



State budget borrowing requirements' financing plan and its background

August 2024

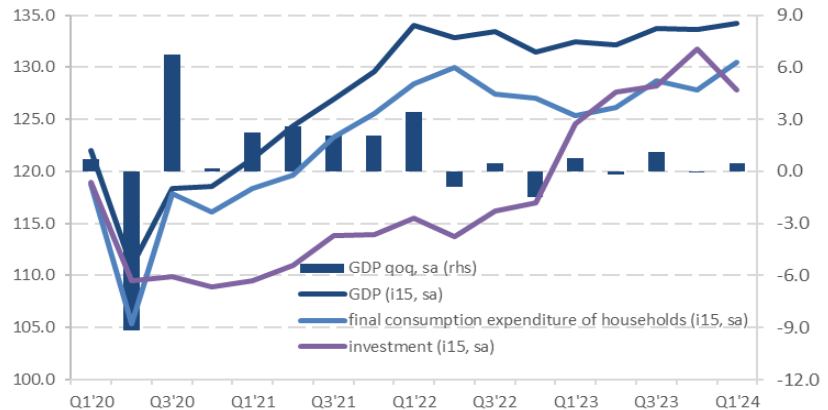
THE MOST IMPORTANT INFORMATION

| | |
|--|------|
| I. Current macroeconomic situation | 2-3 |
| II. Statistical data | 4 |
| III. Background of borrowing requirements' financing | 5-10 |
| IV. Monthly supply plan of Treasury Securities (TS) | 11 |

I. MACROECONOMIC SITUATION

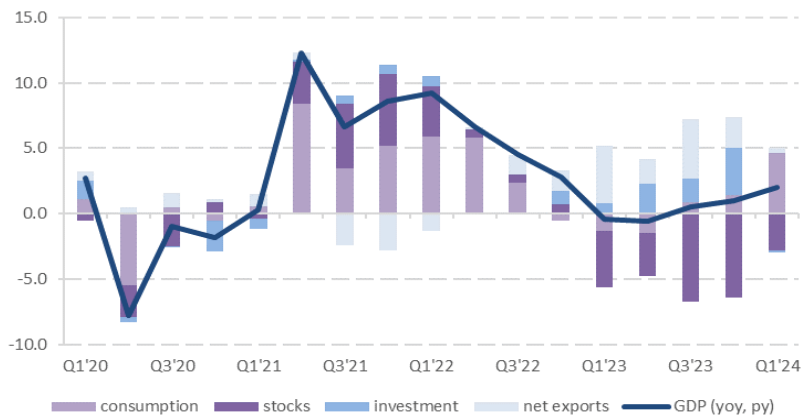
Gross domestic product of Poland
constant prices, seasonally adjusted data (sa)
source: GUS, Eurostat

In the first quarter of 2024, GDP increased by 0.5% (qoq, sa), after stabilizing a quarter earlier. Household consumption increased significantly (by 2.1%), after a decline in the previous quarter. However, investments - after a year and a half of uninterrupted growth - decreased by 3.0% (qoq, sa).



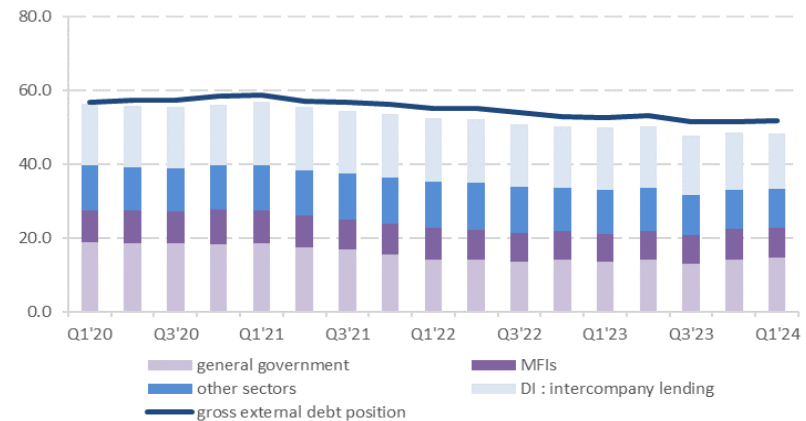
Contributions to Polish GDP growth
average prices of the previous year (py), yoy
source: GUS, MoF own calculation

The annual change in GDP recorded in the first quarter of 2024 (2.0%, py) was higher than that observed in previous quarters. The annual dynamics of private consumption also improved (104.6), supported by a high nominal increase in household disposable income and significantly lower inflation. However, investments decreased on annual basis. Public consumption recorded very high annual dynamics (the effect of high wage growth in the public sector). Net exports had only a slightly positive contribution to GDP growth (0.4 pp), with generally low (annual) dynamics of trade turnover. However, inventories had a significantly negative contribution to GDP growth, although to a lesser extent than in the individual quarters of 2023 (-2.8 percentage points).



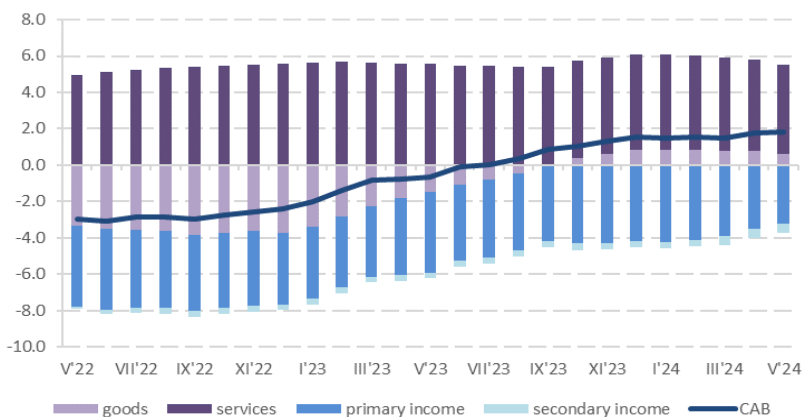
Polish gross external debt position
percent of GDP
source: NBP, GUS, MoF own calculation

At the end of the first quarter of 2024 gross external debt reached EUR 400.2bn (51.7% of GDP) and was EUR 11.9bn higher than in the previous quarter. The share of general government sector debt in total debt increased to 28.4%. At the end of May 2024 official reserve assets reached EUR 191.8bn and remained broadly adequate, covering nearly 6 months of imports.



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

In May 2024, according to preliminary data, Poland's C/A surplus stabilised at 1.8% of GDP (in 12-month terms). Yearly imports dynamics for the third month in a row was higher than exports dynamics. In addition both dynamics deteriorated markedly compared to April, which to a large extent was the result of negative calendar effects. Primary income deficit in relation to GDP decreased but remained the main source of the negative contribution to the external balance. Capital account surplus amounted to 0.7% of GDP increasing positive net lending/net borrowing (2.5% of GDP).

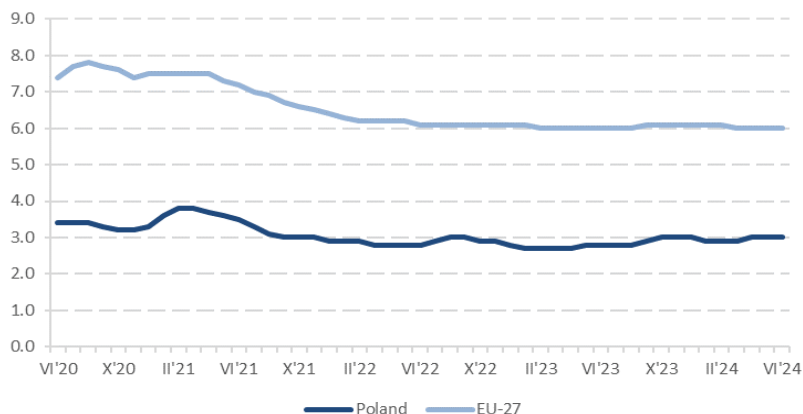


I. MACROECONOMIC SITUATION

Harmonised unemployment rate

percent, seasonally adjusted data
source: Eurostat

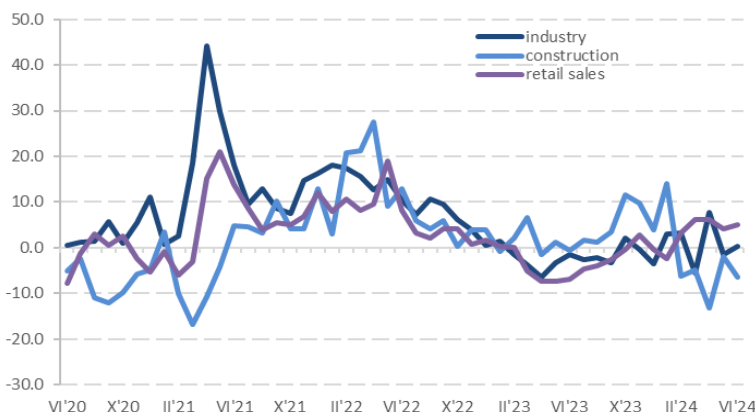
The harmonized unemployment rate (sa) amounted to 3.0% in June 2024 and it was at the same level as in two previous months and by 0.2 pp. higher than a year earlier. It was by 0.3 pp. higher than the historically lowest level recorded in January - April 2023. The unemployment rate in Poland is currently clearly lower than the average in the EU27 and the euro area (6.0% and 6.5%, respectively). In June 2024, among the EU countries, it was lower than in Poland only in Czechia.



Monthly indicators of the real sector

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

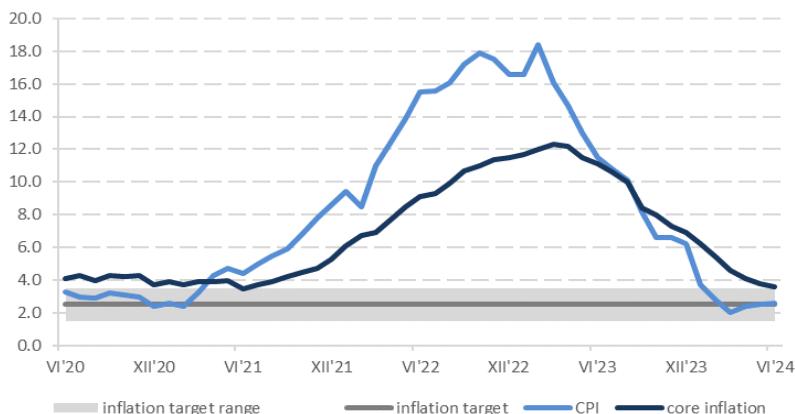
In June 2024 industrial production was 0.3% higher than a year ago (nsa). The data were above market expectations. Construction production was by 8.9% (nsa) lower than a year ago. The data were below market expectations. Retail sales was by 4.4% (nsa) higher than a year ago. The data were below market expectations.



Inflation

percent, yoy
source: GUS, NBP

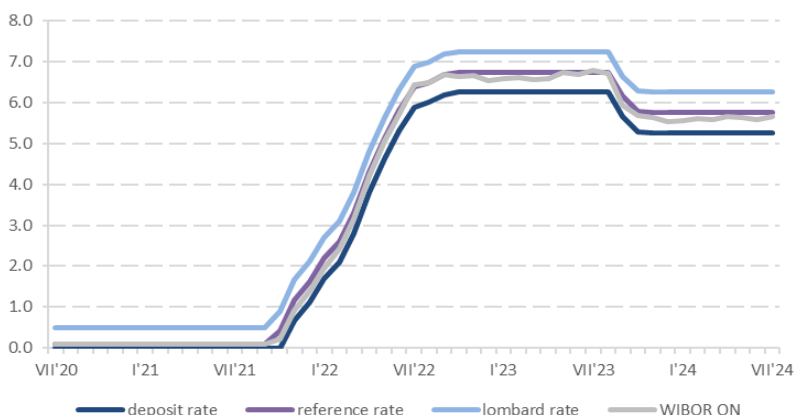
In June 2024 CPI inflation rate increased to 2.6% (yoy), i.e. slightly above the NBP inflation target. The annual rate of food and non-alcoholic beverages prices amounted to 2.5% and energy prices were lower than a year before by 0.6%. Core inflation decreased again to 3.6%. According to preliminary data in July CPI rate increase to 4.2%, mainly because of energy prices increases. In June producer prices were lower than a year before by 6.1%. The very low annual dynamics is related to the statistical base effect as well as the former drop of commodity prices on international markets and the strengthening of the zloty.



NBP interest rates

percent, end of period
source: NBP, Refinitiv

In July 2024, the Monetary Policy Council left NBP interest rates unchanged for the ninth month in a row. Reference rate was kept at 5.75%, lombard rate at 6.25%, while the deposit rate remained at 5.25%. The Council stated that after the impact of the energy price increase fade (which is to raise the consumer price growth in the coming quarters) and amid the current NBP interest rates level, inflation should return to the medium-term NBP target.



II. STATISTICAL DATA

| | Unit | 2022 Q04 | 2023 Q01 | Q02 | Q03 | Q04 | 2024 Q01 |
|---|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GDP | | | | | | | |
| Gross domestic product | YoY | 2.8 | -0.4 | -0.6 | 0.5 | 1.0 | 2.0 |
| | QoQ SA | -1.5 | 0.8 | -0.2 | 1.1 | 0.0 | 0.5 |
| Final consumption expenditure of the households sector | YoY | 1.2 | -1.8 | -2.9 | 0.8 | 0.0 | 4.6 |
| | QoQ SA | -0.3 | -1.3 | 0.6 | 2.0 | -0.7 | 2.1 |
| Final consumption expenditure of the general government sector | YoY | -6.0 | -1.1 | 1.1 | 2.5 | 7.5 | 10.9 |
| | QoQ SA | -7.5 | 7.5 | 1.3 | 1.2 | 1.0 | 1.9 |
| Gross fixed capital formation | YoY | 4.9 | 6.0 | 16.5 | 11.3 | 15.8 | -1.8 |
| | QoQ SA | 0.7 | 6.4 | 2.5 | 0.4 | 2.8 | -3.0 |
| Exports of goods and services | YoY | 4.5 | 6.0 | -0.6 | 4.5 | 3.6 | 0.5 |
| | QoQ SA | -0.3 | 1.9 | -2.8 | 6.0 | -1.1 | -1.3 |
| Imports of goods and services | YoY | 1.6 | -1.0 | -3.5 | -2.9 | -0.5 | -0.1 |
| | QoQ SA | -1.8 | -1.4 | -1.1 | 1.2 | 0.4 | -0.5 |
| Gross value added | YoY | 3.4 | 0.8 | 1.0 | 1.1 | 1.7 | 1.7 |
| | QoQ SA | -2.1 | 1.4 | 0.2 | 1.1 | 0.3 | 0.3 |
| Contribution to GDP growth | | | | | | | |
| Final consumption expenditure of the households sector | pp | 0.6 | -1.1 | -1.7 | 0.5 | 0.0 | 2.7 |
| Final consumption expenditure of the general government sector | pp | -1.1 | -0.2 | 0.2 | 0.4 | 1.4 | 1.9 |
| Gross fixed capital formation | pp | 1.0 | 0.8 | 2.3 | 1.8 | 3.6 | -0.2 |
| Changes in inventories | pp | 0.7 | -4.3 | -3.3 | -6.7 | -6.4 | -2.8 |
| Balance of trade turnover | pp | 1.6 | 4.4 | 1.9 | 4.5 | 2.4 | 0.4 |
| Gross value added | pp | 2.9 | 0.8 | 0.9 | 0.9 | 1.6 | 1.6 |
| GDP structure | | | | | | | |
| Final consumption expenditure of the households sector | % of GDP | 50.4 | 60.0 | 57.4 | 58.8 | 49.7 | 61.8 |
| Final consumption expenditure of the general government sector | % of GDP | 19.2 | 17.1 | 18.3 | 18.4 | 20.4 | 19.0 |
| Gross fixed capital formation | % of GDP | 21.9 | 12.9 | 15.8 | 16.8 | 24.4 | 12.5 |
| Changes in inventories | % of GDP | 6.0 | 2.2 | 0.2 | -0.9 | -0.2 | -0.4 |
| Exports of goods and services | % of GDP | 59.5 | 64.3 | 60.6 | 55.4 | 52.1 | 55.8 |
| Imports of goods and services | % of GDP | 57.9 | 57.5 | 53.2 | 49.7 | 47.3 | 49.7 |
| Balance of payments | | | | | | | |
| | Unit | 2024 M01 | M02 | M03 | M04 | M05 | M06 |
| Goods: exports (EUR) | YoY | -3.3 | 1.8 | -8.5 | 6.5 | -7.6 | - |
| Goods: imports (EUR) | YoY | -4.6 | 1.7 | -7.6 | 7.0 | -2.4 | - |
| Current account balance ¹⁾ | % of GDP | 1.5 | 1.5 | 1.5 | 1.8 | 1.8 | - |
| Balance on goods ¹⁾ | % of GDP | 0.9 | 0.9 | 0.8 | 0.8 | 0.6 | - |
| Official Reserve Assets | EUR m | 175 161.1 | 173 252.8 | 187 795.6 | 192 399.8 | 191 804.5 | 195 815.1 |
| Inflation | | | | | | | |
| Consumer Price Index (CPI) | YoY | 3.7 | 2.8 | 2.0 | 2.4 | 2.5 | 2.6 |
| Core inflation (CPI excluding food and energy prices) | YoY | 6.2 | 5.4 | 4.6 | 4.1 | 3.8 | 3.6 |
| Producer Price Index (PPI) | YoY | -10.6 | -10.0 | -9.9 | -8.5 | -7.0 | -6.1 |
| Production | | | | | | | |
| Sold production of industry ²⁾ | YoY | 2.9 | 3.3 | -5.6 | 7.8 | -1.6 | 0.3 |
| | MoM SA | 0.6 | -0.2 | -5.2 | 6.3 | -1.9 | 1.3 |
| Construction and assembly production ²⁾ | YoY | -6.2 | -4.9 | -13.3 | -2.0 | -6.6 | -8.9 |
| | MoM SA | -16.2 | 0.9 | -3.7 | 2.3 | -0.4 | -2.1 |
| Manufacturing PMI | SA | 47.1 | 47.9 | 48.0 | 45.9 | 45.0 | 45.0 |
| Households and labour market | | | | | | | |
| Retail sales ²⁾ | YoY | 3.2 | 6.1 | 6.1 | 4.1 | 5.0 | 4.4 |
| Average paid employment in enterprise sector | YoY | -0.2 | -0.2 | -0.2 | -0.4 | -0.5 | -0.4 |
| | MoM | 0.3 | -0.1 | -0.1 | 0.0 | -0.2 | 0.0 |
| Average monthly gross wages and salaries in enterprise sector (real) | YoY | 8.8 | 9.9 | 9.8 | 8.7 | 8.7 | 8.2 |
| | MoM | -3.7 | 2.4 | 5.2 | -2.7 | -3.4 | 1.7 |
| Harmonised unemployment rate (Eurostat) | % SA | 2.9 | 2.9 | 2.9 | 3.0 | 3.0 | 3.0 |
| 1) Data in 12-month terms 2) Constant prices. Data for units in which the number of employed persons exceeds 9 persons Source: Statistics Poland, NBP, Eurostat, S&P Global, MoF calculation based on NBP, Statistics Poland data | | | | | | | |
| State Treasury debt | | | | | | | |
| | Unit | 2023 M12 | 2024 M01 | M02 | M03 | M04 | M05 |
| State Treasury debt (acc. to the place of issue criterion) | face value, PLN m | 1 306 127.3 | 1 297 015.2 | 1 309 350.8 | 1 346 199.4 | 1 364 987.3 | 1 383 018.1 |
| Domestic debt | face value, PLN m | 1 009 415.7 | 1 013 333.0 | 1 026 288.1 | 1 042 416.7 | 1 061 222.7 | 1 081 179.6 |
| | % | 77.3 | 78.1 | 78.4 | 77.4 | 77.7 | 78.2 |
| Foreign debt | face value, PLN m | 296 711.6 | 283 682.1 | 283 062.7 | 303 782.7 | 303 764.6 | 301 838.4 |
| | % | 22.7 | 21.9 | 21.6 | 22.6 | 22.3 | 21.8 |
| Public debt (domestic definition) | | | | | | | |
| | Unit | 2022 Q04 | 2023 Q01 | Q02 | Q03 | Q04 | 2024 Q01 |
| Public debt (acc. to the place of issue criterion) | face value, PLN m | 1 209 497.9 | 1 209 817.2 | 1 241 612.6 | 1 275 372.8 | 1 328 096.4 | 1 416 918.8 |
| Domestic debt | face value, PLN m | 896 575.4 | 898 137.2 | 925 382.1 | 955 030.5 | 998 771.7 | 1 058 968.1 |
| | % | 74.1 | 74.2 | 74.5 | 74.9 | 75.2 | 74.7 |
| Foreign debt | face value, PLN m | 312 922.5 | 311 679.9 | 316 230.5 | 320 342.3 | 329 324.7 | 357 950.6 |
| | % | 25.9 | 25.8 | 25.5 | 25.1 | 24.8 | 25.3 |
| General Government debt (EU definition) | | | | | | | |
| General Government debt | face value, PLN m | 1 480 057.1 | 1 512 772.7 | 1 532 406.7 | 1 581 806.5 | 1 624 395.8 | 1 691 147.8 |

Source: MoF

III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Gross borrowing requirements in 2024

as of July 31, 2024, PLN bn

Financing of the State budget borrowing requirements at the level of ca. 82% (acc. to the Budget Act) was a result of:

- T-bond sale on domestic market: PLN 162.0bn,
- switch auctions in 2024: PLN 27.2bn,
- T-bond sale on foreign markets: PLN 47.2bn,
- loans incurred from European Union (RRF): PLN 15.5bn,
- loans incurred from IFIs: PLN 0.2bn,
- switch auctions in 2023: PLN 29.4bn,
- and higher financial resources at the end of 2023: PLN 87.3bn.

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

plan as of July 31, 2024, PLN bn

Value of funds transferred from the State budget to the market in August shall amount to PLN 0.2bn (interest payments).

Flows of funds between the domestic market and the budget*

as at the end of month, PLN bn

As of July 31 2024, to the end of the 2024 year the funds to be transferred to the market shall amount to PLN 43.9bn.

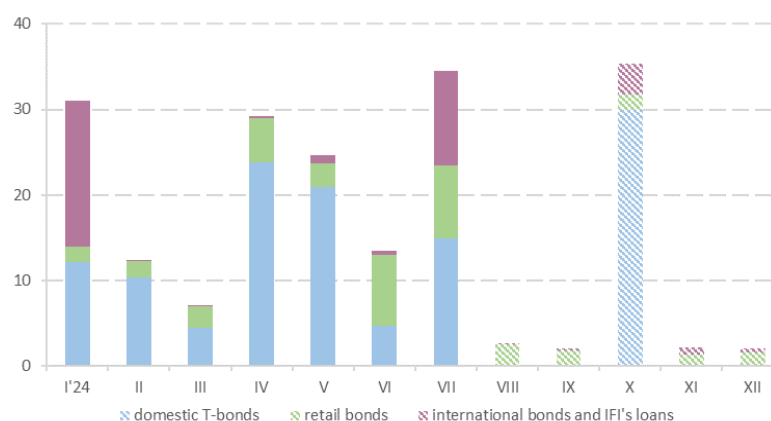
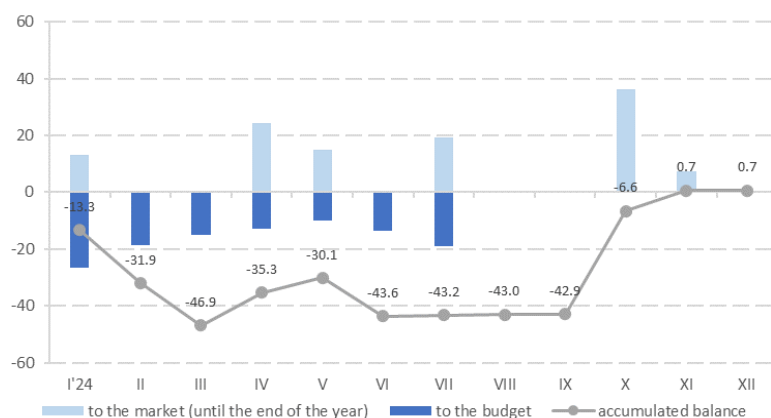
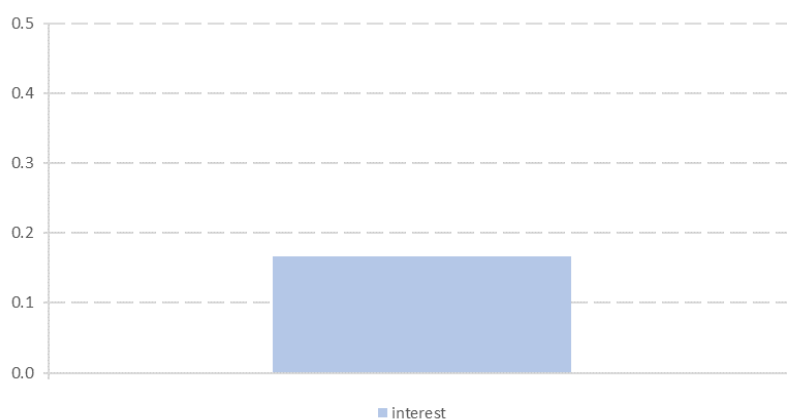
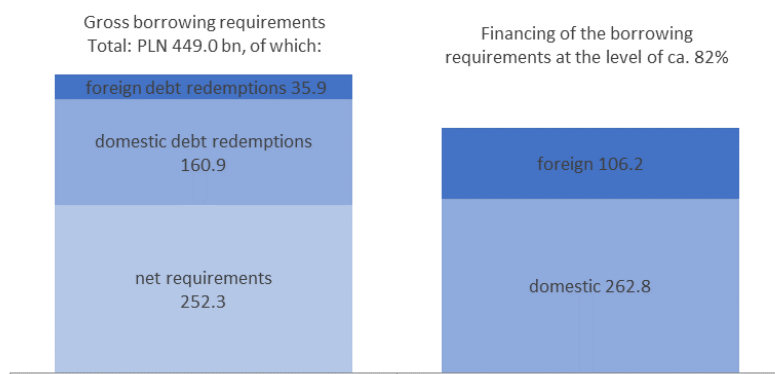
*figures include sale, redemptions and interest payments on wholesale T-securities; monthly financing plans will depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.

State Treasury debt redemptions in 2024

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

The nominal amount of debt to be redeemed in 2024 (as of July 31, 2024), is equal to PLN 44.0bn, including:

- T-bonds: PLN 30.0bn,
- T-retail bonds: PLN 8.8bn,
- bonds and loans incurred on foreign markets: PLN 5.2bn.

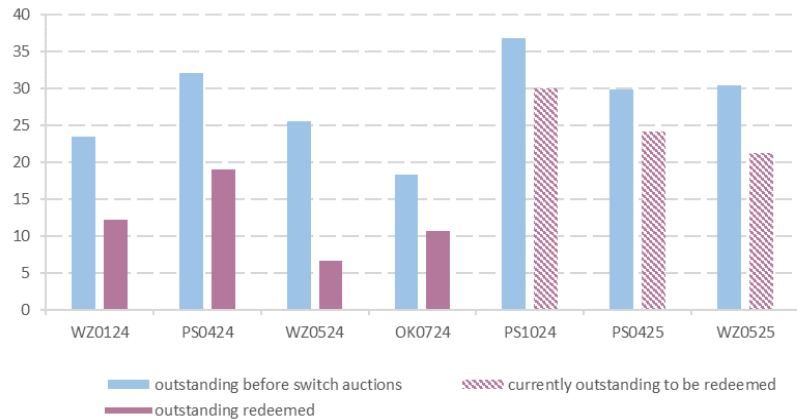


Reducing refinancing risk connected with redemptions of domestic TS maturing in 2024

as of July 31, 2024, nominal amount, PLN bn

Buy-back of T-bonds maturing in 2024 and in 2025 (by switch):

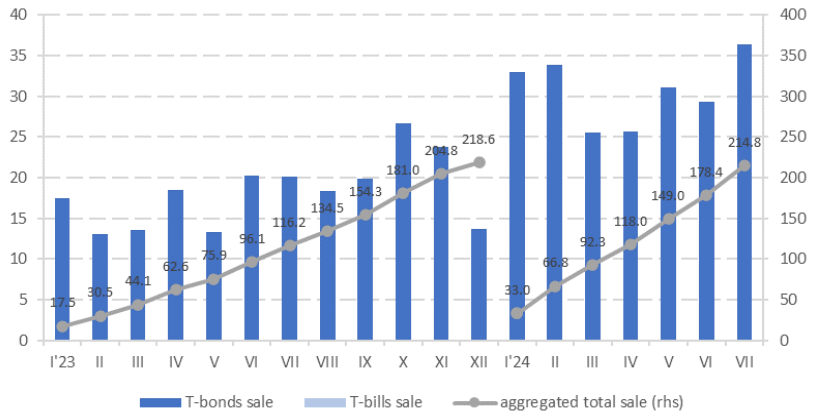
- WZ0124: PLN 11.3bn (48% of the issuance),
- PS0424: PLN 13.1bn (41% of the issuance),
- WZ0524: PLN 18.9bn (74% of the issuance),
- OK0724: PLN 7.7bn (42% of the issuance),
- PS1024: PLN 6.8bn (18% of the issuance),
- PS0425: PLN 5.7bn (19% of the issuance),
- WZ0525: PLN 9.2bn (30% of the issuance).



Sale of domestic TS in 2023 and 2024

settlement date, nominal amount, PLN bn

In the period of I-VII 2024 aggregated total sale of T-bonds amounted to PLN 214.8bn versus PLN 116.2bn in the same period of 2023. T-bills were not sold.



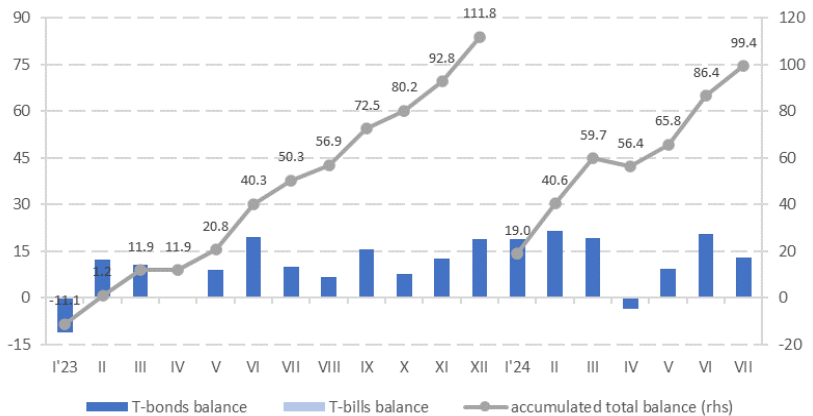
Balance of domestic TS in 2023 and 2024

settlement date, nominal amount, PLN bn

In the period of I-VII 2024 indebtedness in:

- T-bonds increased to PLN 99.4bn versus increase of PLN 50.3bn in the same period of 2023,
- 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.

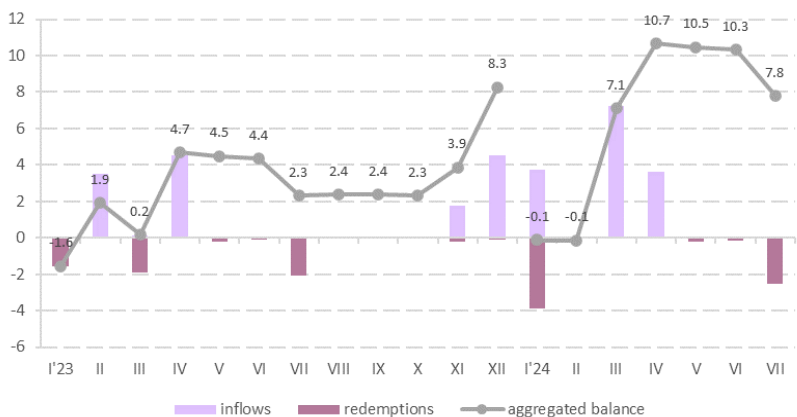


External financing in 2023 and 2024

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

Net financing on foreign markets in the period of I-VII 2024 was positive and amounted to EUR 7.8bn, which resulted from:

- positive balance of T-bonds issuance of EUR 4.7bn,
- negative balance of loans incurred from IFIs at the level of EUR 0.5bn,
- positive balance of loans incurred from European Union (RRF) at the level of EUR 3.6bn.

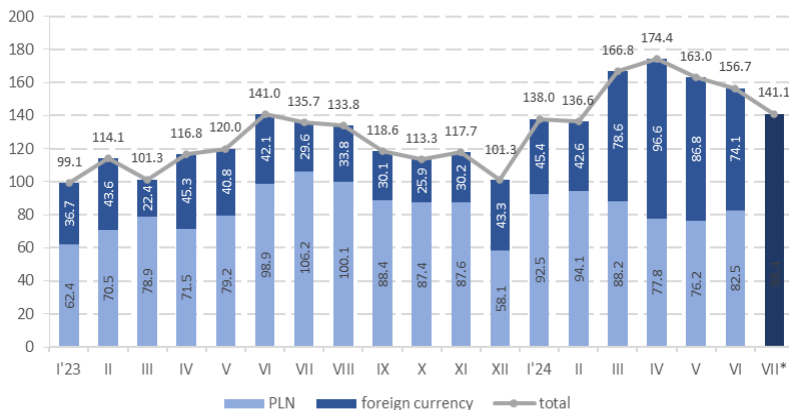


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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 July 2024 there was the equivalent of PLN 141.1bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

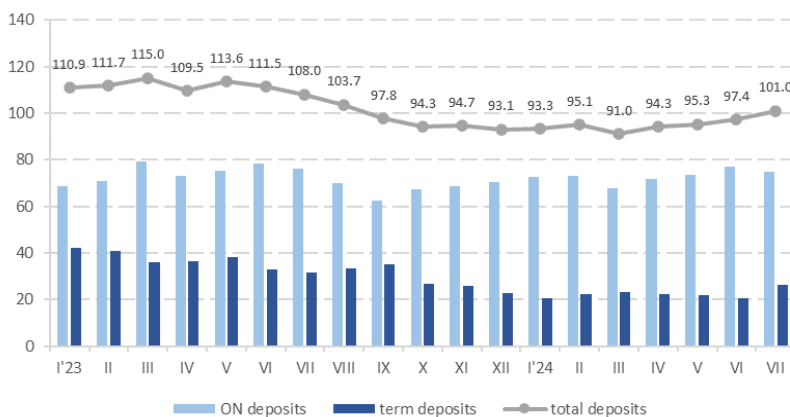


* Estimated data.

Consolidation of public finance sector liquidity management

PLN bn

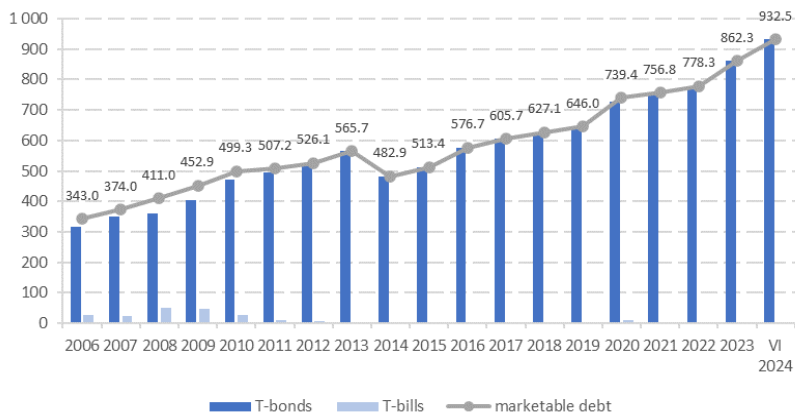
At the end of July 2024 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 101.0bn, of which PLN 26.2bn was as term deposits and PLN 74.8bn on ON deposits.



Structure of domestic marketable debt

PLN bn

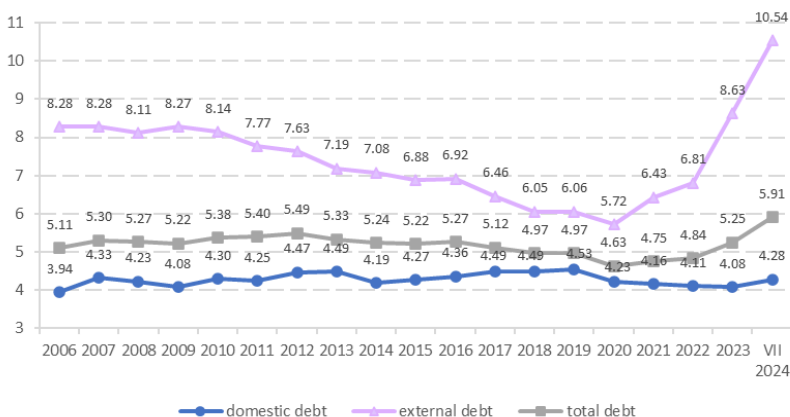
At the end of June 2024 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 932.5bn comparing to PLN 862.3bn at the end of 2023.



Average maturity

years

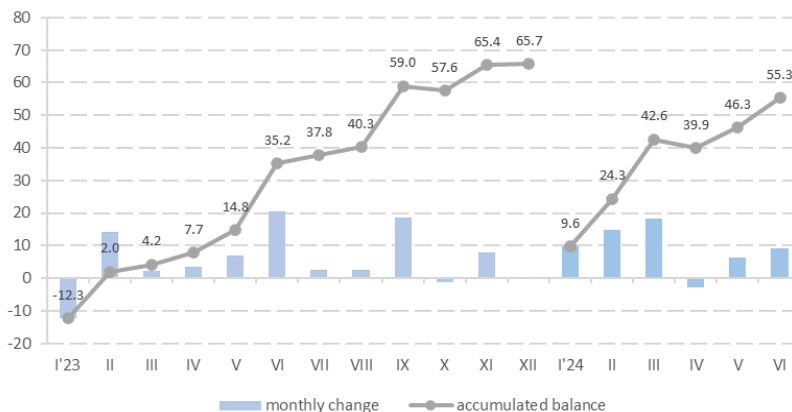
At the end of July 2024 the average maturity of domestic debt amounted to 4.28 years (while at the end of 2023 it was 4.08 years). The average of total debt amounted to 5.91 years (5.25 years at the end of 2023).



Change of debt in the domestic TS held by banks

PLN bn

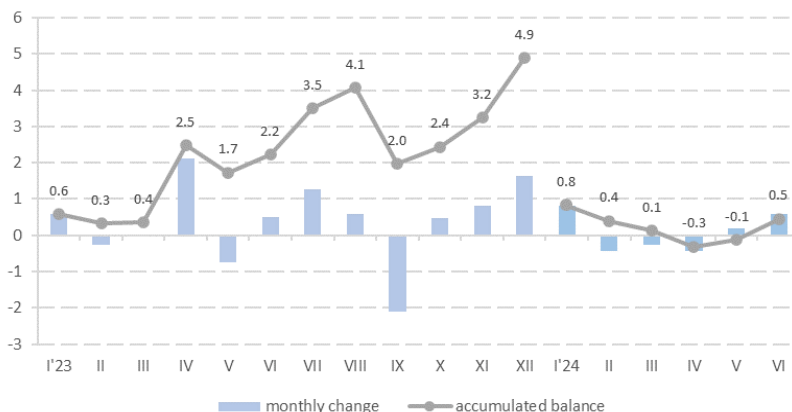
In the period of I-VI 2024 there was an increase of debt by PLN 55.3bn comparing to PLN 35.2bn increase during the same period of 2023. Banks' holdings reached the level of PLN 549.1bn.



Change of debt in the domestic TS held by insurance companies

PLN bn

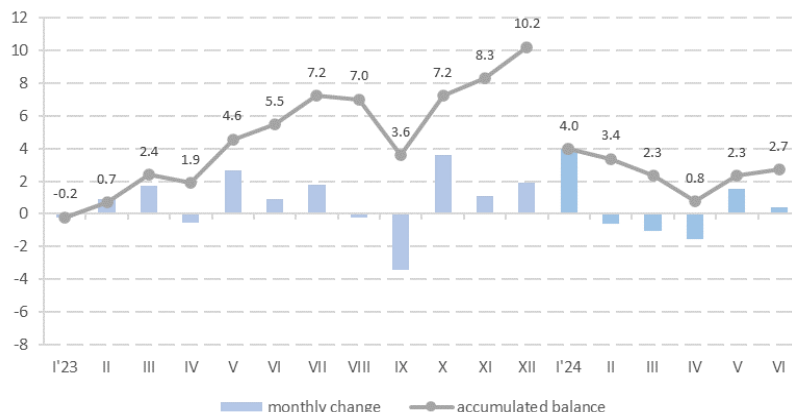
In the period of I-VI 2024 there was an increase of debt by PLN 0.5bn comparing to PLN 2.2bn increase during the same period of 2023. Insurance companies' holdings reached the level of PLN 64.9bn.



Change of debt in the domestic TS held by investment funds

PLN bn

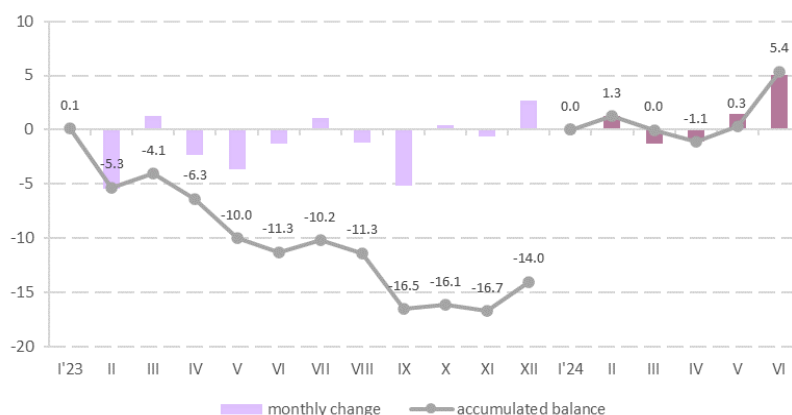
In the period of I-VI 2024 there was an increase of debt by PLN 2.7bn comparing to PLN 5.5bn increase during the same period of 2023. Investment funds' holdings reached the level of PLN 60.0bn.



Change of debt in the domestic TS held by foreign investors

PLN bn

In the period of I-VI 2024 there was an increase of debt by PLN 5.4bn comparing to PLN 11.3bn decrease during the same period of 2023. Foreign investors' holdings reached the level of PLN 137.5bn.

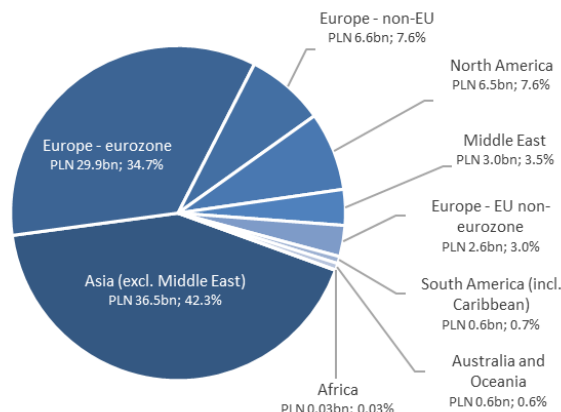


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Geographical distribution of the domestic TS held by non-residents

as of June 30, 2024, the chart presents data excluding omnibus accounts

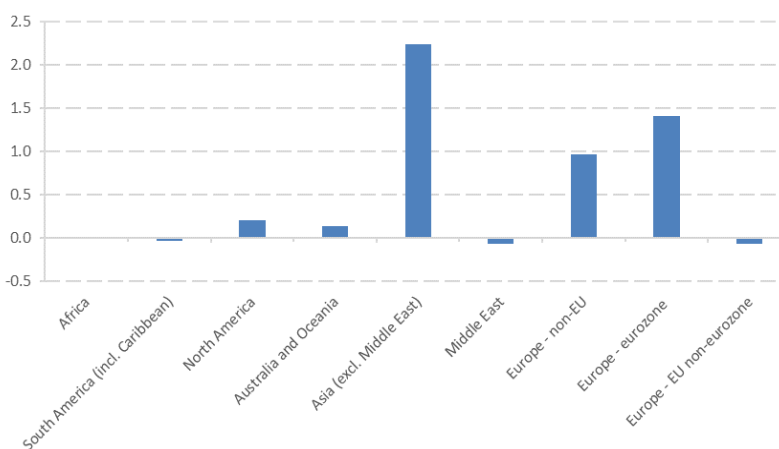
The non-residents' share in the domestic Treasury securities market increased by PLN 5.0bn in June 2024. The foreign investors' portfolio amounted to PLN 137.5bn, which constituted 13.0% share in total debt in TS (12.7% in the previous month).



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

change in June 2024, mom, PLN bn, the chart presents data excluding omnibus accounts

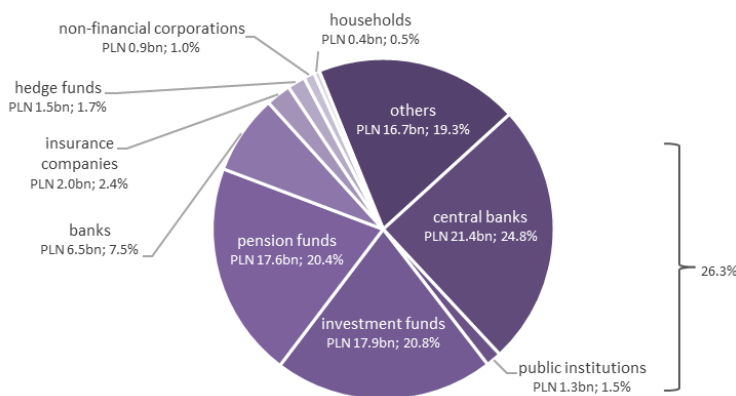
In June 2024 the highest increase was noted by investors from Asia (excl. Middle East) (PLN 2.2bn). The highest decrease was noted by investors from Europe — UE non-eurozone (PLN 0.7bn).



Institutional distribution of the domestic TS held by non-residents

as of June 30, 2024, the chart presents data excluding omnibus accounts

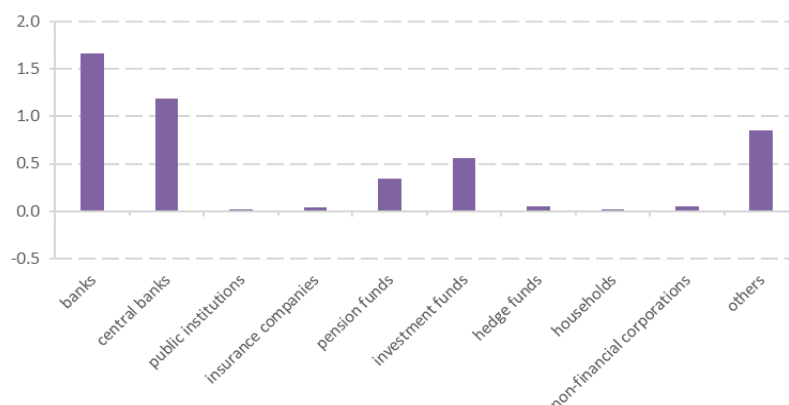
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 26.3% at the end of June 2024.



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

change in June 2024, mom, PLN bn, the chart presents data excluding omnibus accounts

In June 2024 the highest increase was recorded by banks (PLN 1.7bn).



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

change in June 2024, PLN bn

Central banks and public institutions' involvement increased by PLN 2.2bn in June 2024. In the period from the end of January 2018 to the end of June 2024 portfolios of those entities decreased by PLN 18.9bn.



Structure of non-residents' holdings in TS by countries

as of June 30, 2024, 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 | 14 813,6 | 22,9% |
| Luxembourg | 10 458,7 | 16,1% |
| Netherlands | 8 729,8 | 13,5% |
| United States | 6 027,1 | 9,3% |
| United Kingdom | 4 106,9 | 6,3% |
| Germany | 3 933,3 | 6,1% |
| Ireland | 3 063,0 | 4,7% |
| Switzerland | 1 894,1 | 2,9% |
| France | 1 586,7 | 2,4% |
| Singapore | 1 382,8 | 2,1% |
| Austria | 1 051,4 | 1,6% |
| Czech Republic | 808,9 | 1,2% |
| Bulgaria | 748,4 | 1,2% |
| Denmark | 732,7 | 1,1% |
| Spain | 640,2 | 1,0% |
| Others | 4 819,6 | 7,4% |
| Total | 64 797,2 | 100,0% |

Comment

Jurand Drop, Undersecretary of State, MoF

31-07-2024

At the end of July, financing of the State budget borrowing requirements was at the level of ca. 82% (...)

One sales auction and one switch auctions are planned in June. No Treasury bill auctions are planned.

In July 2024, the indebtedness in Treasury securities on the domestic market increased by PLN 20.8bn. The involvement of domestic banks increased by PLN 9.0bn, domestic non-bank investors by PLN 6.8bn and foreign investors indebtedness increased by PLN 5.0bn.

IV. SUPPLY PLAN OF TREASURY SECURITIES IN AUGUST 2024

T-bond sale auctions

| Auction date | Settlement date | Series | Planned offer (PLN m)* |
|----------------|---|--|------------------------|
| 21 August 2024 | 23 August 2024 (26 August 2024 for IZ0836) | OK0426 / PS0729 / WZ0330 / DS1034 / IZ0836 / possible other T-bond | 5,000-9,000 |

*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 date / settlement date | Settlement T-bonds | Source T-bonds | Outstanding (PLN m) |
|---------------------------------|--|----------------|---------------------|
| 28 August 2024 / 30 August 2024 | OK0426 / PS0729 / WZ0330 / DS1034 / IZ0836 possible other T-bond | PS1024 | 29,994 |
| | | PS0425 | 24,178 |
| | | WZ0525 | 21,267 |
| | | DS0725 | 38,429 |

T-bill auctions

Sale auctions of Treasury bills are not planned.

Offer on the retail market

| T-bond | Issue price | Coupon |
|---------------------------------|---|--|
| OTS1124 3-month | 100.00 PLN (100.00 PLN for rolling-over) | Fixed: 3.00% |
| ROR0825 1-year | 100.00 PLN (99.90 PLN for rolling-over) | Floating (NBP reference rate + 0.00%); 5.95% in the first coupon period |
| DOR0826 2-year | 100.00 PLN (99.85 PLN for rolling-over) | Floating (NBP reference rate + 0.35%); 6.15% in the first coupon period |
| TOS0827 3-year | 100.00 PLN (99.80 PLN for rolling-over) | Fixed: 6.20% |
| COI0828 4-year | 100.00 PLN (99.70 PLN for rolling-over) | Floating (inflation rate + 1.50%); 6.55% in the first coupon period |
| EDO0834 10-year | 100.00 PLN (99.60 PLN for rolling-over) | Floating (inflation rate + 2.00%); 6.80% in the first coupon period |
| ROS0830 family bonds 6-year | 100.00 PLN | Floating (inflation rate + 2.00%); 6.75% in the first coupon period |
| ROD0836 family bonds 12-year | 100.00 PLN | Floating (inflation rate + 2.50%); 7.05% in the first coupon period |