



Ministry  
of Finance

Republic  
of Poland

Public Debt Department

## **State budget borrowing requirements' financing plan and its background**

August 2014

### THE MOST IMPORTANT INFORMATION

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## SUPPLY PLAN OF TREASURY SECURITIES IN AUGUST 2014

### Treasury bond auction

T-bond auctions, in accordance with the announced quarterly plan, are not planned.

### Offer on retail market

T-bond	Issue price	Coupon
DOS0816	PLN 100.00 (99.90 PLN for rolling-over)	Fixed, 2.80%
TOZ0817	PLN 100.00 (99.90 PLN for rolling-over)	Floating (1.00 * WIBOR 6M) 3.00% in the first coupon period
COI0818	PLN 100.00 (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%) 3.50% in the first coupon period
EDO0824	PLN 100.00 (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%) 4.00% in the first coupon period



## Gross borrowing requirements in 2014

Financing of 2014 borrowing requirements at the level of 97% was a result of:

- switch auctions in 2013: PLN 8.1bn,
- T-bonds buyback on domestic market in 2013: PLN 8.8bn,
- T-bond sale on domestic market: PLN 69.4bn,
- switch auctions: PLN 5.5bn,
- T-bonds buyback on foreign markets in 2013: PLN 2.2bn,
- T-bonds issuance on foreign markets: PLN 15.6bn,
- loans incurred from IFIs: PLN 2.5bn
- and higher than planned financial resources at the end of 2013: PLN 16.0bn.

## Flows of funds into the market related to T-securities transfers in August

as of July 31, 2014, PLN bn

As of July 31, 2014 flow of funds from State budget shall amount to PLN 0.2bn.

## Flows of funds between the market and the budget\*

as of July 31, 2014, PLN bn

As of July 31, 2014, to the end of the year the funds to be transferred to the market shall amount to PLN 9.4bn.

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

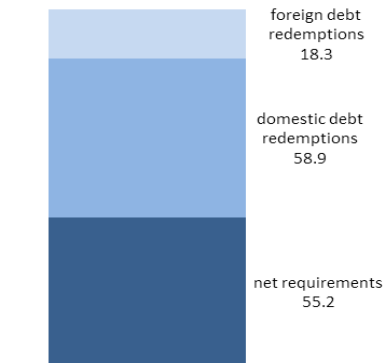
## Funds in PLN and in foreign currency held by the MoF at the end of month

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

The funds ensure liquidity in borrowing needs financing.

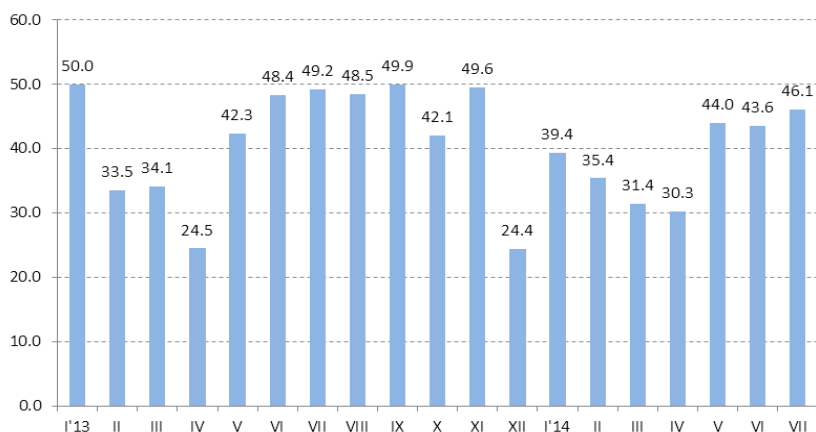
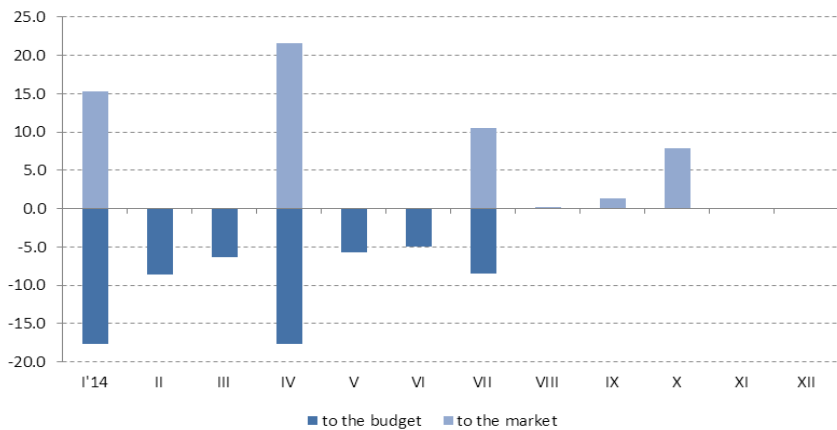
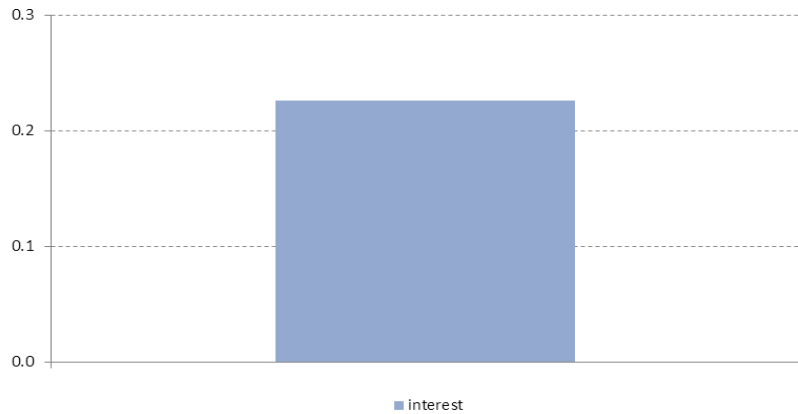
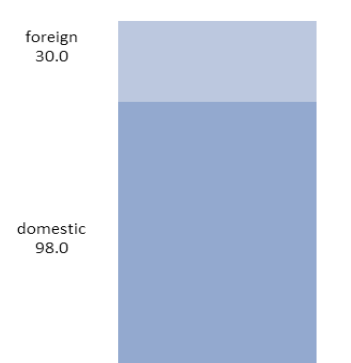
## Gross borrowing requirements in 2014

Total: PLN 132.4bn, of which:



## Financing in the period of I-VII

Total: PLN 128.0bn (97%)



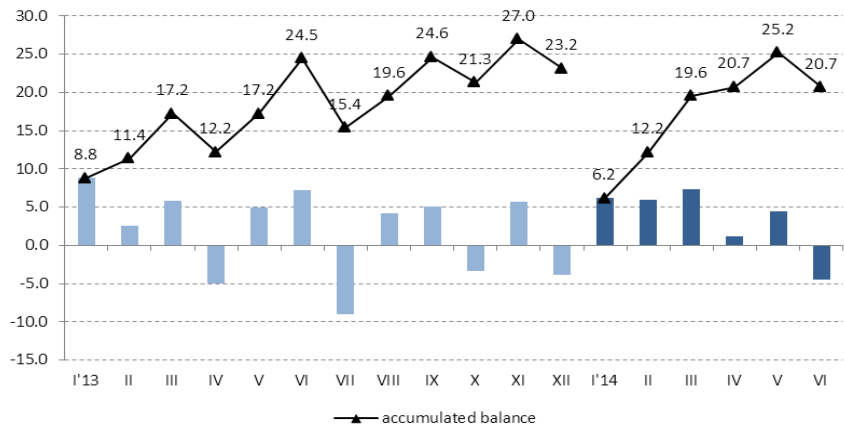


## BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

### Change of debt in domestic Treasury securities held by banks

without buy-sell-back transactions with MoF, PLN bn

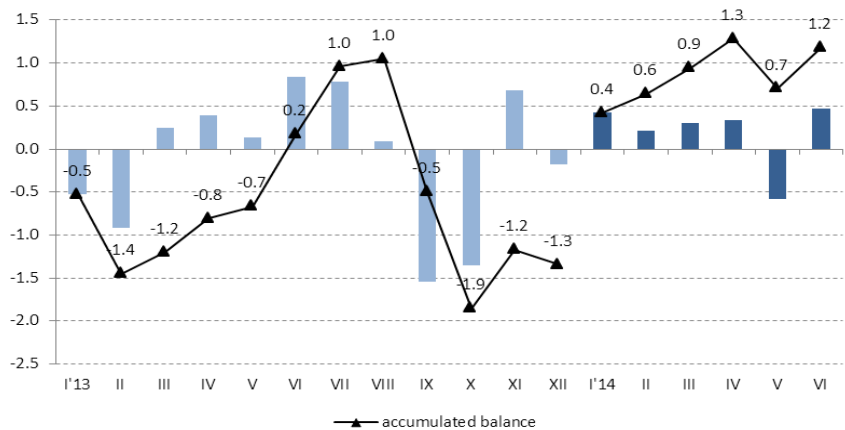
In the period of I-VI 2014 debt held by domestic banks increased by PLN 20.7bn comparing to PLN 24.5bn increase during the same period of 2013.



### Change of debt in domestic Treasury securities held by insurance companies

PLN bn

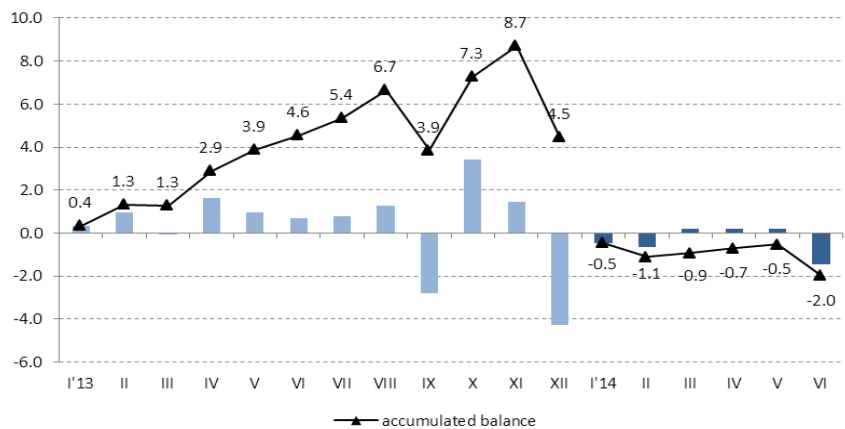
In the period of I-VI 2014 there was an increase of PLN 1.2bn in debt held by insurance companies. During the same period of 2013 there was an increase of PLN 0.2bn.



### Change of debt in domestic Treasury securities held by investment funds

PLN bn

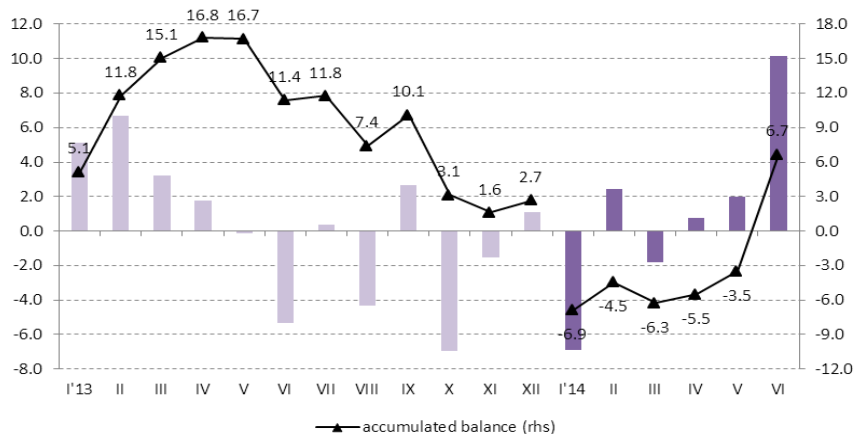
In the period of I-VI 2014 there was a decrease of PLN 2.0bn in debt held by investment funds. During the same period of 2013 there was an increase of PLN 4.6bn.



### Change of debt in domestic Treasury securities held by foreign investors

PLN bn

In the period of I-VI 2014 inflow of foreign capital to the domestic TS market amounted to PLN 6.7bn comparing to inflow of PLN 11.4bn in the same period of 2013. Foreign investors' holdings reached the level of PLN of 199.8bn.

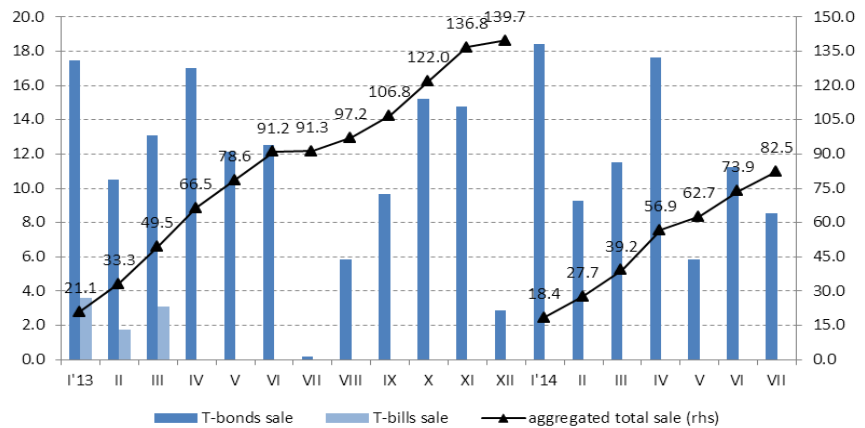




## Sale of T-bonds and T-bills in the period of I-VII 2014 and in 2013

settlement date, nominal amount, PLN bn

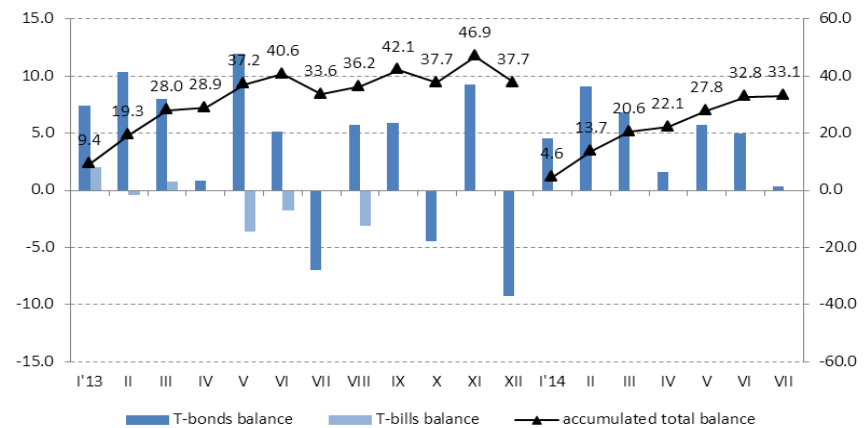
Since April 2013 T-bills have not been offered.



## Balance of T-bonds and T-bills in the period of I-VII 2014 and in 2013

settlement date, nominal amount, PLN bn

In the period of I-VII 2014 indebtedness in T-bonds increased by PLN 33.1bn.

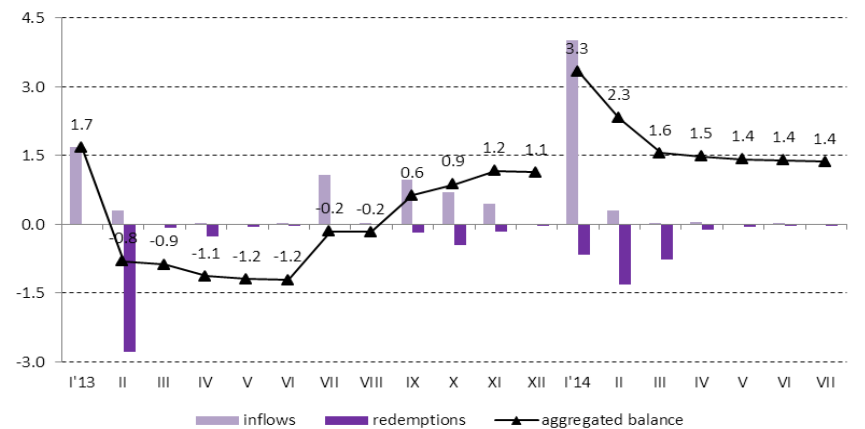


## External financing in the period of I-VII 2014 and in 2013

bonds issued on foreign markets and loans received from IFIs, EUR bn

Net financing on foreign markets (bonds issuance and loans from IFIs) in the period of I-VII 2014 amounted to EUR 1.4bn. T-bonds issuance was EUR 3.8bn. Loans incurred from IFIs were at the level of EUR 0.6bn.

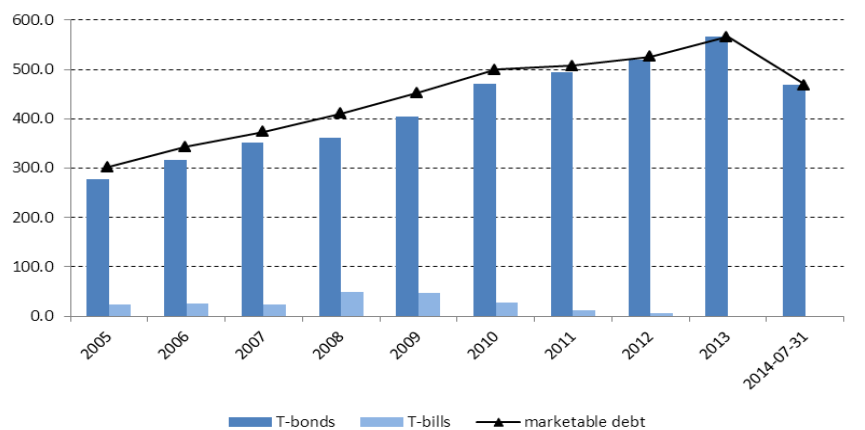
Apart from those, EUR 3.0bn on the FX budgetary accounts was available - the money related to the foreign debt management raised and not spent in 2013.



## Structure of marketable debt

PLN bn

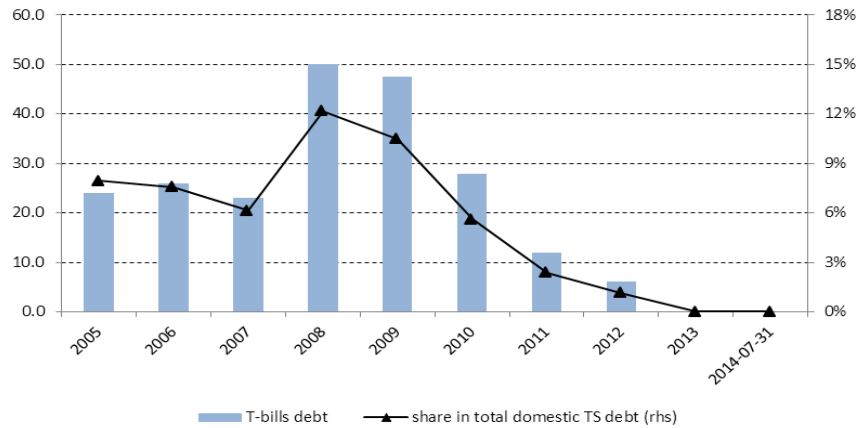
At the end of July 2014 the marketable domestic debt amounted to PLN 468.1bn comparing to PLN 565.7bn at the end of 2013.



## T-bills outstanding

PLN bn

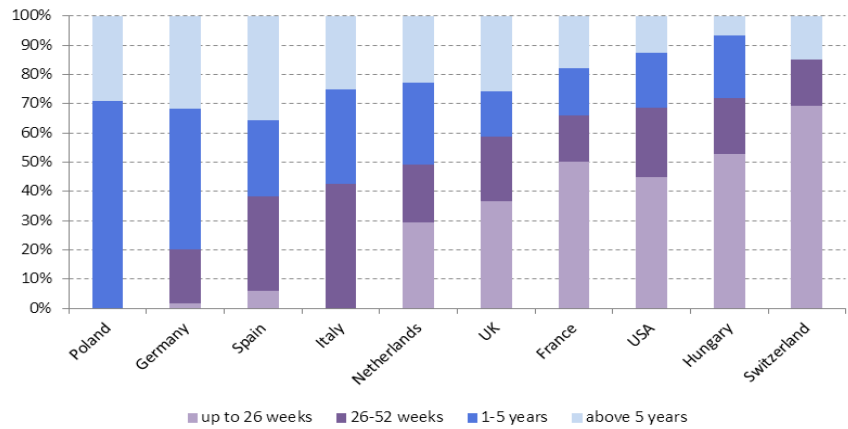
Since August 2013 there has been no T-bills outstanding.



## Maturity breakdown of T-securities in Poland and other countries

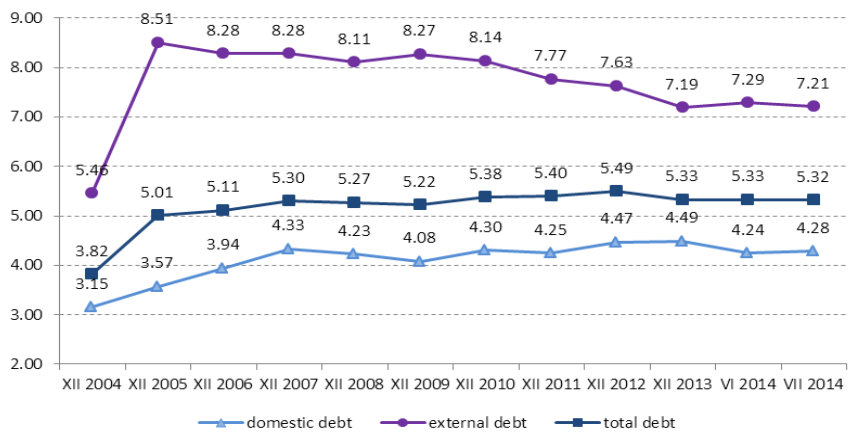
auctions and syndicates, local currency, ytd in the period of 1 January - 31 July 2014

In Poland only Treasury securities with maturity over 1 year have been offered in 2014.



## Average maturity

At the end of July 2014 the average maturity of domestic debt decreased to 4.28 in comparison with the end-2013 figure (4.49).

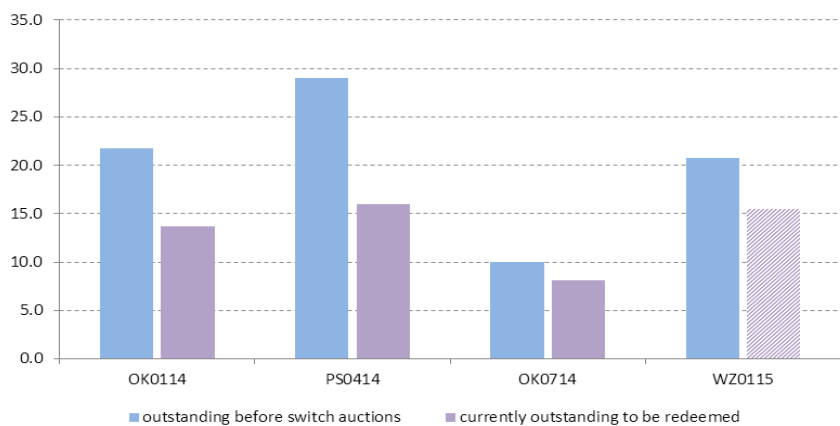


## Reducing refinancing risk connected with T-bonds' redemptions maturing in 2014 and 2015

nominal amount, as of July 31, 2014, PLN bn

Buy-back of T-bonds maturing in 2014 (by switch or cash settlement):

- OK0114: PLN 8.1bn (37% of initial outstanding),
- PS0414: PLN 13.0bn (45%),
- OK0714: PLN 1.8bn (18%),
- WZ0115: PLN 5.3bn (26%).



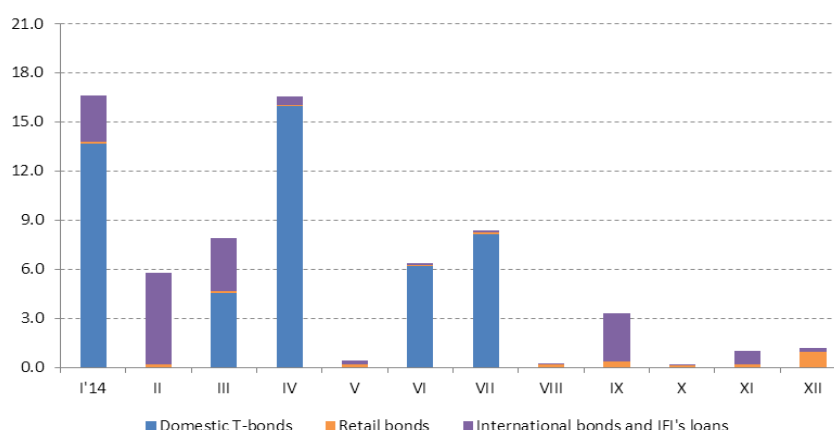


## State Treasury debt redemptions in 2014

nominal amount, as of July 31, 2014; PLN bn

The nominal amount of debt to be redeemed in 2014 is equal to PLN 5.9bn, including:

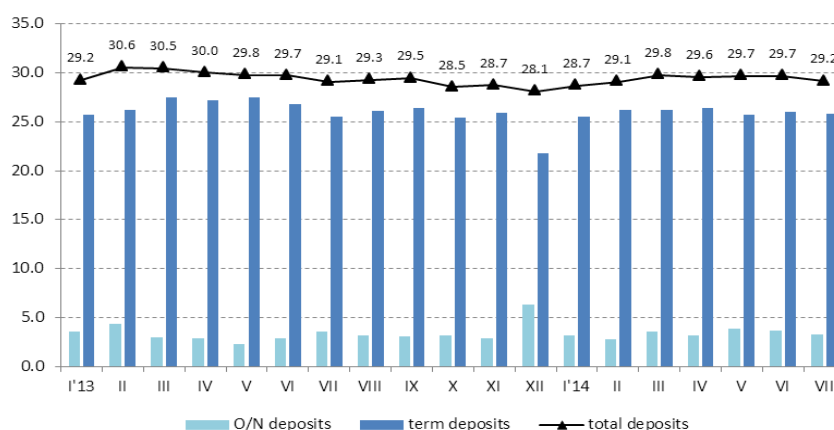
- T-retail bonds: PLN 1.8bn,
- bonds and loans incurred on foreign markets: PLN 4.1bn.



## Consolidation of public finances liquidity management

PLN bn

As a result of consolidation of public finances liquidity management there were PLN 29.2bn funds accumulated at the end of July, of which PLN 25.9bn was as term deposits and PLN 3.3bn on O/N deposits.



## MoF comment

### Piotr Marczak, Director of the Public Debt Department, MoF

31-07-2014

*We have completed market financing of 2014 State budget borrowing needs in July. After summer holidays we plan to draw next tranches of loans from international financial institutions, which will officially finish the process of financing this year's borrowing needs.*

*In July we increased the reserve of liquid funds in PLN and foreign currency to the level of ca. PLN 46bn, the majority of which are foreign currencies.*

*In accordance with the quarterly supply plan, no T-securities auctions will be held in August. We are in a comfortable situation that allows us to adjust potential offer later in the year to current market situation. The scale of prefinancing of next year's borrowing needs will depend on the market conditions only.*

*In June the foreign investors' portfolio increased by PLN 10.2bn which was the highest increase since August 2010. With this inflow, the change in T-bonds holdings by non-residents since the beginning of the year was positive for the first time and amounted to PLN 6.7bn.*

*Among foreign investors, the highest increase was reported in accounts from Austria (by PLN 2.2bn), USA and Great Britain (PLN 1.9bn each). When taking into account institutional distribution, the greatest changes were recorded by investment funds (by PLN 3.2bn), banks (PLN 2.2bn), non-financial entities (PLN 1.6bn) and central banks (PLN 0.7bn).*

*In July we redeemed maturing OK0714 T-bonds, of which PLN 4.6bn was held by foreign investors and was not rolled over in full.*