



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

March 2022

### THE MOST IMPORTANT INFORMATION

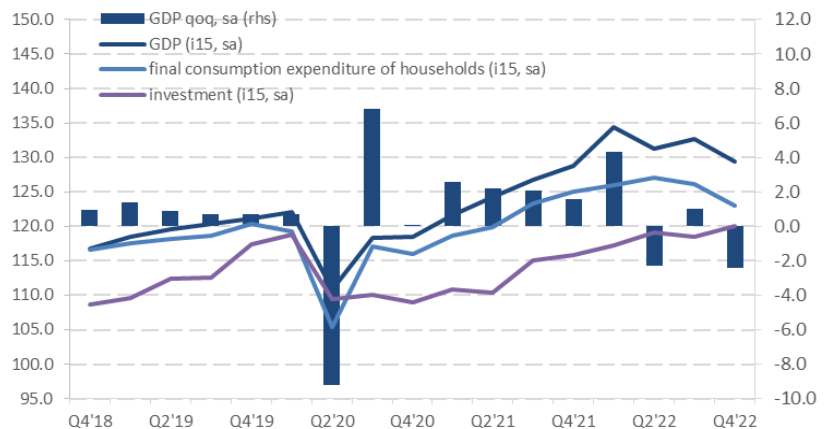
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I. MACROECONOMIC SITUATION

**Gross domestic product of Poland**

constant prices, seasonally adjusted data (sa)  
source: GUS, Eurostat

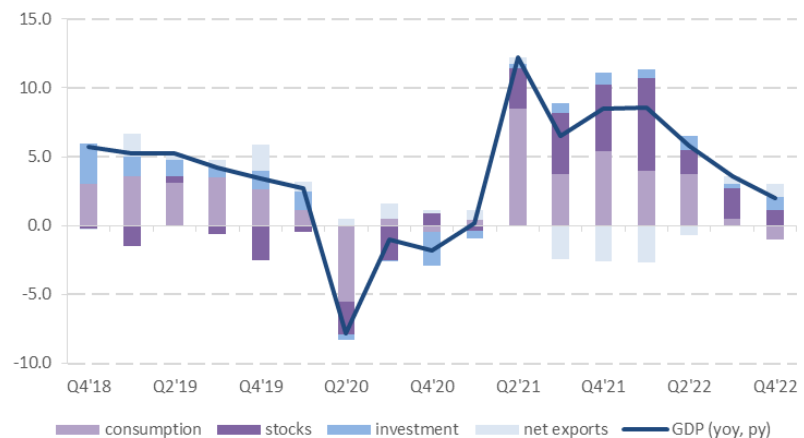
In the final quarter of 2022 GDP declined by 2.4% (qoq, sa) after a 1% growth in the previous quarter. Household consumption was negatively affected by high inflation, weak consumer sentiment (from historical perspective) and higher nominal NBP rates. In effect it contracted for the second time in a row (qoq, sa). On the other hand, investments proved to be resistant to unfavourable macroeconomic conditions (uncertainty, higher nominal interest rates) increasing by 1.3% in fourth quarter of 2022.



**Contributions to Polish GDP growth**

average prices of the previous year (py), yoy  
source: GUS, MoF own calculation

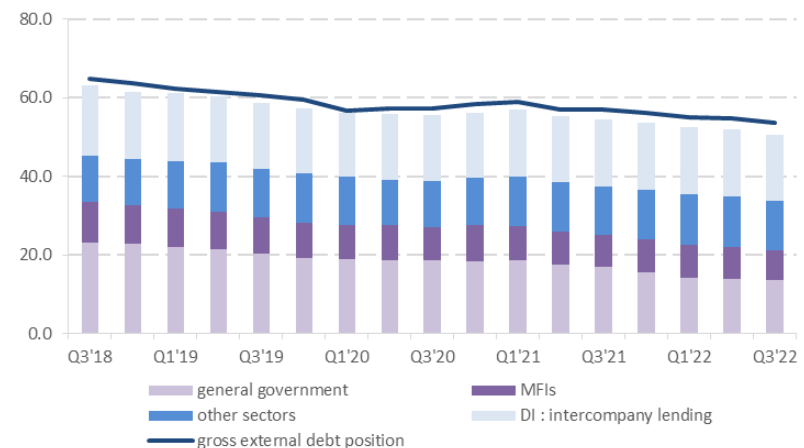
In the fourth quarter of 2022 GDP was 2.0% (py) higher than a year earlier. Contribution of inventories was still positive but it was clearly lower than at the turn of 2021 and 2022. Household consumption was 1.5% lower than in the fourth quarter of 2021 while investment 4.9% higher. Weaker dynamics of domestic demand weighted on imports growth and in consequence net exports positive contribution to GDP growth increased slightly (to 0.9 pp).



**Polish gross external debt position**

percent of GDP  
source: NBP, GUS, MoF own calculation

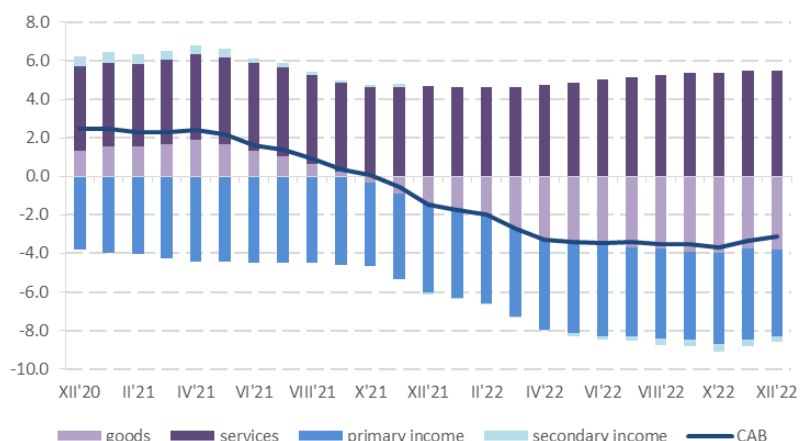
At the end of the third quarter of 2022 gross external debt reached EUR 338.9bn (53.7% of GDP) and was EUR 3.9bn higher than in the previous quarter. The share of general government sector debt in total debt decreased slightly to 25.4%. At the end of December 2022 official reserve assets reached EUR 156.5bn and remained broadly adequate, covering nearly 5 months of imports.



**Current account balance**

percent of GDP, in 12-month terms  
source: NBP, GUS, MoF own calculation

In December 2022, according to preliminary data, Poland's C/A deficit decreased to 3.1% of GDP (in 12-month terms). Trade dynamics deaccelerated markedly, partially due to the lower number of working days compared to December 2021 and lower dynamics of transaction prices. Exports to a large extent was supported by the increase in foreign sales of automotive sector, both vehicles and automotive components. On the other hand, fuel continued to have the largest impact on the growth of imports. Service surplus, which includes expenditures of refugees from Ukraine, who plan to stay in Poland no longer than one year stabilised at 5.5% of GDP.

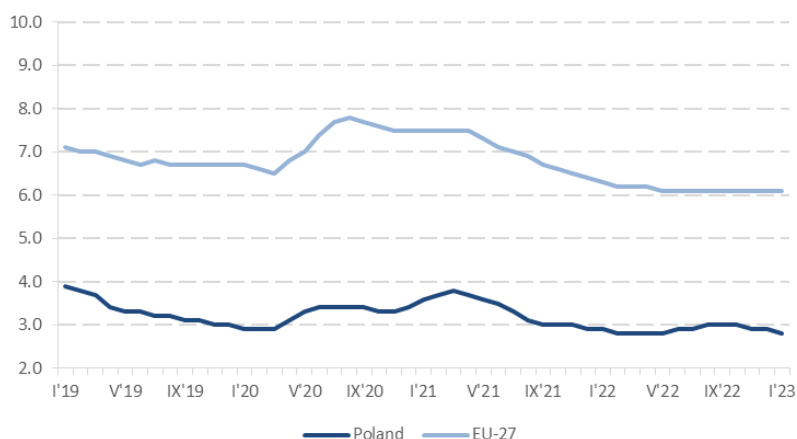


## I. MACROECONOMIC SITUATION

### Harmonised unemployment rate

percent, seasonally adjusted data  
source: Eurostat

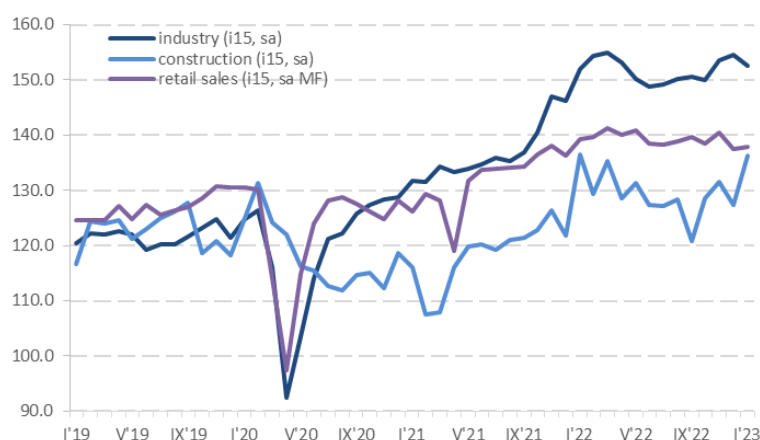
The harmonized unemployment rate (sa) amounted to 2.8% in January 2023 and it was by 0.1 pp lower than in two previous months and than a year earlier. It returned to the historically lowest level recorded in February-May 2022. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (6.1% and 6.7%, respectively). Among the EU countries, only in the Czech Republic it was lower than in Poland.



### Monthly indicators of the real sector

sold production in constant prices, non-seasonally adjusted (nsa)  
source: Eurostat, GUS, MoF own calculation

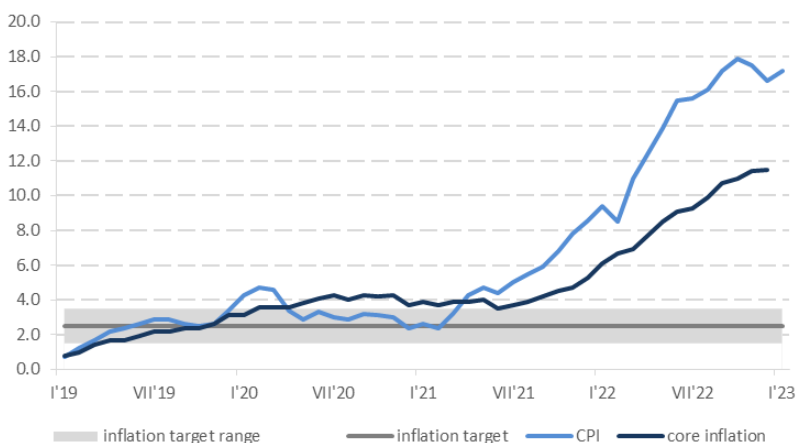
In January 2023 industrial production decreased by 1.3% (mom, sa) and was 2.6% higher than a year ago (nsa). Data were below market expectations. Construction production increased by 7% (mom, sa) following a drop in the previous month. As a result, its level was by 2.4% (nsa) higher than a year ago. The data were above expectations. Retail sales increased after a decline in the previous month (mom, sa MoF). The sales level was by 0.3% (nsa) lower than in the previous year. The data were below market expectations.



### Inflation

percent, yoy  
source: GUS, NBP

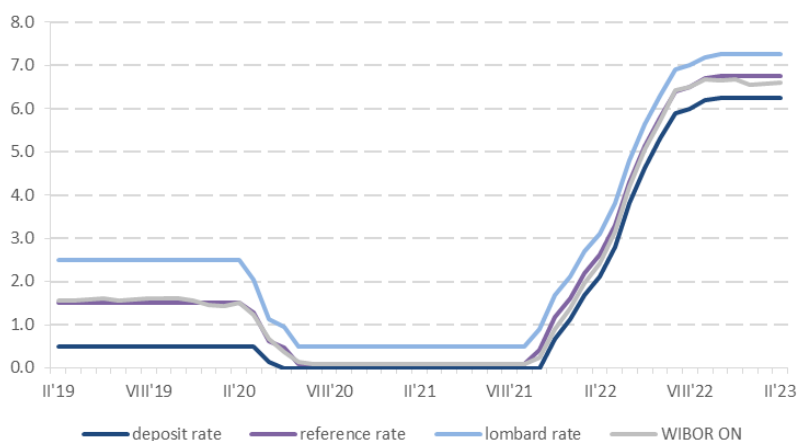
After two months of decline, in January 2023 inflation rate increased to 17.2% yoy (according to preliminary data). Data were lower than market expectations. Annual rate of energy prices rose to ca. 29% and rate of food prices decreased to 20.7%. Producer prices were higher than a year before by 18.5% and this pace was lower by 7.1 percentage points than in June 2022. Gradual decline of PPI index is mainly connected with drop of commodity prices on international markets.



### NBP interest rates

percent, end of period  
source: NBP, Refinitiv

In February 2023, the Monetary Policy Council kept interest rates on hold for the fifth month in a row. Reference rate was left unchanged at 6.75%, lombard rate was kept steady at 7.25%, while the deposit rate remained at 6.25%. In October 2021 - September 2022 the reference rate rose by 6.65 percentage points in total. Council's decision to put interest rates on hold was based on expectations that weakening of the external economic conditions along with monetary policy tightening by NBP and major central banks will support a decline in inflation towards the NBP inflation target.



## II. STATISTICAL DATA

	Unit	2021 Q03	Q04	2022 Q01	Q02	Q03	Q04
<b>GDP</b>							
Gross domestic product	YoY	6.5	8.5	8.6	5.8	3.6	2.0
	QoQ SA	2.1	1.6	4.3	-2.3	1.0	-2.4
Final consumption expenditure of the households sector	YoY	4.9	8.5	6.7	6.4	0.9	-1.5
	QoQ SA	2.8	1.4	0.8	0.8	-0.7	-2.5
Final consumption expenditure of the general government sector	YoY	4.4	5.6	0.3	0.6	0.1	-1.6
	QoQ SA	0.6	1.1	-1.2	0.2	0.2	-0.1
Gross fixed capital formation	YoY	4.1	3.8	4.7	6.6	2.0	4.9
	QoQ SA	4.2	0.6	1.3	1.6	-0.6	1.3
Exports of goods and services	YoY	8.0	6.3	4.2	5.2	6.9	2.0
	QoQ SA	0.3	4.0	-0.9	1.8	1.8	-0.9
Imports of goods and services	YoY	13.9	12.8	9.4	6.9	6.0	0.2
	QoQ SA	2.4	3.8	0.0	0.6	1.3	-1.6
Gross value added	YoY	6.6	8.5	8.4	5.6	3.3	2.4
	QoQ SA	1.9	1.8	3.0	-1.0	1.1	-2.4
<b>Contribution to GDP growth</b>							
Final consumption expenditure of the households sector	pp	2.9	4.2	4.0	3.6	0.5	-0.7
Final consumption expenditure of the general government sector	pp	0.8	1.2	0.0	0.1	0.0	-0.3
Gross fixed capital formation	pp	0.7	0.9	0.6	1.0	0.3	1.0
Changes in inventories	pp	4.5	4.8	6.7	1.8	2.2	1.1
Balance of trade turnover	pp	-2.4	-2.6	-2.7	-0.7	0.6	0.9
Gross value added	pp	5.6	7.5	7.3	4.8	2.8	2.0
<b>GDP structure</b>							
Final consumption expenditure of the households sector	% of GDP	57.0	50.2	59.7	58.5	56.9	49.3
Final consumption expenditure of the general government sector	% of GDP	17.8	20.7	16.9	17.9	17.6	20.1
Gross fixed capital formation	% of GDP	16.8	21.8	12.6	15.6	16.1	21.7
Changes in inventories	% of GDP	5.6	5.8	10.0	4.6	7.5	6.8
Exports of goods and services	% of GDP	56.4	56.4	61.6	65.3	61.8	58.8
Imports of goods and services	% of GDP	54.5	55.7	61.6	62.9	60.9	57.6
	Unit	2022 M08	M09	M10	M11	M12	2023 M01
<b>Balance of payments</b>							
Goods: exports (EUR)	YoY	27.6	26.5	24.4	25.2	11.5	-
Goods: imports (EUR)	YoY	29.4	30.1	25.3	20.3	12.1	-
Current account balance <sup>1)</sup>	% of GDP	-3.5	-3.5	-3.7	-3.4	-3.1	-
Balance on goods <sup>1)</sup>	% of GDP	-3.8	-3.9	-4.0	-3.8	-3.8	-
Official Reserve Assets	EUR m	155 103.0	154 194.6	152 480.2	156 781.5	156 454.9	154 375.0
<b>Inflation</b>							
Consumer Price Index (CPI)	YoY	16.1	17.2	17.9	17.5	16.6	17.2
Core inflation (CPI excluding food and energy prices)	YoY	9.9	10.7	11.0	11.4	11.5	-
Producer Price Index (PPI)	YoY	25.5	24.6	23.1	21.1	20.5	18.5
<b>Production</b>							
Sold production of industry <sup>2)</sup>	YoY	10.9	9.8	6.6	4.5	1.0	2.6
	MoM SA	0.7	0.3	-0.4	2.4	0.7	-1.3
Construction and assembly production <sup>2)</sup>	YoY	5.9	0.2	3.9	4.0	-0.9	2.4
	MoM SA	0.9	-5.8	6.3	2.3	-3.1	7.0
Manufacturing PMI	SA	40.9	43.0	42.0	43.4	45.6	47.5
<b>Households and labour market</b>							
Retail sales <sup>2)</sup>	YoY	4.2	4.1	0.7	1.6	0.2	-0.3
Average paid employment in enterprise sector	YoY	2.4	2.3	2.4	2.3	2.2	1.1
	MoM	-0.1	-0.1	0.1	0.1	0.0	0.4
Average monthly gross wages and salaries in enterprise sector (real)	YoY	-3.0	-2.3	-4.1	-3.3	-5.4	-3.1
	MoM	-3.7	0.0	-1.8	1.8	6.8	-8.3
Harmonised unemployment rate (Eurostat)	%, SA	3.0	3.0	3.0	2.9	2.9	2.8
<sup>1)</sup> Data in 12-month terms <sup>2)</sup> Constant prices. Data for units in which the number of employed persons exceeds 9 persons Source: GUS, NBP, Eurostat, IHS Markit, MoF calculation based on NBP, GUS data							
	Unit	2022 M7	M8	M9	M10	M11	M12
<b>State Treasury debt</b>							
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 192 004.5	1 204 118.0	1 205 904.5	1 209 461.1	1 210 844.9	1 238 466.0
Domestic debt	face value, PLN m	919 089.1	929 963.4	923 400.0	936 750.8	928 915.0	949 781.4
	%	77.1	77.2	76.6	77.5	76.7	76.7
Foreign debt	face value, PLN m	272 915.4	274 154.6	282 504.6	272 710.3	281 929.9	288 684.6
	%	22.9	22.8	23.4	22.5	23.3	23.3
	Unit	2021 Q02	Q03	Q04	2022 Q01	Q02	Q03
<b>Public debt (domestic definition)</b>							
Public debt (acc. to the place of issue criterion)	face value, PLN m	1 152 289.1	1 160 738.2	1 148 579.0	1 137 020.3	1 175 338.1	1 181 198.9
Domestic debt	face value, PLN m	855 430.0	858 651.6	859 054.7	860 547.2	887 990.5	875 283.3
	%	74.2	74.0	74.8	75.7	75.6	74.1
Foreign debt	face value, PLN m	296 859.0	302 086.6	289 524.2	276 473.1	287 347.6	305 915.5
	%	25.8	26.0	25.2	24.3	24.4	25.9
<b>General Government debt (EU definition)</b>							
General Government debt	face value, PLN m	1 402 163.1	1 418 823.4	1 410 499.5	1 415 681.9	1 453 473.1	1 479 293.1

Source: MoF

### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Gross borrowing requirements in 2023

as of February 28, 2023, PLN bn

Financing of the State budget borrowing requirements at the level of ca. 62% (acc. to the Budget Act) was a result of:

- T-bond sale on domestic market: PLN 23.0bn,
- switch auctions in 2023: PLN 6.2bn,
- T-bond sale on foreign markets: PLN 16.6bn,
- switch auctions in 2022: PLN 9.8bn,
- and higher financial resources at the end of 2022: PLN 105.8bn.

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

as of February 28, 2023, PLN bn

Value of funds transferred from the State budget to the market in March shall amount to PLN 0.1bn (interests payments).

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

as at the end of month, PLN bn

As of 28 February 2023, to the end of the year 2023 the funds to be transferred to the market shall amount to PLN 78.6bn.

\*figures include sale, redemptions and interest payments on wholesale T-securities; 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.

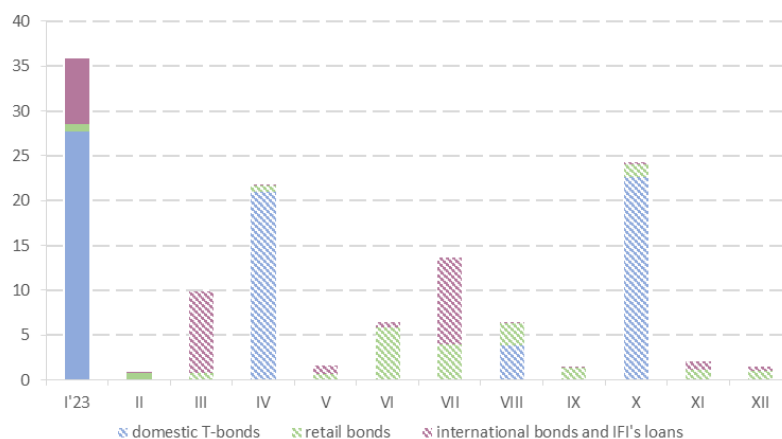
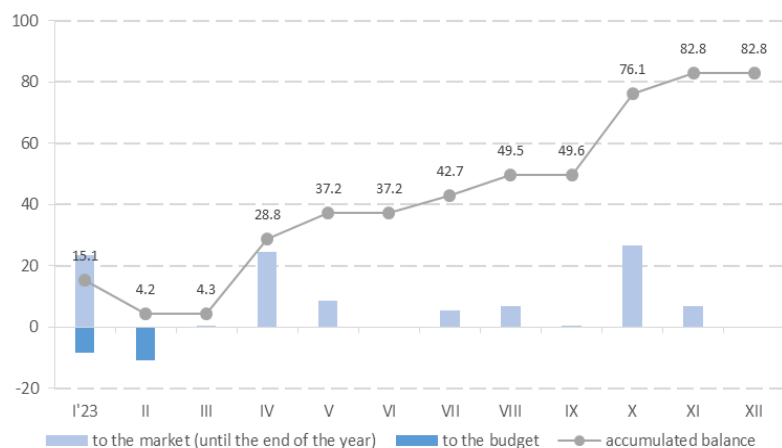
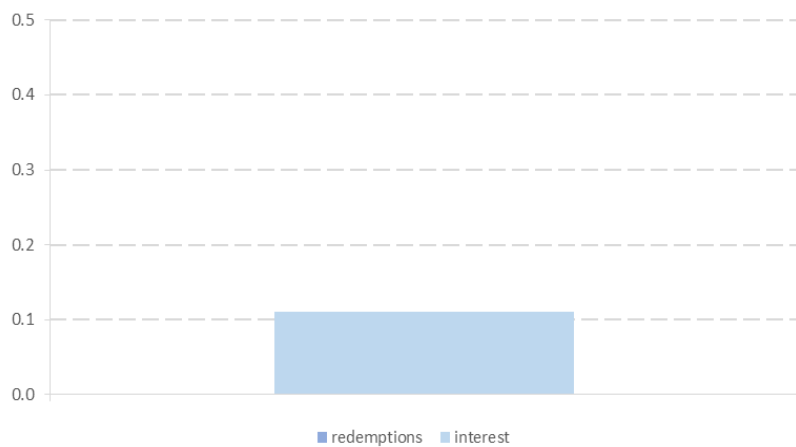
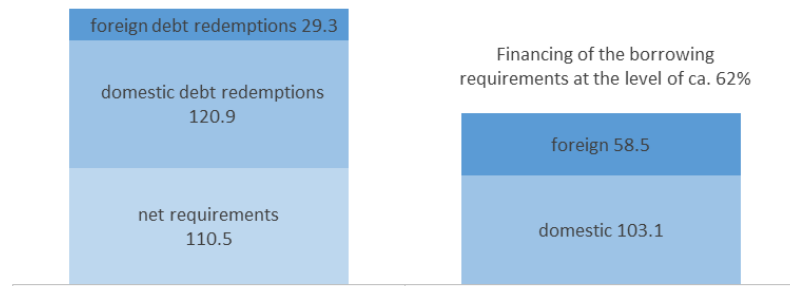
#### State Treasury debt redemptions in 2023

as at the end of month, nominal amount, PLN bn

The nominal amount of debt to be redeemed in 2023 (as of February 28, 2023), is equal to PLN 89.3bn, including:

- T-bonds: PLN 47.6bn,
- T-retail bonds: PLN 19.2bn,
- bonds and loans incurred on foreign markets: PLN 22.5bn.

Gross borrowing requirements  
Total: PLN 260.7 bn, of which:

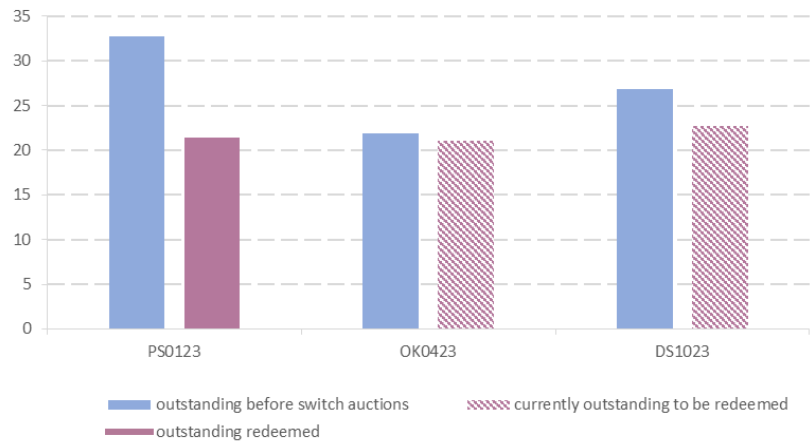


**Reducing refinancing risk connected with redemptions of domestic TS maturing in 2023**

as of February 28, 2023, nominal amount, PLN bn

Buy-back of T-bonds maturing in 2023 (by switch):

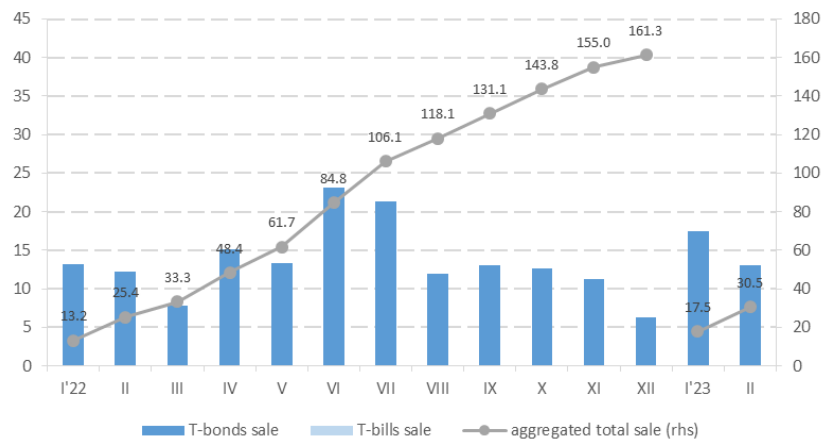
- PS0123: PLN 11.3bn (35% of the issuance),
- OK0423: PLN 0.8bn (4% of the issuance),
- DS1023: PLN 4.1bn (15% of the issuance).



**Sale of domestic TS in 2022 and 2023**

settlement date, nominal amount, PLN bn

In the period of I-II 2023 aggregated total sale of T-bonds amounted to PLN 30.5bn versus PLN 25.4bn in the same period of 2022. T-bills were not sold.



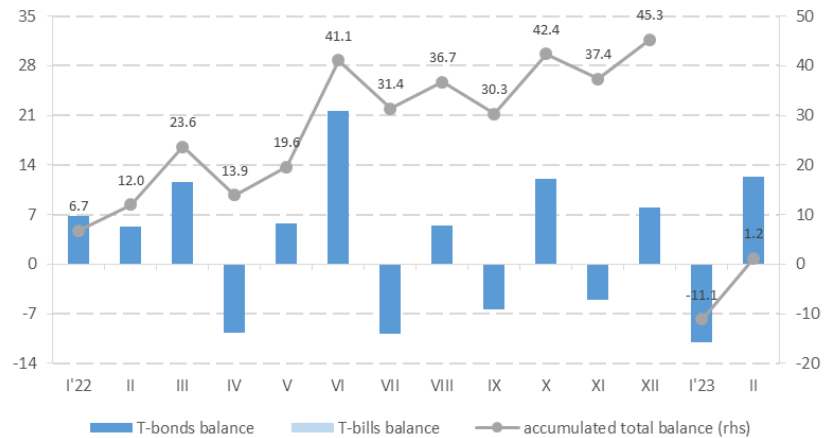
**Balance of domestic TS in 2022 and 2023**

settlement date, nominal amount, PLN bn

In the period of I-II 2023 indebtedness in:

- T-bonds increased by PLN 1.2bn versus increase of PLN 12.0bn in the same period of 2022,
- no indebtedness in T-bills.

The figures also include the amounts of T-bonds issued and transferred by the Minister of Finance on the basis of other acts than the Public Finance Act.

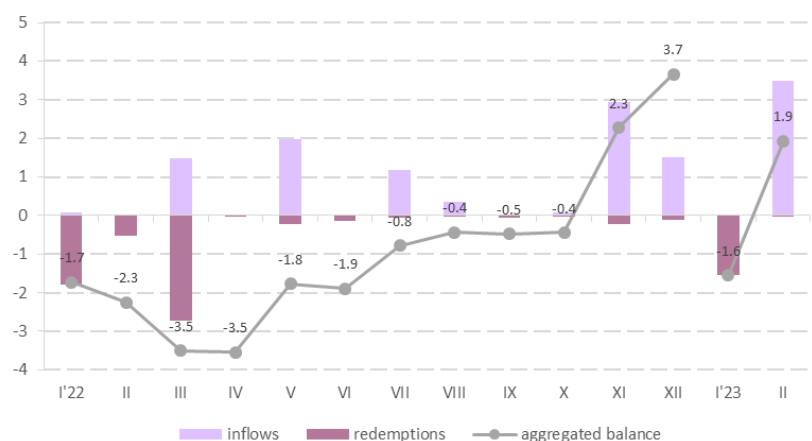


**External financing in 2022 and 2023**

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

Net financing on foreign markets in the period of I-II 2023 was positive and amounted to EUR 1.9bn, which resulted from:

- positive balance of T-bonds issuance of EUR 2.0bn,
- negative balance of loans incurred from IFIs at the level of EUR 0.1bn.



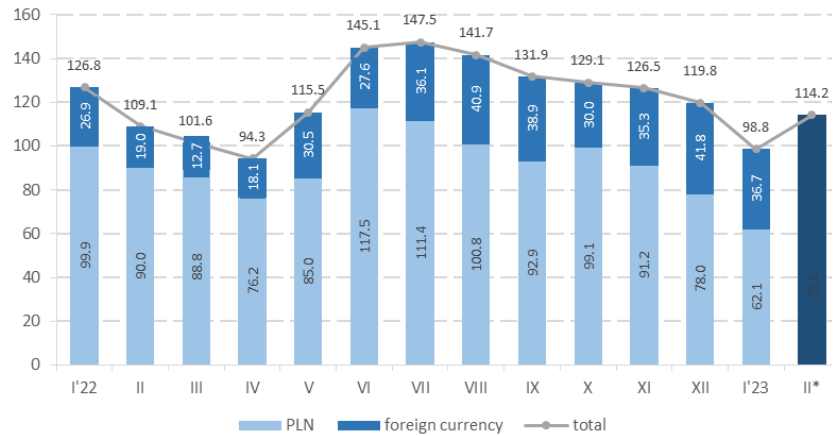
### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Funds in PLN and foreign currency on the budgetary accounts at the end of month

funds financing the borrowing needs, PLN bn

At the end of February 2023 there was the equivalent of PLN 114.2bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

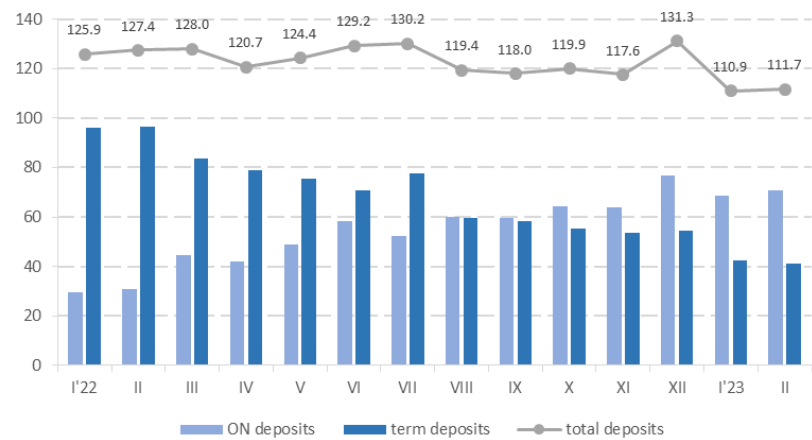
\* Estimated data.



#### Consolidation of public finance sector liquidity management

PLN bn

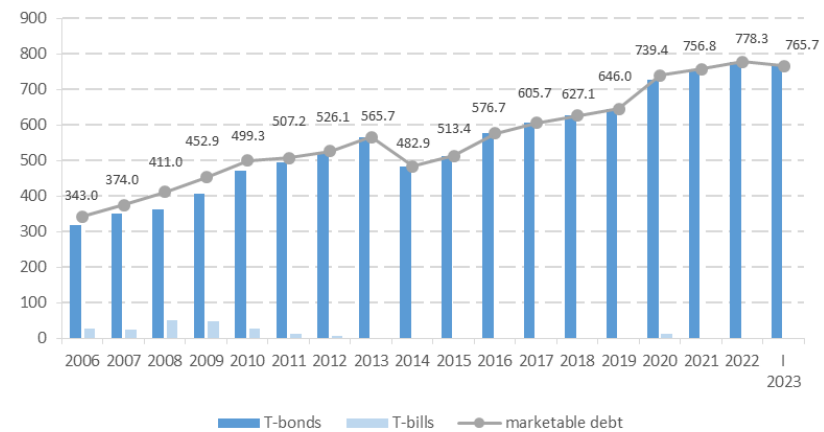
At the end of February 2023 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 111.7bn, of which PLN 41.0bn was as term deposits and PLN 70.7bn on ON deposits.



#### Structure of domestic marketable debt

PLN bn

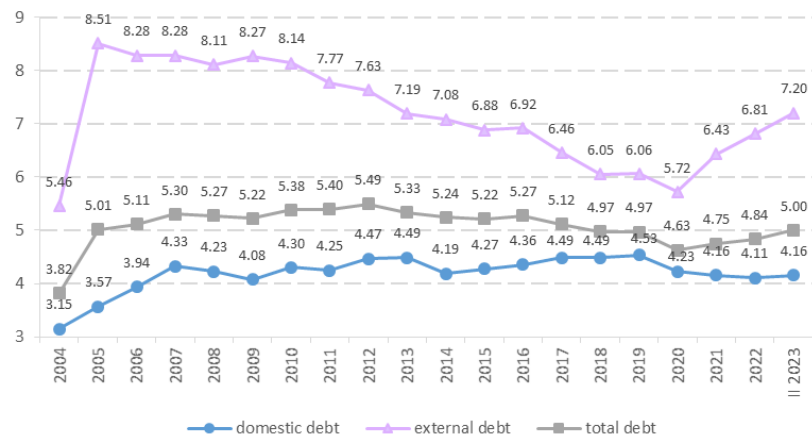
At the end of January 2023 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 765.7bn comparing to PLN 778.3bn at the end of 2022.



#### Average maturity

years

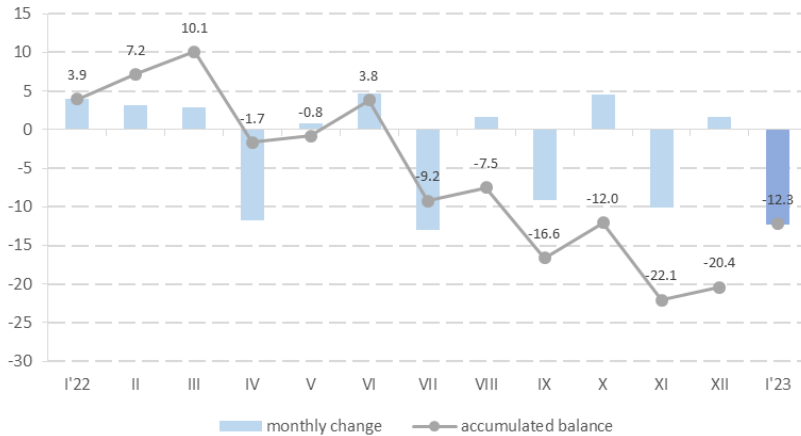
At the end of February 2023 the average maturity of domestic debt amounted to 4.16 years (while at the end of 2022 it was 4.11 years). The average of total debt amounted to 5.00 years (4.84 years at the end of 2022).



**Change of debt in the domestic TS held by banks**

PLN bn

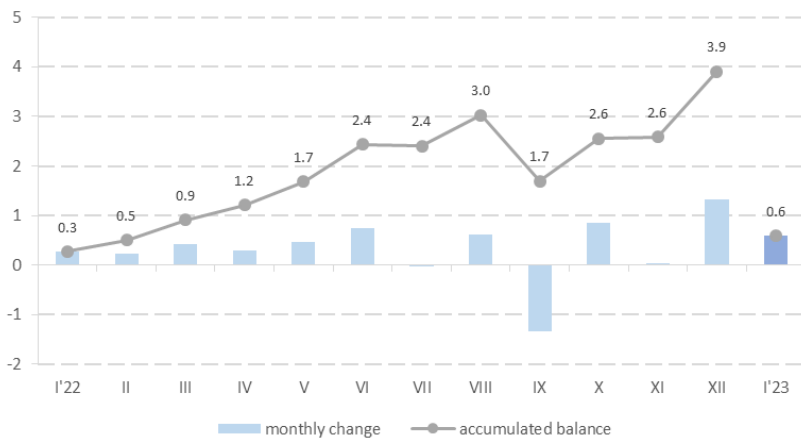
In January 2023 there was a decrease of debt by PLN 12.3bn comparing to PLN 3.9bn increase during the same period of 2022. Banks' holdings reached the level of PLN 415.8bn.



**Change of debt in the domestic TS held by insurance companies**

PLN bn

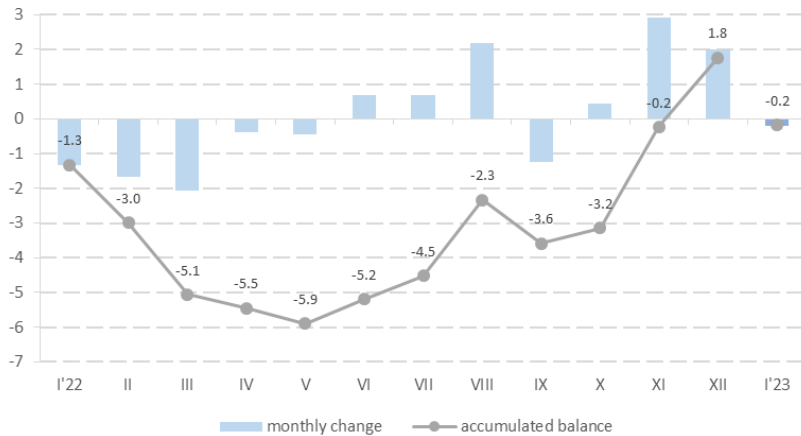
In January 2023 there was an increase of debt by PLN 0.6bn comparing to PLN 0.3bn an increase during the same period of 2022. Insurance companies' holdings reached the level of PLN 60.2bn.



**Change of debt in the domestic TS held by investment funds**

PLN bn

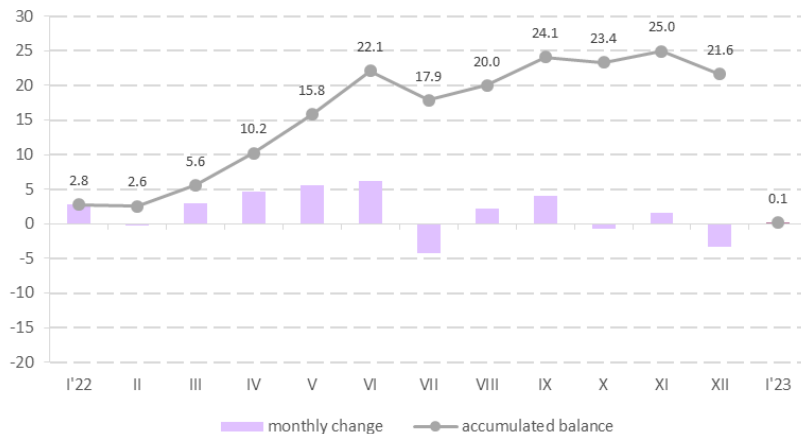
In January 2023 there was a decrease of debt by PLN 0.2bn comparing to PLN 1.3bn a decrease during the same period of 2022. Investment funds' holdings reached the level of PLN 46.9bn.



**Change of debt in the domestic TS held by foreign investors**

PLN bn

In January 2023 there was an increase of debt by PLN 0.1bn comparing to PLN 2.8bn an increase during the same period of 2022. Foreign investors' holdings reached the level of PLN 146.3bn.



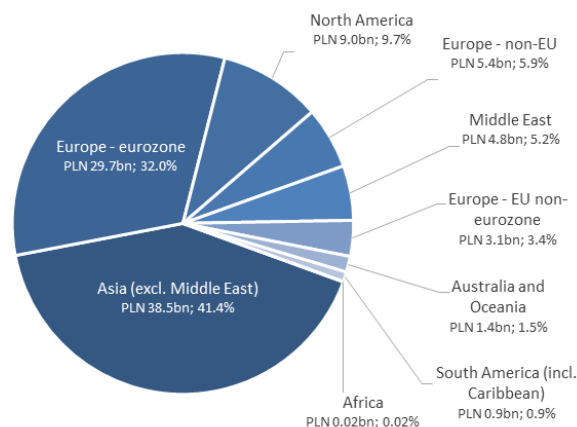


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Geographical distribution of the domestic TS held by non-residents

as of January 31, 2023, the chart presents data excluding omnibus accounts

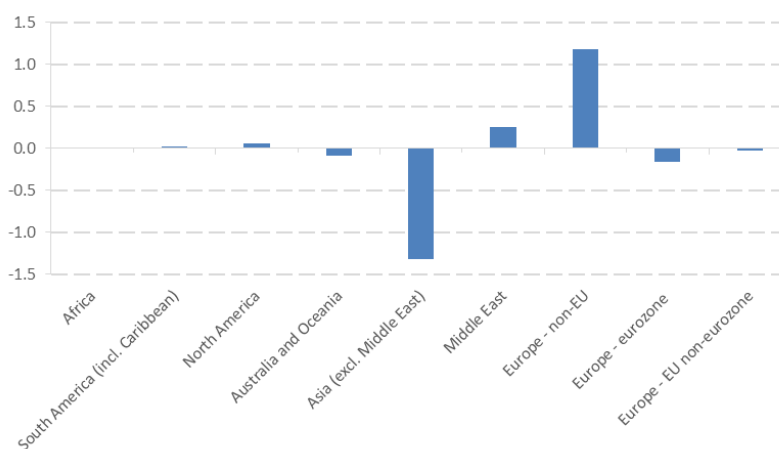
The non-residents' share in the domestic Treasury securities market increased by PLN 0.9bn in January 2023. The foreign investors' portfolio amounted to PLN 146.3bn, which constituted 17.1% share in total debt in TS (16.9% in the previous month).



#### Change of debt in the domestic TS held by non-residents by regions

change in January 2023, mom, PLN bn, the chart presents data excluding omnibus accounts

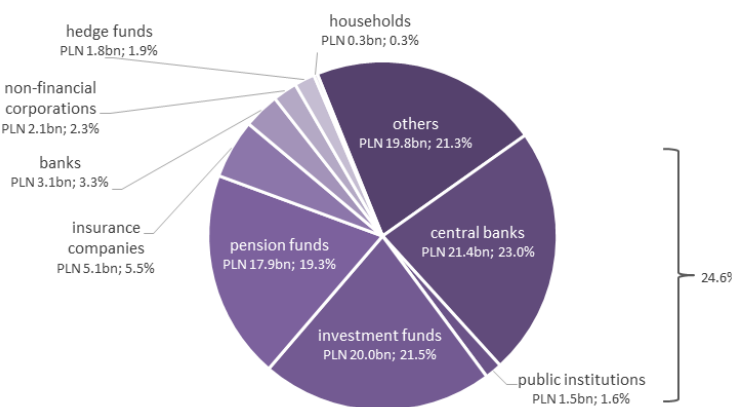
In January 2023 the highest increase was recorded by investors from Europe — non EU (PLN 1.2bn), while the highest decrease was noted by Asia (excl. Middle East) investors (PLN 1.3bn).



#### Institutional distribution of the domestic TS held by non-residents

as of January 31, 2023, the chart presents data excluding omnibus accounts

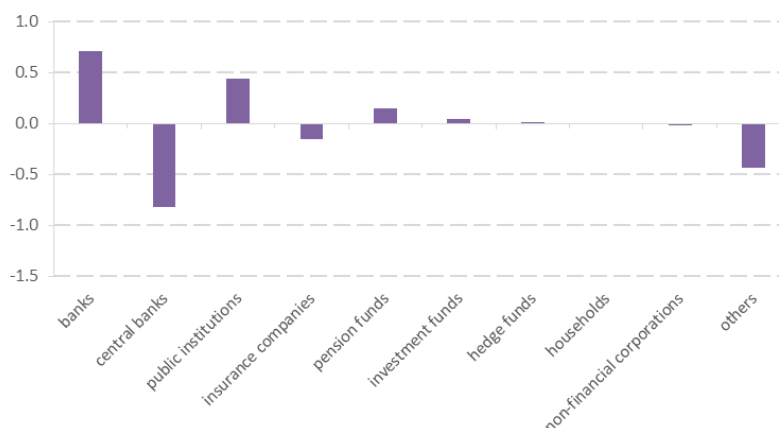
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 24.6% at the end January 2023.



#### Change of debt in the domestic TS held by non-residents by institutions

change in January 2023, mom, PLN bn, the chart presents data excluding omnibus accounts

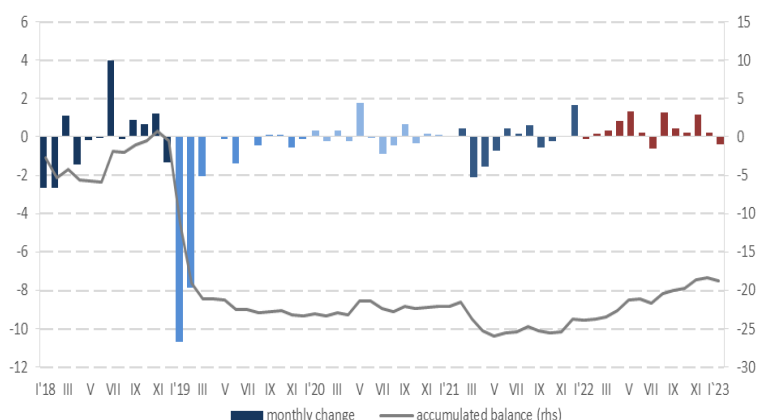
In January 2023 the highest increase was recorded by banks (PLN 0.7bn), while the highest decrease was noted by central banks (PLN 0.8bn).



### Change of debt in domestic TS held by non-resident central banks and public institutions

change in January 2023, PLN bn

Central banks and public institutions' involvement decreased by PLN 0.4bn in January 2023. In the period from the end of January 2018 to the end of January 2023 portfolios of those entities decreased by PLN 18.7bn.



### Structure of non-residents' holdings in TS by countries

as of January 31, 2023, excluding omnibus accounts and central banks, countries with more than 1% share

Countries	Outstanding in nominal value (PLN m)	Share in non-residents holdings
Japan	17 537.8	24.5%
Luxembourg	9 860.2	13.8%
United States	7 979.9	11.2%
Netherlands	6 928.0	9.7%
Ireland	6 920.2	9.7%
Germany	4 102.8	5.7%
United Kingdom	3 247.6	4.5%
Switzerland	1 567.8	2.2%
Denmark	1 503.6	2.1%
Australia	1 225.2	1.7%
France	1 050.7	1.5%
Canada	1 003.4	1.4%
Singapore	923.0	1.3%
United Arab Emirates	890.2	1.2%
Kuwait	811.0	1.1%
Bulgaria	767.8	1.1%
Taiwan (Province of China)	749.4	1.1%
Korea (the Republic of)	738.7	1.0%
Others	3 728.9	5.2%
<b>Total</b>	<b>71 536.4</b>	<b>100.0%</b>

### Comment

#### Sebastian Skuza, Secretary of State, MoF

28-02-2023

(...) In March 2023 one T-bond sale and one T-bond switching auctions are planned. No T-bill auctions are planned.

In January 2023 indebtedness in domestic Treasury securities decreased by PLN 11.0bn. The involvement of domestic banks decreased by PLN 12.3bn, involvement of domestic non-banking sector increased by PLN 1.1bn, while involvement of foreign investors remained unchanged.

## IV. SUPPLY PLAN OF TREASURY SECURITIES IN FEBRUARY 2023

### T-bond sale auctions

Auction date	Settlement date	Series	Planned offer (PLN m)*
29 march 2023	31 march 2023	OK1025 / PS0728 / WZ1128 / WZ0533 / DS1033 possible other T-bond of WS type	4,000-8,000

*\*The final offer and the supply will be announced 2 days before the auction, taking into account the market situation and consultations with investors.*

*After the auction bonds will be offered within additional sale at a minimum accepted clean price.*

### T-bond switching auction

Auction / settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)
14 march 2023 / 16 march 2023	OK1025 / PS0728 / WZ1128 / WZ0533 / DS1033 / possible other T-bond of WS type	OK0423	21,027
		DS1023	22,654
		WZ0124	23,454

### T-bill auctions

Sale auctions of Treasury bills are not planned.

### Offer on the retail market

T-bond	Issue price	Coupon
OTS0623 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR0324 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 6.75% in the first coupon period
DOR0325 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.10%); 6.85% in the first coupon period
TOS0326 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 6.85%
COI0327 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.00%); 7.00% in the first coupon period
EDO0333 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%); 7.25% in the first coupon period
ROS0329 family bonds 6-year	100.00 PLN	Floating (inflation rate + 1.50%); 7.20% in the first coupon period
ROD0335 family bonds 12-year	100.00 PLN	Floating (inflation rate + 1.75%); 7.50% in the first coupon period