THE DESIGN OF ISSUANCE CALENDARS AND THE IMPACT ON SECONDARY MARKETS FOR GOVERNMENT SECURITIES

Ministry of Finance Colombia

World Bank Government Bond Market Conference 2017
Debt Situation Colombia

CNG financing sources

Local
External
Global TES Multilaterals

CNG debt market portfolio

Data includes in local currency Long-Term, Short-Term, Monetary, TES Bonds, and Global TES Bonds. In foreign currency: Global Bonds
Source: Deputy Directorate of Risk, Data as of December 31th 2016.
Exchange rate as of March 31st ($2,880.24)
Local TES bond portfolio composition

Fixed rate vs. Inflation indexed

Time to Maturity

Source: Deputy Directorate of Internal Debt, Data as of March 31th 2017. Exchange rate as of March 31th ($2.880,24)
Local TES bond portfolio composition

Maturity Profile

*Includes Monetary TES Bonds and Short-Term Bonds

Average Coupon vs. Average Time to Maturity

Source: Deputy Directorate of Internal Debt, Data as of March 31th 2017. Exchange rate as of March 31th ($2.880,24)
Medium-Term Debt Management Strategy

Target FX/LX portfolio composition:

- **2015**
  - FX: 35%
  - LX: 65%
- **2020**
  - LX: 65%
  - FX: 35%

Cost-at-risk analysis
Fiscal projections
Stochastic model for financial variables
Medium-Term Debt Management Strategy

Target annual maturities /rollover risk:

**LX Portfolio**

- **Annual Maturity / Total Local Debt**
  - **0 - 5**: 15%
  - **5 - 10**: 13%
  - **10 +**: 14%

**FX Portfolio**

- **Annual Maturity / Total Local Debt**
  - **0 - 5**: 8%
  - **5 - 10**: 9%
  - **10 +**: 10%

**Total Portfolio**

- **Annual Maturity / Total Local Debt**
  - **0 - 5**: 11%
  - **5 - 10**: 12%
  - **10 +**: 13%

Historical analysis

- **Time to maturity**
  - **0 - 5**:
  - **5 - 10**:
  - **10 +**:

---

[Images and logos of nueva economía and TODOS POR UN NUEVO PAÍS]
The preparation of the issuance calendar

**ABP**

**Guidelines:**
- Issuance Strategy
- Fiscal Rule
- MTDS
- Transparency
- Sound Practices

**Issuance Calendar**
- Mandatory Quotation Bonds

- At the beginning of the year, the On-The-Run Bonds are announced to the **Primary Dealers**

- At the beginning of every quarter, the amount per auction (not per bond) is announced to the Primary Dealers

Both, published on the official web side:
- [www.minhacienda.gov.co](http://www.minhacienda.gov.co)
- Investor Relations Office: [www.irc.gov.co](http://www.irc.gov.co)
Guidelines

On-the-run bonds:

• TES Issuance Strategy
• Maturity-month uniformity
• Auction yield: market proximity (avoid distortions)

Auction’s size:

• Financing need’s target
• Non-competitive auctions
• Primary market presence during the year
TES Issuance Strategy (TIS)

CNG financing in local market

Auctions

Public Entities

TES COP

Time to maturity

15 years (opening)
10 years (1ª reopening)
5 years (2ª reopening)

TES UVR

20 years (opening)
10 years (1ª reopening)
5 years (2ª reopening)

Smoothing Treasury cash flow

TCO

Liability Management Operations
# TES Issuance Strategy (TIS)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td>2019</td>
<td>2019</td>
<td>2020</td>
<td>2022</td>
<td>2022</td>
<td>2025</td>
<td>2025</td>
<td>2026</td>
<td>2026</td>
<td>2028</td>
<td>2028</td>
<td>2030</td>
<td>2030</td>
<td>2032</td>
<td>2032</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>2024</td>
<td>2024</td>
<td>2026</td>
<td>2026</td>
<td>2028</td>
<td>2028</td>
<td>2030</td>
<td>2030</td>
<td>2032</td>
<td>2032</td>
<td>2034</td>
<td>2034</td>
<td>2036</td>
<td>2036</td>
<td>2038</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td>2028</td>
<td>2030</td>
<td>2030</td>
<td>2032</td>
<td>2032</td>
<td>2034</td>
<td>2034</td>
<td>2036</td>
<td>2036</td>
<td>2038</td>
<td>2038</td>
<td>2040</td>
<td>2040</td>
<td>2042</td>
<td>2042</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td>2019</td>
<td>2019</td>
<td>2021</td>
<td>2021</td>
<td>2023</td>
<td>2023</td>
<td>2025</td>
<td>2025</td>
<td>2027</td>
<td>2027</td>
<td>2029</td>
<td>2029</td>
<td>2031</td>
<td>2031</td>
<td>2033</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>2021</td>
<td>2025</td>
<td>2025</td>
<td>2027</td>
<td>2027</td>
<td>2029</td>
<td>2029</td>
<td>2031</td>
<td>2031</td>
<td>2033</td>
<td>2033</td>
<td>2035</td>
<td>2035</td>
<td>2037</td>
<td>2037</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td>2033</td>
<td>2033</td>
<td>2033</td>
<td>2035</td>
<td>2037</td>
<td>2037</td>
<td>2039</td>
<td>2039</td>
<td>2041</td>
<td>2041</td>
<td>2043</td>
<td>2043</td>
<td>2045</td>
<td>2045</td>
<td>2047</td>
</tr>
</tbody>
</table>
Before TIS

Participation

Years to maturity

2007

2016

Participation

Years to maturity

2007

2016
Short-term Bonds Program (TCO)

TCO $2.6 bn

Issuance Target
For every TCO in the primary market

Unique time to maturity 364 days

Maturity Cycles
- March
- June
- September
- December

Objective:
Smooth Treasury Cash Flow
### Organization of auctions

- **COP** - local currency: every Wednesday in the 2\(^{nd}\) and 4\(^{th}\) monetary week.

- **UVR** – inflation indexed: every Wednesday in the 1\(^{st}\) and 3\(^{rd}\) monetary week.

- **TCO** – Short-Term Bonds: every Tuesday

---

*Monetary week: at least 3 business days between Monday and Friday.*

<table>
<thead>
<tr>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2a</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>3a</td>
<td>18</td>
<td>19</td>
<td>20</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>4a</td>
<td>25</td>
<td>26</td>
<td>27</td>
<td>28</td>
<td>29</td>
</tr>
</tbody>
</table>

**Auctions Calendar**

- COP: every Wednesday in the 2\(^{nd}\) and 4\(^{th}\) monetary week.
- UVR: every Wednesday in the 1\(^{st}\) and 3\(^{rd}\) monetary week.
- TCO: every Tuesday.
Challenges

Liability Management Operations:

• Improve the maturity profile
• Develop a systematic window

To keep constant the Foreign investors participation

Sell buy back market improvements:

• Ensure the liquidity in the secondary market

Derivatives market development