



State budget borrowing requirements' financing plan and its background

February 2024

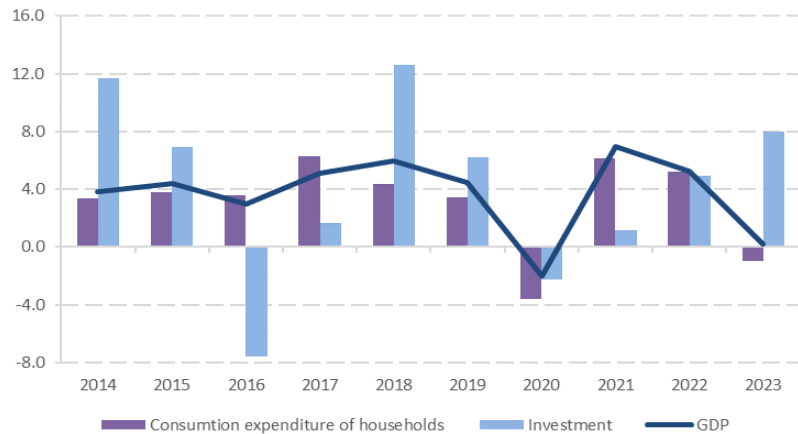
THE MOST IMPORTANT INFORMATION

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I. MACROECONOMIC SITUATION

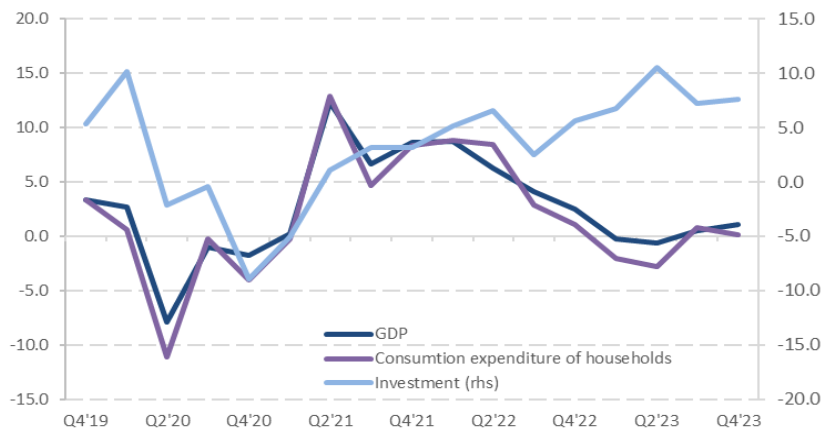
Gross domestic product of Poland
constant prices, seasonally adjusted data (sa)
source: GUS, Eurostat

Polish economic growth eased markedly in 2023 amid among others high inflation, tight financing conditions and weakening of external demand dynamics. GDP grew by only 0.2% last year, much slower than the 5.3% growth seen in 2022. Domestic demand was depressed by weak household consumption (1.0% lower than in 2022) and a negative contribution of inventories. Household spending was held back by high inflation and interest rates. On the other hand economic activity was supported by buoyant investment, which expanded by 8.0%. Due to weak imports dynamics net exports contribution to GDP growth was also positive.



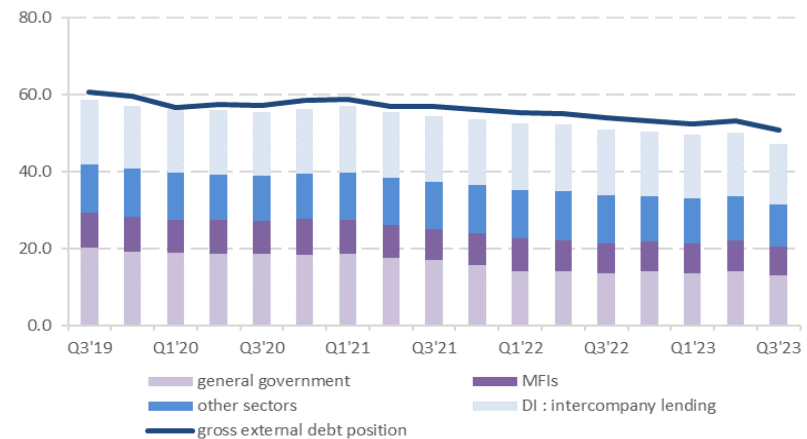
Contributions to Polish GDP growth
average prices of the previous year (py), yoy
source: GUS, MoF own calculation

According to the estimates based on the data published for the whole year and assuming that the GDP dynamics in the first three quarters of 2023 remained unchanged, in the fourth quarter of 2023 GDP was about 1.1% higher than a year before. It indicates that yearly dynamics was higher than in the third quarter. We estimate that households consumption increased only by about 0.1% (yoy) and investment increased by about 7.6% (yoy) in the fourth quarter of 2023.



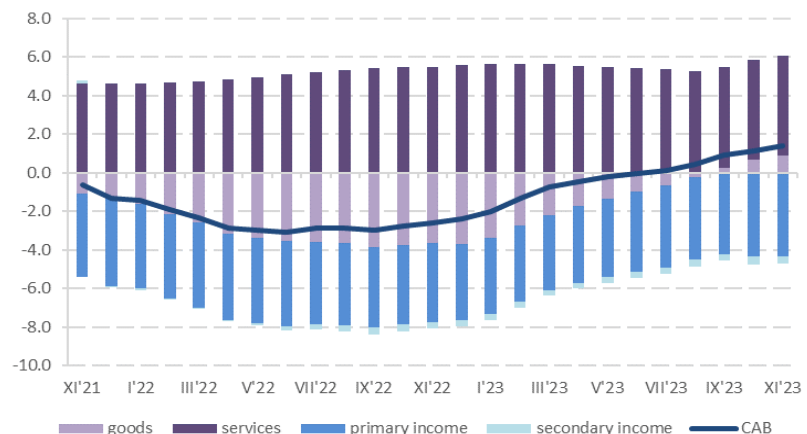
Polish gross external debt position
percent of GDP
source: NBP, GUS, MoF own calculation

At the end of the third quarter of 2023 gross external debt reached EUR 367.4bn (50.8% of GDP) and was EUR 4.9bn lower than in the previous quarter. The share of general government sector debt in total debt decreased to 25.6%. At the end of November 2023 official reserve assets reached EUR 170.9bn 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 November 2023, according to preliminary data, Poland's C/A balance was positive and amounted to 1.4% of GDP (in 12-month terms). Goods balance recorded surplus for the eleventh 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.

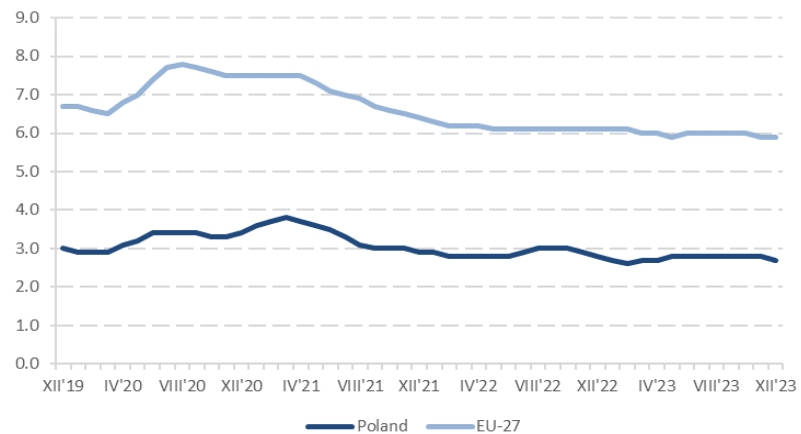


I. MACROECONOMIC SITUATION

Harmonised unemployment rate

percent, seasonally adjusted data
source: Eurostat

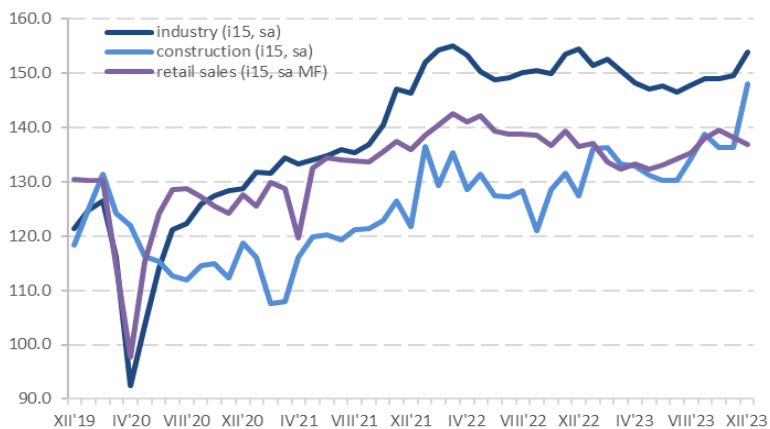
The harmonized unemployment rate (sa) amounted to 2.7% in December 2023 and it was by 0.1 pp. lower than in seven previous months and by 0.1 pp. lower than a year earlier. It was by 0.1 pp. higher than the historically lowest level recorded in February 2023. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (5.9% and 6.4%, respectively). In December 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

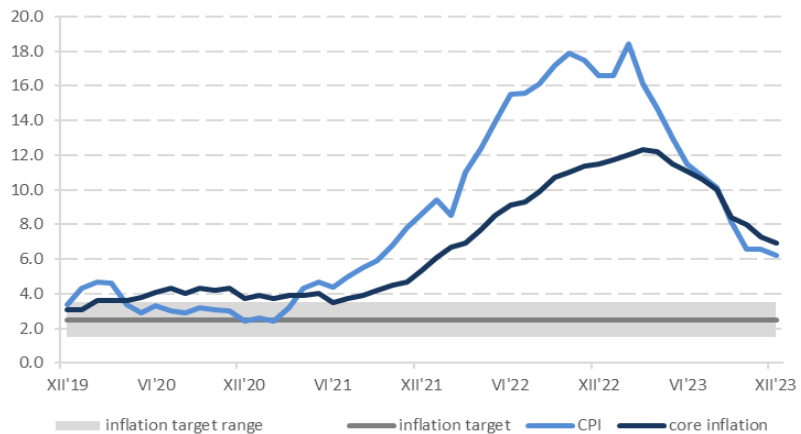
In December 2023 industrial production increased by 2.9% (mom, sa) and was 3.9% lower than a year ago (nsa). Data were above market expectations. Construction production increased as much as 8.5% (mom, sa). As a result its level was by 14% (nsa) higher than a year ago. The data significantly exceeded market expectations. Retail sales decreased second time in a row (mom, sa). The sales level was by 2.3% (nsa) lower than a year ago. The data were clearly weaker than market expectations.



Inflation

percent, yoy
source: GUS, NBP

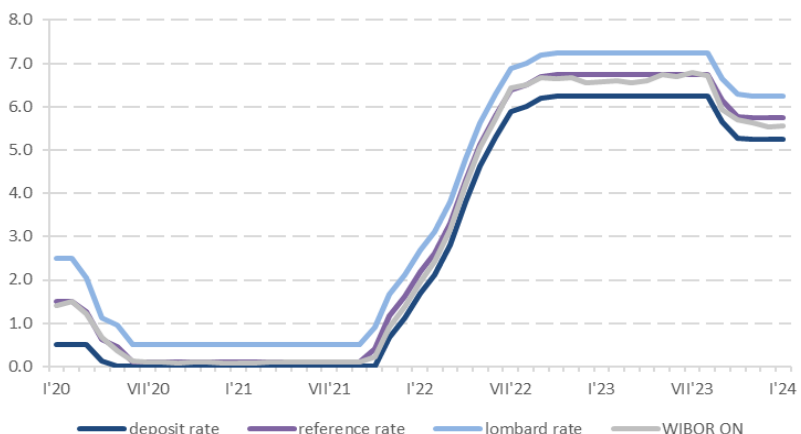
In December 2023 CPI inflation rate declined to 6.2% (yoy). Annual rate of food and non-alcoholic beverages prices as well as core inflation noted a marked drop (respectively to 6.0% and 6.9%) while energy prices pace of growth rose to 4.3% (yoy). In 2023 inflation amounted to 11.4% on average. In December producer prices were lower than a year before by 6.4% and on average in whole year they rose by 2.4%. 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 January 2024, the Monetary Policy Council left NBP interest rates unchanged for the third 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 the decision was driven by uncertainty as to inflation, related in particular to the impact of fiscal and regulatory policies on price developments, as well as the pace of economic recovery in Poland.



II. STATISTICAL DATA

	Unit	2018	2019	2020	2021	2022	2023
GDP							
Gross domestic product	YoY	5.9	4.4	-2.0	6.9	5.3	0.2
	QoQ SA						
Final consumption expenditure of the households sector	YoY	4.4	3.5	-3.6	6.2	5.2	-1.0
	QoQ SA						
Final consumption expenditure of the general government sector	YoY	3.5	6.5	4.9	5.0	0.3	-
	QoQ SA						
Gross fixed capital formation	YoY	12.6	6.2	-2.3	1.2	4.9	8.0
	QoQ SA						
Exports of goods and services	YoY	6.8	5.3	-1.1	12.3	6.7	-
	QoQ SA						
Imports of goods and services	YoY	7.5	3.2	-2.4	16.1	6.8	-
	QoQ SA						
Gross value added	YoY	5.9	4.3	-2.0	6.6	5.5	1.0
	QoQ SA						
Contribution to GDP growth							
Final consumption expenditure of the households sector	pp	2.6	2.0	-2.1	3.4	2.9	-0.8
Final consumption expenditure of the general government sector	pp	0.6	1.1	0.9	0.9	0.1	-
Gross fixed capital formation	pp	2.2	1.2	-0.4	0.2	0.8	1.8
Changes in inventories	pp	0.5	-1.1	-1.1	3.4	1.2	-
Balance of trade turnover	pp	-0.2	1.2	0.6	-1.1	0.2	-
Gross value added	pp	5.2	3.8	-1.8	5.8	4.8	1.1
GDP structure							
Final consumption expenditure of the households sector	% of GDP	58.0	56.9	55.6	55.3	56.9	-
Final consumption expenditure of the general government sector	% of GDP	17.7	18.0	19.1	18.7	18.3	-
Gross fixed capital formation	% of GDP	18.7	18.9	18.3	16.8	16.8	-
Changes in inventories	% of GDP	2.7	1.6	0.4	4.9	5.6	-
Exports of goods and services	% of GDP	52.7	53.2	53.0	57.7	62.7	-
Imports of goods and services	% of GDP	50.7	49.5	47.3	54.4	61.2	-
Balance of payments							
	Unit	2023					
		M07	M08	M09	M10	M11	M12
Goods: exports (EUR)	YoY	0.0	-2.3	-4.2	2.3	-2.1	-
Goods: imports (EUR)	YoY	-7.4	-11.9	-14.7	-7.7	-8.0	-
Current account balance ¹⁾	% of GDP	0.1	0.5	1.0	1.1	1.4	-
Balance on goods ¹⁾	% of GDP	-0.6	-0.2	0.2	0.7	0.9	-
Official Reserve Assets	EUR m	164 831.2	167 517.7	169 696.4	165 896.6	170 905.4	175 402.9
Inflation							
Consumer Price Index (CPI)	YoY	10.8	10.1	8.2	6.6	6.6	6.2
Core inflation (CPI excluding food and energy prices)	YoY	10.6	10.0	8.4	8.0	7.3	6.9
Producer Price Index (PPI)	YoY	-2.1	-2.9	-2.7	-4.2	-5.1	-6.4
Production							
Sold production of industry ²⁾	YoY	-2.3	-1.9	-3.3	1.9	-0.3	-3.9
	MoM SA	-0.7	0.9	0.7	0.0	0.4	2.9
Construction and assembly production ²⁾	YoY	1.1	3.5	11.5	9.8	3.9	14.0
	MoM SA	0.0	3.0	3.3	-1.7	0.0	8.5
Manufacturing PMI	SA	43.5	43.1	43.9	44.5	48.7	47.4
Households and labour market							
Retail sales ²⁾	YoY	-4.0	-2.7	-0.3	2.8	-0.3	-2.3
Average paid employment in enterprise sector	YoY	0.1	0.0	0.0	-0.1	-0.2	-0.1
	MoM	0.0	-0.2	-0.1	0.0	0.0	0.0
Average monthly gross wages and salaries in enterprise sector (real)	YoY	-0.3	1.7	2.0	5.8	4.9	3.2
	MoM	2.2	-1.6	0.6	1.9	1.0	4.6
Harmonised unemployment rate (Eurostat)	%, SA	2.8	2.8	2.8	2.8	2.8	2.7
<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	M08	M09	M10	M11
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 277 476.1	1 271 360.0	1 278 076.6	1 306 127.3	1 297 015.2	1 309 350.8
Domestic debt	face value, PLN m	984 906.5	991 051.8	993 645.7	1 009 415.7	1 013 333.0	1 026 288.1
	%	77.1	78.0	77.7	77.3	78.1	78.4
Foreign debt	face value, PLN m	292 569.7	280 308.3	284 430.9	296 711.6	283 682.1	283 062.7
	%	22.9	22.0	22.3	22.7	21.9	21.6
Public debt (domestic definition)							
	Unit	2022			2023		
		Q02	Q03	Q04	Q01	Q02	Q03
Public debt (acc. to the place of issue criterion)	face value, PLN m	1 175 336.9	1 181 504.9	1 209 495.8	1 209 830.5	1 241 622.8	1 275 307.4
Domestic debt	face value, PLN m	887 989.3	875 322.0	896 573.3	898 150.8	925 392.7	954 965.7
	%	75.6	74.1	74.1	74.2	74.5	74.9
Foreign debt	face value, PLN m	287 347.6	306 182.9	312 922.5	311 679.7	316 230.1	320 341.8
	%	24.4	25.9	25.9	25.8	25.5	25.1
General Government debt (EU definition)							
General Government debt	face value, PLN m	1 453 467.9	1 479 605.1	1 512 153.6	1 531 803.7	1 581 202.2	1 623 206.6

Source: MoF

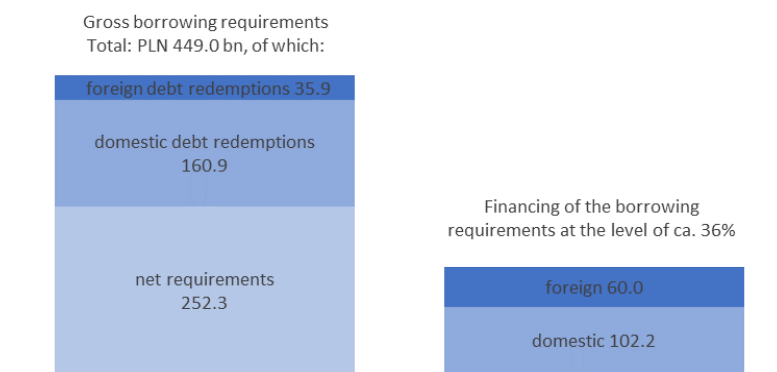
III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Gross borrowing requirements in 2024

as of January 31, 2024, PLN bn

Financing of the State budget borrowing requirements at the level of ca. 36% (acc. to the Budget Act) was a result of:

- T-bond sale on domestic market: PLN 31.3bn,
- T-bond sale on foreign markets: PLN 16.1bn,
- 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 February

plan as of January 31, 2024

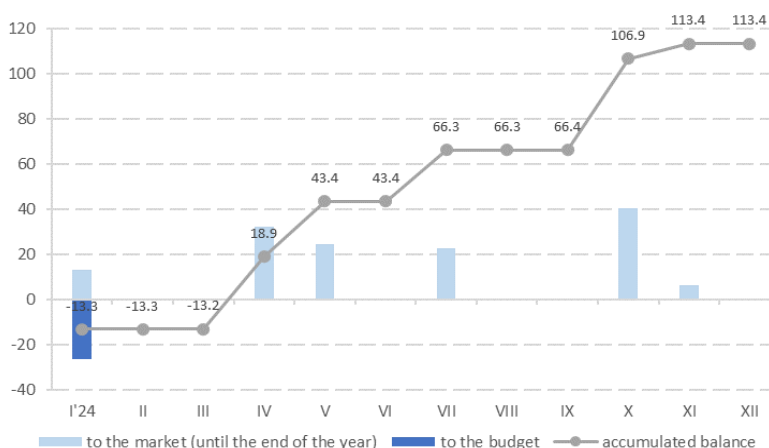
In February there will be no funds transferred from the State budget to the market related to T-securities (neither TS redemptions nor interest payments).

Flows of funds between the domestic market and the budget*

as at the end of month, PLN bn

As of January 31 2024, to the end of the 2024 year the funds to be transferred to the market shall amount to PLN 126.7bn.

*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.

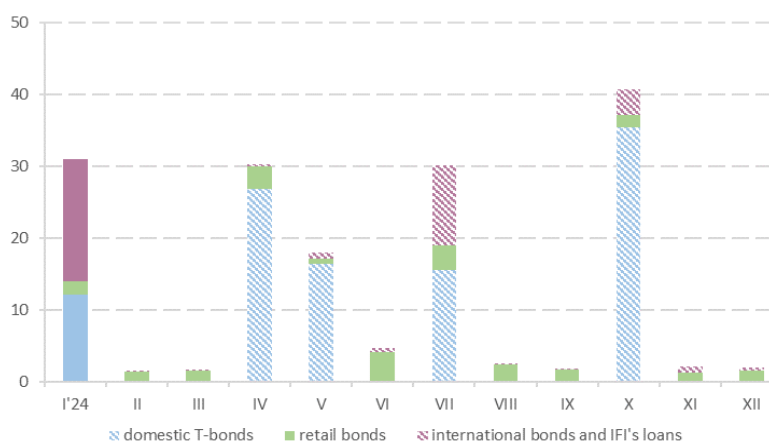


State Treasury debt redemptions in 2024

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

The nominal amount of debt to be redeemed in 2024 (as of January 31, 2024), is equal to PLN 135,7bn, including:

- T bonds: PLN 94.2bn,
- T-retail bonds: PLN 23.2bn,
- bonds and loans incurred on foreign markets: PLN 18.2bn.

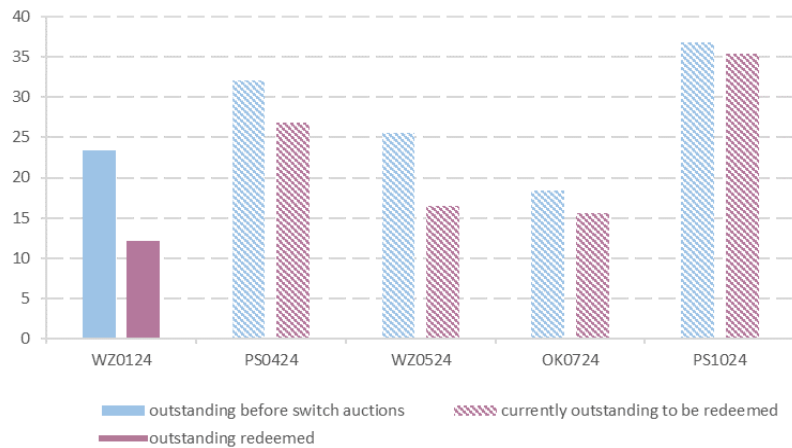


Reducing refinancing risk connected with redemptions of domestic TS maturing in 2024

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

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

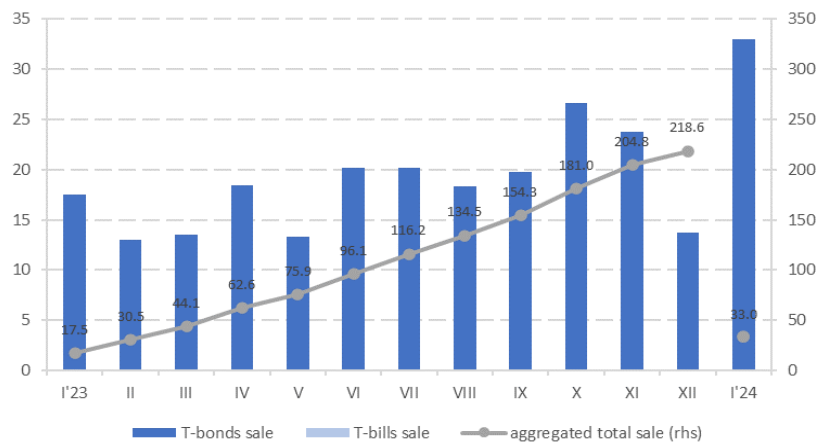
- WZ0124: PLN 11.3bn (48% of the issuance),
- PS0424: PLN 5.2bn (16% of the issuance),
- WZ0524: PLN 9.2bn (36% of the issuance),
- OK0724: PLN 2.8bn (15% of the issuance),
- PS1024: PLN 1.4bn (4% of the issuance).



Sale of domestic TS in 2023 and 2024

settlement date, nominal amount, PLN bn

In January 2024 aggregated total sale of T-bonds amounted to PLN 33.0bn versus PLN 17.5bn in the same period of 2023. T-bills were not sold.



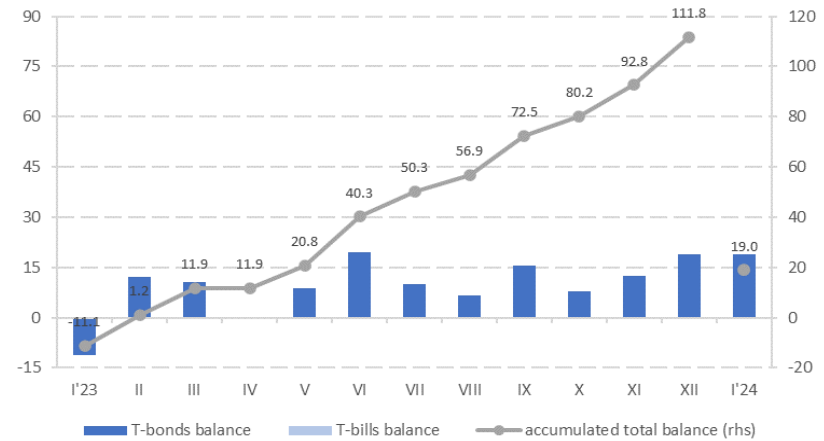
Balance of domestic TS in 2023 and 2024

settlement date, nominal amount, PLN bn

In January 2024 indebtedness in:

- T-bonds increased to PLN 19.0bn versus increase of PLN 11.1bn 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.

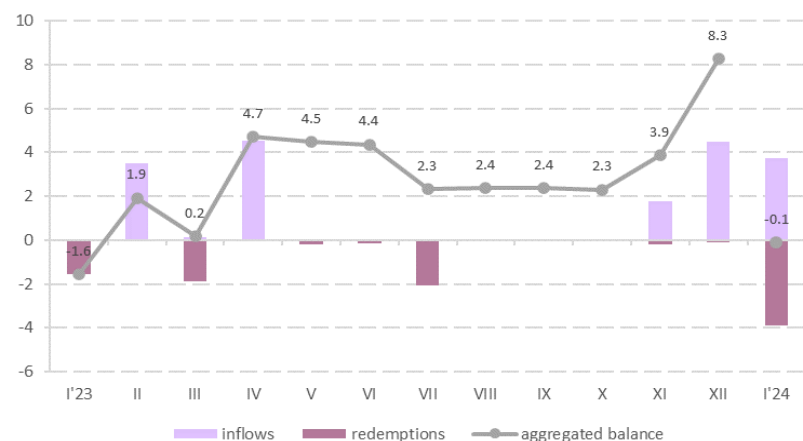


External financing in 2023 and 2024

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

Net financing on foreign markets in the period in January 2024 was negative and amounted to EUR 0.1bn, which resulted from:

- negative balance of T-bonds issuance of EUR 0.1bn,
- negative balance of loans incurred from IFIs at the level of EUR 0.01bn.

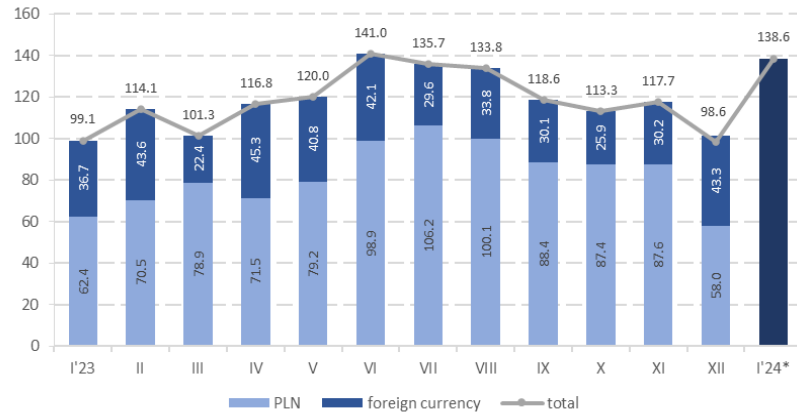


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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 January 2024 there was the equivalent of PLN 138.6bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

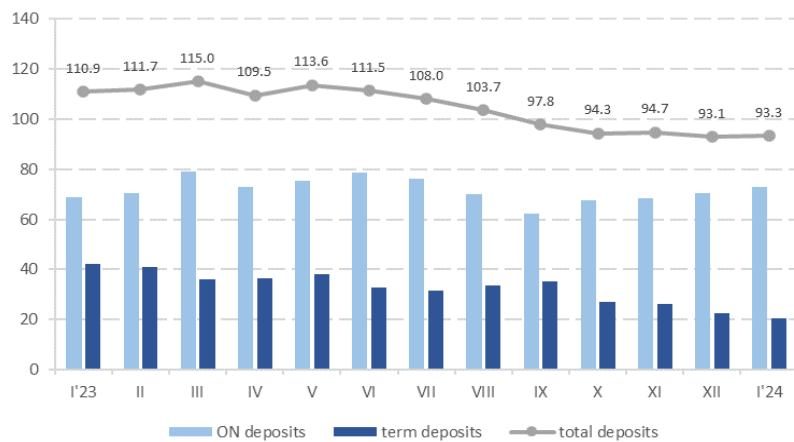


* Estimated data.

Consolidation of public finance sector liquidity management

PLN bn

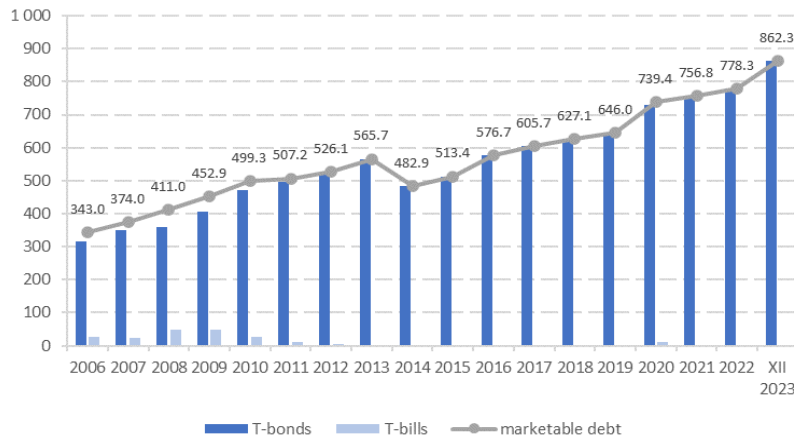
At the end of January 2024 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 93.3bn, of which PLN 20.5bn was as term deposits and PLN 72.8bn on ON deposits.



Structure of domestic marketable debt

PLN bn

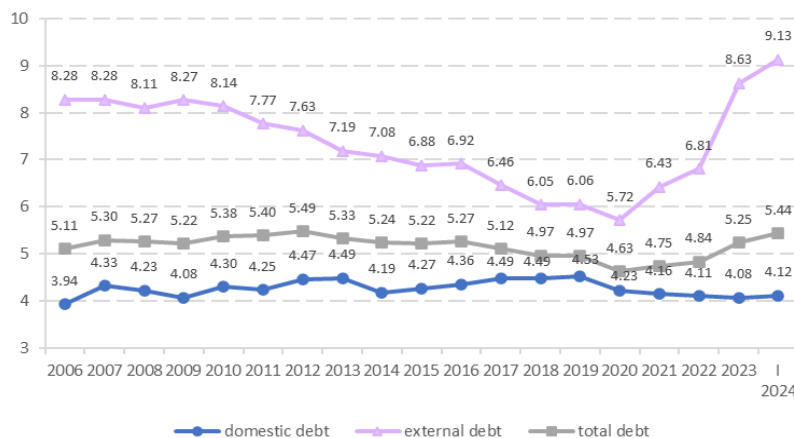
At the end of December 2023 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 862.3bn comparing to PLN 778.3bn at the end of 2022.



Average maturity

years

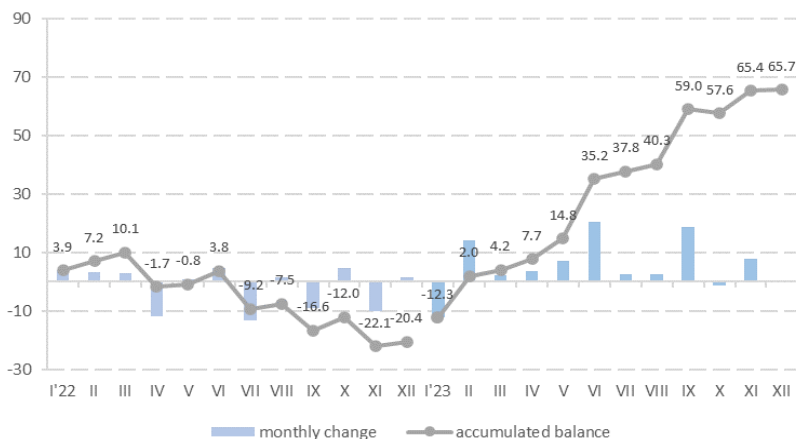
At the end of January 2024 the average maturity of domestic debt amounted to 4.12 years (while at the end of 2023 it was 4.08 years). The average of total debt amounted to 5.44 years (5.25 years at the end of 2023).



Change of debt in the domestic TS held by banks

PLN bn

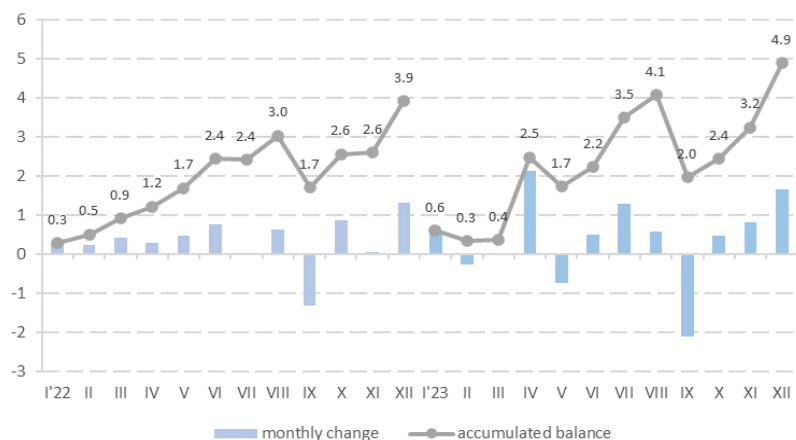
In the period of I-XII 2023 there was an increase of debt by PLN 65.7bn comparing to PLN 20.4bn decrease during the same period of 2022. Banks' holdings reached the level of PLN 493.8bn.



Change of debt in the domestic TS held by insurance companies

PLN bn

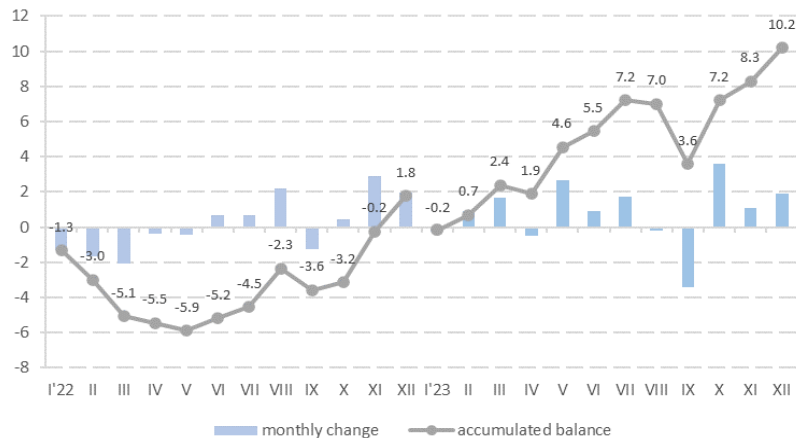
In the period of I-XII 2023 there was an increase of debt by PLN 4.9bn comparing to PLN 3.9bn increase during the same period of 2022. Insurance companies' holdings reached the level of PLN 64.5bn.



Change of debt in the domestic TS held by investment funds

PLN bn

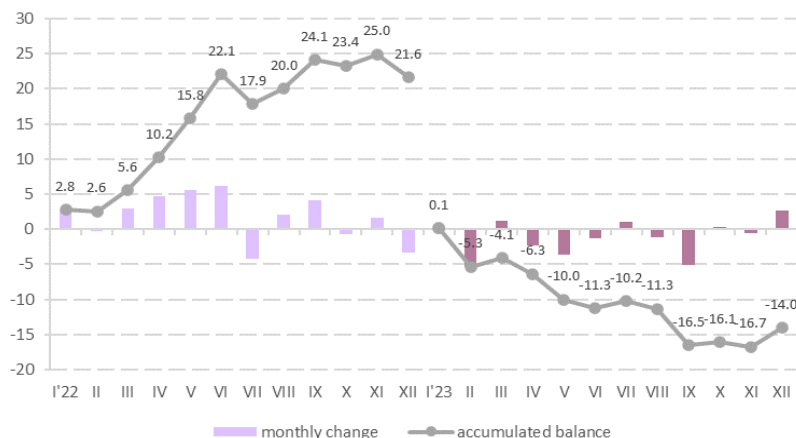
In the period of I-XII 2023 there was an increase of debt by PLN 10.2bn comparing to PLN 1.8bn increase during the same period of 2022. Investment funds' holdings reached the level of PLN 57.3bn.



Change of debt in the domestic TS held by foreign investors

PLN bn

In the period of I-XII 2023 there was a decrease of debt by PLN 14.0bn comparing to PLN 21.6bn increase during the same period of 2022. Foreign investors' holdings reached the level of PLN 132.2bn.

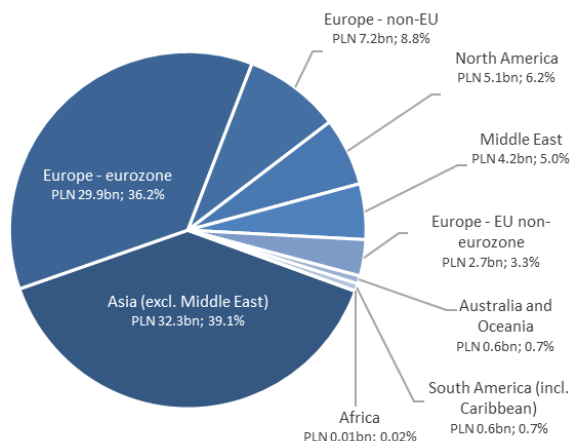


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Geographical distribution of the domestic TS held by non-residents

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

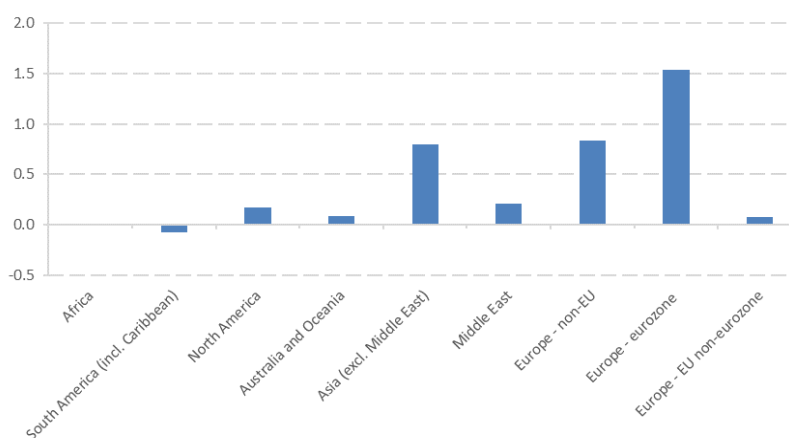
The non-residents' share in the domestic Treasury securities market increased by PLN 2.7bn in December 2023. The foreign investors' portfolio amounted to PLN 132.2bn, which constituted 13.8% share in total debt in TS (13.9% in the previous month).



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

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

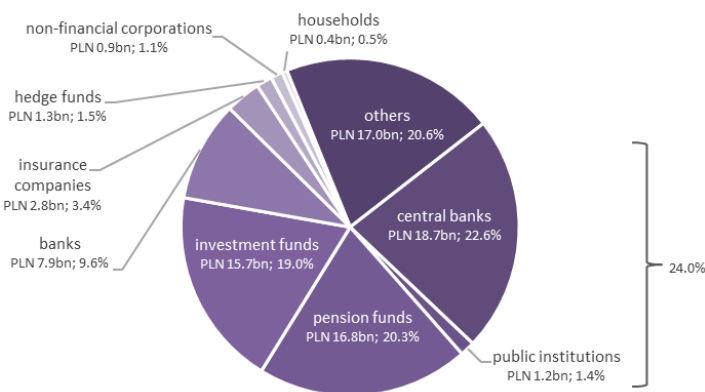
In December 2023 the highest increase was noted by investors from eurozone (PLN 1.5bn). The highest decrease was noted by South America investors (PLN 0.1bn).



Institutional distribution of the domestic TS held by non-residents

as of December 31, 2024, the chart presents data excluding omnibus accounts

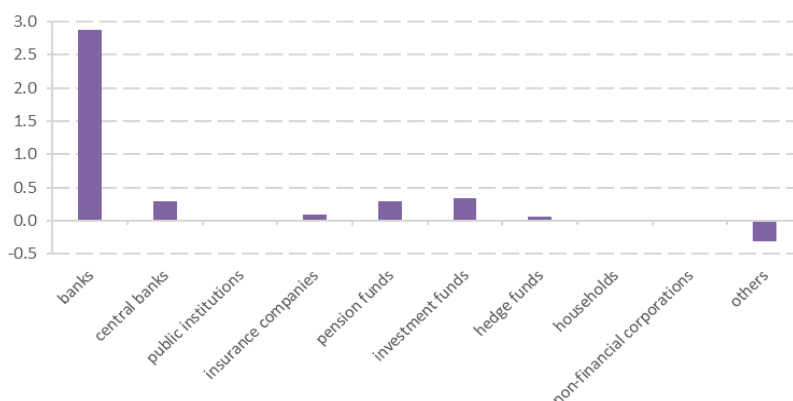
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 24.0% at the end of December 2023.



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

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

In December 2023 the highest increase was recorded by banks (PLN 2.9bn), while the highest decrease was noted by investors categorized by "others" (PLN 0.3bn).



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

change in December 2023, PLN bn

Central banks and public institutions' involvement increased by PLN 0.3bn in December 2023. In the period from the end of January 2018 to the end of December 2023 portfolios of those entities decreased by PLN 21.8bn.



Structure of non-residents' holdings in TS by countries

as of December 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	14 417.2	22.6%
Luxembourg	9 166.9	14.3%
Netherlands (the)	8 663.6	13.6%
United Kingdom (the)	5 048.2	7.9%
United States (the)	4 652.5	7.3%
Germany	4 429.1	6.9%
Ireland	3 790.5	5.9%
France	2 633.2	4.1%
Switzerland	1 675.4	2.6%
Singapore	1 087.6	1.7%
Denmark	999.4	1.6%
United Arab Emirates (the)	784.3	1.2%
Austria	750.2	1.2%
Czech Republic (the)	739.9	1.2%
Bulgaria	667.9	1.0%
Others	4 406.4	6.9%
Total	63 912.2	100.0%

Comment

Jurand Drop, Undersecretary of State, MoF

31-01-2024

At the end of January, the level of financing of this year's gross borrowing requirements of the state budget is approximately 36%. (...)

One switch auction and two sales auctions are planned in February. No Treasury bill auctions are planned.

In December 2023, the indebtedness in Treasury securities on the domestic market increased by PLN 19.0 billion. The involvement of domestic banks increased by PLN 0.3 billion, domestic non-bank investors by PLN 15.9 billion, and foreign investors by PLN 2.7 billion.

IV. SUPPLY PLAN OF TREASURY SECURITIES IN FEBRUARY 2024

T-bond sale auctions

Auction date	Settlement date	Series	Planned offer (PLN m)*
21 February 2024	23 February 2024	OK0426 / WS0429 / WZ1129 / DS1033 possible other T-bond	5,000-9,000
27 February 2024	29 February 2024	OK0426 / WS0429 / WZ1129 / DS1033 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)
14 February 2024/ 16 February 2024	OK0426 / WS0429 / WZ1129 / DS1033 possible other T-bond	PS0424	26,836
		WZ0524	16,431
		OK0724	15,575
		PS1024	35,408

T-bill auctions

Sale auctions of Treasury bills are not planned.

Offer on the retail market

T-bond	Issue price	Coupon
OTS0524 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR0225 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 6.05% in the first coupon period
DOR0226 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.50%); 6.30% in the first coupon period
TOS0227 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 6.40%
COI0228 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%); 6.55% in the first coupon period
EDO0234 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%); 6.80% in the first coupon period
ROS0230 family bonds 6-year	100.00 PLN	Floating (inflation rate + 1.75%); 6.75% in the first coupon period
ROD0236 family bonds 12-year	100.00 PLN	Floating (inflation rate + 2.00%); 7.05% in the first coupon period