



Ministry  
of Finance

Republic  
of Poland

Public Debt Department

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

November 2014

### THE MOST IMPORTANT INFORMATION

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## SUPPLY PLAN OF TREASURY SECURITIES IN NOVEMBER 2014

### Treasury bond auction

Auction date	Settlement date	Series	Planned offer (PLN m)
6 NOV 2014	10 NOV 2014	WZ0124 / DS0725 / WS0428	2,000-4,000

*The Minister of Finance is entitled to organize non-competitive auctions where bonds will be sold at a minimum clean price.*

### Treasury bond switching auction

Auction/ settlement date	Settlement T-bond	Source T-bond	Outstanding (PLN m)
20 NOV 2014/ 24 NOV 2014	choice will depend on the market conditions, excluding bonds offered at the first auction	WZ0115	12,347
		PS0415	22,905
		OK0715	10,297

### Offer on retail market

T-bond	Issue price	Coupon
DOS1116	PLN 100.00 (99.90 PLN for rolling-over)	Fixed, 2.00%
TOZ1117	PLN 100.00 (99.90 PLN for rolling-over)	Floating (1.00 * WIBOR 6M) 2.40% in the first coupon period
COI1118	PLN 100.00 (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%) 2.60% in the first coupon period
EDO1124	PLN 100.00 (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%) 3.00% in the first coupon period



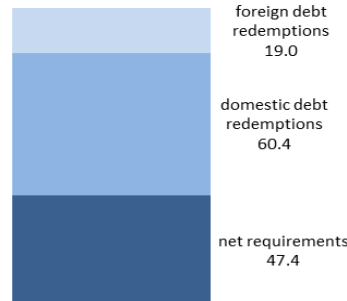
## Gross borrowing requirements in 2014

State budget borrowing requirements for 2014 has been fully funded. We have started the prefinancing of next year borrowing needs. Financing of the borrowing requirements in the period I-X 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 79.7bn,
- switch auctions: PLN 5.5bn,
- T-bonds buyback on foreign markets in 2013: PLN 2.3bn,
- T-bonds issuance on foreign markets: PLN 17.4bn,
- loans incurred from IFIs: PLN 5.7bn
- and higher than planned financial resources at the end of 2013: PLN 9.8bn.

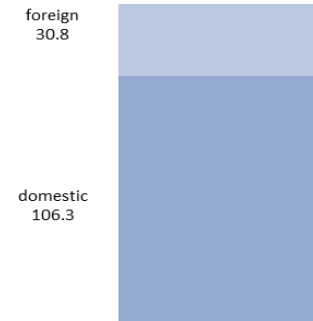
## Gross borrowing requirements in 2014\*

Total: PLN 126.8bn, of which:



## Financing in the period of I-X

Total: PLN 137.1bn



\* Expected execution acc. to the draft Budget Act for 2015

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

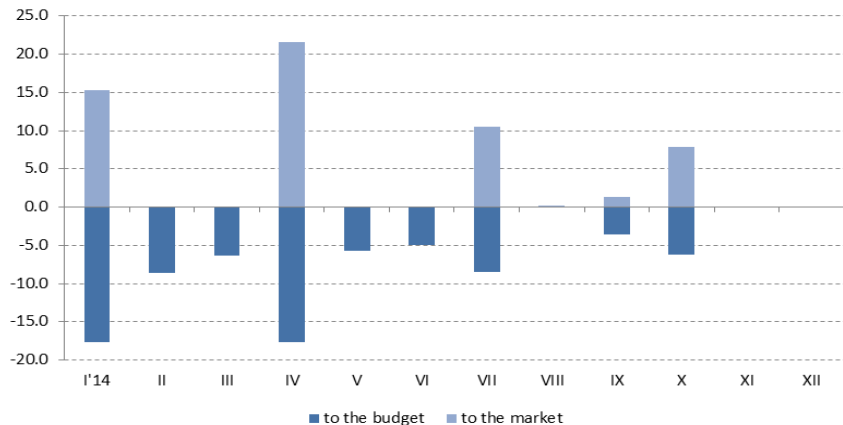
In November there will be no funds transferred from State budget to the market related to T-securities (no TS redemptions and no interest payments).

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

as of October 31, 2014, PLN bn

There will be no funds, linked to redemptions and interest payments, transferred to the market by the end of this year.

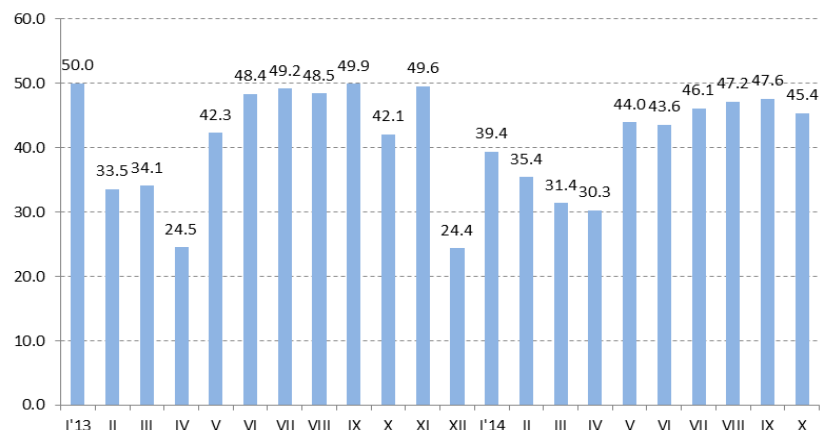
\* figures include sale, redemptions and interest payments on wholesale bonds; monthly financing plans will depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.



## 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.



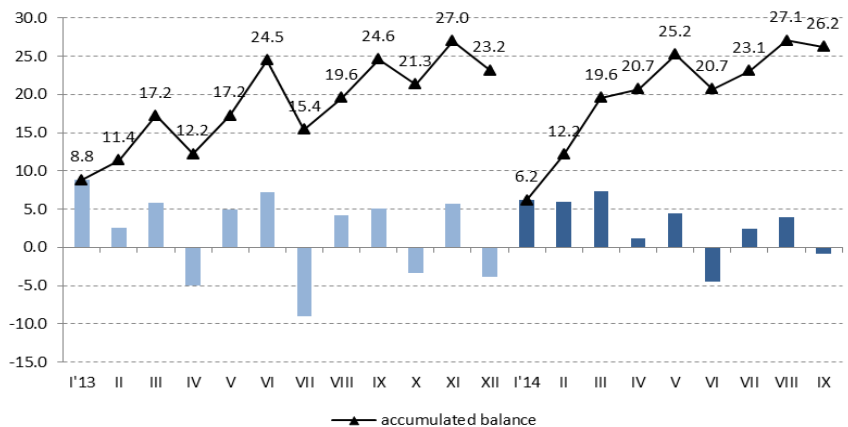


## BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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

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

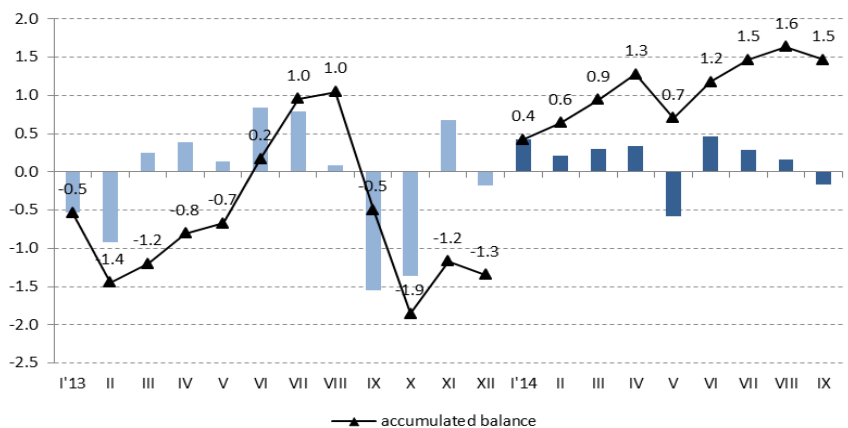
In the period of I-IX 2014 debt held by domestic banks increased by PLN 26.2bn comparing to PLN 24.6bn increase during the same period of 2013.



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

PLN bn

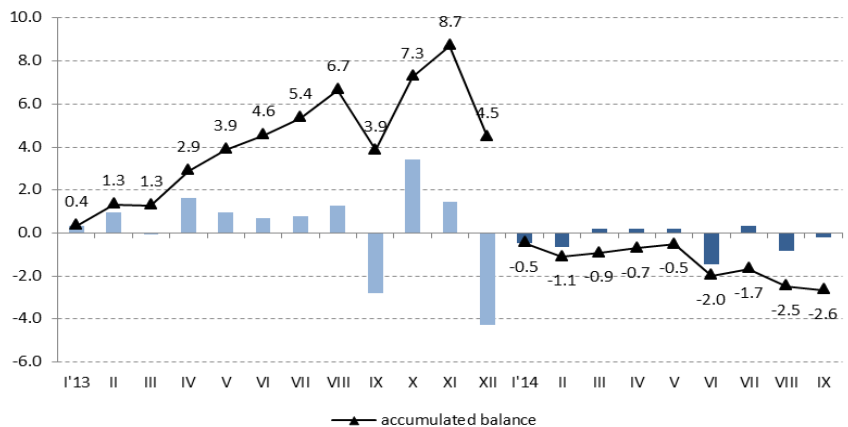
In the period of I-IX 2014 there was an increase of PLN 1.5bn in debt held by insurance companies. During the same period of 2013 there was a decrease of PLN 0.5bn.



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

PLN bn

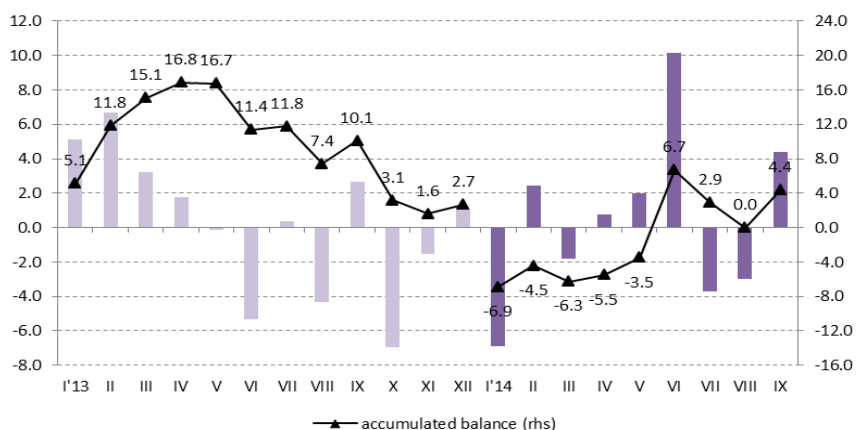
In the period of I-IX 2014 there was a decrease of PLN 2.6bn in debt held by investment funds. During the same period of 2013 there was an increase of PLN 3.9bn.



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

PLN bn

In the period of I-IX 2014 inflow of foreign capital to the domestic TS market amounted to PLN 4.4bn comparing to inflow of PLN 10.1bn in the same period of 2013. Foreign investors' holdings reached the level of PLN of 197.5bn.

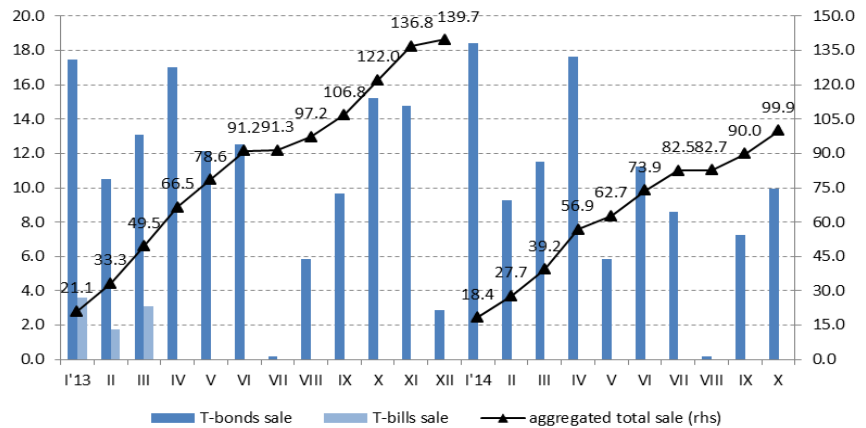




## Sale of T-bonds and T-bills in the period of I-X 2014 and in 2013

settlement date, nominal amount, PLN bn

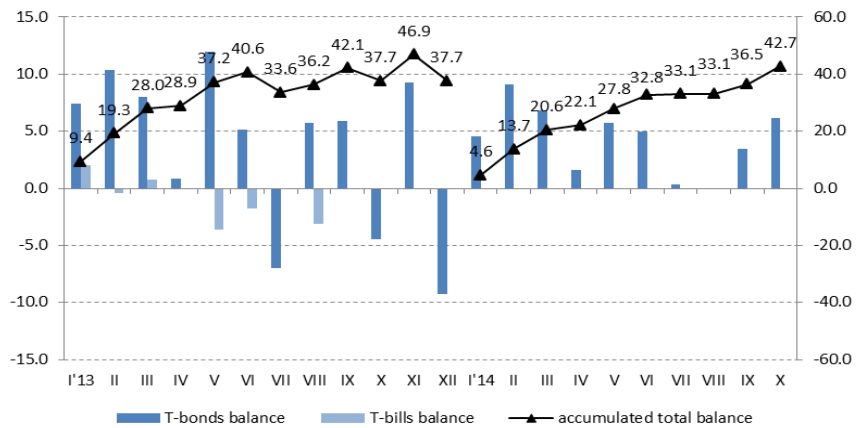
Since April 2013 T-bills have not been offered.



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

settlement date, nominal amount, PLN bn

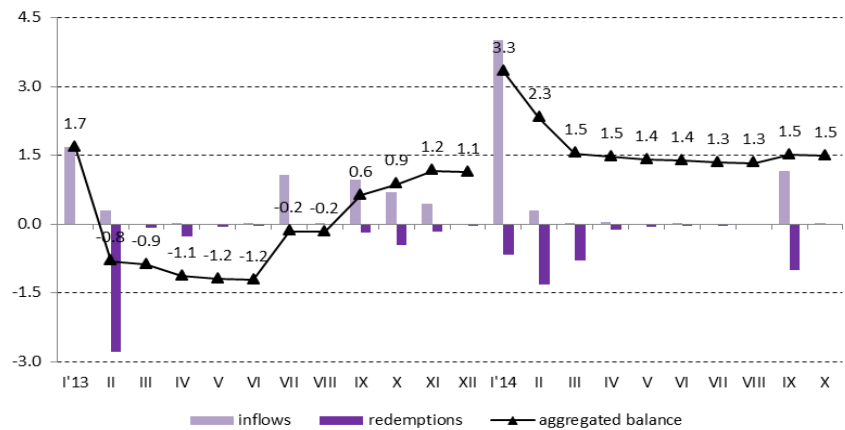
In the period of I-X 2014 indebtedness in T-bonds increased by PLN 42.7bn.



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

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

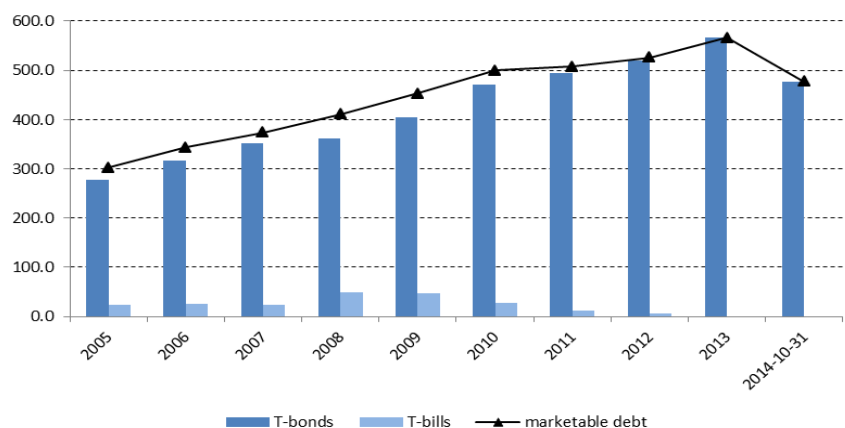
Net financing on foreign markets (bonds issuance and loans from IFIs) in the period of I-X 2014 amounted to EUR 1.5bn. T-bonds issuance was EUR 4.2bn. Loans incurred from IFIs were at the level of EUR 1.4bn. Apart from those, EUR 3.0bn on the FX budgetary accounts was available - the money related to the foreign debt management raised and not spent in 2013.



## Structure of marketable debt

PLN bn

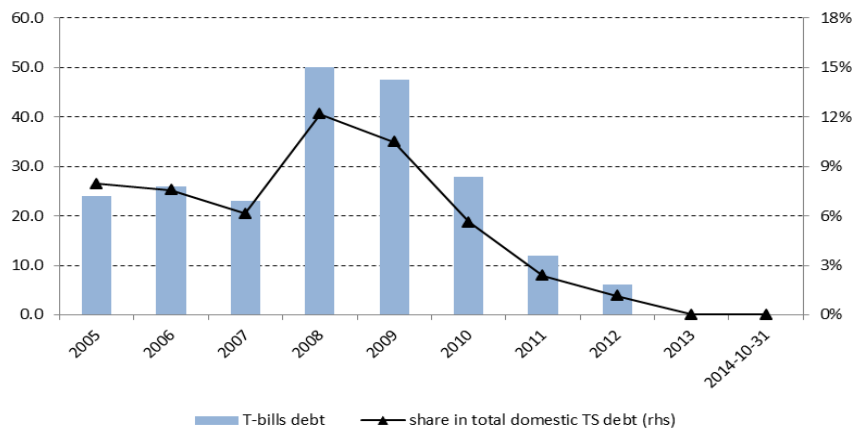
At the end of October 2014 the marketable domestic debt amounted to PLN 477.7bn comparing to PLN 565.7bn at the end of 2013.



## T-bills outstanding

PLN bn

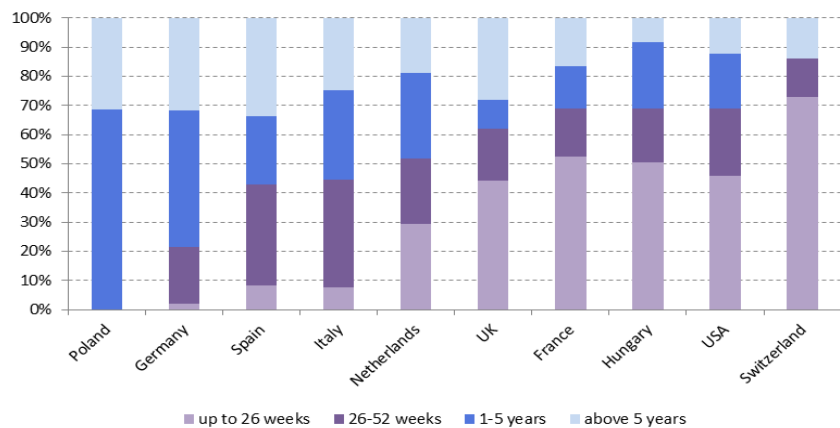
Since August 2013 there has been no T-bills outstanding.



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

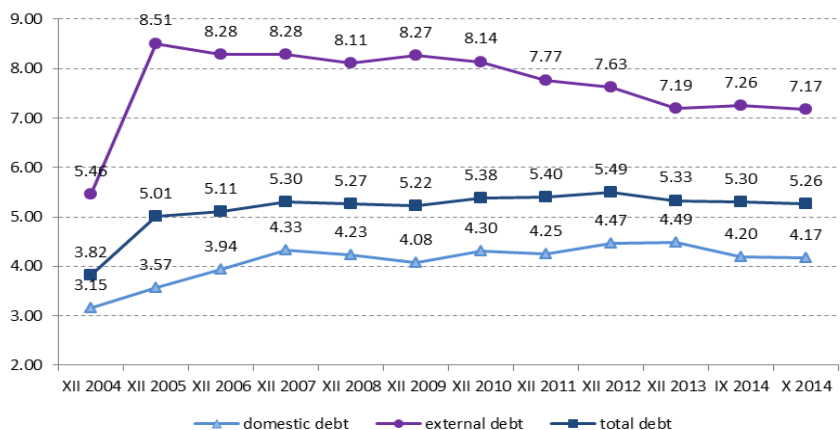
auctions and syndicates, local currency, ytd in the period of 1 January - 31 October 2014

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



## Average maturity

At the end of October 2014 the average maturity of domestic debt decreased to 4.17 in comparison with the end-2013 figure (4.49).

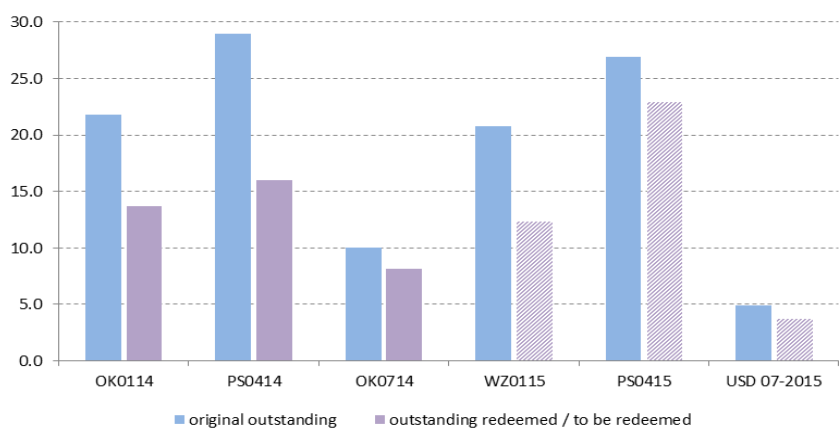


## Reducing refinancing risk connected with T-bonds' redemptions maturing in 2014 and 2015

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

Buy-back 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 8.4bn (40%),
- PS0415: PLN 4.0bn (15%),
- USD 07-2015: PLN 1.2bn (USD 0.4bn) (24%).



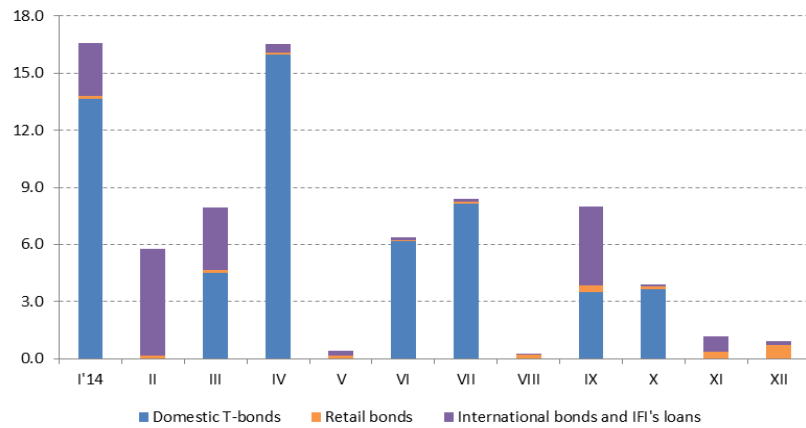


## State Treasury debt redemptions in 2014

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

The nominal amount of debt to be redeemed in 2014 is equal to PLN 2.1bn, including:

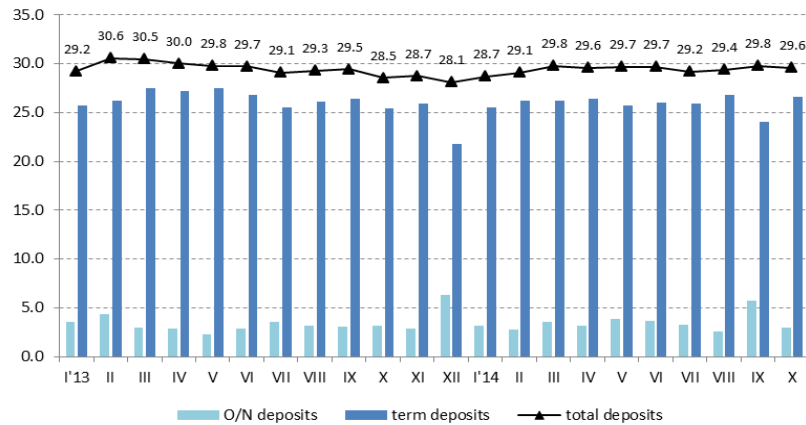
- T-retail bonds: PLN 1.1bn,
- bonds and loans incurred on foreign markets: PLN 1.0bn.



## Consolidation of public finances liquidity management

PLN bn

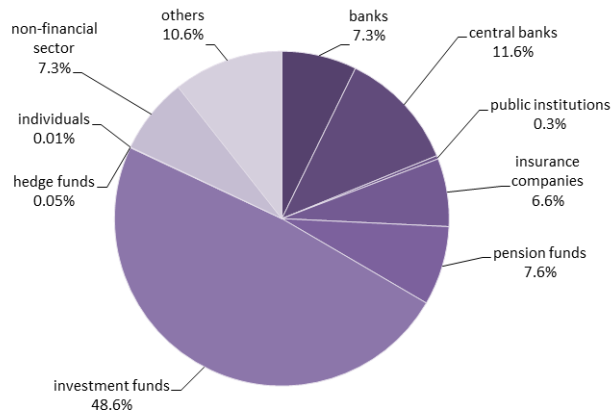
As a result of consolidation of public finances liquidity management there were PLN 29.6bn funds accumulated at the end of October, of which PLN 26.6bn was as term deposits and PLN 3.0bn on O/N deposits.



## Institutional distribution of domestic Treasury securities held by non-residents

as of September 30, 2014, excluding omnibus accounts

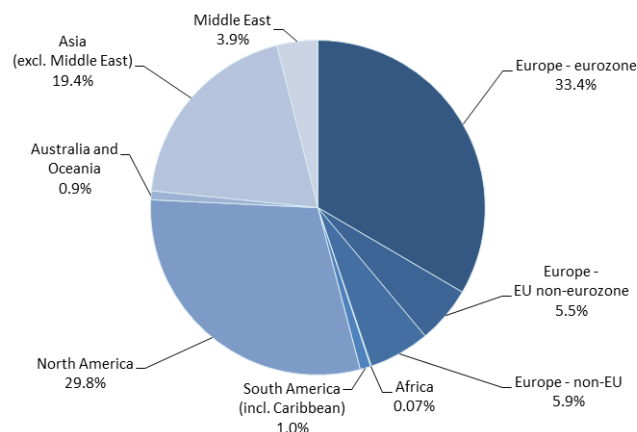
The share of non-residents in the domestic Treasury securities market amounted to 41.9% and was dominated by stable, long-term investors, including central banks.



## Geographical distribution of domestic Treasury securities held by non-residents

as of September 30, 2014, excluding omnibus accounts

Well diversified geographical structure, with highest share of accounts from US, Europe and Japan (detailed breakdown by country available on [www.mf.gov.pl](http://www.mf.gov.pl)).





## BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

### MoF comments

**Dorota Podedworna-Tarnowska, Undersecretary of State, MoF**  
24-10-2014

*We are running a series of meetings with investors in South Korea and Japan next week. [week of 27th October]. In Korea we are going to meet the largest investors interested in the Polish bonds denominated in various currencies.*

*We will not issue on the Japanese market this year, thus our meetings with investors will mainly concern those interested in zloty bonds and Polish capital market. Of course, we will meet our biggest investors buying Polish bonds placed on the JPY market as further issuances on this market are not ruled out.*

*Japanese investors are the second biggest buyers of Polish bonds offered on the local market. They hold more zloty-denominated bonds than Polish bonds denominated in yen and this is a result of our long-term strategy of maintaining good relations with the Japanese investors.*

*For the first time these would be our Primary Dealers to run the meetings in Japan. Among those we have chosen the banks with the highest share in turnover between Japanese investors and Polish bond market. We want to support the Primary Dealership System and encourage new banks to join it - banks with capacities that could be conducive to the development of our bond market. Next year the PD group will be enlarged by a new member – JP Morgan. Ministry of Finance, together with the Ministry of Treasury will support activity of the financial institutions cooperating with both ministries, on the Treasury bond market and on the equities market. The first results of this cooperation will be seen when choosing banks to the next issuance on the foreign markets.*

**Piotr Marczak, Director of the Public Debt Department, MoF**  
31-10-2014

*The reserve of liquid funds in PLN and foreign currency shall amount to about PLN 46bn by the end of October, which allows us to continue in November the process of prefinancing next year borrowing requirements.*

*As a part of that process we will hold in November the last regular sale auction this year, offering bonds with long-term maturities with a limited supply up to PLN 4bn. It will be supplemented by a switching auction of bonds maturing this year with the offer of medium-term instruments adjusted to investors' preferences.*

*In November we will draw further tranches of loans from EIB of EUR 0.6bn which will finish this year's financing in foreign currencies. We will finalise the year with a significant amount of foreign currency funds on our accounts, both in EUR and USD.*

*In September foreign investors' portfolio increased by PLN 4.4bn. This was mainly the result of a decrease in holdings of US investors (PLN-1.3bn) and increase in involvement of entities from Thailand, Japan and Austria (PLN 1.0bn each), UK and France (PLN 0.5bn each) and central banks (including Asian ones of PLN 0.4bn, European non-EU of PLN 0.3bn, Middle Eastern of PLN 0.2bn and African of PLN 0.1bn).*

*In October T-bond portfolio held by foreign investors decreased.*