



State budget borrowing requirements' financing plan and its background

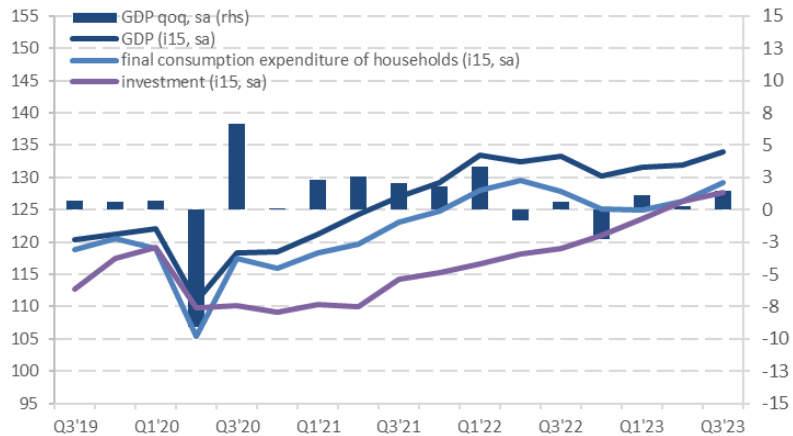
December 2023

THE MOST IMPORTANT INFORMATION

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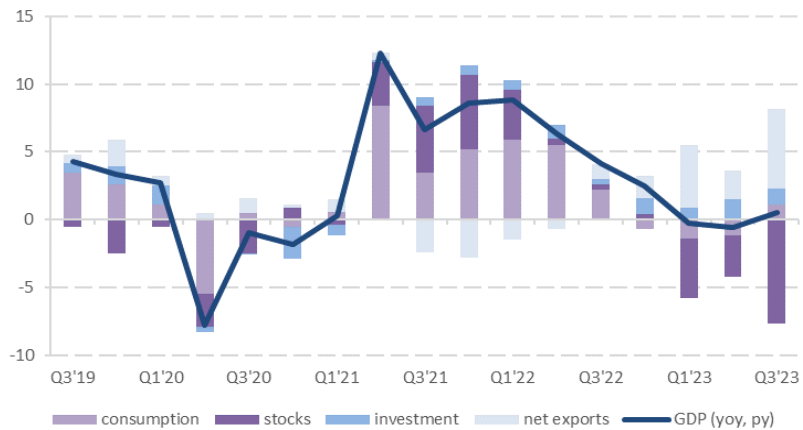
Gross domestic product of Poland
constant prices, seasonally adjusted data (sa)
source: GUS, Eurostat

In 2023, GDP has been on an upward trend (qoq, sa). In the Q3, economic activity surged by 1.5%, following a 0.3% increase in the Q2. Household consumption growth (qoq, sa) accelerated and was slightly higher than a year ago. Consumer demand was supported by positive dynamics of real disposable income of households (good situation on the labour market, high wage growth and lower inflation) accompanied by improvement in consumer confidence. Investments were resistant to unfavourable macroeconomic conditions (uncertainty, higher nominal interest rates) and have remained in the upward trend since the Q3 of 2021. On the other hand the decline in foreign trade turnover, especially imports deepened significantly.



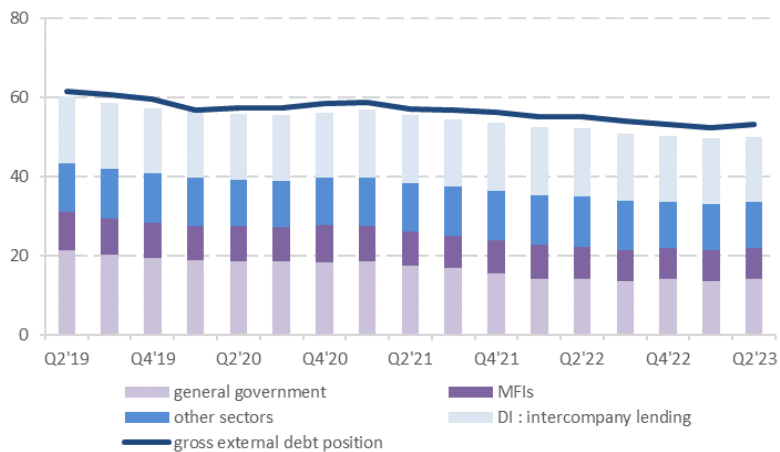
Contributions to Polish GDP growth
average prices of the previous year (py), yoy
source: GUS, MoF own calculation

In the third quarter of 2023 GDP was 0.5% (py) higher than a year earlier. Household consumption and investment were respectively 0.8% and 7.2% higher than in the third quarter of 2022. Contribution of inventories was strongly negative (-7.7 pp). Weaker dynamics of domestic demand weighted on imports growth and in consequence net exports positive contribution to GDP growth amounted to 5.9 pp.



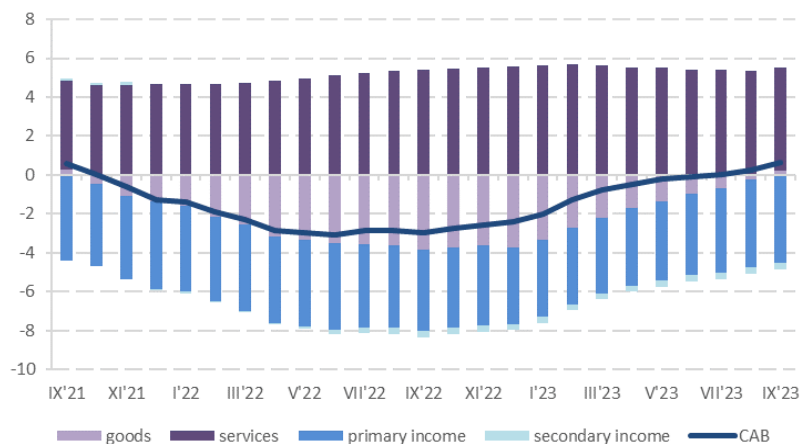
Polish gross external debt position
percent of GDP
source: NBP, GUS, MoF own calculation

At the end of the second quarter of 2023 gross external debt reached EUR 371.0bn (53.0% of GDP) and was EUR 16.8bn higher than in the previous quarter. The share of general government sector debt in total debt increased slightly to 26.5%. At the end of September 2023 official reserve assets reached EUR 169.7bn and remained broadly adequate, covering about 5 months of imports.



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

In September, according to preliminary data, Poland's C/A balance was positive and amounted to 0.6% of GDP (in 12-month terms). Goods balance recorded surplus for the ninth month in a row, mainly due to a large reduction in the negative balance in fuels, intermediate and capital goods. In recent months this was accompanied by a deterioration in nominal trade dynamics (yoy, both exports and imports) influenced by the weakening of external and domestic demand and a decline in transaction prices. Positive trend in goods balance was partially offset by slight deterioration of primary income balance.

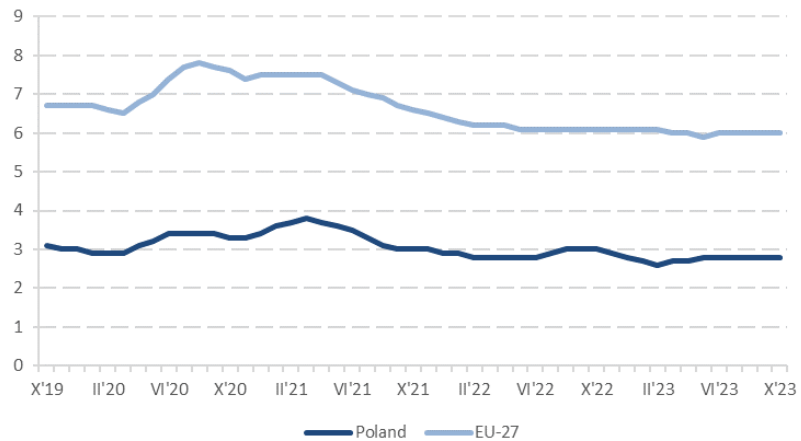


I. MACROECONOMIC SITUATION

Harmonised unemployment rate

percent, seasonally adjusted data
source: Eurostat

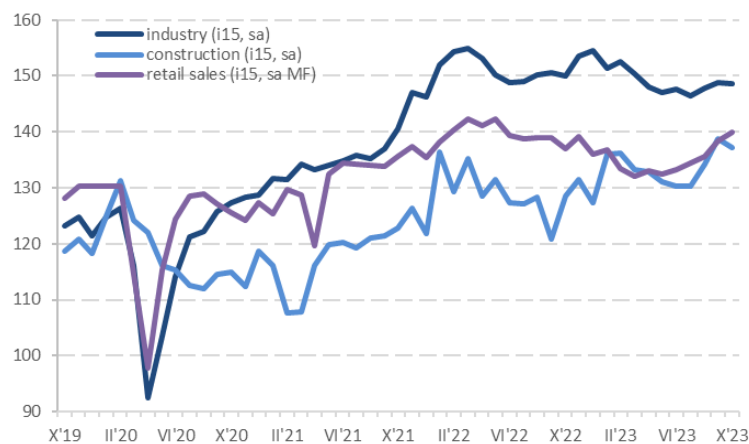
The harmonized unemployment rate (sa) amounted to 2.8% in October 2023 and it was at the same level as in five previous months and by 0.2 pp. lower than a year earlier. It was by 0.2 pp. higher than the historically lowest level recorded in February 2023. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (6.0% and 6.5%, respectively). In October 2023, among the EU countries, only in Malta the unemployment rate 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

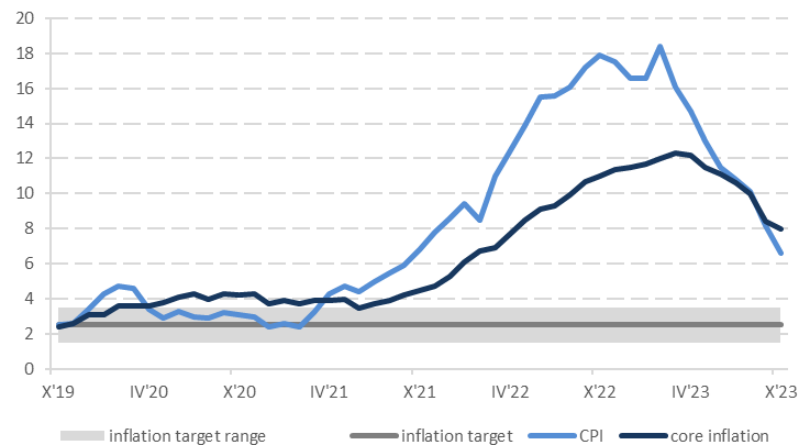
In October 2023 industrial production decreased by 0.1% (mom, sa) and was 1.6% higher than a year ago (nsa). Data were in line with market expectations. Construction production decreased by 1.1% (mom, sa). Its level was by 9.8% (nsa) higher than a year ago. The data were slightly below market expectations. Retail sales increased the fifth time in a row (mom, sa MoF). The sales level was by 2.8% (nsa) higher than a year ago. The data were well above market expectations.



Inflation

percent, yoy
source: GUS, NBP

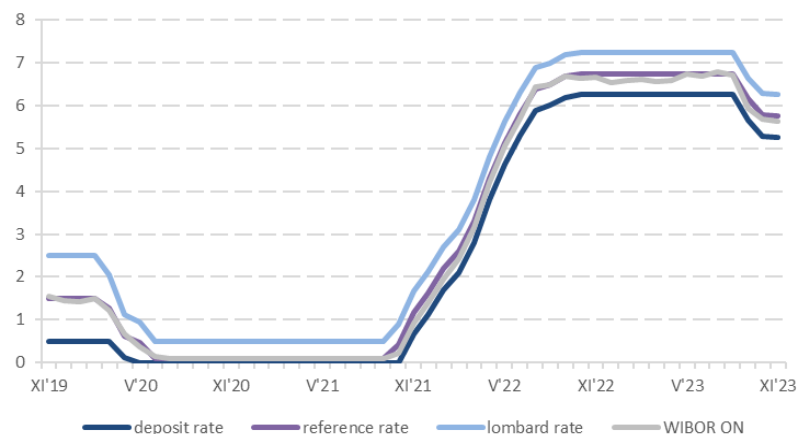
In October 2023, like in previous months, inflation rate decreased significantly and achieved 6.6% (yoy). Fall in inflation rate was caused both by the statistical effect of significant price increase a year before and by energy price drop just in October (mom). Annual rate of food prices was higher by 8.0% (yoy), energy by 0.4% and core inflation diminished to 8.0%. In November according to preliminary data inflation decreased to 6.5% (i.e. slightly below market expectations). In October producer prices were lower than a year before by 4.1% and since February 2023 this pace lowered by 24.2 pp. Decline of PPI index was mainly caused by the drop of commodity prices on international markets and strengthening of the zloty.



NBP interest rates

percent, end of period
source: NBP, Refinitiv

In November 2023, the Monetary Policy Council left NBP interest rates unchanged. Reference rate was kept at 5.75%, lombard rate at 6.25%, while the deposit rate remained at 5.25%. The Council stated that the decision was driven by adjustment in the NBP interest rates introduced in recent months (a total 1 p.p. cut over September and October 2023), and by uncertainty about a future course of fiscal and regulatory policies and their impact on inflation.



II. STATISTICAL DATA

	Unit	2022 Q02	Q03	Q04	2023 Q01	Q02	Q03
GDP							
Gross domestic product	YoY	6.3	4.1	2.5	-0.3	-0.6	0.5
	QoQ SA	-0.8	0.6	-2.3	1.1	0.3	1.5
Final consumption expenditure of the households sector	YoY	8.5	2.9	1.0	-2.0	-2.8	0.8
	QoQ SA	1.2	-1.4	-2.1	-0.1	1.0	2.3
Final consumption expenditure of the general government sector	YoY	3.8	3.0	-6.2	-0.3	2.2	3.3
	QoQ SA	0.6	0.1	-9.0	10.6	1.0	1.0
Gross fixed capital formation	YoY	6.5	2.5	5.6	6.8	10.5	7.2
	QoQ SA	1.3	0.6	1.8	2.1	2.2	1.0
Exports of goods and services	YoY	6.7	9.8	4.5	3.8	-3.2	-11.0
	QoQ SA	2.8	1.7	-0.7	-0.5	-3.6	-6.2
Imports of goods and services	YoY	8.7	8.2	1.6	-3.2	-6.8	-20.3
	QoQ SA	2.1	1.0	-2.1	-3.5	-2.3	-13.9
Gross value added	YoY	6.3	4.4	3.1	0.9	0.8	0.8
	QoQ SA	-0.7	1.0	-2.5	1.6	0.5	1.6
Contribution to GDP growth							
Final consumption expenditure of the households sector	pp	4.8	1.6	0.5	-1.3	-1.6	0.5
Final consumption expenditure of the general government sector	pp	0.7	0.6	-1.2	-0.1	0.4	0.6
Gross fixed capital formation	pp	1.0	0.4	1.2	0.9	1.5	1.2
Changes in inventories	pp	0.5	0.4	0.4	-4.4	-3.0	-7.7
Balance of trade turnover	pp	-0.7	1.1	1.6	4.6	2.1	5.9
Gross value added	pp	5.4	3.8	2.7	0.8	0.6	0.8
GDP structure							
Final consumption expenditure of the households sector	% of GDP	59.4	57.9	50.4	59.8	57.3	59.2
Final consumption expenditure of the general government sector	% of GDP	18.4	18.0	19.1	17.3	18.5	18.7
Gross fixed capital formation	% of GDP	15.3	16.1	22.1	12.7	16.2	16.8
Changes in inventories	% of GDP	3.6	5.8	5.9	2.3	0.3	-1.5
Exports of goods and services	% of GDP	65.9	63.0	59.6	63.7	59.2	55.4
Imports of goods and services	% of GDP	63.6	61.9	58.1	56.7	52.5	49.7
Balance of payments							
	Unit	2023 M05	M06	M07	M08	M09	M10
Goods: exports (EUR)	YoY	3.8	3.5	0.2	-2.3	-4.3	-
Goods: imports (EUR)	YoY	-5.3	-6.0	-7.3	-11.9	-14.8	-
Current account balance ¹⁾	% of GDP	-0.2	-0.1	0.0	0.3	0.6	-
Balance on goods ¹⁾	% of GDP	-1.3	-1.0	-0.7	-0.3	0.2	-
Official Reserve Assets	EUR m	165 176.1	166 802.8	164 831.2	167 517.7	169 696.4	165 838.3
Inflation							
Consumer Price Index (CPI)	YoY	13.0	11.5	10.8	10.1	8.2	6.6
Core inflation (CPI excluding food and energy prices)	YoY	11.5	11.1	10.6	10.0	8.4	8.0
Producer Price Index (PPI)	YoY	2.8	0.3	-2.1	-2.9	-2.7	-4.1
Production							
Sold production of industry ²⁾	YoY	-2.8	-1.1	-2.3	-1.9	-3.3	-1.6
	MoM SA	-0.7	0.4	-0.7	0.9	0.7	-0.1
Construction and assembly production ²⁾	YoY	-0.6	1.6	1.1	3.5	11.5	9.8
	MoM SA	-1.3	-0.6	0.0	3.0	3.7	-1.1
Manufacturing PMI	SA	47.0	45.1	43.5	43.1	43.9	44.5
Households and labour market							
Retail sales ²⁾	YoY	-6.8	-4.7	-4.0	-2.7	-0.3	2.8
Average paid employment in enterprise sector	YoY	0.4	0.2	0.1	0.0	0.0	-0.1
	MoM	-0.1	-0.1	0.0	-0.2	-0.1	0.0
Average monthly gross wages and salaries in enterprise sector (real)	YoY	-0.7	0.4	-0.3	1.7	2.0	5.8
	MoM	-3.4	2.1	2.2	-1.6	0.6	1.9
Harmonised unemployment rate (Eurostat)	%, SA	2.8	2.8	2.8	2.8	2.8	2.8
<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, IHS Markit, MoF calculation based on NBP, GUS data</small>							
State Treasury debt							
	Unit	2023 M06	M07	M06	M07	M08	M09
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 256 204.8	1 266 579.5	1 277 476.1	1 271 360.0	1 278 076.6	1 306 127.3
Domestic debt	face value, PLN m	953 625.1	966 523.6	984 906.5	991 051.8	993 645.7	1 009 415.7
	%	75.9	76.3	77.1	78.0	77.7	77.3
Foreign debt	face value, PLN m	302 579.7	300 055.8	292 569.7	280 308.3	284 430.9	296 711.6
	%	24.1	23.7	22.9	22.0	22.3	22.7
Public debt (domestic definition)							
	Unit	2022 Q01	Q02	Q03	Q04	2023 Q01	Q02
Public debt (acc. to the place of issue criterion)	face value, PLN m	1 137 020.3	1 175 336.9	1 181 504.9	1 209 495.8	1 209 849.6	1 241 597.5
Domestic debt	face value, PLN m	860 547.2	887 989.3	875 322.0	896 573.3	898 170.0	925 367.4
	%	75.7	75.6	74.1	74.1	74.2	74.5
Foreign debt	face value, PLN m	276 473.1	287 347.6	306 182.9	312 922.5	311 679.6	316 230.1
	%	24.3	24.4	25.9	25.9	25.8	25.5
General Government debt (EU definition)							
General Government debt	face value, PLN m	1 415 681.9	1 453 467.9	1 479 605.1	1 512 153.6	1 531 831.6	1 581 164.3

Source: MoF

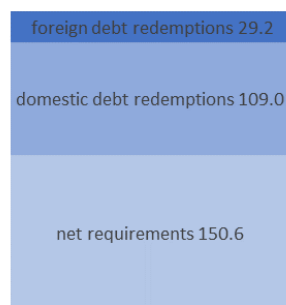
III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Gross borrowing requirements in 2023

as of November 30, 2023, PLN bn

The State budget borrowing requirements for 2023 (acc to the amended Budget Act) have been fully funded.

Gross borrowing requirements
Total: PLN 288.8 bn, of which:



Outflows of funds related to domestic marketable T-securities transfers in November

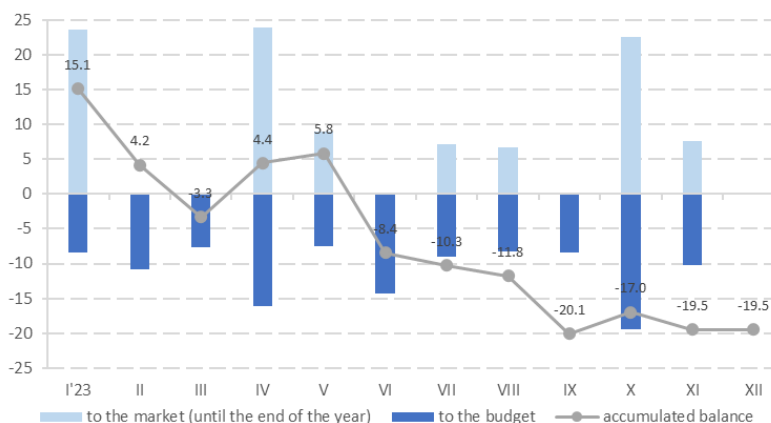
plan as of November 30, 2023

In December there will be no funds transferred from the State budget to the market related to T-securities (neither TS redemptions nor interest payments).

Flows of funds between the domestic market and the budget*

as at the end of month, PLN bn

There will be no funds linked to wholesale TS redemptions and interest payments transferred to the market until the end of this year.



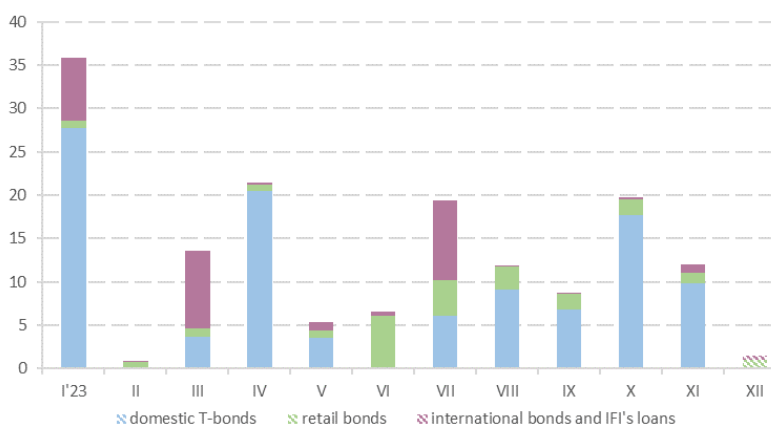
*figures include sale, redemptions and interest payments on wholesale T-securities; monthly financing plans will depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.

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 November 30, 2023), is equal to PLN 1,5bn, including:

- T-retail bonds: PLN 1.0bn,
- bonds and loans incurred on foreign markets: PLN 0.5bn.

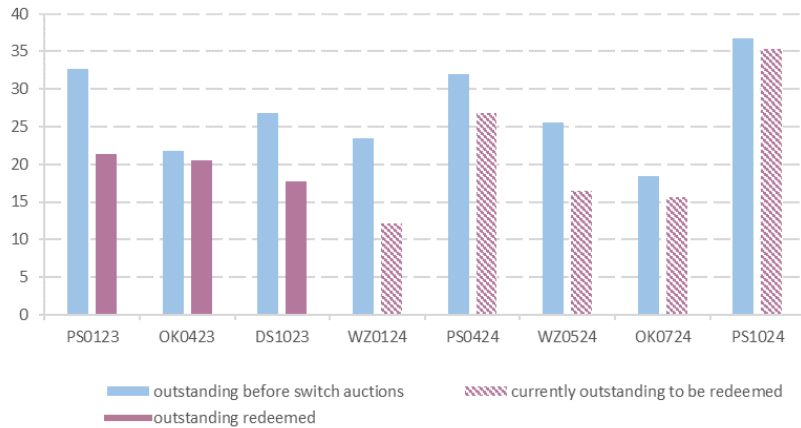


Reducing refinancing risk connected with redemptions of domestic TS maturing in 2023 and 2024

as of November 30, 2023, nominal amount, PLN bn

Buy-back of T-bonds maturing in 2023 and 2024 (by switch):

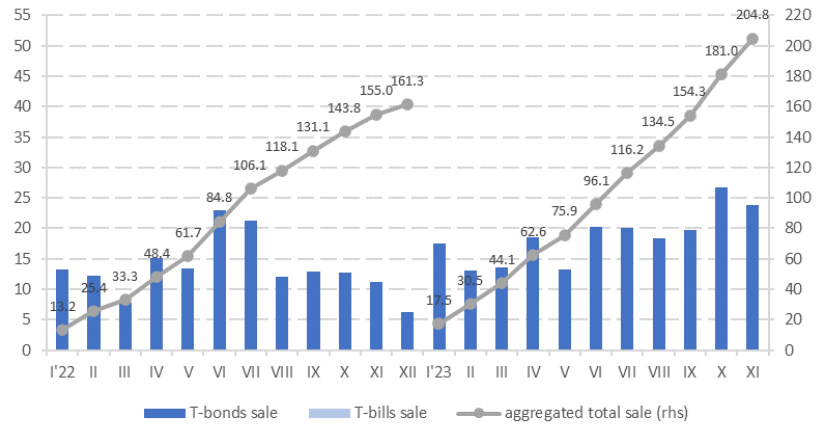
- PS0123: PLN 11.3bn (35% of the issuance),
- OK0423: PLN 1.4bn (6% of the issuance),
- DS1023: PLN 9.1bn (34% of the issuance),
- WZ0124: PLN 11.3bn (48% of the issuance),
- PS0424: PLN 5.2bn (16% of the issuance),
- WZ0524: PLN 9.2bn (36% of the issuance),
- OK0724: PLN 2.8bn (15% of the issuance),
- PS1024: PLN 1.4bn (4% of the issuance).



Sale of domestic TS in 2022 and 2023

settlement date, nominal amount, PLN bn

In the period of I-XI 2023 aggregated total sale of T-bonds amounted to PLN 204.8bn versus PLN 155.0bn in the same period of 2022. T-bills were not sold.



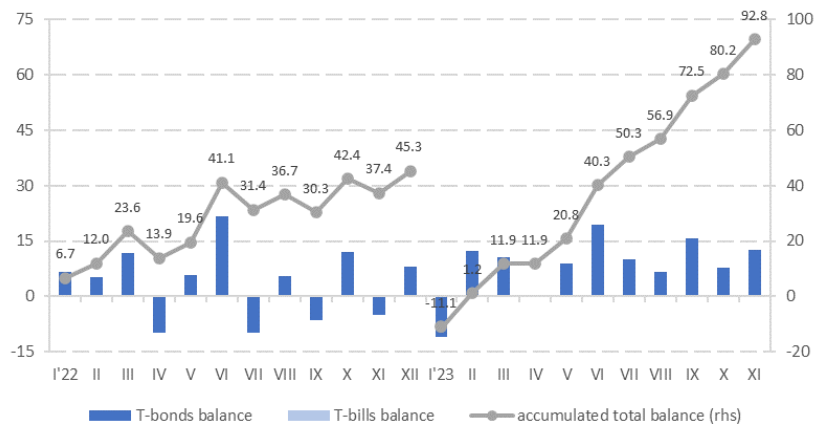
Balance of domestic TS in 2022 and 2023

settlement date, nominal amount, PLN bn

In the period of I-XI 2023 indebtedness in:

- T-bonds increased to PLN 92.8bn versus increase of PLN 37.4bn 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.

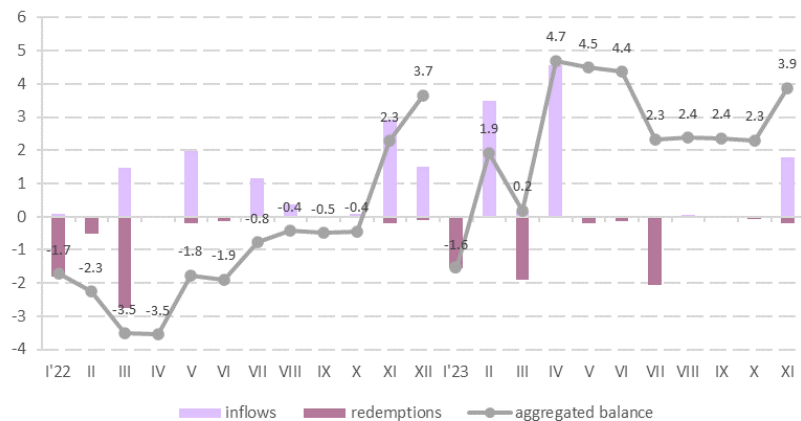


External financing in 2022 and 2023

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

Net financing on foreign markets in the period of I-XI 2023 was positive and amounted to EUR 3.9bn, which resulted from:

- positive balance of T-bonds issuance of EUR 4.5bn,
- negative balance of loans incurred from IFIs at the level of EUR 0.6bn.

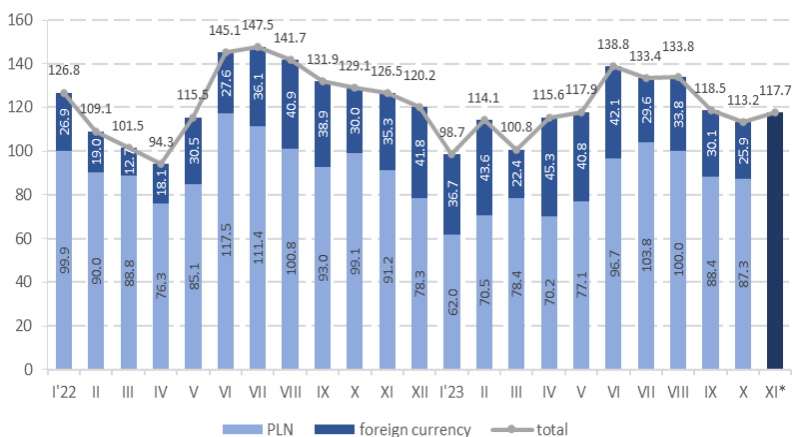


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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 November 2023 there was the equivalent of PLN 117.7bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

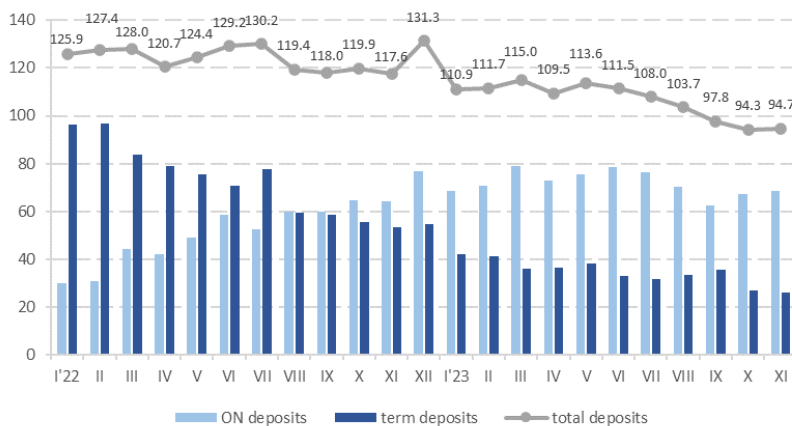


* Estimated data.

Consolidation of public finance sector liquidity management

PLN bn

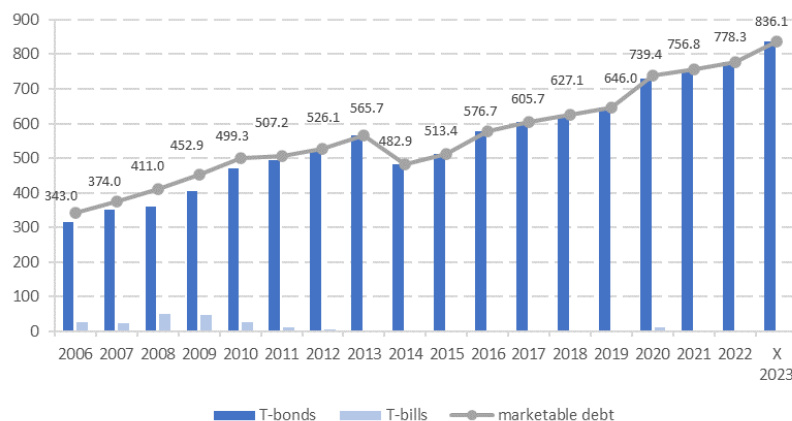
At the end of November 2023 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 94.7bn, of which PLN 26.1bn was as term deposits and PLN 68.6bn on ON deposits.



Structure of domestic marketable debt

PLN bn

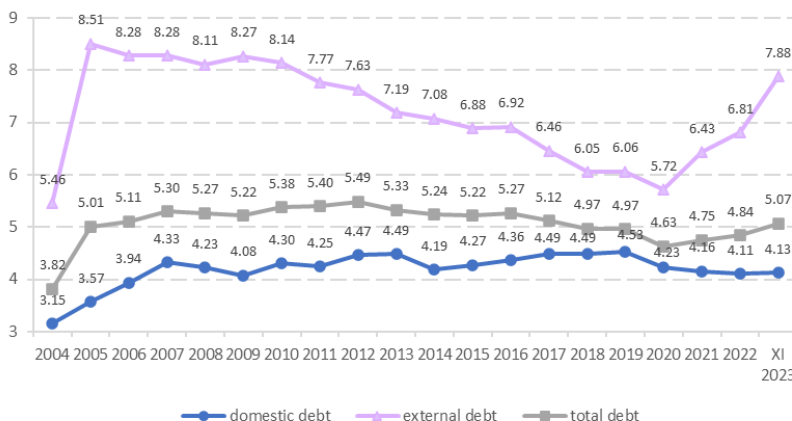
At the end of October 2023 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 836.1bn comparing to PLN 778.3bn at the end of 2022.



Average maturity

years

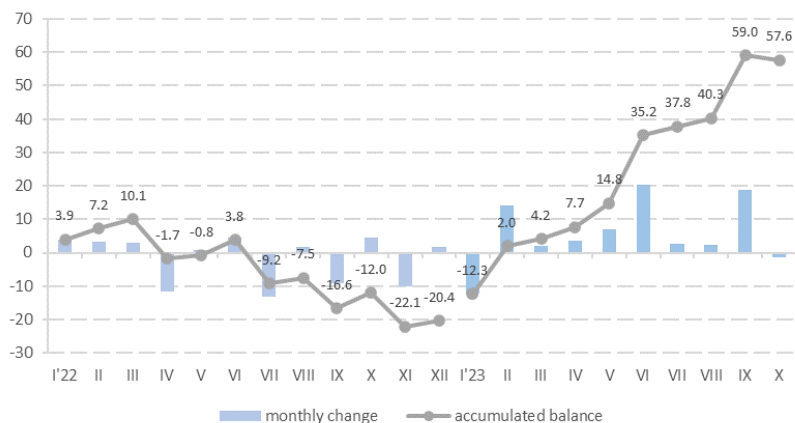
At the end of November 2023 the average maturity of domestic debt amounted to 4,13 years (while at the end of 2022 it was 4,11 years). The average of total debt amounted to 5,07 years (4,84 years at the end of 2022).



Change of debt in the domestic TS held by banks

PLN bn

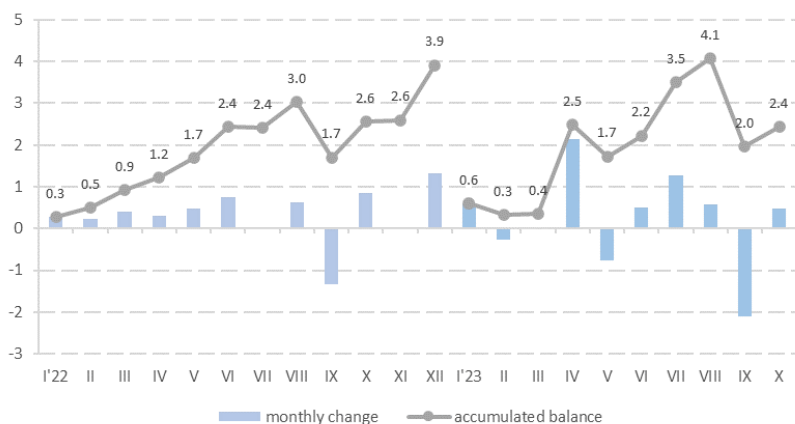
In the period of I-X 2023 there was an increase of debt by PLN 57.6bn comparing to PLN 12.0bn decrease during the same period of 2022. Banks' holdings reached the level of PLN 485.7bn.



Change of debt in the domestic TS held by insurance companies

PLN bn

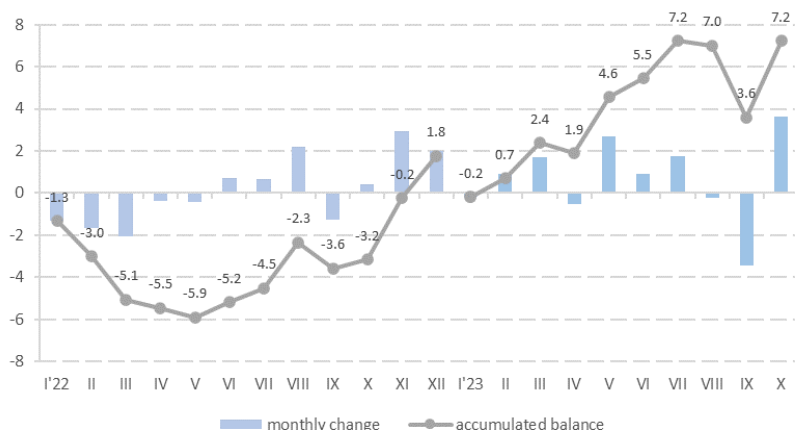
In the period of I-X 2023 there was an increase of debt by PLN 2.4bn comparing to PLN 2.6bn increase during the same period of 2022. Insurance companies' holdings reached the level of PLN 62.0bn.



Change of debt in the domestic TS held by investment funds

PLN bn

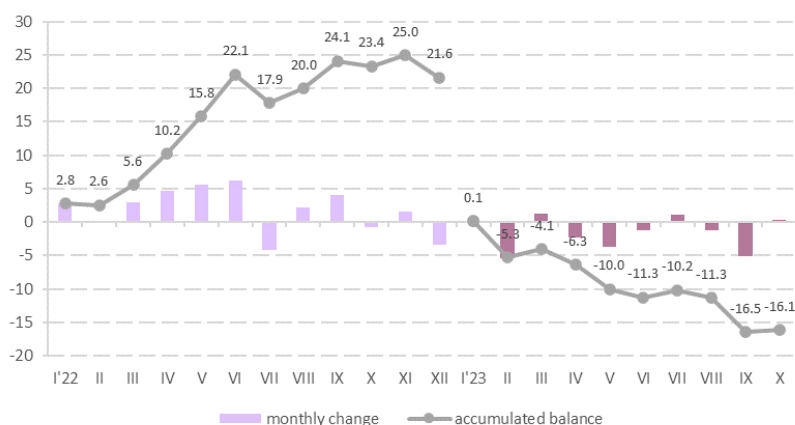
In the period of I-X 2023 there was an increase of debt by PLN 7.2bn comparing to PLN 3.2bn decrease during the same period of 2022. Investment funds' holdings reached the level of PLN 54.3bn.



Change of debt in the domestic TS held by foreign investors

PLN bn

In the period of I-X 2023 there was a decrease of debt by PLN 16.1bn comparing to PLN 23.4bn increase during the same period of 2022. Foreign investors' holdings reached the level of PLN 130.1bn.

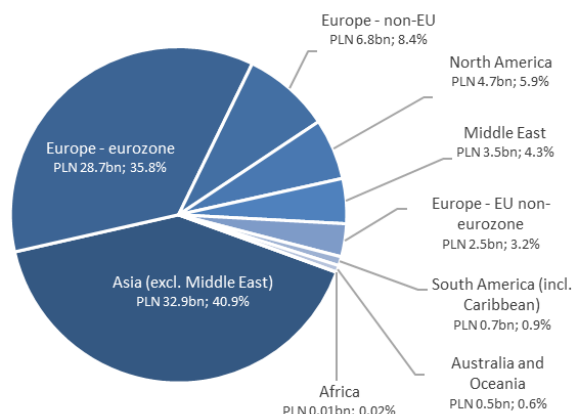


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Geographical distribution of the domestic TS held by non-residents

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

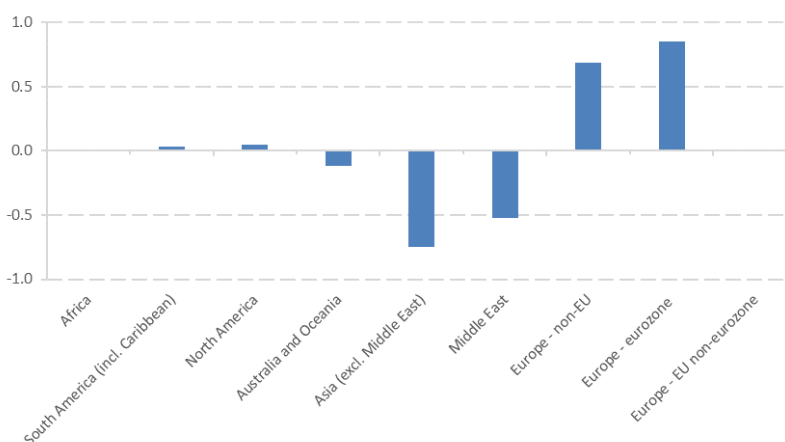
The non-residents' share in the domestic Treasury securities market increased by PLN 0.4bn in October 2023. The foreign investors' portfolio amounted to PLN 130.1bn, which constituted 13.8% share in total debt in TS (13.9% in the previous month).



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

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

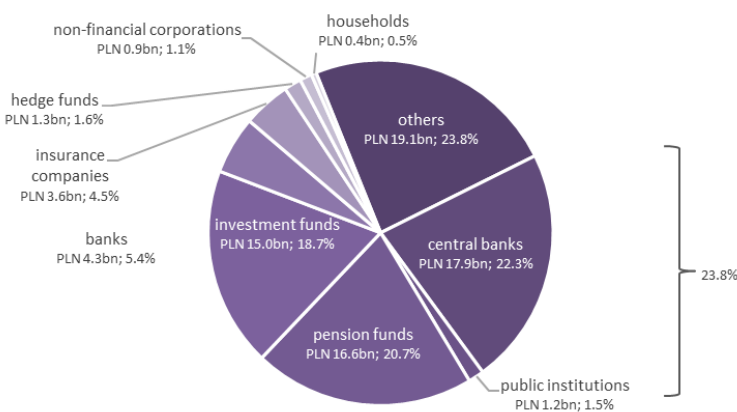
In October 2023 the highest increase was noted by investors from Europe — eurozone (PLN 0.9bn). The highest decrease was noted by Asia (excl. Middle East) (PLN 0.8bn).



Institutional distribution of the domestic TS held by non-residents

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

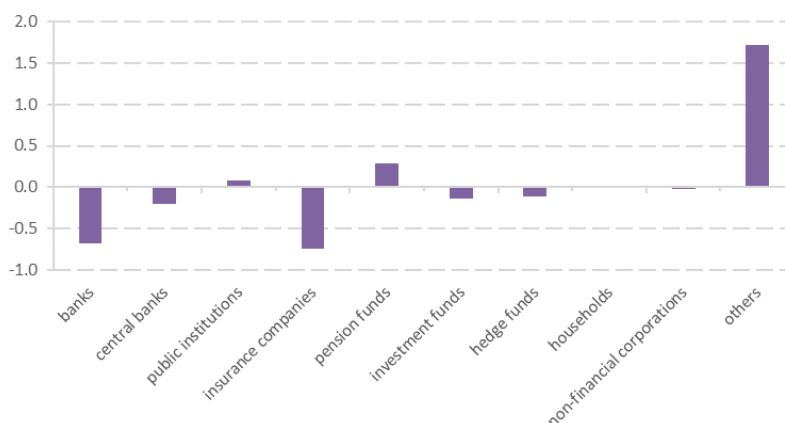
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 23.8% at the end of October 2023.



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

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

In October 2023 the highest increase was recorded by investors classified as "others" (PLN 1.7bn), while the highest decrease was noted by insurance companies (PLN 0.7bn).



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

change in October 2023, PLN bn

Central banks and public institutions' involvement decreased by PLN 0.1bn in October 2023. In the period from the end of January 2018 to the end of October 2023 portfolios of those entities decreased by PLN 22.5bn.



Structure of non-residents' holdings in TS by countries

as of October 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	15 003.3	24.0%
Luxembourg	9 612.2	15.4%
Netherlands (the)	9 491.3	15.2%
United Kingdom (the)	4 659.6	7.5%
United States	4 175.5	6.7%
Germany	4 106.0	6.6%
Ireland	3 521.2	5.6%
Singapore	1 637.3	2.6%
Switzerland	1 601.4	2.6%
France	1 148.0	1.8%
Denmark	1 006.5	1.6%
Czech Republic (the)	705.4	1.1%
United Arab Emirates (the)	683.8	1.1%
Cayman Islands (the)	647.4	1.0%
Bulgaria	635.9	1.0%
Others	3 806.9	6.1%
Total	62 441.8	100.0%

Comment

Sebastian Skuza, Secretary of State, MoF

30-11-2023

The level of prefinancing of next year's gross borrowing requirements, resulting from early repurchases of bonds carried out at switch auctions, is approximately 7%.

One Treasury bond sale auctions is planned for December. No T-bill auctions are planned.

In October indebtedness in domestic Treasury securities increased by PLN 7.8bn. The involvement of domestic non-banking sector increased by PLN 8.7bn, and involvement of foreign investors increased by PLN 0.4bn, while involvement of domestic banks decreased by PLN 1.4bn.

V. SUPPLY PLAN OF TREASURY SECURITIES IN DECEMBER 2023

T-bond sale auctions

Auction date	Settlement date	Series	Planned offer (PLN m)*
12 December 2023	14 December 2023	OK1025 / WZ1128 / WS0429 / 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

T-bond switching auctions are not planned.

T-bill auctions

Sale auctions of Treasury bills are not planned.

Offer on the retail market

T-bond	Issue price	Coupon
OTS0324 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR1224 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 6.25% in the first coupon period
DOR1225 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.50%); 6.50% in the first coupon period
TOS1226 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 6.60%
COI1227 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%); 6.75% in the first coupon period
EDO1233 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%); 7.00% in the first coupon period
ROS1229 family bonds 6-year	100.00 PLN	Floating (inflation rate + 1.75%); 6.95% in the first coupon period
ROD1235 family bonds 12-year	100.00 PLN	Floating (inflation rate + 2.00%); 7.25% in the first coupon period