



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

March 2024

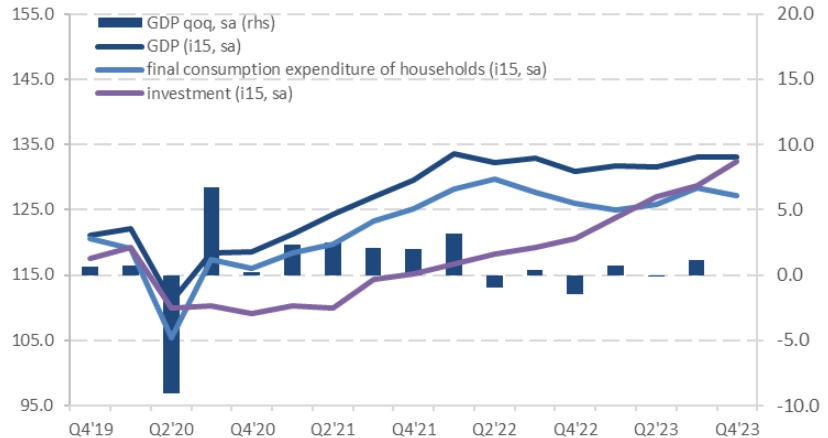
### THE MOST IMPORTANT INFORMATION

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I. MACROECONOMIC SITUATION

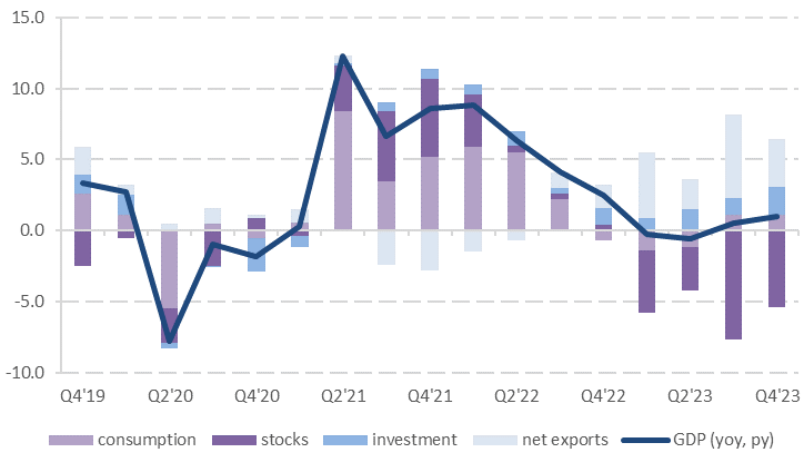
**Gross domestic product of Poland**  
constant prices, seasonally adjusted data (sa)  
source: GUS, Eurostat

In the last quarter of 2023, GDP remained unchanged (qoq, sa), after growing by 1.1% a quarter earlier. Household consumption, which should be supported among others by good situation on the labour market, high wage growth and lower inflation decreased (qoq, sa) after recovery in two previous quarters. Investments proved again to be resistant to unfavourable macroeconomic conditions (uncertainty, higher nominal interest rates) and have remained in the upward trend since the third quarter of 2021. Foreign trade turnover rebounded strongly.



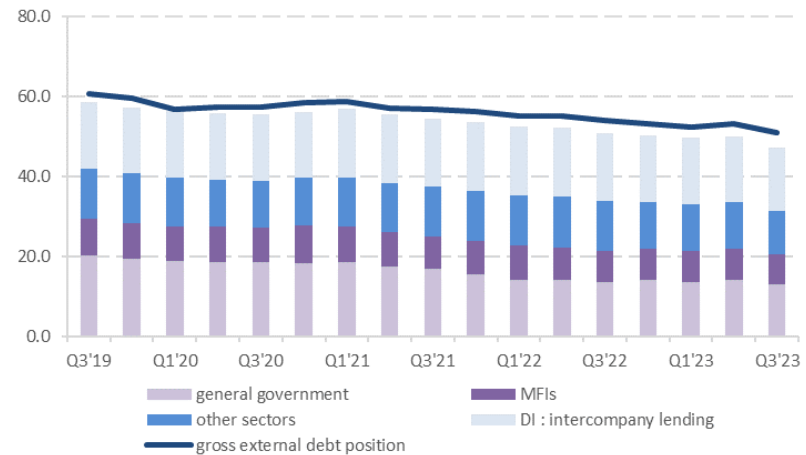
**Contributions to Polish GDP growth**  
average prices of the previous year (py), yoy  
source: GUS, MoF own calculation

In the fourth quarter of 2023 the GDP level - similarly to the third quarter - was higher than a year ago (by 1.0%, py), contrary to the situation in the first half of the year. Household consumption and investment were respectively 0.1% lower and 8.7% higher than in the fourth quarter of 2022. Contribution of inventories to GDP growth was strongly negative (-5.4 pp) and contribution of net exports was positive (3.3 pp).



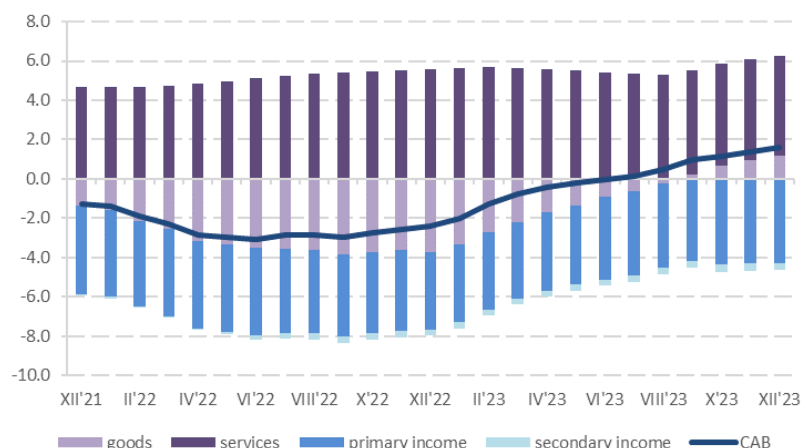
**Polish gross external debt position**  
percent of GDP  
source: NBP, GUS, MoF own calculation

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 December 2023 official reserve assets reached EUR 175.4bn and remained broadly adequate, covering over 5 months of imports.



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

In December 2023, according to preliminary data, Poland's C/A surplus amounted to 1.6% of GDP (in 12-month terms). In line with the seasonal pattern monthly goods balance deteriorated and was negative for the first time in a year. In recent months a slow down in yearly nominal trade dynamics (both exports and imports) was observed influenced by the weakening of external and domestic demand and a decline in transaction prices. Capital account surplus amounted to 0.2% of GDP increasing positive net lending/net borrowing (1.8% of GDP).

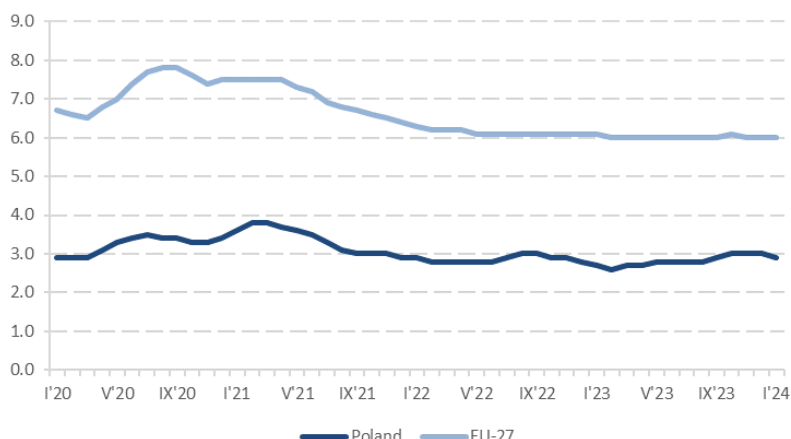


# I. MACROECONOMIC SITUATION

## Harmonised unemployment rate

percent, seasonally adjusted data  
source: Eurostat

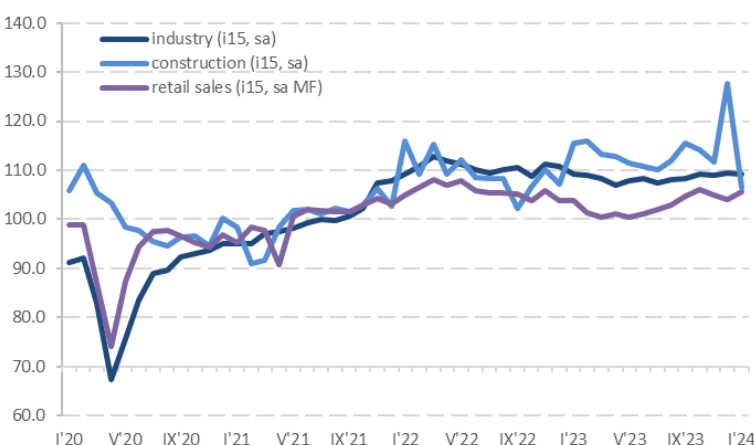
The harmonized unemployment rate (sa) amounted to 2.9% in January 2024 and it was by 0.1 pp lower than in three previous months and by 0.2 pp higher than a year earlier. It was by 0.3 pp higher than the historically lowest level recorded in February 2023. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (6.0% and 6.4%, respectively). In January 2024, 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

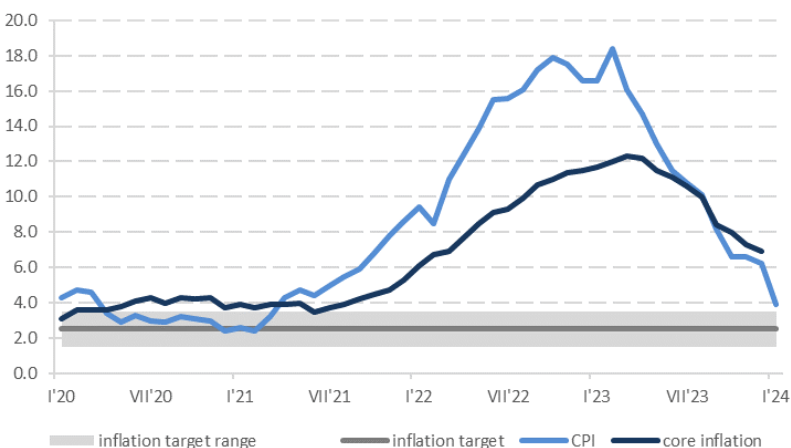
In January 2024 industrial production decreased by 0.2% (mom, sa) and was 1.6% higher than a year ago (nsa). Data were below market expectations. Construction production decreased as much as 16.5% following a high growth in the previous month (mom, sa). As a result its level was by 6.1% (nsa) lower than a year ago. The data was clearly weaker than market expectations. Retail sales grew following the decreases in the last two months of 2023 (mom, sa). The sales level was by 3% (nsa) higher than a year ago. The data were above market expectations.



## Inflation

percent, yoy  
source: GUS, NBP

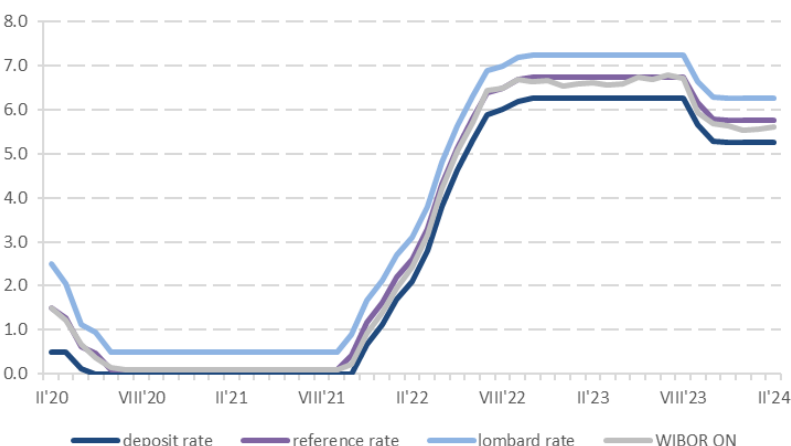
According to the preliminary data, in January 2024 CPI inflation rate declined to 3.9% (yoy). Annual rate of food and non-alcoholic beverages prices as well as energy prices noted a marked drop (respectively to 4.9% and -4.0% yoy). Probably core inflation also diminished (there is no data for January). In January producer prices were lower than a year before by 9.0%. Very low annual pace is related to statistical base effect as well as the drop of commodity prices on international markets and strengthening of the zloty.



## NBP interest rates

percent, end of period  
source: NBP, Refinitiv

In February 2024, the Monetary Policy Council left NBP interest rates unchanged for the fourth 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	2022 Q03	Q04	2023 Q01	Q02	Q03	Q04
<b>GDP</b>							
Gross domestic product	YoY	4.1	2.5	-0.3	-0.6	0.5	1.0
	QoQ SA	0.4	-1.5	0.7	-0.1	1.1	0.0
Final consumption expenditure of the households sector	YoY	2.9	1.0	-2.0	-2.8	0.8	-0.1
	QoQ SA	-1.5	-1.3	-0.8	0.7	1.9	-0.9
Final consumption expenditure of the general government sector	YoY	3.0	-6.2	-0.3	2.2	3.3	5.7
	QoQ SA	-0.1	-8.1	9.2	0.4	0.6	-0.8
Gross fixed capital formation	YoY	2.5	5.6	6.8	10.5	7.2	8.7
	QoQ SA	0.8	1.2	2.6	2.6	1.4	2.8
Exports of goods and services	YoY	9.8	4.5	3.8	-3.2	-11.0	2.7
	QoQ SA	1.7	-1.0	-0.3	-3.5	-6.1	13.8
Imports of goods and services	YoY	8.2	1.6	-3.2	-6.8	-20.3	-2.8
	QoQ SA	1.2	-2.6	-3.3	-2.1	-13.7	18.2
Gross value added	YoY	4.4	3.1	0.9	0.8	0.8	1.4
	QoQ SA	0.9	-2.2	1.4	0.3	1.4	0.4
<b>Contribution to GDP growth</b>							
Final consumption expenditure of the households sector	pp	1.6	0.5	-1.3	-1.6	0.5	0.0
Final consumption expenditure of the general government sector	pp	0.6	-1.2	-0.1	0.4	0.6	1.1
Gross fixed capital formation	pp	0.4	1.2	0.9	1.5	1.2	2.0
Changes in inventories	pp	0.4	0.4	-4.4	-3.0	-7.7	-5.4
Balance of trade turnover	pp	1.1	1.6	4.6	2.1	5.9	3.3
Gross value added	pp	3.8	2.7	0.8	0.6	0.8	1.3
<b>GDP structure</b>							
Final consumption expenditure of the households sector	% of GDP	57.9	50.4	59.8	57.3	59.2	50.1
Final consumption expenditure of the general government sector	% of GDP	18.0	19.1	17.3	18.5	18.7	20.1
Gross fixed capital formation	% of GDP	16.1	22.1	12.7	16.2	16.8	23.2
Changes in inventories	% of GDP	5.8	5.9	2.3	0.3	-1.5	0.7
Exports of goods and services	% of GDP	63.0	59.6	63.7	59.2	55.4	52.6
Imports of goods and services	% of GDP	61.9	58.1	56.7	52.5	49.7	47.7
<b>Balance of payments</b>							
	Unit	2023 M08	M09	M10	M11	M12	2024 M01
Goods: exports (EUR)	YoY	-2.3	-4.2	2.3	-1.9	-6.0	-
Goods: imports (EUR)	YoY	-11.9	-14.7	-7.7	-7.8	-11.3	-
Current account balance <sup>1)</sup>	% of GDP	0.5	1.0	1.1	1.4	1.6	-
Balance on goods <sup>1)</sup>	% of GDP	-0.2	0.2	0.7	0.9	1.2	-
Official Reserve Assets	EUR m	167 517.7	169 696.4	165 896.6	170 905.4	175 402.9	175 160.9
<b>Inflation</b>							
Consumer Price Index (CPI)	YoY	10.1	8.2	6.6	6.6	6.2	3.9
Core inflation (CPI excluding food and energy prices)	YoY	10.0	8.4	8.0	7.3	6.9	-
Producer Price Index (PPI)	YoY	-2.9	-2.7	-4.2	-5.1	-6.9	-9.0
<b>Production</b>							
Sold production of industry <sup>2)</sup>	YoY	-2.2	-3.3	2.0	-0.3	-3.5	1.6
	MoM SA	0.7	0.2	0.9	-0.3	0.5	-0.2
Construction and assembly production <sup>2)</sup>	YoY	3.5	11.5	9.8	3.9	14.0	-6.1
	MoM SA	1.9	3.2	-1.4	-2.2	14.5	-16.5
Manufacturing PMI	SA	43.1	43.9	44.5	48.7	47.4	47.1
<b>Households and labour market</b>							
Retail sales <sup>2)</sup>	YoY	-2.7	-0.3	2.8	-0.3	-2.3	3.0
Average paid employment in enterprise sector	YoY	0.0	0.0	-0.1	-0.2	-0.1	-0.2
	MoM	-0.2	-0.1	0.0	0.0	0.0	0.3
Average monthly gross wages and salaries in enterprise sector (real)	YoY	1.7	2.0	5.8	4.9	3.2	8.6
	MoM	-1.6	0.6	1.9	1.0	4.6	-3.7
Harmonised unemployment rate (Eurostat)	%, SA	2.8	2.9	3.0	3.0	3.0	2.9
<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>							
<b>State Treasury debt</b>							
	Unit	2023 M07	M08	M09	M10	M11	M12
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 271 360.0	1 278 076.6	1 306 127.3	1 297 015.2	1 309 350.8	1 346 199.4
Domestic debt	face value, PLN m	991 051.8	993 645.7	1 009 415.7	1 013 333.0	1 026 288.1	1 042 416.7
	%	78.0	77.7	77.3	78.1	78.4	77.4
Foreign debt	face value, PLN m	280 308.3	284 430.9	296 711.6	283 682.1	283 062.7	303 782.7
	%	22.0	22.3	22.7	21.9	21.6	22.6
<b>Public debt (domestic definition)</b>							
	Unit	2022 Q02	Q03	Q04	2023 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
<b>General Government debt (EU definition)</b>							
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 February 29, 2024, PLN bn

Financing of the State budget borrowing requirements at the level of ca. 43% (acc. to the Budget Act) was a result of:

- T-bond sale on domestic market: PLN 53.7bn,
- switch auctions in 2024: PLN 10.1bn,
- 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 86.7bn (the final level will be known following the closure of the budget year).

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

plan as of February 29, 2024, PLN bn

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

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

as at the end of month, PLN bn

As of February 29, 2024, to the end of the 2024 year the funds to be transferred to the market shall amount to PLN 117.7bn.

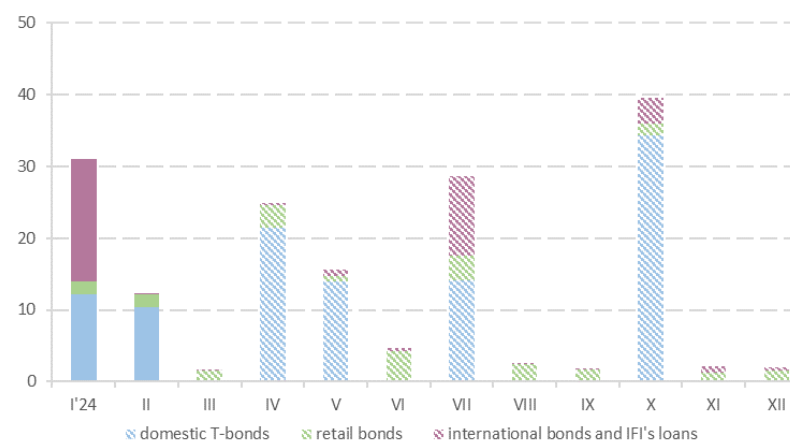
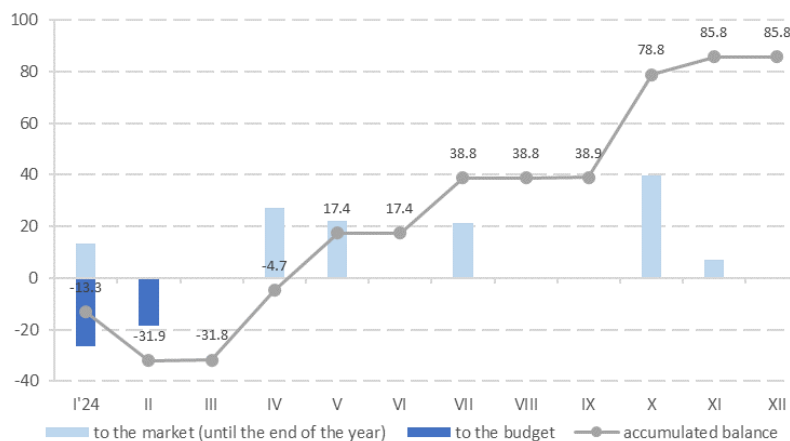
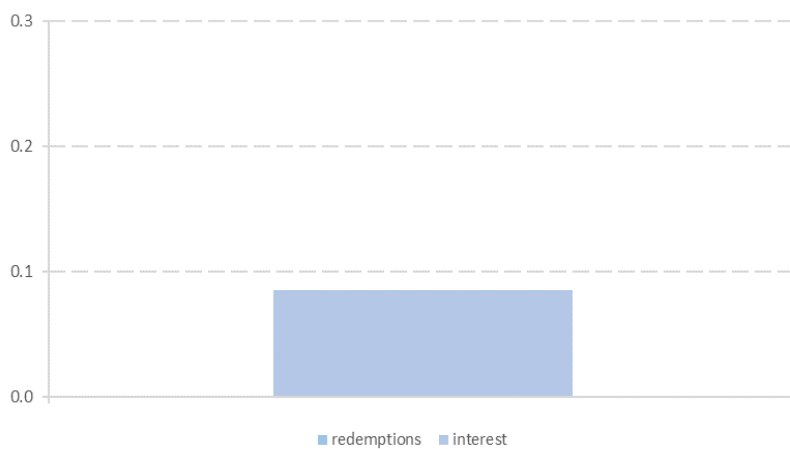
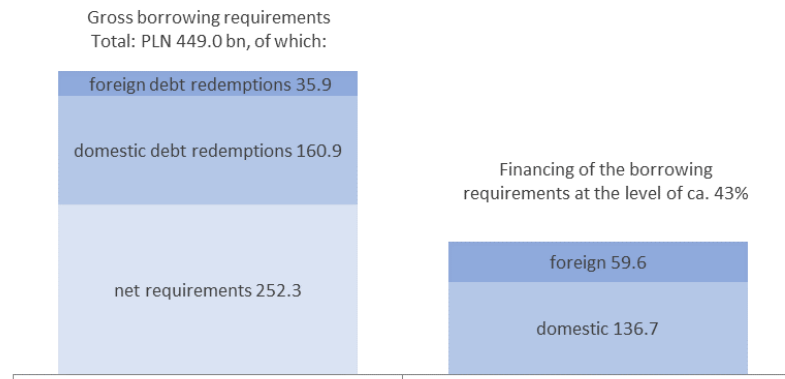
\*figures include sale, redemptions and interest payments on wholesale T-securities; monthly financing plans will depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.

#### 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 February 29, 2024), is equal to PLN 123.7bn, including:

- T-bonds: PLN 83.9bn,
- T-retail bonds: PLN 21.8bn,
- bonds and loans incurred on foreign markets: PLN 18.1bn.

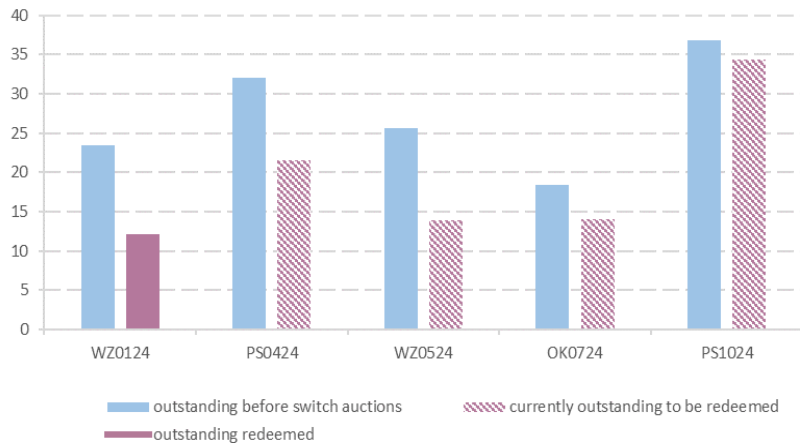


**Reducing refinancing risk connected with redemptions of domestic TS maturing in 2024**

as of February 29, 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 10.5bn (33% of the issuance),
- WZ0524: PLN 11.7bn (46% of the issuance),
- OK0724: PLN 4.3bn (23% of the issuance),
- PS1024: PLN 2.5bn (7% of the issuance).



**Sale of domestic TS in 2023 and 2024**

settlement date, nominal amount, PLN bn

In the period of I-II 2024 aggregated total sale of T-bonds amounted to PLN 66.8bn versus PLN 30.5bn in the same period of 2023. T-bills were not sold.



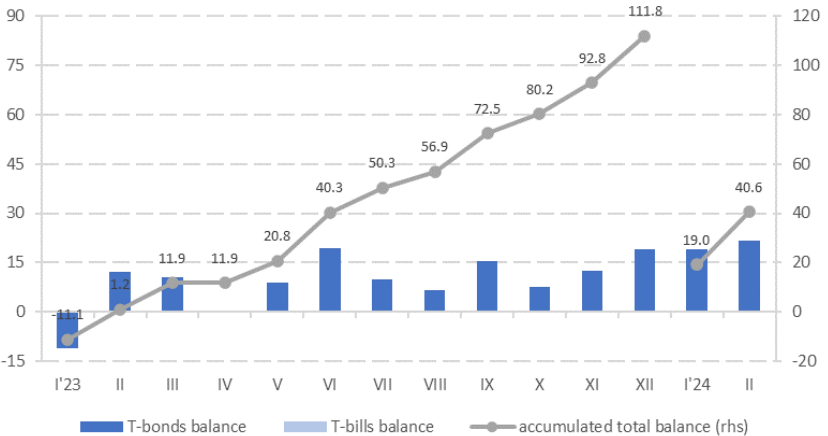
**Balance of domestic TS in 2023 and 2024**

settlement date, nominal amount, PLN bn

In the period of I-II 2024 indebtedness in:

- T-bonds increased by PLN 40.6bn versus increase of PLN 1.2bn 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.

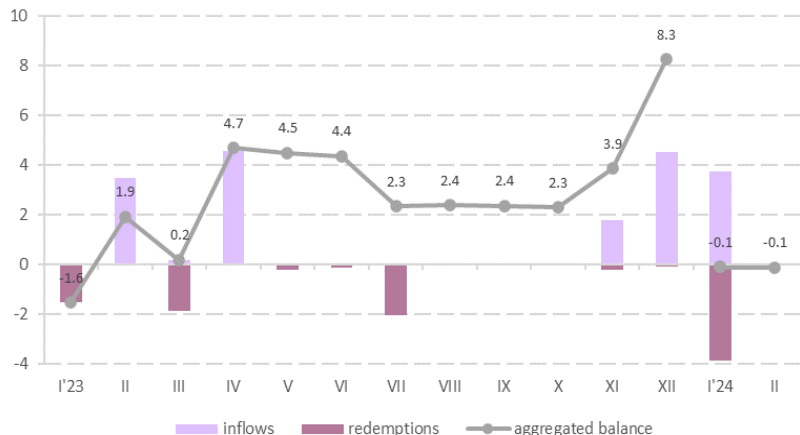


**External financing in 2023 and 2024**

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

Net financing on foreign markets in the period of I-II 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.



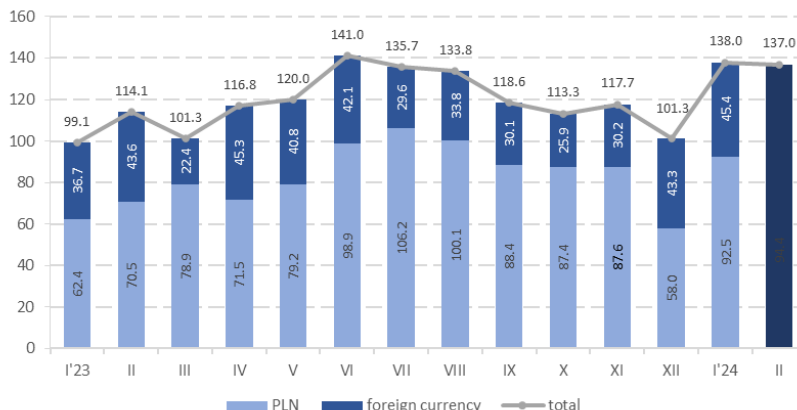
### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### 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 February 2024 there was the equivalent of PLN 137.0bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

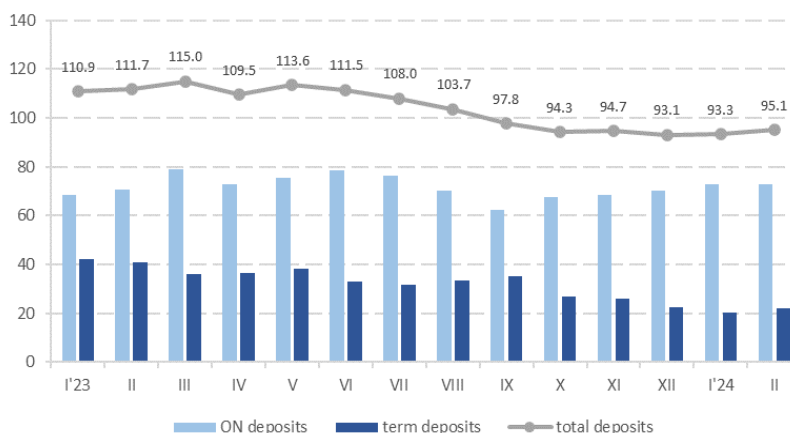
\* Estimated data.



#### Consolidation of public finance sector liquidity management

PLN bn

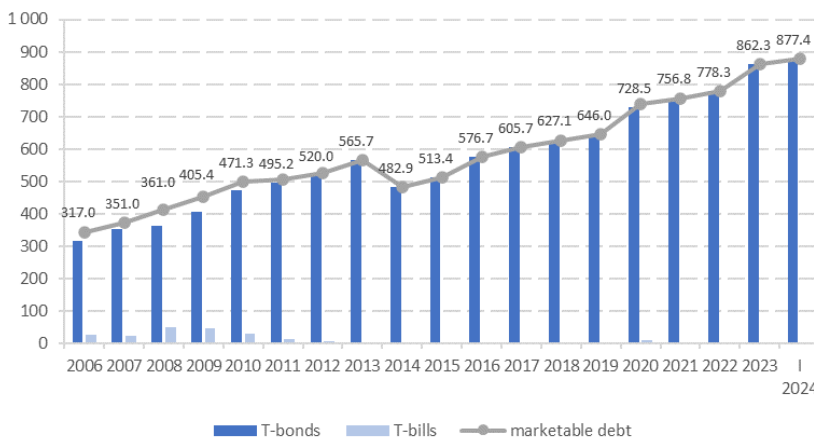
At the end of February 2024 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 95.1bn, of which PLN 22.2bn was as term deposits and PLN 72.9bn on ON deposits.



#### Structure of domestic marketable debt

PLN bn

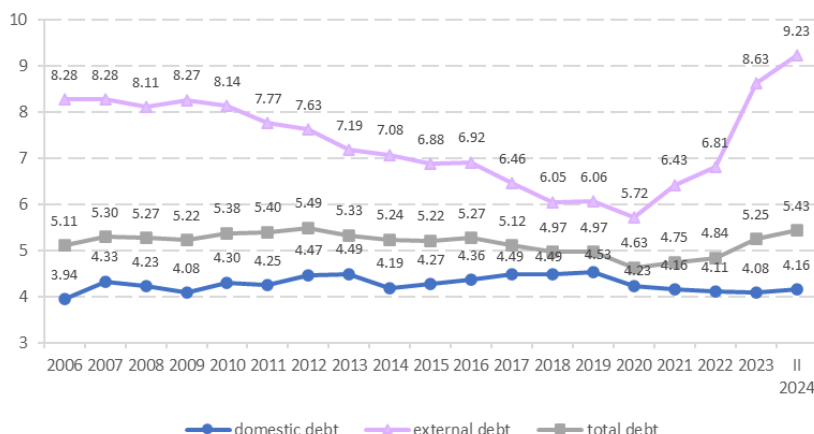
At the end of January 2024 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 877.4bn comparing to PLN 862.3bn at the end of 2023.



#### Average maturity

years

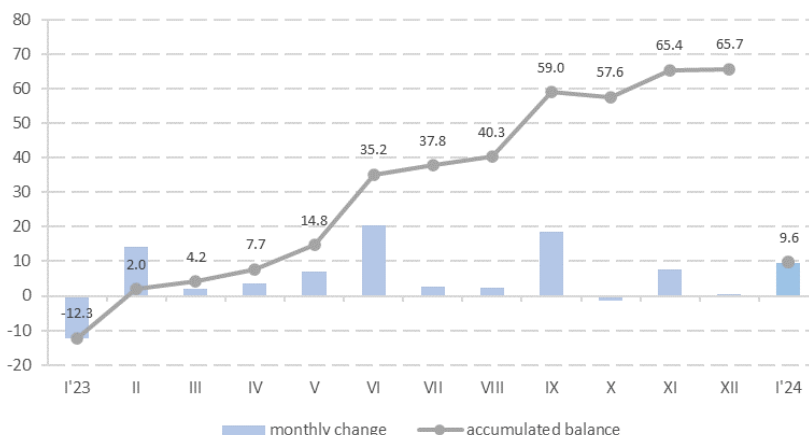
At the end of February 2024 the average maturity of domestic debt amounted to 4.16 years (while at the end of 2023 it was 4.08 years). The average of total debt amounted to 5.43 years (5.25 years at the end of 2023).



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

PLN bn

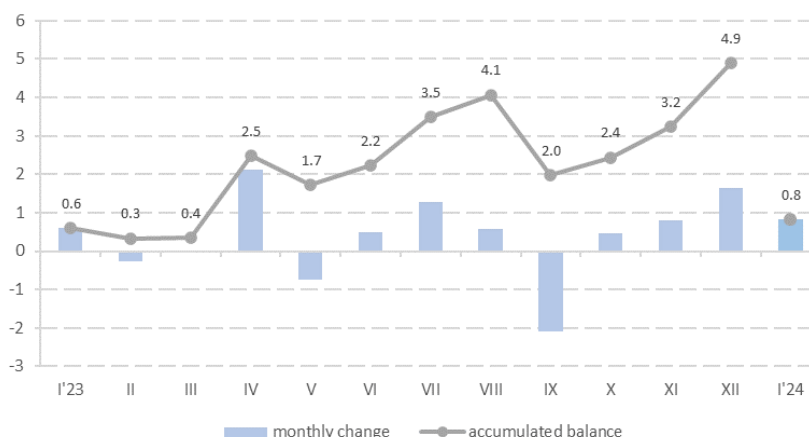
In January 2024 there was an increase of debt by PLN 9.6bn comparing to PLN 12.3bn decrease during the same period of 2023. Banks' holdings reached the level of PLN 503.4bn.



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

PLN bn

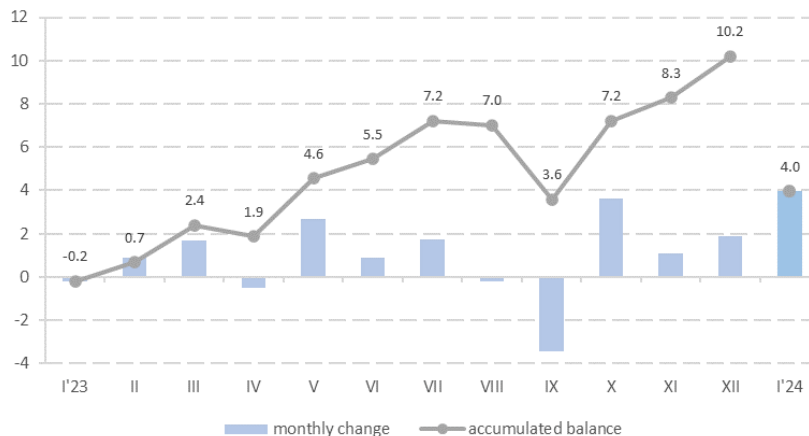
In January 2024 there was an increase of debt by PLN 0.8bn comparing to PLN 0.6bn increase during the same period of 2023. Insurance companies' holdings reached the level of PLN 65.3bn.



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

PLN bn

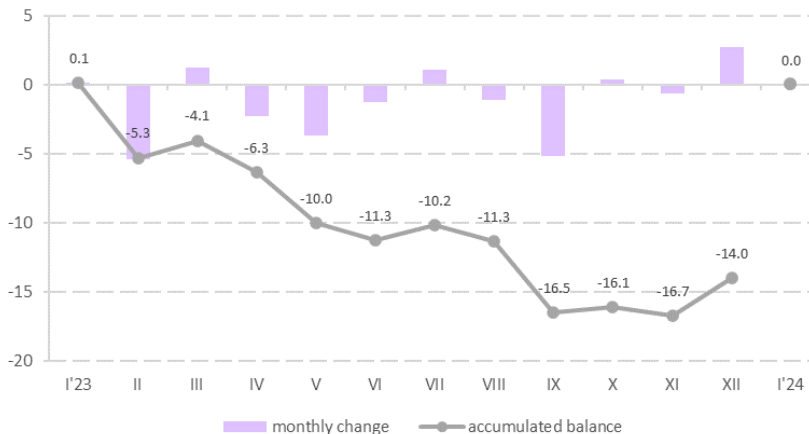
In January 2024 there was an increase of debt by PLN 4.0bn comparing to PLN 0.2bn decrease during the same period of 2023. Investment funds' holdings reached the level of PLN 61.2bn.



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

PLN bn

In January 2024 there was a decrease of debt by PLN 0.01bn comparing to PLN 0.1bn increase during the same period of 2023. Foreign investors' holdings reached the level of PLN 132.2bn.

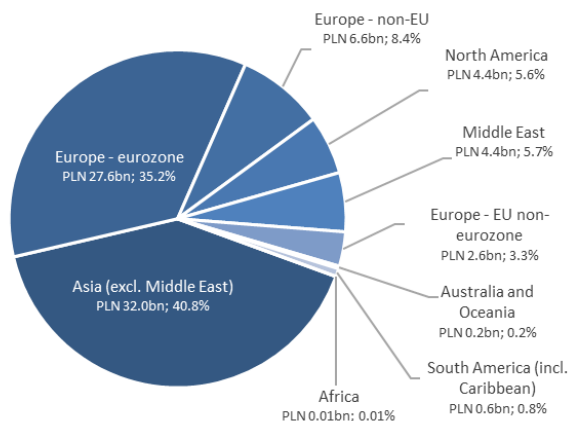




### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

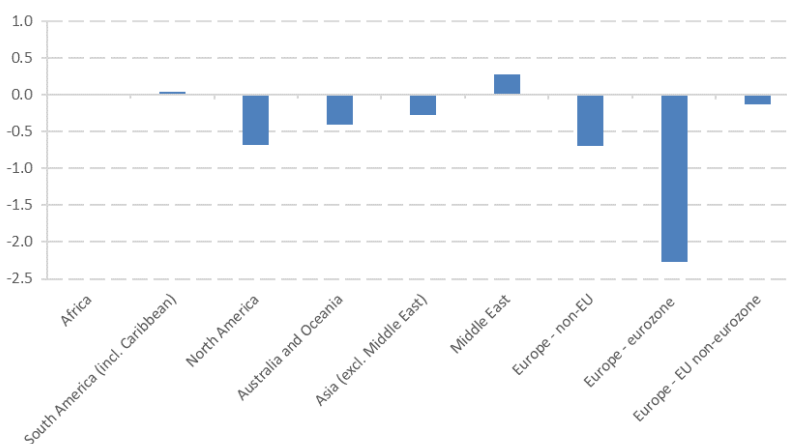
#### Geographical distribution of the domestic TS held by non-residents as of January 31, 2024, the chart presents data excluding omnibus accounts

The non-residents' share in the domestic Treasury securities market decreased by PLN 0.1bn in January 2024. The foreign investors' portfolio amounted to PLN 132.2bn, which constituted 13.3% share in total debt in TS (13.6% in the previous month).



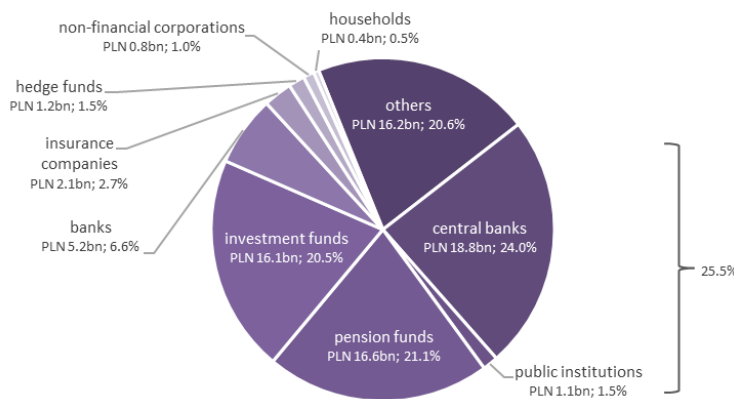
#### Change of debt in the domestic TS held by non-residents by regions change in January 2024, mom, PLN bn, the chart presents data excluding omnibus accounts

In January 2024 the highest increase was noted by investors from Middle East (PLN 0.3bn). The highest decrease was noted by investors from Europe — eurozone (PLN 2.3bn).



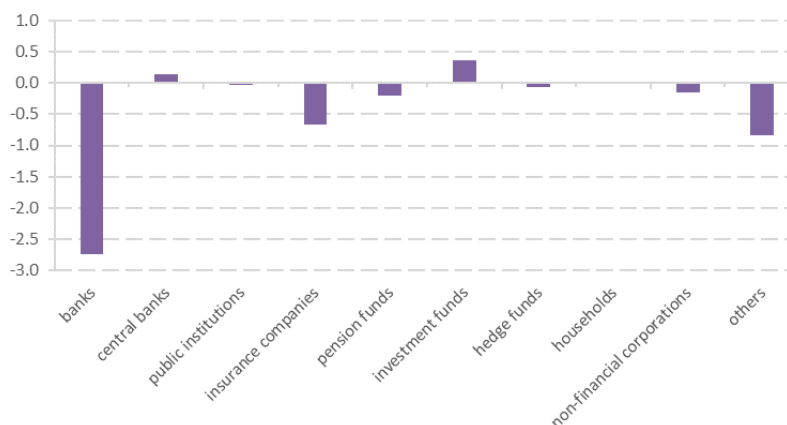
#### Institutional distribution of the domestic TS held by non-residents as of January 31, 2024, the chart presents data excluding omnibus accounts

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 25.5% at the end of January 2024.



#### Change of debt in the domestic TS held by non-residents by institutions change in January 2024, mom, PLN bn, the chart presents data excluding omnibus accounts

In January 2024 the highest increase was recorded by investment funds (PLN 0.4bn), while the highest decrease was noted by banks (PLN 2.7bn).



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

*change in January 2024, PLN bn*

Central banks and public institutions' involvement increased by PLN 0.1bn in January 2024. In the period from the end of January 2018 to the end of January 2024 portfolios of those entities decreased by PLN 21.6bn.



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

*as of January 31, 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	13 997.8	23.5%
Luxembourg	9 646.9	16.2%
Netherlands	8 590.5	14.4%
United Kingdom	4 300.4	7.2%
United States	3 924.9	6.6%
Germany	3 853.4	6.5%
Ireland	3 154.1	5.3%
Switzerland	1 748.8	2.9%
France	1 649.3	2.8%
Singapore	1 070.3	1.8%
United Arab Emirates	1 025.1	1.7%
Denmark	921.4	1.5%
Czech Republic	744.5	1.2%
Bulgaria	676.4	1.1%
Others	4 321.3	7.2%
<b>Total</b>	<b>59 625.0</b>	<b>100.0%</b>

**Comment**

**Jurand Drop, Undersecretary of State, MoF**

*29-02-2024*

At the end of February, the level of financing of this year's gross borrowing requirements of the state budget is approximately 43%. We estimate there was the equivalent of PLN 137.0bn on the budgetary accounts.

Two sales auctions and one switch auction are planned in March. No Treasury bill auctions are planned.

In January 2023, the indebtedness in Treasury securities on the domestic market increased by PLN 19.1 bn. The involvement of domestic banks increased by PLN 9.6 bn, domestic non-bank investors by PLN 9.5 bn, foreign investors indebtedness did not change this month.

## IV. SUPPLY PLAN OF TREASURY SECURITIES IN MARCH 2024

### T-bond sale auctions

Auction date	Settlement date	Series	Planned offer (PLN m)*
13 March 2024	15 March 2024	OK0426 / PS0729 / WZ1129 / DS1033 possible other T-bond	5,000-9,000
26 March 2024	28 March 2024	OK0426 / PS0729 / 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)
19 March 2024/ 21 March 2024	OK0426 / PS0729 / WZ1129 / DS1033 possible other T-bond	PS0424	21,522
		WZ0524	13,933
		OK0724	14,098
		PS1024	34,322

### T-bill auctions

Sale auctions of Treasury bills are not planned.

### Offer on the retail market

T-bond	Issue price	Coupon
OTS0624 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR0325 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 6.05% in the first coupon period
DOR0326 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.50%); 6.30% in the first coupon period
TOS0327 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 6.40%
COI0328 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%); 6.55% in the first coupon period
EDO0334 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%); 6.80% in the first coupon period
ROS0330 family bonds 6-year	100.00 PLN	Floating (inflation rate + 1.75%); 6.75% in the first coupon period
ROD0336 family bonds 12-year	100.00 PLN	Floating (inflation rate + 2.00%); 7.05% in the first coupon period