

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

1st quarter 2016

January 2016

### THE MOST IMPORTANT INFORMATION

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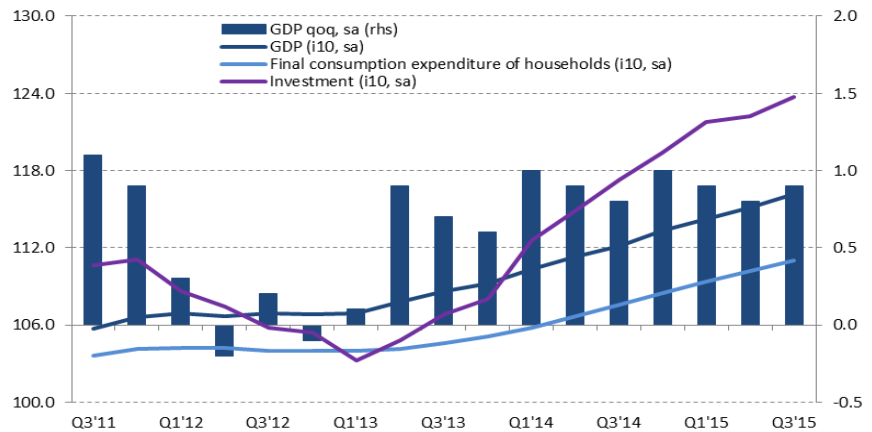


# I. MACROECONOMIC SITUATION

## Gross domestic product of Poland

constant prices, , seasonally adjusted data, yoy  
source: GUS, Eurostat

A steady recovery started in the second quarter of 2013. In the third quarter of 2015 Polish economy continued its upward trend: GDP increased by 0.9% (qoq, sa), following an increase by 0.8% in the second quarter of 2015.

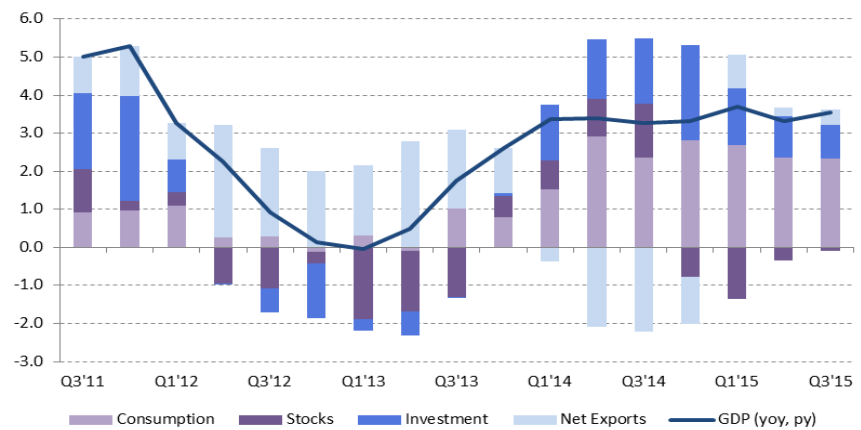


## Contributions to Poland's GDP growth

percentage points

source: GUS; py - average prices of the previous year

In the third quarter of 2015 GDP was 3.5% higher than a year ago. Domestic demand was the main source of GDP growth mainly due to private consumption and, to a lesser extent, investments. However the pace of investments growth (in yoy terms) was considerably lower than in the first half of 2015. The net exports contribution was also positive. Only inventories had negative contribution to GDP growth in the third quarter of 2015, however its magnitude was smaller than in the previous two quarters.

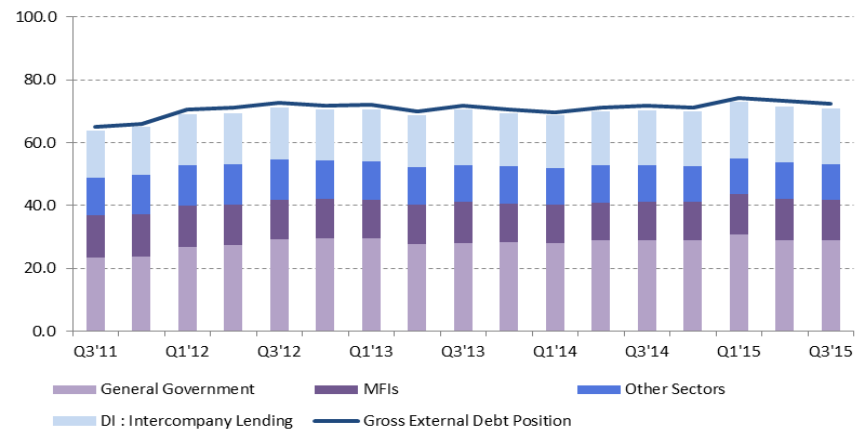


## Poland's gross external debt position

percent of GDP

source: NBP, GUS, MoF own calculation

Gross external debt reached EUR 305.8bn (72.4% of GDP) at the end of the third quarter of 2015 and was EUR 2.0bn lower than in the previous quarter. The share of general government sector debt in total debt increased to 40.1%. Official reserve assets reached EUR 91.6bn at the end of October 2015 and remained broadly adequate, covering over 5 months of imports.

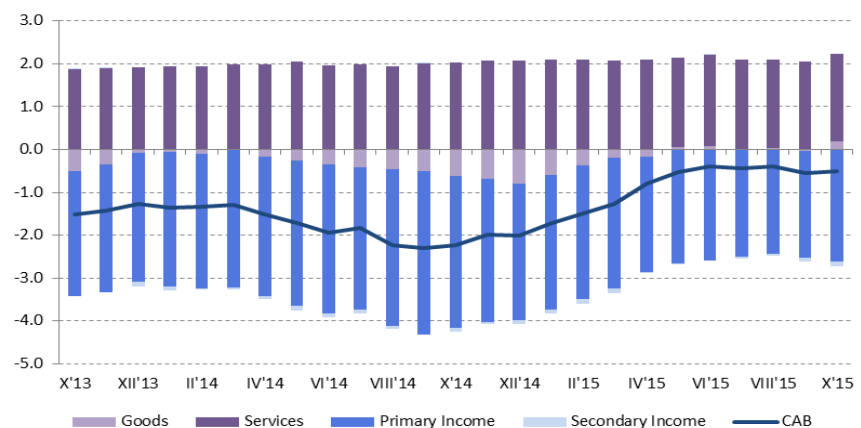


## Current account balance

percent of GDP, in 12-month terms

source: NBP, GUS, MoF own calculation

In October 2015, according to the preliminary data, C/A deficit decreased and amounted to 0.4% of GDP (in 12-month terms of GDP) as compared to 0.5% of GDP in the previous month. C/A deficit was with a wide margin covered by long term capital (mainly EU structural funds inflow).

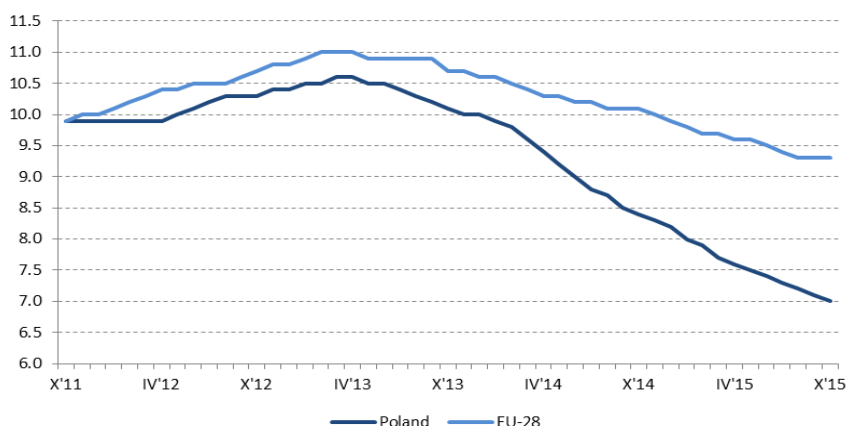




## Harmonised unemployment rate

percent, seasonally adjusted data  
source: Eurostat

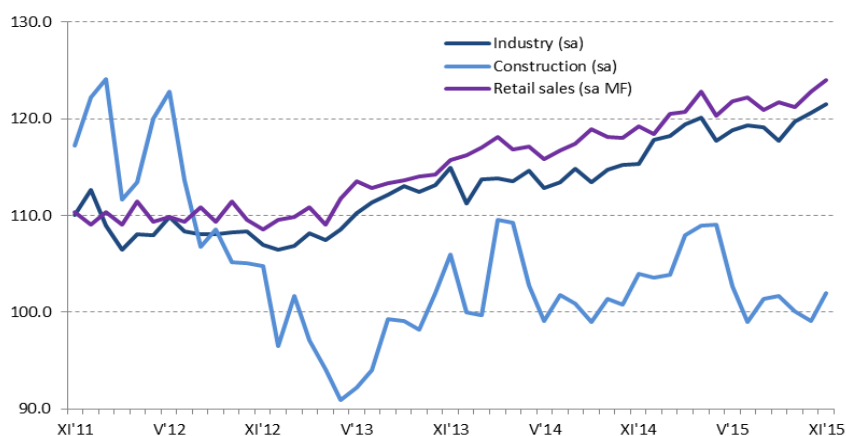
Harmonised unemployment rate (sa) has continued its downward trend since mid-2013. In October 2015 it amounted to 7.0% (versus 9.3% in EU on average) and it was 0.1 pp lower than in previous month and 1.4 pp lower than a year before.



## Monthly indicators of the real sector

sold production in constant prices, i10, seasonally adjusted data  
source: Eurostat, GUS, MoF own calculation

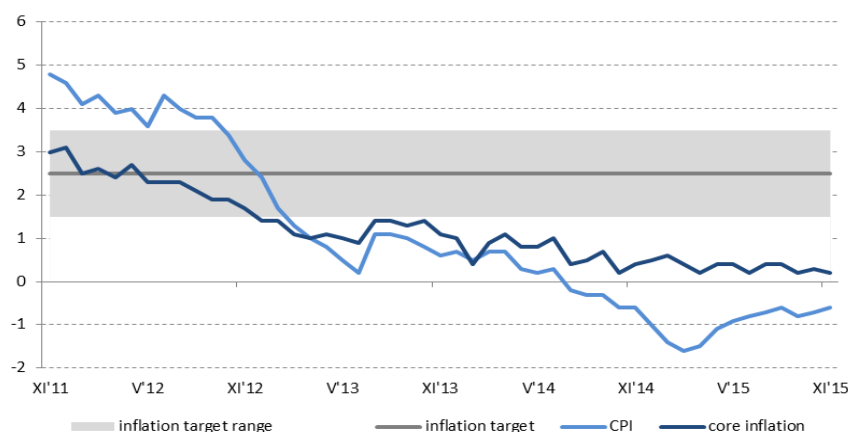
In November 2015, after an increase in two previous months, industrial output went up further by 0.7% (mom, sa). As a result, production was 7.8% higher than a year ago (nsa). In November 2015 construction production went up by 2.9% (mom, sa) following decrease in two previous months. As a result, its level was 1.2% (nsa) higher than a year before. In November 2015 real retail sales increased by 1% (mom, sa MoF) following a slightly higher growth in the previous month. As a result, its level was 5.7% (nsa) higher than in the same month of 2014.



## Inflation

percent, yoy  
source: GUS, NBP

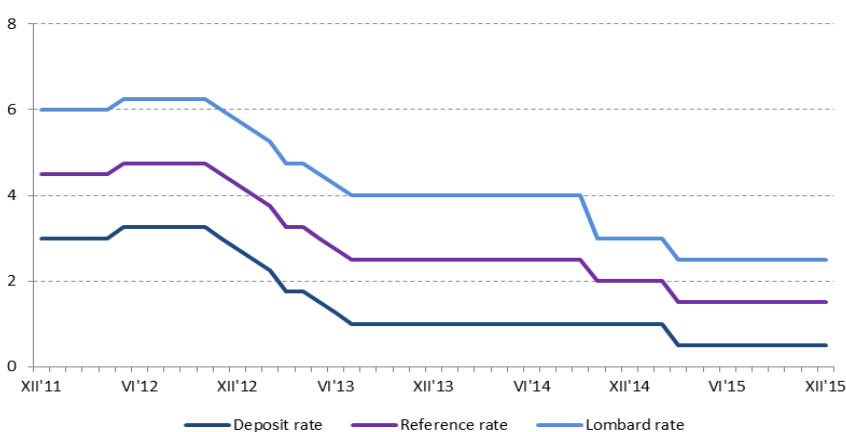
Since July 2014 consumer prices have been lower than a year before mainly because of drop of commodity prices (energy and food). In November 2015 deflation amounted to 0.6% (yoy). Core inflation (CPI excluding food and energy prices) is still positive and during the last 10 months it stayed in the range of 0.2-0.4% (yoy). Deflation in producer prices has been lasting for 3 years (1.8% yoy in November 2015).



## NBP interest rates

percent, end of period  
source: NBP

In December 2015 the Monetary Policy Council kept NBP's interest rates unchanged, with the reference rate at 1.50%. According to the latest Reuters poll (November, 27th) the bank analysts forecast the key interest rates to decline by 0.25 pp in the first quarter of 2016 (the reference rate is expected to fall to 1.25%).



## II. STATISTICAL DATA

	Unit	2014			2015		
		Q02	Q03	Q04	Q01	Q02	Q03
<b>GDP</b>							
Gross domestic product	YoY	3.4	3.3	3.3	3.7	3.3	3.5
	QoQ SA	0.9	0.8	1.0	0.9	0.8	0.9
Final consumption expenditure of the households sector	YoY	3.0	2.4	2.8	3.1	3.1	3.1
	QoQ SA	0.9	0.8	0.8	0.8	0.7	0.7
Final consumption expenditure of the general government sector	YoY	6.2	5.3	7.4	3.7	2.5	2.7
	QoQ SA	2.4	0.7	1.4	0.1	0.7	0.6
Gross fixed capital formation	YoY	9.3	9.5	9.5	11.5	6.1	4.6
	QoQ SA	2.1	2.1	1.7	2.0	0.3	1.2
Exports of goods and services	YoY	6.5	4.7	6.9	8.4	4.8	3.9
	QoQ SA	2.0	1.6	2.3	1.4	-0.2	0.7
Imports of goods and services	YoY	11.7	9.7	10.0	6.8	4.5	3.1
	QoQ SA	2.3	2.6	1.0	1.2	0.1	0.5
Gross value added	YoY	3.4	3.5	3.3	3.3	3.2	3.4
	QoQ SA	0.0	0.9	0.8	0.7	0.7	0.7
<b>Contribution to GDP growth</b>							
Final consumption expenditure of the households sector	pp.	1.8	1.5	1.5	2.0	1.9	1.8
Final consumption expenditure of the general government sector	pp.	1.1	0.9	1.3	0.7	0.5	0.5
Gross fixed capital formation	pp.	1.6	1.7	2.5	1.5	1.1	0.9
Changes in inventories	pp.	1.0	1.4	-0.8	-1.4	-0.4	-0.1
Balance of trade turnover	pp.	-2.1	-2.2	-1.2	0.9	0.2	0.4
Gross value added	pp.	3.0	3.1	2.9	2.9	2.8	3.0
Taxes less subsidies	pp.	0.4	0.2	0.4	0.8	0.5	0.5
<b>GDP structure</b>							
Final consumption expenditure of the households sector	% of GDP	60.9	60.4	51.3	64.4	59.7	60.0
Final consumption expenditure of the general government sector	% of GDP	18.4	17.8	19.1	17.7	18.1	17.6
Gross fixed capital formation	% of GDP	17.5	18.9	27.7	13.9	18.1	19.3
Changes in inventories	% of GDP	0.7	0.6	0.5	-0.7	0.3	0.5
Exports of goods and services	% of GDP	48.1	48.3	44.8	51.6	49.7	49.1
Imports of goods and services	% of GDP	46.6	46.9	44.0	47.7	46.8	47.4
	Unit	2015			2015		
		M06	M07	M08	M09	M10	M11
<b>Balance of payments</b>							
Goods: exports (EUR)	YoY	10.6	5.2	8.1	3.0	3.0	-
Goods: exports (EUR)	YoY	10.3	7.3	6.7	5.2	-2.8	-
Current account balance <sup>1)</sup>	% of GDP	-0.5	-0.5	-0.4	-0.5	-0.4	-
Balance on goods <sup>1)</sup>	% of GDP	0.1	0.0	0.0	-0.1	0.2	-
Official Reserve Assets	EUR mln	93 395.0	90 207.7	88 100.7	90 381.2	91 557.1	92 675.4
<b>Inflation</b>							
Consumer Price Index (CPI)	YoY	-0.8	-0.7	-0.6	-0.8	-0.7	-0.6
Core inflation (CPI excluding food and energy prices)	YoY	0.2	0.4	0.4	0.2	0.3	0.2
Producer Price Index (PPI)	YoY	-1.4	-1.8	-2.7	-2.8	-2.3	-1.8
<b>Production</b>							
Sold production of industry <sup>2)</sup>	YoY	7.4	3.8	5.3	4.0	2.4	7.8
	MoM SA	0.4	-0.2	-1.2	1.6	0.8	0.7
Construction and assembly production <sup>2)</sup>	YoY	-2.5	-0.1	4.8	-2.5	-5.2	1.2
	MoM SA	-3.6	2.4	0.3	-1.6	-1.0	2.9
Manufacturing PMI	SA	54.3	54.5	51.1	50.9	52.2	52.1
<b>Households and labour market</b>							
Retail sales <sup>2)</sup>	YoY	6.6	3.5	2.0	2.9	3.6	5.7
Average paid employment in enterprise sector	YoY	0.9	0.9	1.0	1.0	1.1	1.2
	MoM	0.0	0.1	0.1	0.1	0.3	0.2
Average monthly gross wages and salaries in enterprise sector (€)	YoY	3.3	4.0	4.0	4.9	4.0	4.6
	MoM	0.9	1.5	-1.3	1.2	1.2	1.4
Hamonised unemployment rate (Eurostat)	%, SA	7.4	7.3	7.2	7.1	7.0	-
<small>1) Data in 12-month terms  2) Constant prices. Data for units in which the number of employed persons exceeds 9 persons  Source: GUS, NBP, Eurostat, MoF calculation based on NBP, GUS data, HSBC, Markit</small>							
	Unit	2015			2015		
		M05	M06	M07	M08	M09	M10
<b>State Treasury debt</b>							
State Treasury debt (acc. to the place of issue criterion)	nominal, PLN mio	810 231.0	817 800.7	811 439.3	819 163.1	837 652.5	827 082.6
Domestic debt	nominal, PLN mio	534 836.5	539 257.6	539 755.9	544 992.3	556 441.4	535 234.1
	%	66.0	65.9	66.5	66.5	66.3	66.5
Foreign debt	nominal, PLN mio	275 394.5	278 543.1	271 683.4	274 170.9	282 211.1	291 848.5
	%	34.0	34.1	33.5	33.5	33.7	35.3
	Unit	2014			2015		
		Q02	Q03	Q04	Q01	Q02	Q03 <sup>1)</sup>
<b>Public debt (domestic definition)</b>							
Public debt (acc. to the place of issue criterion)	nominal, PLN mio	793 556.4	802 133.0	826 772.2	848 180.4	858 208.8	876 398.3
Domestic debt	nominal, PLN mio	518 785.8	522 068.5	534 790.1	559 186.6	564 626.1	579 229.1
	%	65.4	65.1	64.7	65.9	65.8	66.1
Foreign debt	nominal, PLN mio	274 770.5	280 064.5	291 982.1	288 993.8	293 582.7	297 169.2
	%	34.6	34.9	35.3	34.1	34.2	33.9
<b>General Government debt (EU definition)</b>							
General Government debt	nominal, PLN mio	827 817.4	839 564.1	867 066.5	886 451.0	895 874.4	915 201.4
<small>1) preliminary data  Source: MoF</small>							

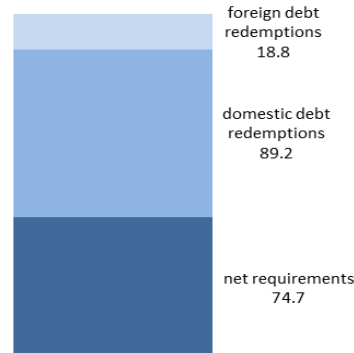
### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING



#### Gross borrowing requirements in 2016

The prefinancing of the State budget borrowing requirements of 2016 reached the level of ca. 20% by the end of 2015.

Gross borrowing requirements in 2016  
(acc. to Draft 2016 Budget Act)  
Total: PLN 182.7bn, of which:



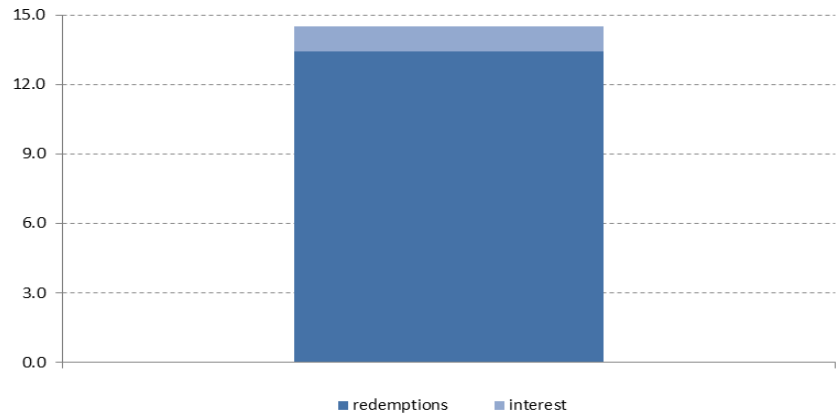
Prefinancing of the 2016 borrowing requirements at the level of ca. 20%

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

as of December 31, 2015, PLN bn

Value of funds transferred from the State budget to the market in January shall amount to PLN 14.5bn, of which:

- TS redemptions: PLN 13.5bn,
- interest payments: PLN 1.1bn.

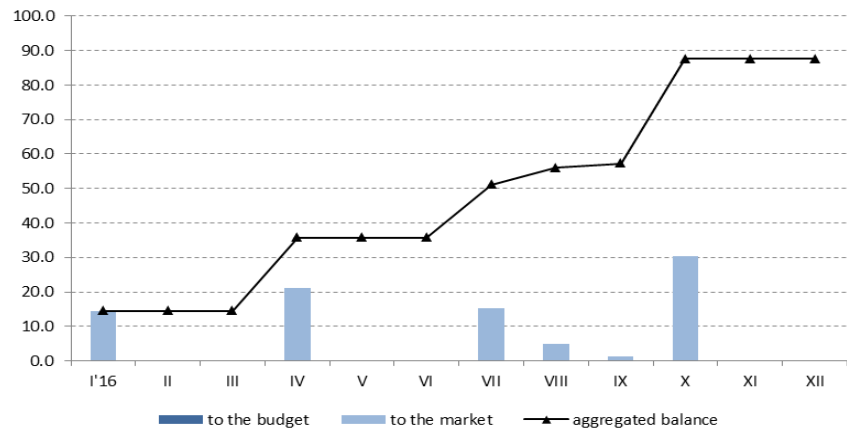


#### Flows of funds between the market and the budget\*

as of December 31, 2015, PLN bn

As of December 31, 2015, to the end of 2016 the funds to be transferred to the market shall amount to PLN 87.6bn.

\* 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.

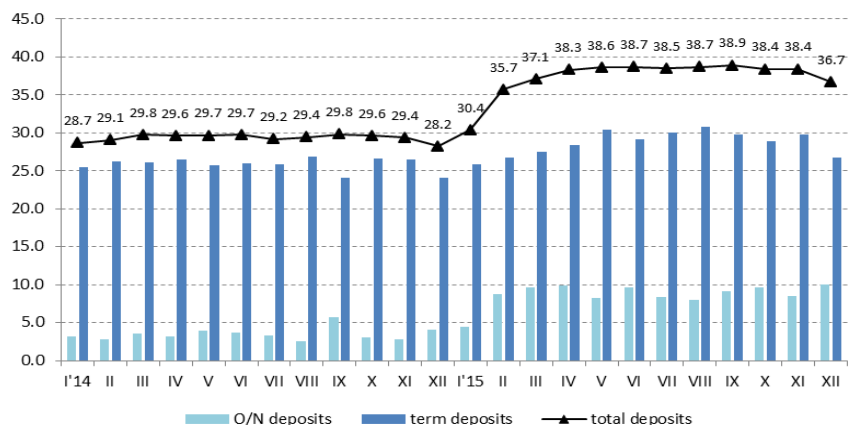


#### Consolidation of public finances liquidity management

PLN bn

As a result of consolidation of public finances liquidity management there were PLN 36.7bn funds accumulated at the end of December, of which PLN 26.7bn was as term deposits and PLN 10.0bn on O/N deposits.

In the period of January-February 2015 the second stage of the consolidation took place (the number of public finance units was increased and court deposits were included).



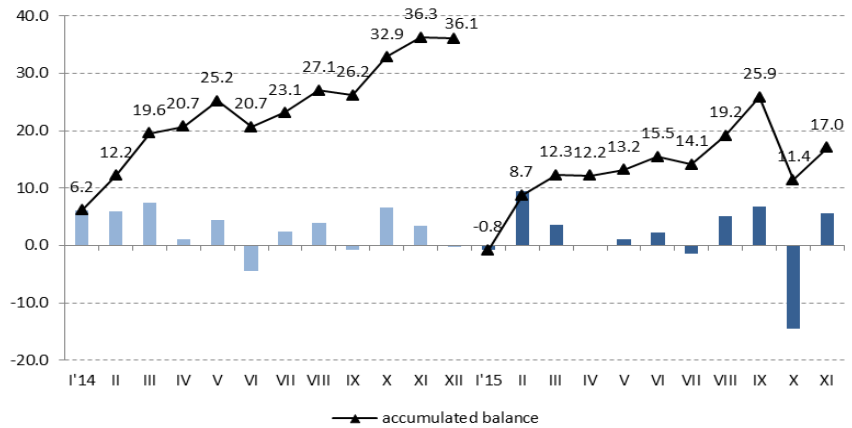


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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

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

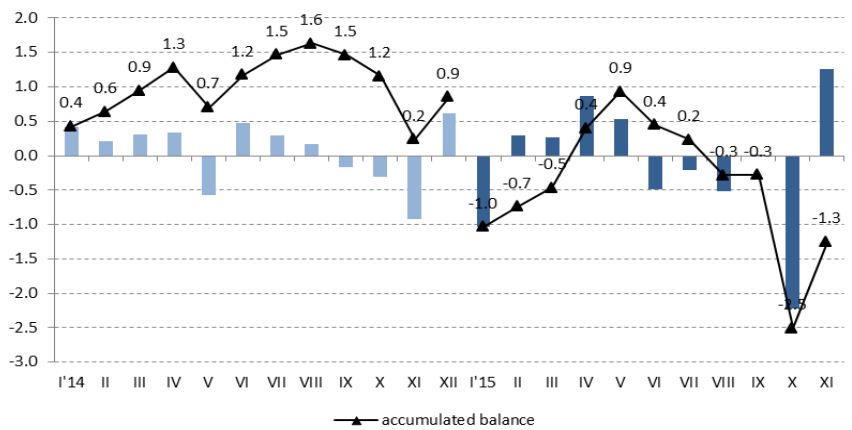
In the period of I-XI 2015 debt held by domestic banks increased by PLN 17.0bn comparing to PLN 36.3bn increase during the same period of 2014.



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

PLN bn

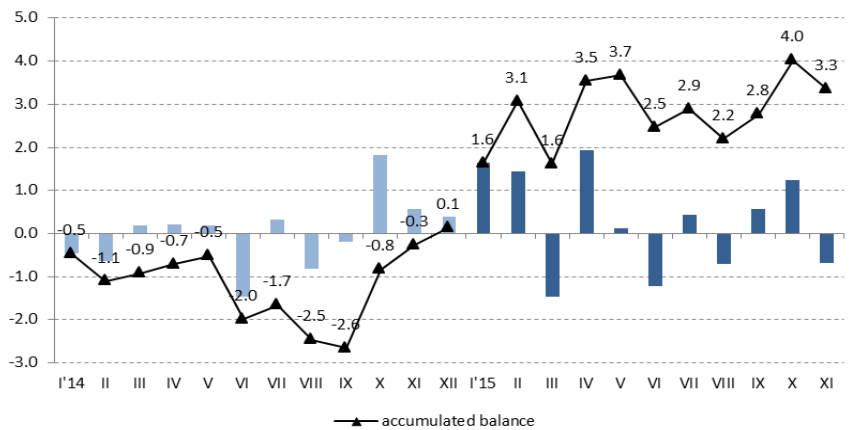
In the period of I-XI 2015 there was a decrease of PLN 1.3bn in debt held by insurance companies. During the same period of 2014 there was an increase of PLN 0.2bn.



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

PLN bn

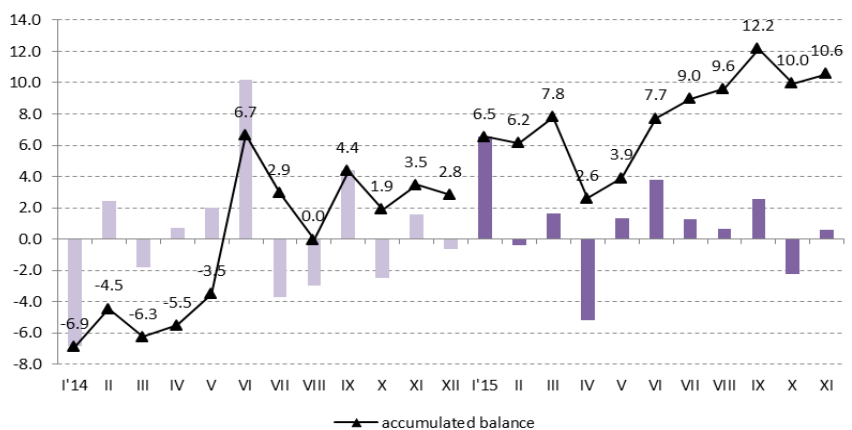
In the period of I-XI 2015 there was an increase of PLN 3.3bn in debt held by investment funds. During the same period of 2014 there was a decrease of PLN 0.3bn.



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

PLN bn

In the period of I-XI 2015 inflow of foreign capital to the domestic TS market amounted to PLN 10.6bn comparing to inflow of PLN 3.5bn in the same period of 2014. Foreign investors' holdings reached the level of PLN 206.6bn.



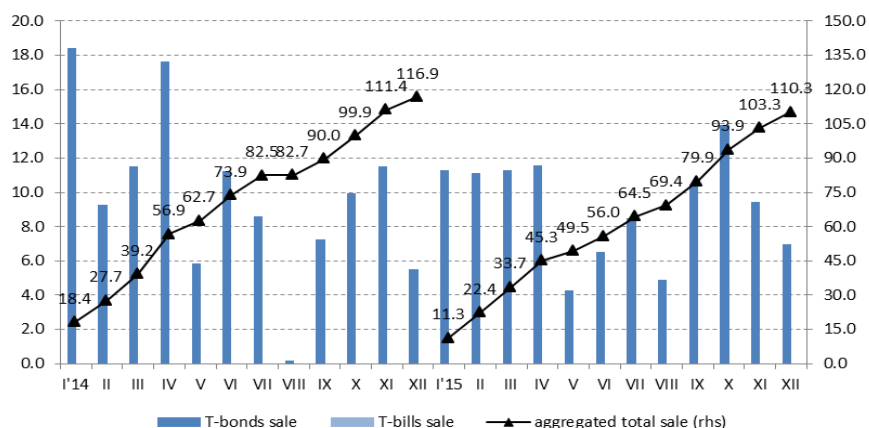
### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING



#### Sale of T-bonds and T-bills in 2014 and 2015

settlement date, nominal amount, PLN bn

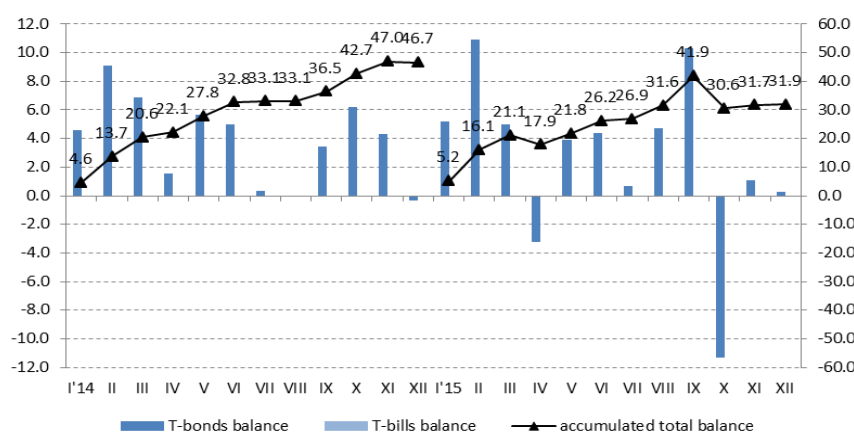
Since April 2013 T-bills have not been offered. In 2015 aggregated total sale of T-bonds amounted to PLN 110.3bn versus PLN 116.9bn as compared to the corresponding period of the previous year.



#### Balance of T-bonds and T-bills in 2014 and 2015

settlement date, nominal amount, PLN bn

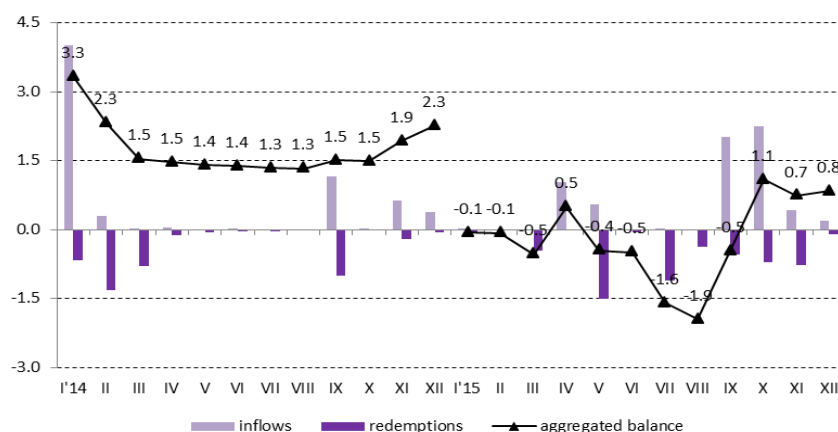
In the period of I-XII 2015 indebtedness in T-bonds increased by PLN 31.9bn.



#### External financing in 2014 and 2015

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

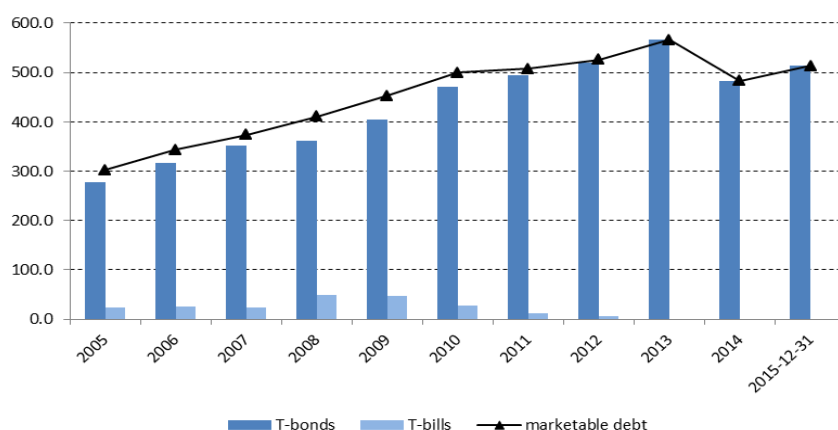
Net financing on foreign markets in 2015 amounted to EUR 0.8bn, which resulted from negative balance of T-bonds of EUR 0.4bn (with the amount of newly issued T-bonds of EUR 4.3bn) and positive balance of loans incurred from IFIs at the level of EUR 1.3bn.



#### Structure of marketable debt

PLN bn

At the end of December 2015 the marketable domestic debt amounted to PLN 513.4bn comparing to PLN 482.9bn at the end of 2014.



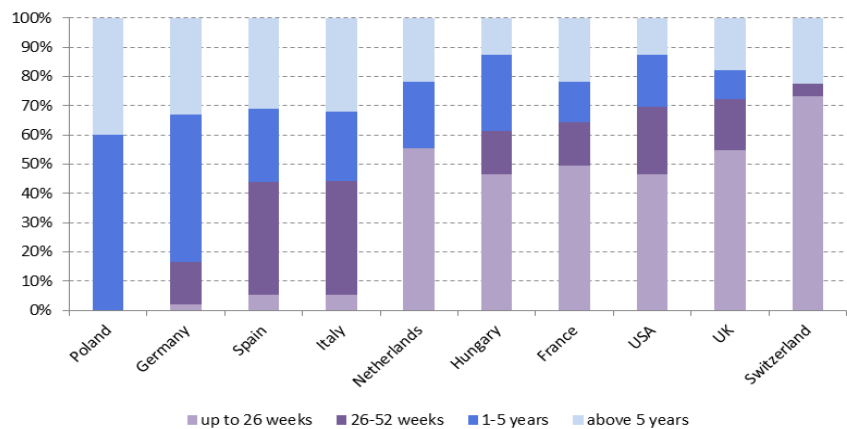


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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

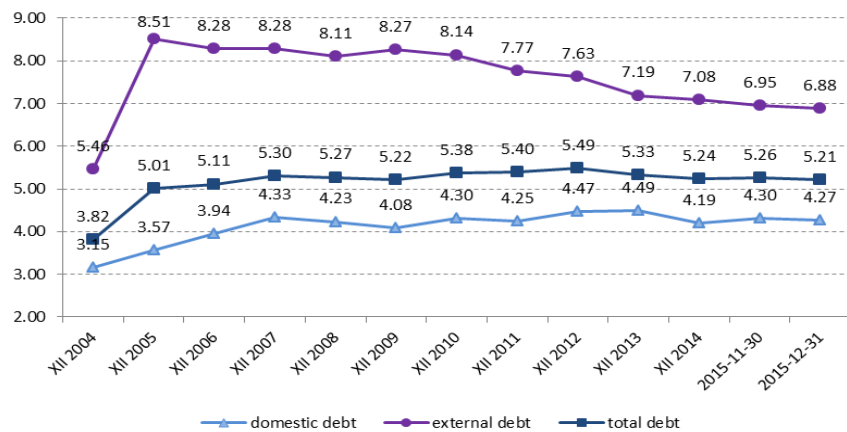
auctions and syndicates, local currency, ytd in the period of January 1 - December 31, 2015

The sale of TS in Poland is dominated by securities maturing in 1 to 5 years. In 2015 there were no TS with a maturity date shorter than a year.



#### Average maturity

At the end of December 2015 the average maturity of domestic debt amounted to 4.27 (while at the end of 2014 it was 4.19). The average of total debt amounted to 5.21 (5.24 at the end of 2014).

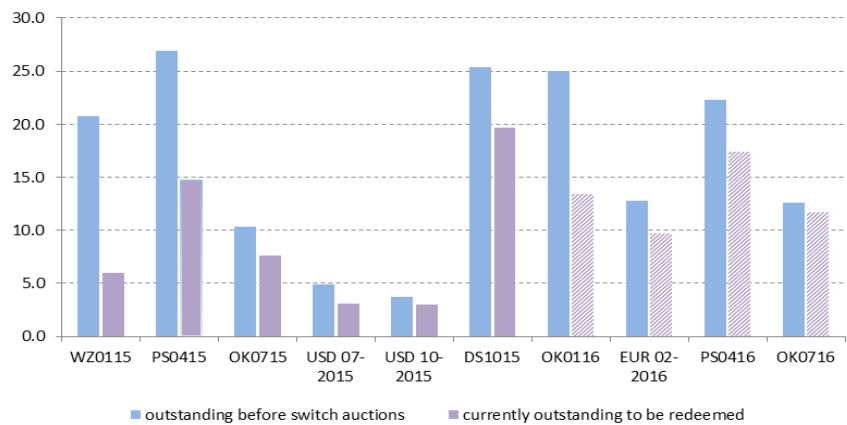


#### Reducing refinancing risk connected with T-bonds' redemptions maturing in 2015 and 2016

nominal amount, as of December 31, 2015, PLN bn

Buy-back of T-bonds maturing in 2015 and 2016 (by switch or cash settlement):

- WZ0115: PLN 14.7bn (71%),
- PS0415: PLN 12.2bn (45%),
- OK0715: PLN 2.6bn (26%),
- USD 07-2015: PLN 1.9bn (USD 0.6bn; 36%),
- USD 10-2015: PLN 0.8bn (USD 0.2bn; 21%),
- DS1015: PLN 5.7bn (22%),
- OK0116: PLN 11.6bn (46%),
- EUR 02-2016: PLN 3.1bn (24%),
- PS0416: PLN 4.9bn (22%),
- OK0716: PLN 0.9bn (7%).

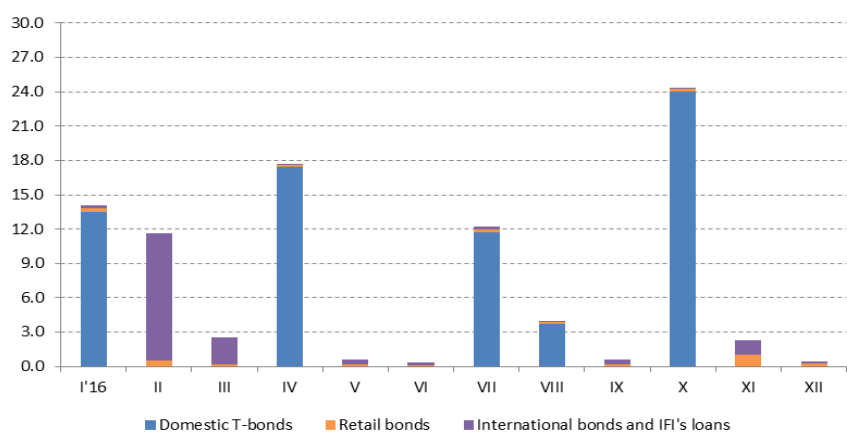


#### State Treasury debt redemptions in 2016

nominal amount, as of December 31, 2015; PLN bn

The nominal amount of debt to be redeemed in 2016 is equal to PLN 90.6bn, including:

- T-bonds: PLN 70.3bn,
- T-retail bonds: PLN 3.6bn,
- bonds and loans incurred on foreign markets: PLN 16.7bn.





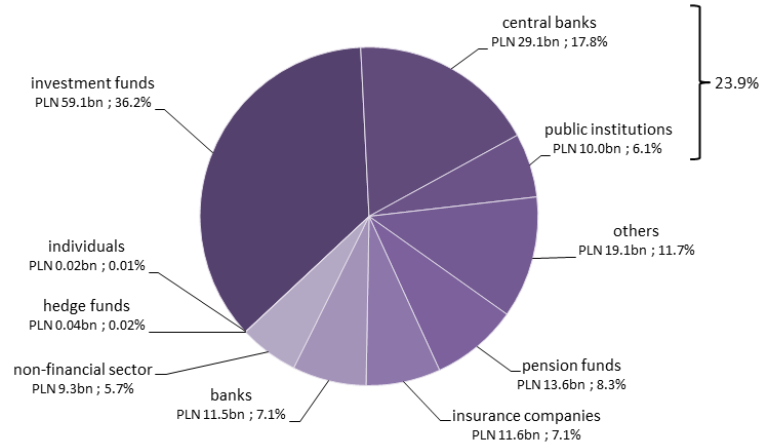
### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING



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

as of November 30, 2015, the chart presents data excluding omnibus accounts

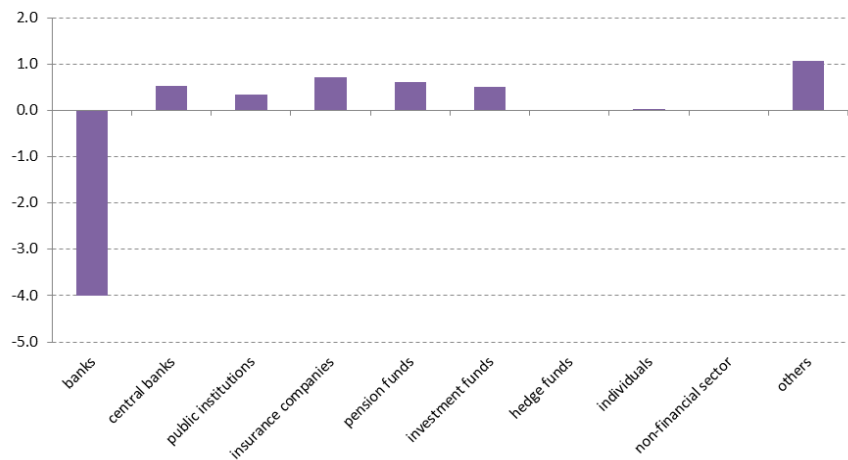
In November the share of non-residents in the domestic Treasury securities market increased by PLN 0.6bn. The foreign investors' portfolio amounted to PLN 206.6bn which constituted 40.3% share in total debt in marketable T-bonds (40.8% in the previous month). As of the end of November, central banks and public institutions' share in holdings amounted to 23.9%.



#### Change of debt in domestic Treasury securities held by non-residents by institutional distribution

change in November 2015, mom, PLN bn

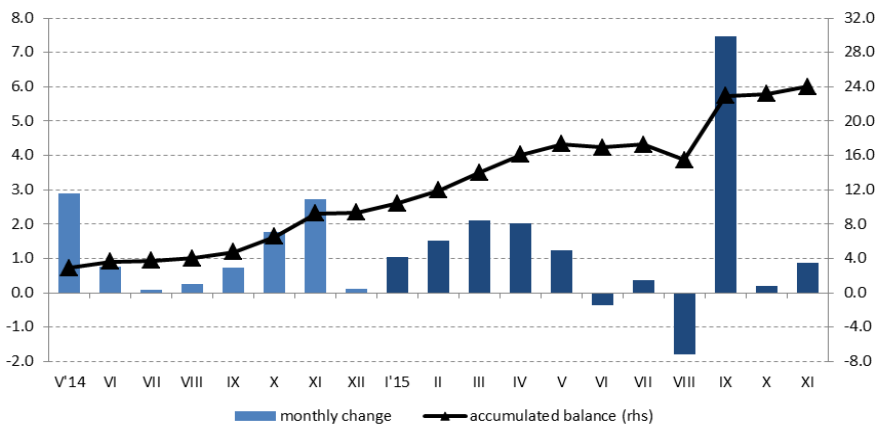
In November 2015 the highest increase in TS portfolio was noted by entities categorized as "others" (PLN 1.1bn). The highest decrease, on the other hand, was recorded by banks (PLN 4.0bn).



#### Change of debt in domestic Treasury securities held by central banks and public institutions

as of November 30, 2015, PLN bn

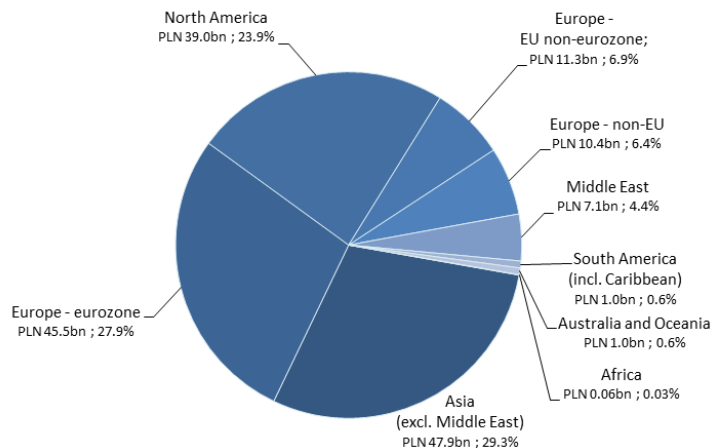
After a substantial change in classifying an investment fund purchasing Polish TS into a central bank resulting in an increase of central banks and public institutions' involvement in the Polish debt market by PLN 7.5bn in September 2015, an increase of PLN 0.9bn was noted in November. Since April 2014 to the end of November 2015, when the detailed information is available, portfolios of those entities increased by PLN 24.0bn.



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

as of November 30, 2015, excluding omnibus accounts

Geographical structure of domestic T-bonds held by non-residents, as well as institutional distribution, is well-diversified.



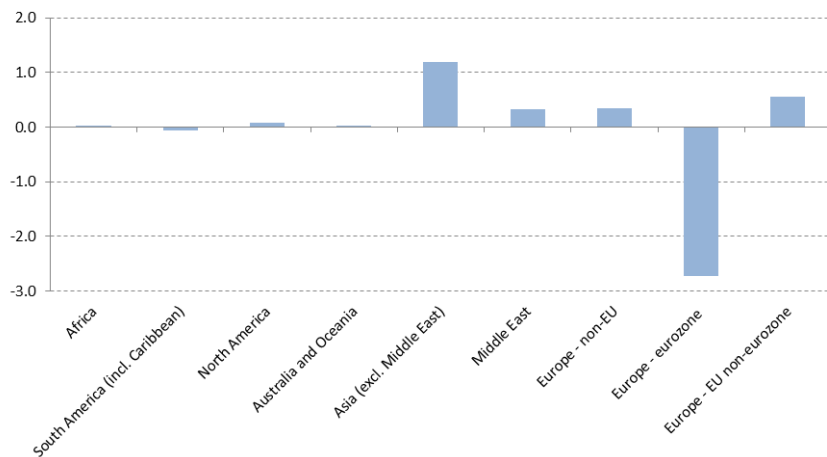


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Change of debt in domestic Treasury securities held by non-residents by geographical distribution

*change in November 2015, mom, PLN bn*

In November 2015 the most significant change in holdings was recorded by investors from the euro zone whose involvement in the domestic T-securities market decreased by PLN 2.7bn. The highest increase was noted by Asian investors (PLN 1.2bn).



#### Structure of non-residents' holdings in Treasury securities by countries

*as of November 30, 2015, excluding omnibus accounts and central banks, countries with more than 1% share, PLN m*

Countries	Outstanding in nominal value (PLN mio)	Share in non-residents holdings (%)
United States	37 739.9	28.10%
Luxembourg	23 960.4	17.80%
Japan	19 770.8	14.70%
United Kingdom (the)	8 524.3	6.30%
Norway	8 269.4	6.20%
Germany	7 150.3	5.30%
Ireland	5 591.2	4.20%
Netherlands	3 995.0	3.00%
Austria	2 837.5	2.10%
United Arab Emirates	2 084.1	1.60%
Switzerland	1 866.5	1.40%
Denmark	1 504.2	1.10%
Others	10 967.7	8.20%
<b>Total</b>	<b>134 261.1</b>	<b>100.00%</b>

#### MoF comments

#### **Paweł Szalamacha, Finance Minister**

*03-01-2016, interview for the Polish Press Agency (fragments); by Łukasz Osiński and Piotr Smilowicz*

**PAP (Polish Press Agency): Will all the budgetary indicators be met, so that there will be no need to amend the 2016 budget act?**

P.S.: The budget is correctly calculated. Our objective of achieving the nominal deficit of PLN 54.7bn and deficit of the public finance sector of 2.8% of GDP has been maintained. These indicators are absolutely possible to reach. Maybe the situation is not comfortable but it is good.

**PAP: Taking into account the budgetary objectives – GDP growth of 3.8%, inflation of 1.7% - isn't it a little bit like you used the assumptions of the former government, although knowing that these figures are overstated a bit...**

P.S.: We accepted the estimates presented in the draft budget act prepared by the coalition of PO and PSL not to arouse controversy whether the indicators were artificially adopted to match the outcome. We assumed that if there were no doubts as to the accuracy of these assumptions 3-4 months earlier, then why they would appear now. We therefore expected that the former indices were a result of a thorough and fair analysis of the economic fundamentals and not calculated arbitrarily. Thus, we assumed those numbers as safe and conservative. For example, if we had expected a slightly higher growth, then one could have perceived it as an invitation for discussion about the new government tampering with the data.

**PAP: Are the funds for funding the programme 500+ secured in the budget? Information which appear on this issue is not clear.**

P.S.: Everything is calculated in a safe way, there is enough money for the programme. Revenues gained from the new taxes – bank tax and supermarket tax – as well as proceeds from LTE auction will finance the programme in 2016.

**PAP: What about next years?**

P.S.: We will spend 2016 on working on increasing tax revenues so that in 2017 and 2018 this pro-family programme will be mostly financed by current tax inflows and not one-off profits from LTE auction as it will happen in 2016. We have 12 months to fix step-by-step what is malfunctioning in the process of tax collection, as we talked about it during the electoral campaign.

**PAP: We understand that this is about the VAT which ought to be collected significantly better?**

P.S.: Yes, but this is about other taxes as well which constitute the budget revenue. Firstly indirect taxes – VAT and customs duty – but also income taxes.

**PAP: Would you tempt to present initial estimations of how much the budget revenues will increase if the functioning of the system of VAT collection is tighten up?**

P.S.: We have started working on a document which will be a tax collection recovery state strategy. I guess we will publish it in January.

**PAP: Will VAT decrease to 22% starting from January 1st, 2017?**

P.S.: We will decide in the 3rd quarter, taking into account progress on improving the functioning of the chargeability of VAT.

**PAP: If the government succeeds to tighten the tax system, what impact on the Polish economic growth will it have?**

P.S.: I would like to see Poland in 3-4 years growing in the pace of 5-5.5% annually. I think this is possible. Such pace would let us catch up quicker with the most affluent countries and will have a positive impact on the Polish citizens whose aspirations are growing. The main reasons for emigration and dissatisfaction are due to aspirations which remain unfulfilled. People do not want to wait long. Fulfilling of those aspirations will be possible with the economic growth of 5-5.5%. Will the process of tightening the tax system be enough to achieve such dynamics? It will be one of the elements. It will depend also on the actions taken by the minister of infrastructure, minister of development, minister of maritime economy, minister of energy and in principle all government ministries.



### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

**Piotr Marczak, Director of Public Debt Department, MoF**

30-12-2015

The level of prefinancing of the next year's borrowing requirements amounts to ca. 20%. The final prefinancing amount, as well as the final balances of the budgetary accounts will be known when those accounts have been cleared.

If the market situation allows, we would like to create a safe level of liquid funds and finance about 50% of the annual borrowing requirements in the 1st quarter.

After a two-month break we are coming back with standard T-bond auctions. In January we will offer T-bonds in total amount of PLN 6-13bn. The upper band of supply includes debt servicing costs and redemption of T-bonds maturing on January 25th of PLN 14.5bn. We expect the sale of T-bonds will range from PLN 28bn to PLN 38bn during the 1st quarter. The final amount of supply and its structure will, of course, take into account the market situation.

In the 1st quarter of 2016 we plan to be noticeably present on foreign markets. We assume to hold public issuances on the main foreign markets of at least the equivalent of PLN 10bn. We do not eliminate the option of issuing up to PLN 25bn. Our planned significant presence on foreign markets results from the distribution of needs in foreign currencies in 2016 and creating the liquid funds reserve. The final amounts, dates and places of issuances will depend on the situation on particular markets and developments in the process of financing on the domestic market.

As announced, we are planning to hold the first, after a three-year break, T-bills auction to remind the investors about those securities. At the auction on January 18th we will offer 32-week bills with limited supply of PLN 1-2bn. T-bills auctions may be held irregularly, however in general on Mondays, and detailed information will be included in the monthly Treasury securities supply plans. The proceeds from T-bills sale will supplement the liquid funds reserve in a period of excessive borrowing needs, thus, mainly in the first months of 2016.

In November the foreign investors increased their portfolios of PLN T-bonds by PLN 0.6bn. Involvement of central banks and public institutions increased again (PLN 0.9bn), including flows originated in Asia (PLN 0.5bn), Middle East and European countries outside the EU (PLN 0.2bn each). In the next order, there were Japanese investors who increased their portfolios by PLN 0.6bn (mainly insurance companies), investors from Netherlands by PLN 0.4bn (mainly pension funds), from Luxembourg by PLN 0.4bn (mainly investment funds), from Denmark by PLN 0.4bn (investment funds and other entities), from Switzerland and Czech Republic by PLN 0.2bn each. The highest decreases in the portfolio of PLN denominated T-bonds were recorded by entities from France (PLN -1.6bn, mainly banks), Austria (PLN -1.5bn, of which PLN -1.8bn by banks and PLN +0.3bn noted in other entities) and Ireland (PLN -0.3bn).

In December the balance of foreign investors flows remains positive.



### General assumptions

- In the first quarter of 2016 T-bond auctions are planned according to the announced yearly issuance calendar,
- Offer of T-bonds on the domestic market will depend on the market situation and the consultations with investors,
- Auctions of Treasury bills will be held within the confines of the level of State budget liquidity funds management,
- Foreign financing will be determined by the situation on the international financial market and the domestic market,
- The announced plan may be modified depending on the market situation.

### Offer of T-bonds on the domestic market

#### Sale auctions

- Five or six auctions, total supply PLN 28.0-38.0bn, the structure of the sold T-bonds will be subject to the market situation,

#### Switch auctions

- In January and February auctions are not planned, possible auction in March (holding subject to the market situation) – securities offered to repurchase would be T-bonds maturing in 2016.

### Offer of T-bills

- Detailed information on the offer of T-bills will be presented in the monthly issuance plans.

### Foreign financing

- Possible issuance of bonds on the international markets, an equivalent to PLN 10.0-25.0bn,
- Possibility of additional financing by structured coupon bonds' issuance in the private placement system.



## V. SUPPLY PLAN OF TREASURY SECURITIES IN JANUARY 2016

### Treasury bond auction

Auction date	Settlement date	Series	Planned offer (PLN m)
7 JAN 2016	11 JAN 2016	PS0421	2,500-4,500*
28 JAN 2016	1 FEB 2016	choice will depend on the market conditions, excluding bonds offered at the 1st auction	4,000-8,000

*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 clean price.*

*\* At auction on January 7th, 2016 the Ministry of Finance sold T-bond PS-series at the level of PLN 4,555m and the yield of 2.382%.*

### T-bill auctions

Auction date	Settlement date	T-bill	Maturity date	Planned offer (PLN m)
18 JAN 2016	20 JAN 2016	32-week	31 AUG 2016	1,000-2,000

*The Minister of Finance is entitled to organize non-competitive auctions where T-bills will be sold at a minimum price of bids accepted at the sale auction.*

### Offer on the retail market

T-bond	Issue price	Coupon
DOS0118	PLN 100.00 (99.90 PLN for rolling-over)	Fixed, 2.00%
TOZ0119	PLN 100.00 (99.90 PLN for rolling-over)	Floating (1.00 * WIBOR 6M) 2.10% in the first coupon period
COI0120	PLN 100.00 (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%) 2.30% in the first coupon period
EDO0126	PLN 100.00 (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%) 2.50% in the first coupon period