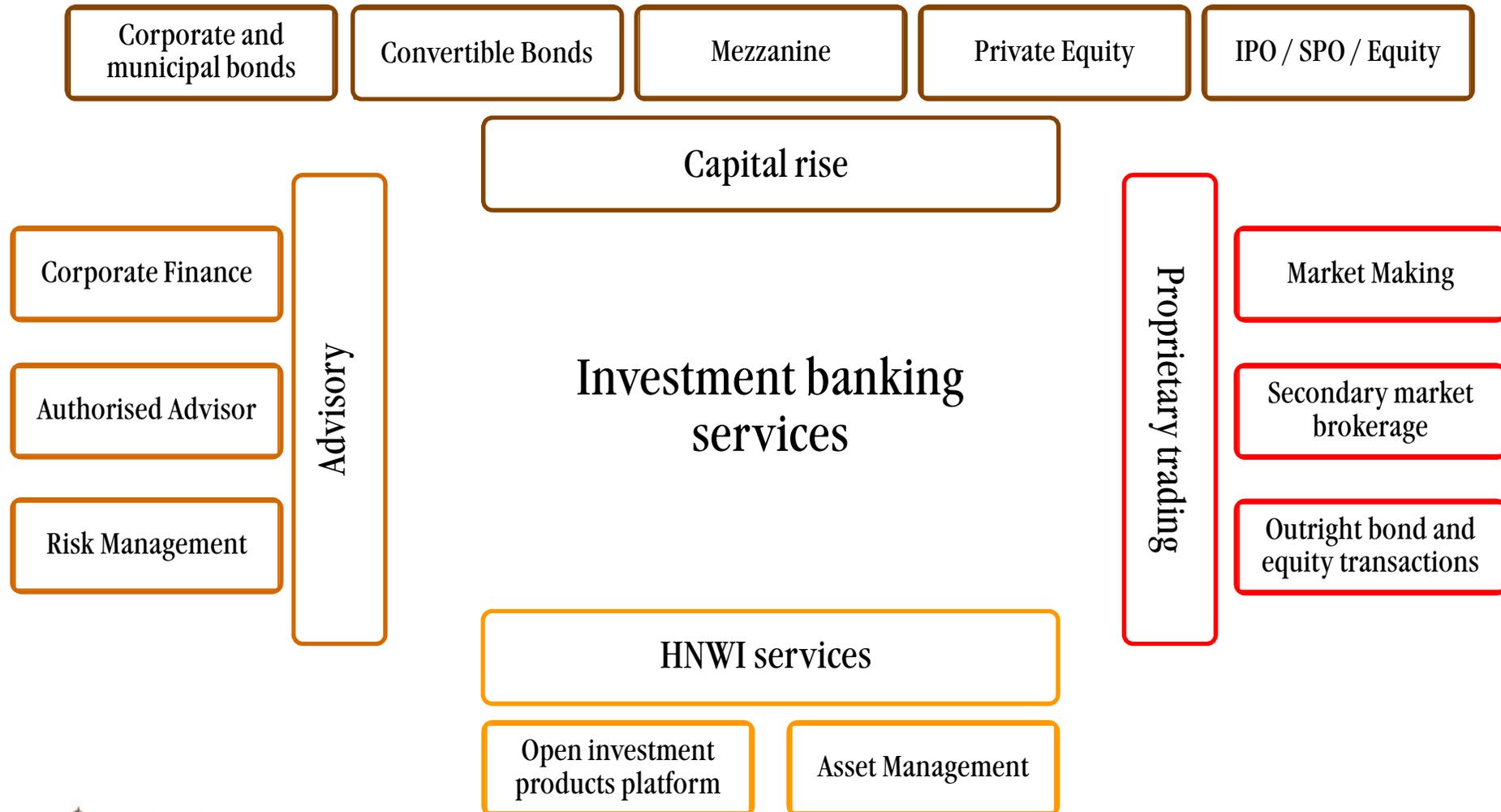
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Paul Polaczek
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SCOPE OF SERVICES NWAI DM



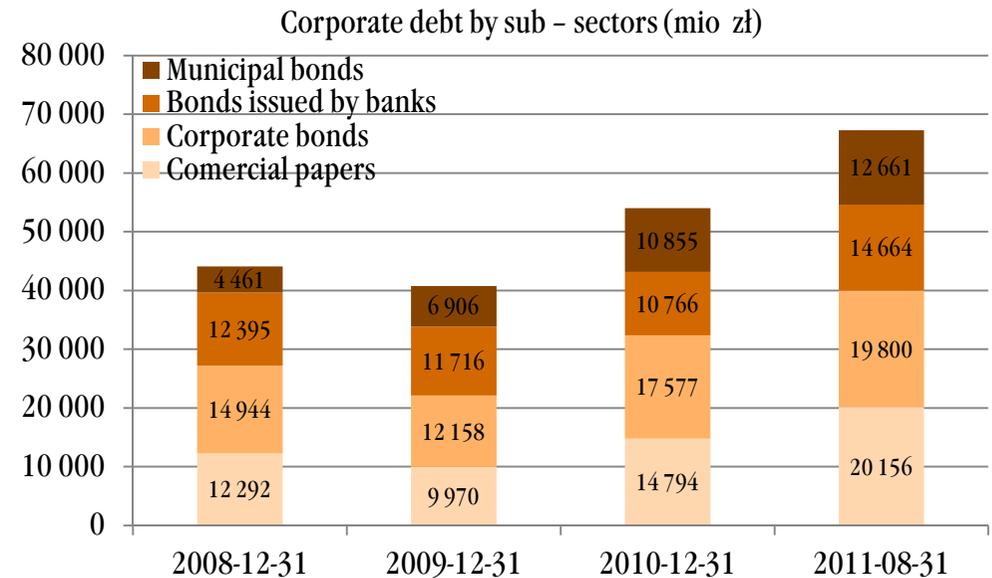
EXAMPLES OF REALIZED TRANSACTIONS

<p>Bonds and convertible bonds offerings 127 200 000 zł</p>  <p>Offering agent</p>  <p>2010 - 2011</p>	<p>Bonds and convertible bonds offerings 73 100 000 zł</p>  <p>Offering agent</p>  <p>2010</p>	<p>Bonds offering 60 000 000 zł</p>  <p>Offering agent</p>  <p>2011</p>	<p>Bonds offerings 29 514 000 zł</p>  <p>Offering agent</p>  <p>2011</p>	<p>Bonds offerings 29 300 000 zł</p>  <p>Offering agent</p>  <p>2010 - 2011</p>
<p>Bonds offerings 20 000 000 zł</p>  <p>Offering agent</p>  <p>2011</p>	<p>Bonds offerings 9 665 000 zł</p>  <p>Offering agent</p>  <p>2010 - 2011</p>	<p>Bonds offerings 8 350 000 zł</p>  <p>Offering agent</p>  <p>2011</p>	<p>Bonds offerings 8 080 000 zł</p>  <p>Offering agent</p>  <p>2011</p>	<p>Bonds offering 6 020 000 zł</p>  <p>Offering agent</p>  <p>2011</p>

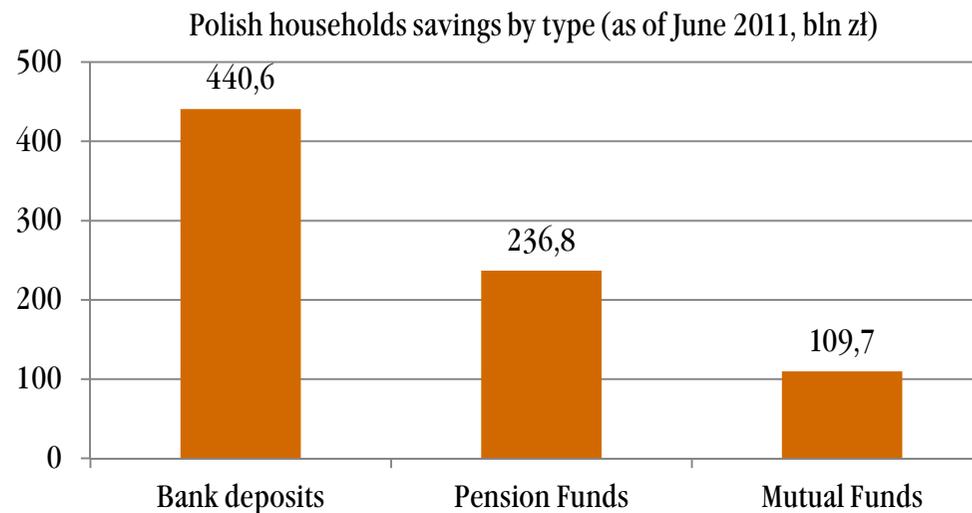
POLISH BOND MARKET



Source: Fitch Polska SA & Bank Pekao SA



Source: Fitch Polska SA & Bank Pekao SA



Source: Analityz Online



POLISH BOND MARKET – MARKET PARTICIPANTS

Commercial / municipal bonds primary market offering process participants

Participant Type	Bond issue size (mio zł)	Market making	Proprietary trading	Authorized advisory	Supervisory regulated
Investment companies / brokerage houses	10+	Yes	Yes	Yes	Yes
Commercial Banks	100+	No	Yes	No	Yes
Authorized advisors	1 - 15	No	No	No	No
Others	1 - 5	No	No	No	No

Commercial / municipal bonds investors

Participant Type	Typical investments	Typical limitations	Preferences	Risk - return orientation
Banks	Credit limits	Cross sell	Banks' clientele	Low risk
Pension funds	up to 20%	Colateral	WSE listed issuers	Low risk
Mutual funds	Up to 30%	Credit standing	High coupons / moderate risk	Balanced
Asset managers	10 - 20%	Credit standing	High coupons / moderate risk	Balanced
HNWI	ca. 50 k EUR	Coupon / agent reputation	High coupons / well know companies	High return

CATALYST – BOND MARKET

In 2009 Warsaw Stock Exchange in cooperation with Bond Spot has formed the first organized public market trading platform – Catalyst. Formation of the Catalyst created an opportunity for many companies to obtain debt financing through bond issuance, and has enriched its ways of financing

Market

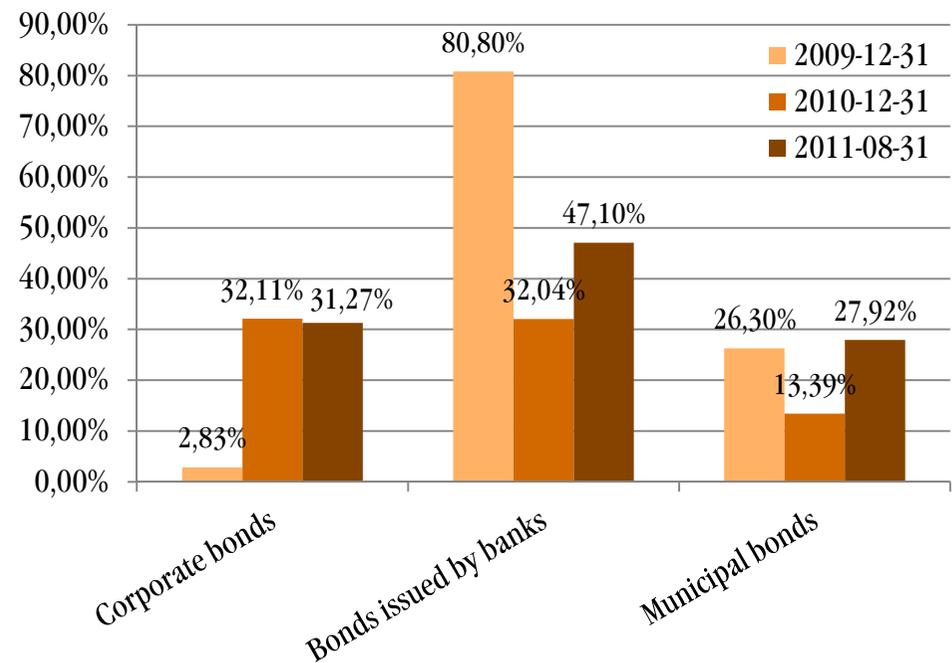
Issuers

Limitations

Types of markets

- α Warsaw Stock Exchange in cooperation with BondSpot has created the market for retail and wholesale corporate and municipal bonds
- α First listing on the market – 2009-09-30
- α Corporate bond issuers must be organized in a form of: public limited companies, limited liability companies, limited joint-stock companies
- α Issuers from outside Poland are allowed
- α The introduction of bonds requires a prospectus or information document
- α Placing bonds on the market impose obligations on the issuer to provide current and period information
- α Dematerialisation of instruments, which means a registration in KDPW (clearing house)
- α Regulated Market (the introduction of bonds after a prospectus approval of proper public body)
- α Alternative trading system (the introduction of bonds after a preparation of the Information Document)

Percentage of issued bonds listed on Catalyst by type (in %)



Source: Warsaw Stock Exchange

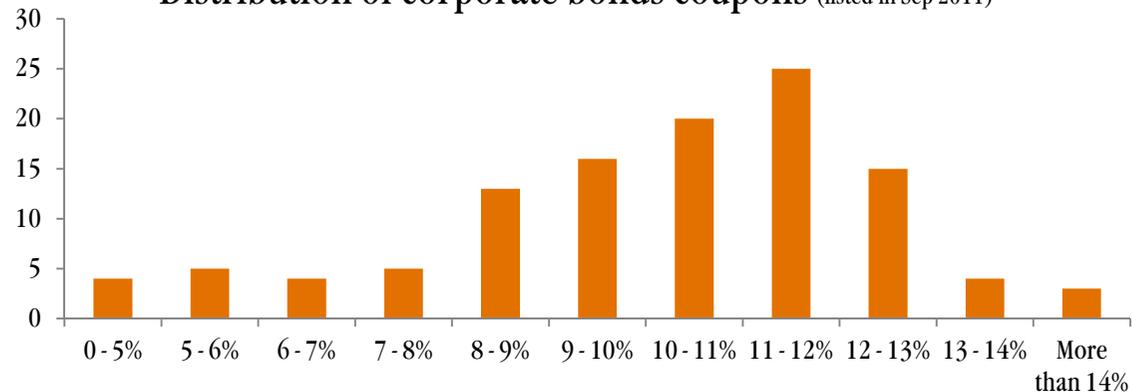
CATALYST – MARKET CHARACTERISTICS

Turnover of corporate bonds listed on Catalyst

Year	Electronic order book trades		Off-Electronic order book trades		Number of series	Issue value (mio zł)
	Turnover value (mio zł)	Number of trades	Turnover value (mio zł)	Number of trades		
2009	107,25	132	4 964,79	72	10	9 719
2010	587,54	3 661	125,13	33	53	17 345
Jan - Sep 2011	209,42	8 678	88,51	60	117	29 688

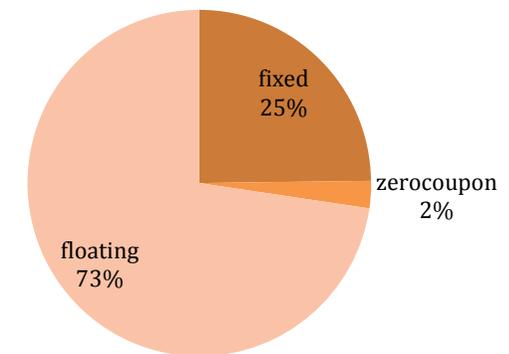
Source: Warsaw Stock Exchange

Distribution of corporate bonds coupons (listed in Sep 2011)



Source: Warsaw Stock Exchange

Corporate bonds by coupon types (listed in Sep 2011)



Source: Warsaw Stock Exchange



CATALYST – INVESTMENT PROCESS

PRE investment

Investing on polish bond market requires opening a securities account run by one of the Catalyst participants – local brokers or remote exchange members (full list available at gpwcatalyst.pl)

Primary Market

- α taking part in private or public offerings
- α Nwai organises around 20 public offerings each year

Secondary Market

- α placing orders via Catalyst participants
- α transactions under 100 000 zł settled in T+2 system
- α transactions over 100 000 zł can be settled immediately or within 30 days

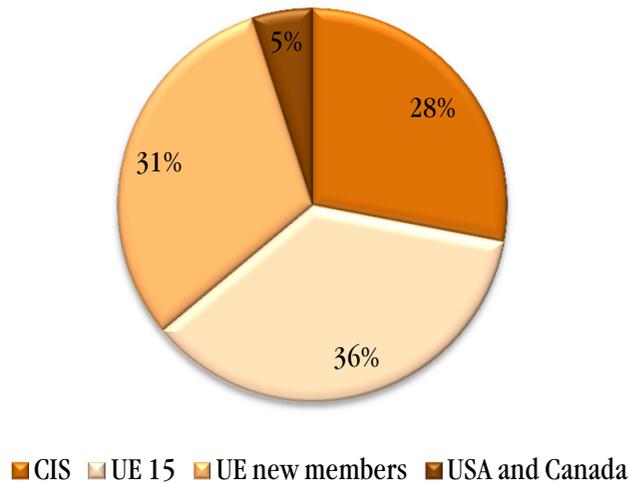
OTC

- α trading bonds after registration in KDPW (The National Depository of Securities)
- α determining the terms of the transaction in the contract between counterparties

CIS AND BALTIC COMPANIES ON WSE

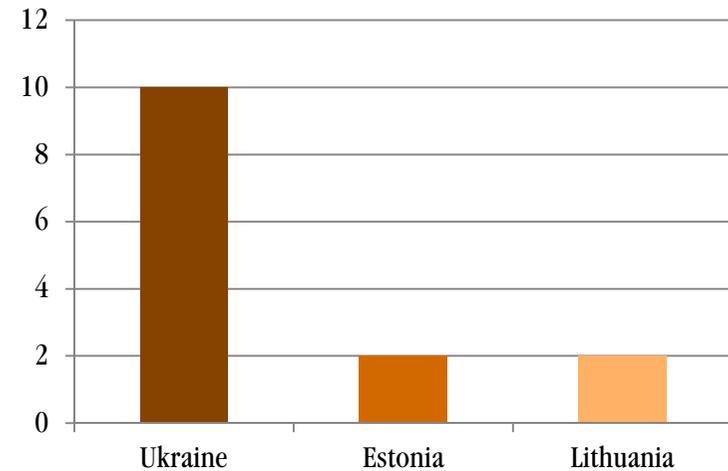
At the end of Nov 2011 there were 14 eastern companies listed on WSE with over 4 bln zł market capitalisation.

Share of foreign companies listed on WSE by region



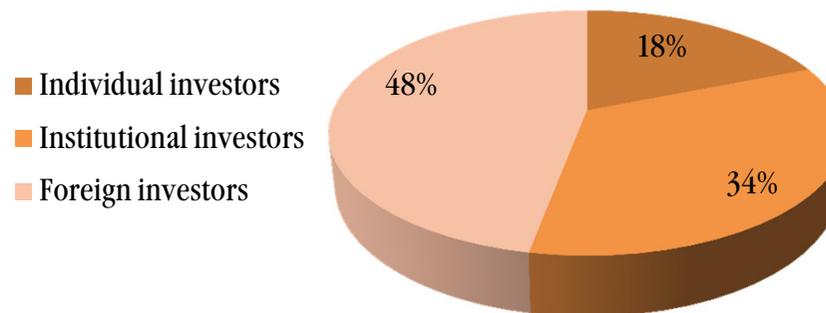
Source: Warsaw Stock Exchange

Number of CIS and Baltic companies listed on WSE



Source: Warsaw Stock Exchange

Share of equity cash market turnover by investor (as of H1 2011)



Source: Warsaw Stock Exchange

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