



State budget borrowing requirements' financing plan and its background

4th quarter 2024

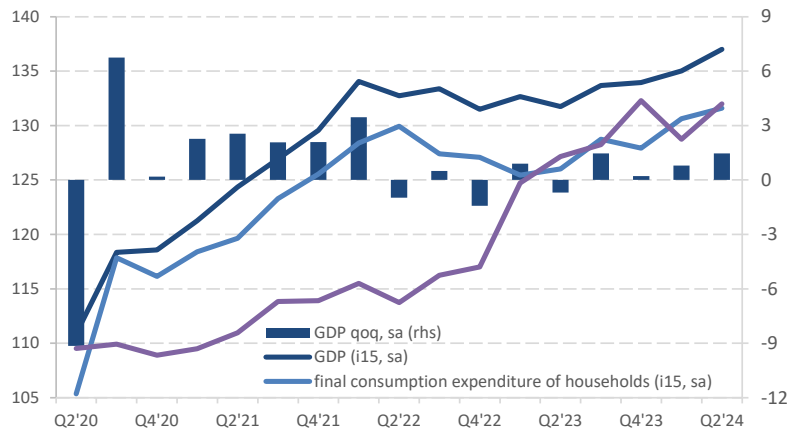
October 2024

THE MOST IMPORTANT INFORMATION

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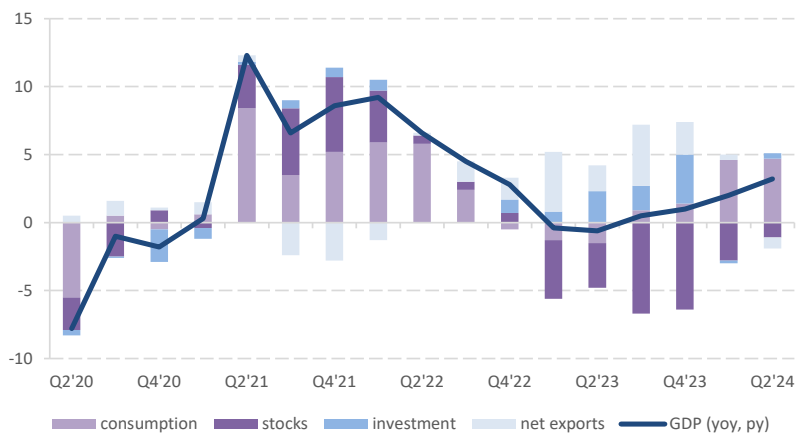
Gross domestic product of Poland
constant prices, seasonally adjusted data (sa)
source: GUS, Eurostat

In the second quarter of 2024, GDP increased by 1.5% (qoq, sa), after an increase of 0.8% a quarter earlier. Household consumption increased again, although at a lower pace than in the previous quarter (0.7%). On the other hand, investments and foreign trade turnover recorded a clear rebound.



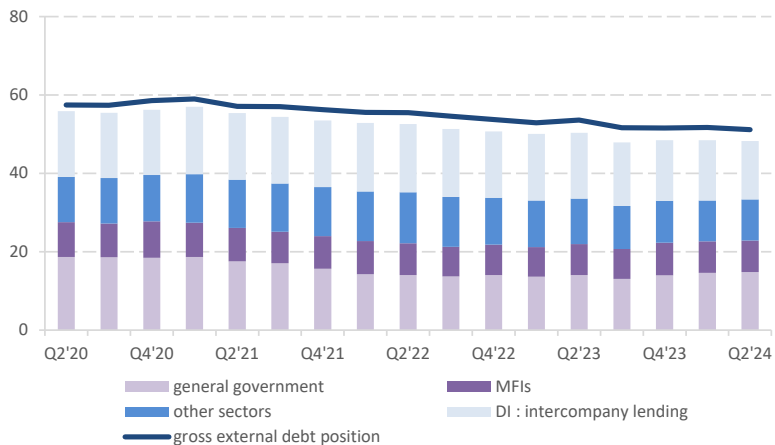
Contributions to Polish GDP growth
average prices of the previous year (py), yoy
source: GUS, MoF own calculation

The annual change in GDP recorded in the second quarter of 2024 (3.2%, py) was higher than that observed in previous quarters. The annual growth of private consumption, which was already relatively high, improved slightly and amounted to 4.7, supported by a high nominal increase in household disposable income and low inflation. Investments also increased on annual basis, despite weak investment outlays in non-financial corporations in this period. Public consumption recorded very high annual dynamics (the effect of high wage growth in the public sector). Dynamics of foreign trade turnover improved, but net exports had a negative contribution to GDP growth (-0.8 pp). Negative contribution of inventories to GDP growth narrowed to -1.1 pp.



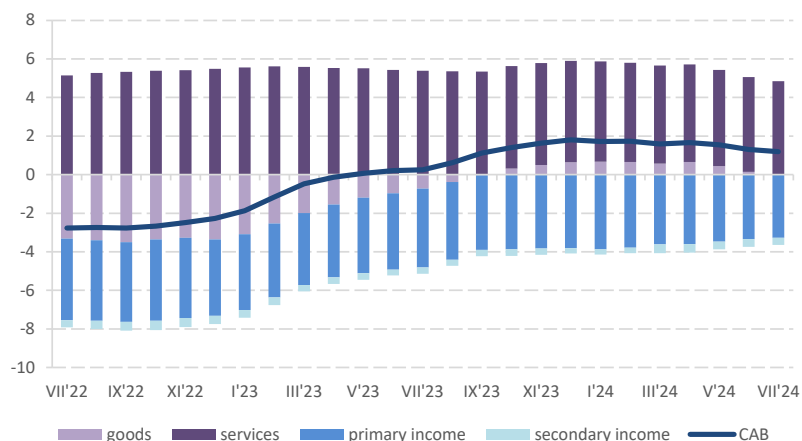
Polish gross external debt position
percent of GDP
source: NBP, GUS, MoF own calculation

At the end of the second quarter of 2024 gross external debt reached EUR 406.4bn (51.2% of GDP) and was EUR 6.1bn higher than in the previous quarter. The share of general government sector debt in total debt increased to 29.0%. At the end of July 2024 official reserve assets reached EUR 190.5bn 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 July 2024, due to new quarterly data, Poland's C/A surplus decreased to 1.2% of GDP (in 12-month terms). Yearly imports dynamics for the third month in a row was clearly higher than exports dynamics. Exports continued to be limited by low demand in the economies of Polish's main trading partners. Imports, on the other hand, benefited from the improvement in the dynamics of domestic demand, especially private consumption, visible in the data from the national accounts. Primary income deficit in relation to GDP remained the main source of the negative contribution to the external balance. Capital account surplus amounted to 0.8% of GDP increasing positive net lending/net borrowing (2.0% of GDP).

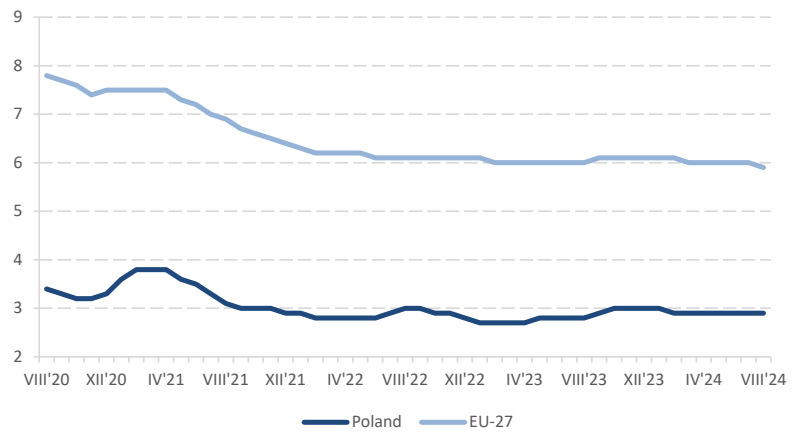


I. MACROECONOMIC SITUATION

Harmonised unemployment rate

percent, seasonally adjusted data
source: Eurostat

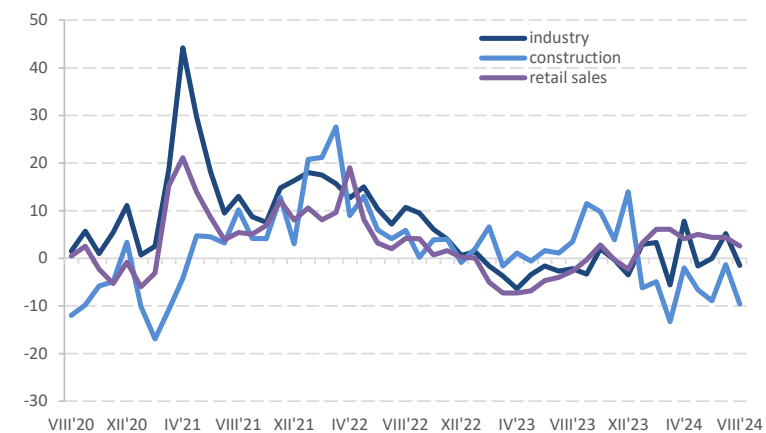
The harmonized unemployment rate (sa) amounted to 2.9% in August 2024 and it was at the same level as in six previous months and by 0.1 pp. higher than a year earlier. It was by 0.2 pp. higher than the historically lowest level recorded in January - April 2023. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (5.9% and 6.4%, respectively). In August 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

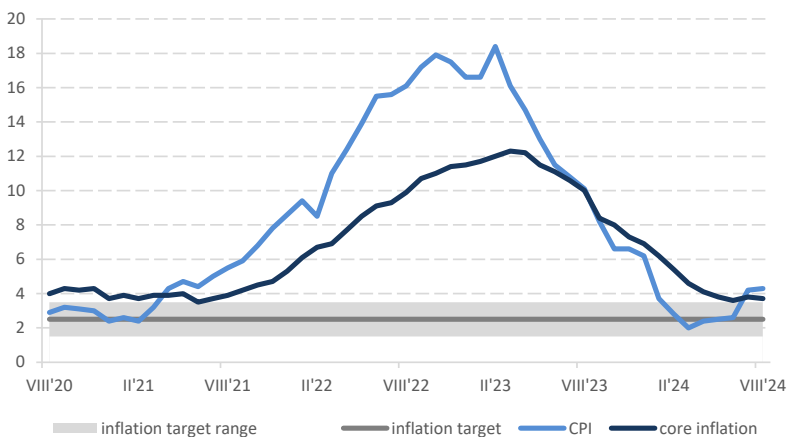
In August 2024 industrial production was 1.5% lower than a year ago (nsa). The data were below market expectations. Construction production was by 9.6% (nsa) lower than a year ago. The data were below market expectations. Retail sales was by 2.6% (nsa) higher than a year ago. The data were below market expectations.



Inflation

percent, yoy
source: GUS, NBP

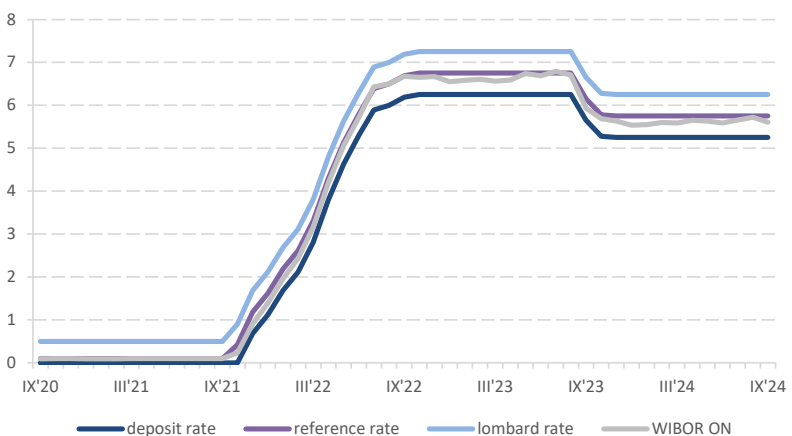
After significant acceleration in July, in August inflation increased slightly and amounted to 4.3% (yoy). This was due to higher dynamics of the prices of food and non-alcoholic beverages (4.1%). The annual growth rate of energy prices decreased to 6.3%, and core inflation amounted to 3.7%. According to preliminary data in September CPI rate rose to 4.9%. In August producer prices were lower than a year before by 5.1%. The very low annual dynamics is related to 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 September 2024, the Monetary Policy Council left NBP interest rates unchanged for the tenth meeting 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	2023				2024	
		Q01	Q02	Q03	Q04	Q01	Q02
GDP							
Gross domestic product	YoY	-0.4	-0.6	0.5	1.0	2.0	3.2
	QoQ SA	0.9	-0.7	1.5	0.2	0.8	1.5
Final consumption expenditure of the households sector	YoY	-1.8	-2.9	0.8	0.0	4.6	4.7
	QoQ SA	-1.3	0.4	2.2	-0.6	2.1	0.7
Final consumption expenditure of the general government sector	YoY	-1.1	1.1	2.5	7.5	10.9	10.7
	QoQ SA	7.5	1.0	1.8	1.5	2.3	1.3
Gross fixed capital formation	YoY	6.0	16.5	11.3	15.8	-1.8	2.7
	QoQ SA	6.6	2.0	0.8	3.2	-2.7	2.5
Exports of goods and services	YoY	6.0	-0.6	4.5	3.6	0.5	3.4
	QoQ SA	1.9	-2.6	5.8	-1.2	-1.4	1.8
Imports of goods and services	YoY	-1.0	-3.5	-2.9	-0.5	-0.1	5.4
	QoQ SA	-1.2	-1.8	1.5	0.7	-0.2	2.8
Gross value added	YoY	0.8	1.0	1.1	1.7	1.7	2.2
	QoQ SA	1.4	-0.2	1.4	0.5	0.5	1.6
Contribution to GDP growth							
Final consumption expenditure of the households sector	pp	-1.1	-1.7	0.5	0.0	2.7	2.7
Final consumption expenditure of the general government sector	pp	-0.2	0.2	0.4	1.4	1.9	2.0
Gross fixed capital formation	pp	0.8	2.3	1.8	3.6	-0.2	0.4
Changes in inventories	pp	-4.3	-3.3	-6.7	-6.4	-2.8	-1.1
Balance of trade turnover	pp	4.4	1.9	4.5	2.4	0.4	-0.8
Gross value added	pp	0.8	0.9	0.9	1.6	1.6	2.0
GDP structure							
Final consumption expenditure of the households sector	% of GDP	60.0	57.4	58.8	49.7	61.8	58.7
Final consumption expenditure of the general government sector	% of GDP	17.1	18.3	18.4	20.4	19.0	20.4
Gross fixed capital formation	% of GDP	12.9	15.8	16.8	24.4	12.5	15.9
Changes in inventories	% of GDP	2.2	0.2	-0.9	-0.2	-0.4	-0.8
Exports of goods and services	% of GDP	64.3	60.6	55.4	52.1	55.8	54.3
Imports of goods and services	% of GDP	57.5	53.2	49.7	47.3	49.7	49.6
Balance of payments							
	Unit	2024					
		M03	M04	M05	M06	M07	M08
Goods: exports (EUR)	YoY	-8.7	7.5	-6.0	-7.3	4.2	-
Goods: imports (EUR)	YoY	-7.2	4.7	0.1	0.6	9.1	-
Current account balance ¹⁾	% of GDP	1.6	1.7	1.6	1.3	1.2	-
Balance on goods ¹⁾	% of GDP	0.6	0.7	0.4	0.1	0.0	-
Official Reserve Assets	EUR m	187 795.6	192 399.8	191 804.5	195 914.8	190 534.9	192 450.1
Inflation							
Consumer Price Index (CPI)	YoY	2.0	2.4	2.5	2.6	4.2	4.3
Core inflation (CPI excluding food and energy prices)	YoY	4.6	4.1	3.8	3.6	3.8	3.7
Producer Price Index (PPI)	YoY	-9.9	-8.5	-7.0	-5.8	-5.1	-5.1
Production							
Sold production of industry ²⁾	YoY	-5.6	7.8	-1.6	0.0	5.2	-1.5
	MoM SA	-5.2	6.3	-1.9	1.0	-0.2	-0.8
Construction and assembly production ²⁾	YoY	-13.3	-2.0	-6.6	-8.9	-1.3	-9.6
	MoM SA	-3.7	2.3	-0.4	-2.1	0.5	-0.5
Manufacturing PMI	SA	48.0	45.9	45.0	45.0	47.3	47.8
Households and labour market							
Retail sales ²⁾	YoY	6.1	4.1	5.0	4.4	4.4	2.6
Average paid employment in enterprise sector	YoY	-0.2	-0.4	-0.5	-0.4	-0.4	-0.5
	MoM	-0.1	0.0	-0.2	0.0	0.1	-0.3
Average monthly gross wages and salaries in enterprise sector (real)	YoY	9.8	8.7	8.7	8.2	6.1	6.6
	MoM	5.2	-2.7	-3.4	1.7	0.2	-1.2
Harmonised unemployment rate (Eurostat)	%, SA	2.9	2.9	2.9	2.9	2.9	2.9
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	2024					
		M02	M03	M04	M05	M06	M07
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 383 019.5	1 430 341.8	1 445 547.6	1 449 227.6	1 475 039.2	1 476 771.7
Domestic debt	face value, PLN m	1 081 181.1	1 097 764.9	1 096 300.5	1 106 261.2	1 127 621.1	1 143 561.4
	%	78.2	76.7	75.8	76.3	76.4	76.4
Foreign debt	face value, PLN m	301 838.5	332 576.9	349 247.1	342 966.4	347 418.2	333 210.3
	%	21.8	23.3	24.2	23.7	23.6	22.6
Public debt (domestic definition)							
	Unit	2023				2024	
		Q01	Q02	Q03	Q04	Q01	Q02
Public debt (acc. to the place of issue criterion)	face value, PLN m	1 209 817.2	1 241 612.6	1 275 372.8	1 328 065.6	1 417 018.1	1 456 327.4
Domestic debt	face value, PLN m	898 137.2	925 382.1	955 030.5	998 740.9	1 059 067.4	1 083 830.4
	%	74.1	74.2	74.5	74.9	75.2	74.7
Foreign debt	face value, PLN m	311 679.9	316 230.5	320 342.3	329 324.7	357 950.6	372 496.9
	%	25.9	25.8	25.5	25.1	24.8	25.3
General Government debt (EU definition)							
General Government debt	face value, PLN m	1 532 411.7	1 581 811.5	1 624 461.5	1 691 216.2	1 772 039.1	1 824 503.5

Source: MoF

III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Gross borrowing requirements in 2024 as of September 30, 2024, PLN bn

Financing of the State budget borrowing requirements has been at the level of ca. 93% acc. to the Budget Act, and ca 98% acc. to the budget performance forecast as a result of:

- T-bond sale on domestic market: PLN 207.0bn,
- switch auctions in 2024: PLN 29.0bn,
- T-bond sale on foreign markets: PLN 47.2bn,
- loans incurred from European Union (RRF): PLN 15.5bn,
- loans incurred from IFIs: PLN 0.3bn,
- 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 October plan as of September 30, 2024, PLN bn

Value of funds transferred from the State budget to the market in October sh. amount to PLN 34.8bn, of which:

- TS redemptions: PLN 28.2bn,
- interest payments: PLN 6.7bn.

Flows of funds between the domestic market and the budget* as at the end of month, PLN bn

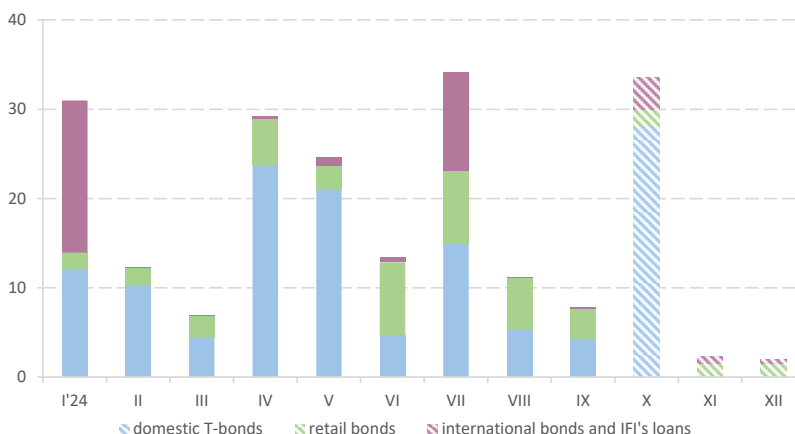
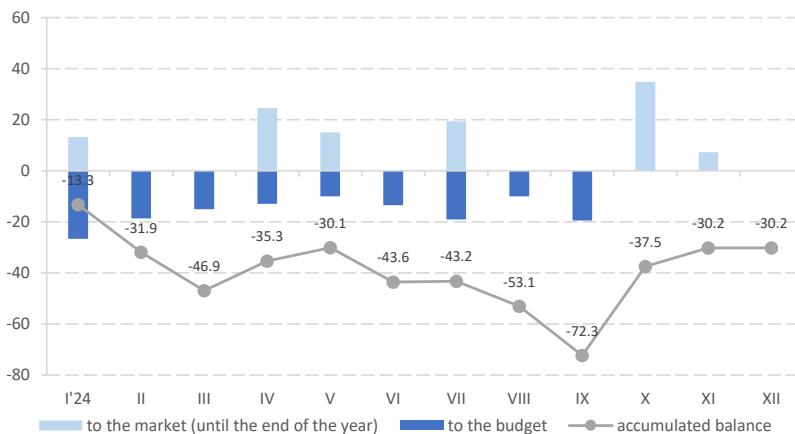
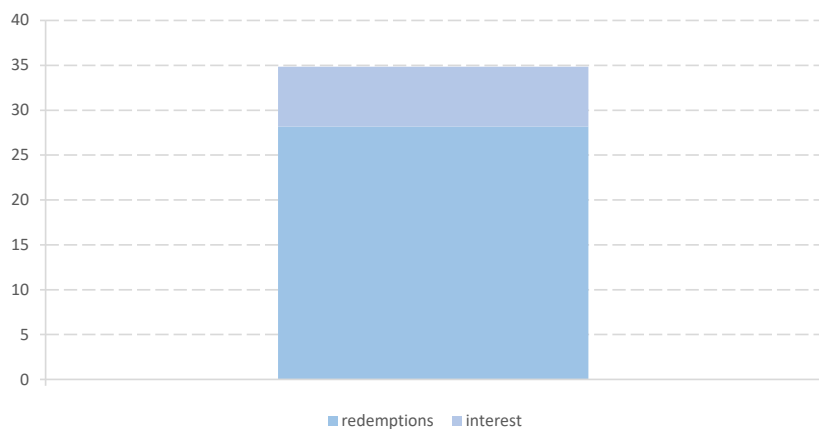
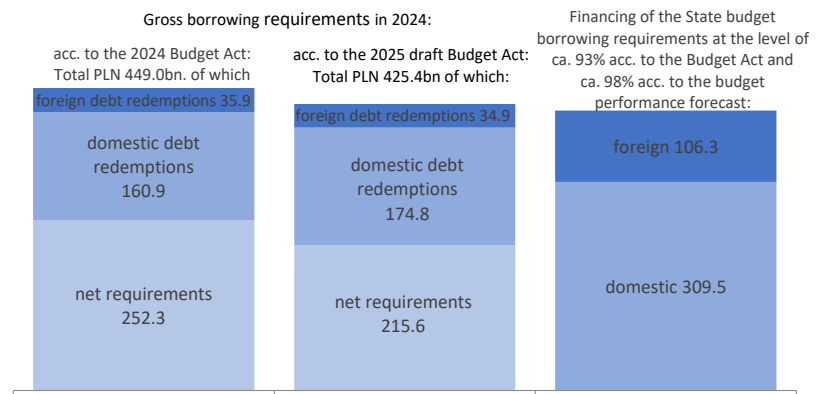
As of September 30, 2024, to the end of the 2024 the funds to be transferred to the market shall amount to PLN 42.1bn.

*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 September 30, 2024), is equal to PLN 37.9bn, including:

- T-bonds: PLN 28.2bn,
- T-retail bonds: PLN 4.8bn,
- bonds and loans incurred on foreign markets: PLN 4.9bn.

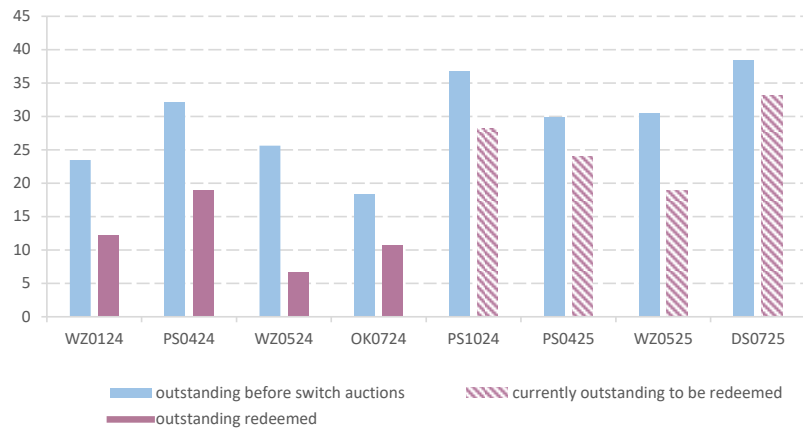


Reducing refinancing risk connected with redemptions of domestic TS maturing in 2024

as of September 30, 2024, nominal amount, PLN bn

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

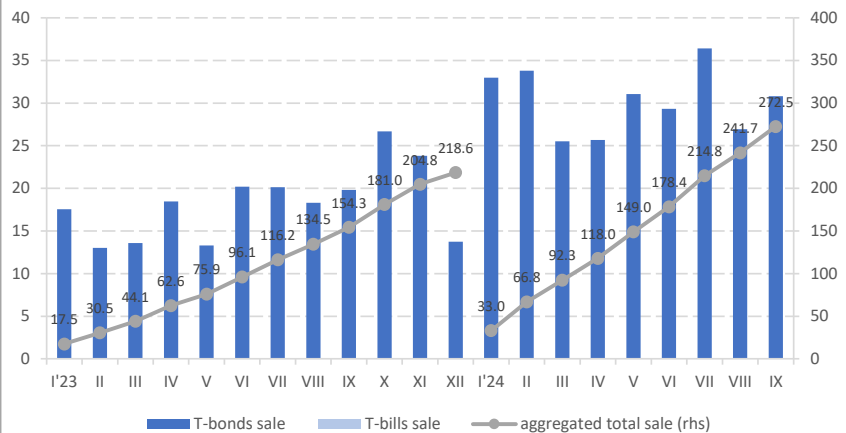
- WZ0124: PLN 11.3bn (48% of the issuance),
- PS0424: PLN 13.1bn (41% of the issuance),
- WZ0524: PLN 18.9bn (74% of the issuance),
- OK0724: PLN 7.7bn (42% of the issuance),
- PS1024: PLN 8.6bn (23% of the issuance),
- PS0425: PLN 5.9bn (20% of the issuance),
- WZ0525: PLN 11.5bn (38% of the issuance),
- DS0725: PLN 5.3bn (14% of the issuance).



Sale of domestic TS in 2023 and 2024

settlement date, nominal amount, PLN bn

In the period of I-IX 2024 aggregated total sale of T-bonds amounted to PLN 272.5bn versus PLN 154.3bn in the same period of 2023. T-bills were not sold.



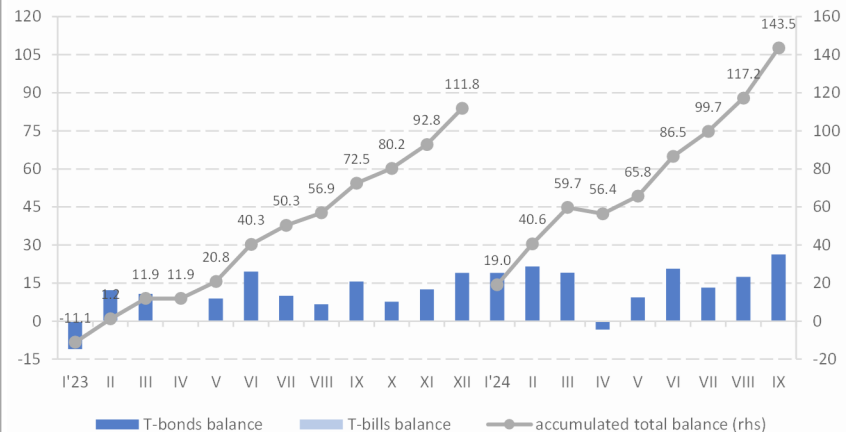
Balance of domestic TS in 2023 and 2024

settlement date, nominal amount, PLN bn

In the period of I-IX 2024 indebtedness in:

- T-bonds increased by PLN 143.5bn versus increase of PLN 72.5bn 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.

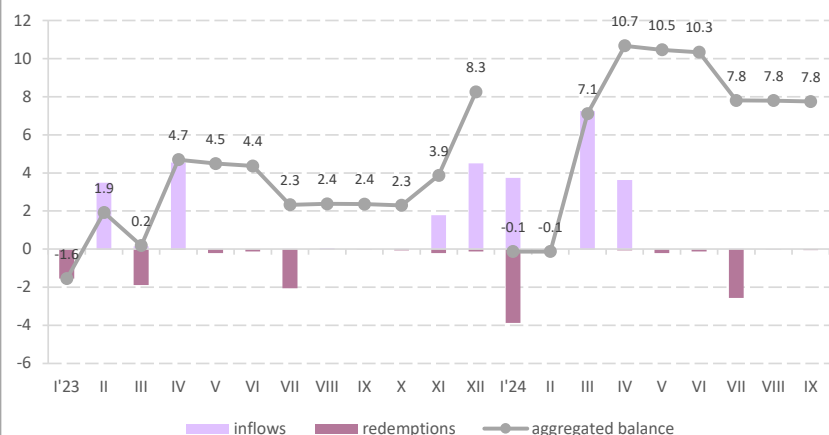


External financing in 2023 and 2024

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

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

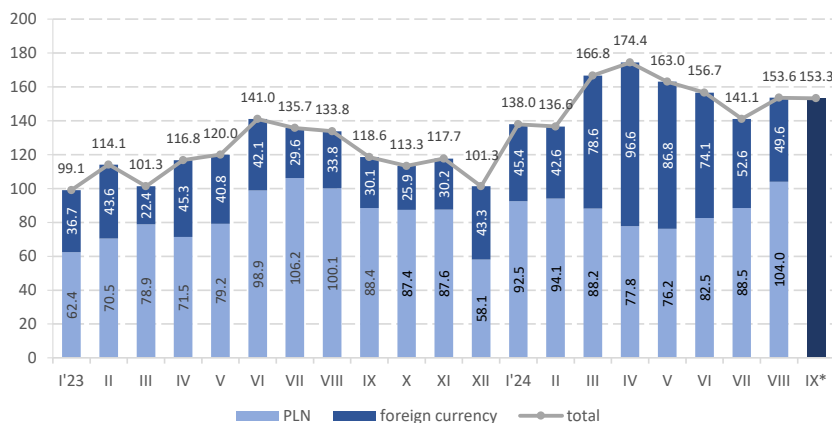


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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 September 2024 there was the equivalent of PLN 153.3bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

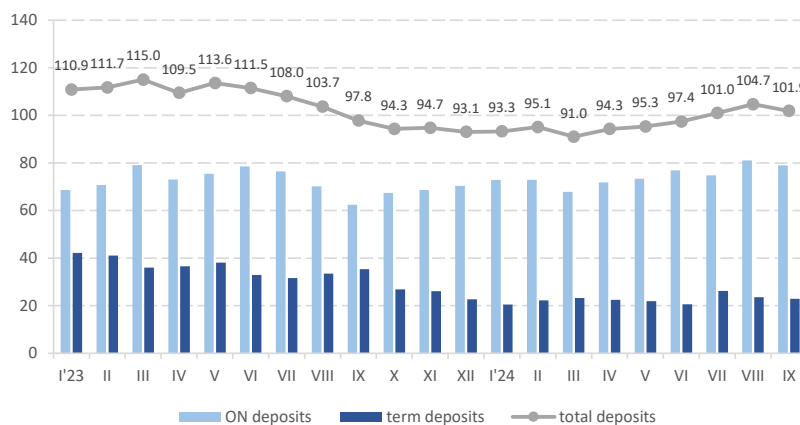


* Estimated data.

Consolidation of public finance sector liquidity management

PLN bn

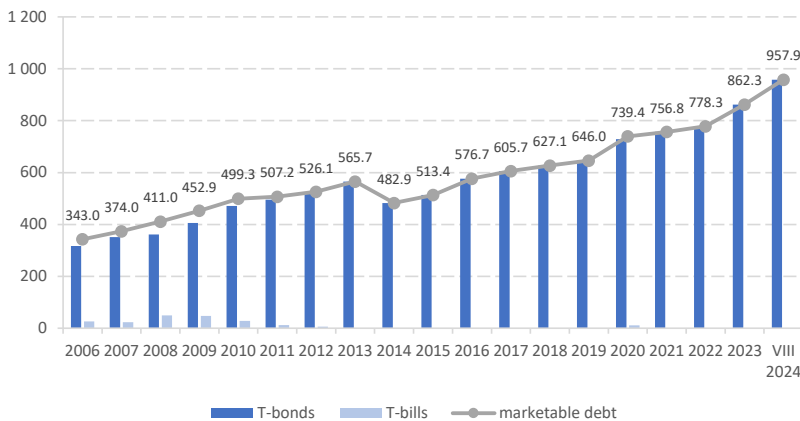
At the end of September 2024 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 101.9bn, of which PLN 22.9bn was as term deposits and PLN 79.0bn on ON deposits.



Structure of domestic marketable debt

PLN bn

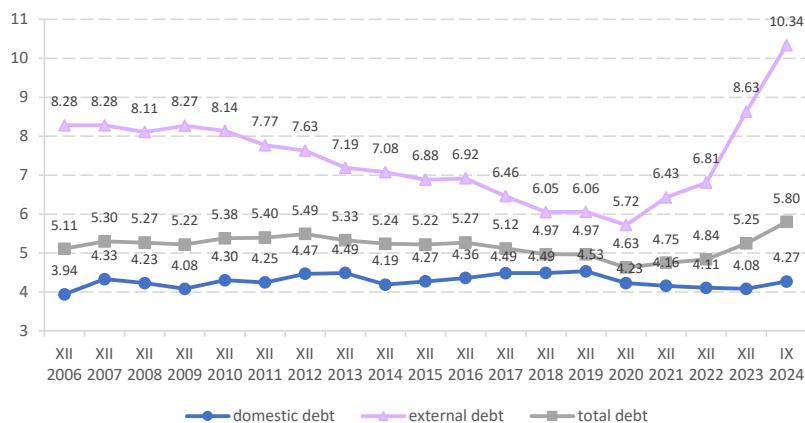
At the end of August 2024 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 957.9bn comparing to PLN 862.3bn at the end of 2023.



Average maturity

years

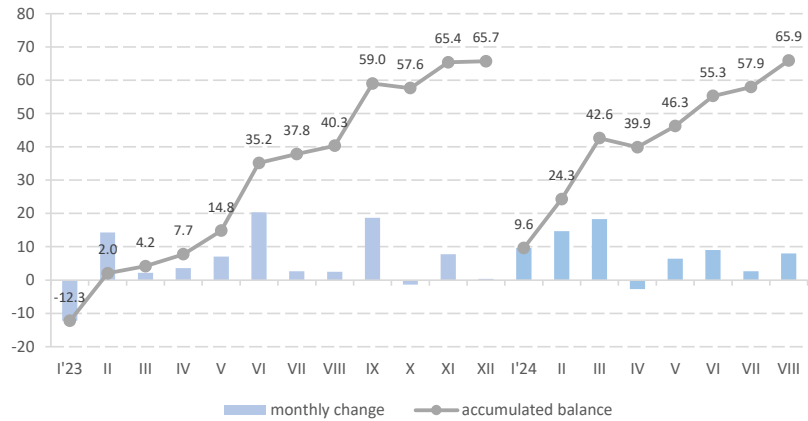
At the end of September 2024 the average maturity of domestic debt amounted to 4.27 years (while at the end of 2023 it was 4.08 years). The average of total debt amounted to 5.80 years (5.25 years at the end of 2023).



Change of debt in the domestic TS held by banks

PLN bn

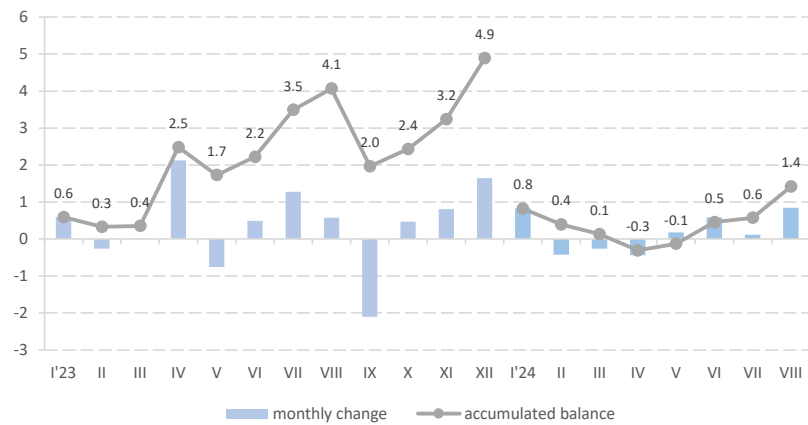
In I-VIII 2024 there was an increase of debt by PLN 65.9bn comparing to PLN 40.3bn increase during the same period of 2023. Banks' holdings reached the level of PLN 559.7bn.



Change of debt in the domestic TS held by insurance companies

PLN bn

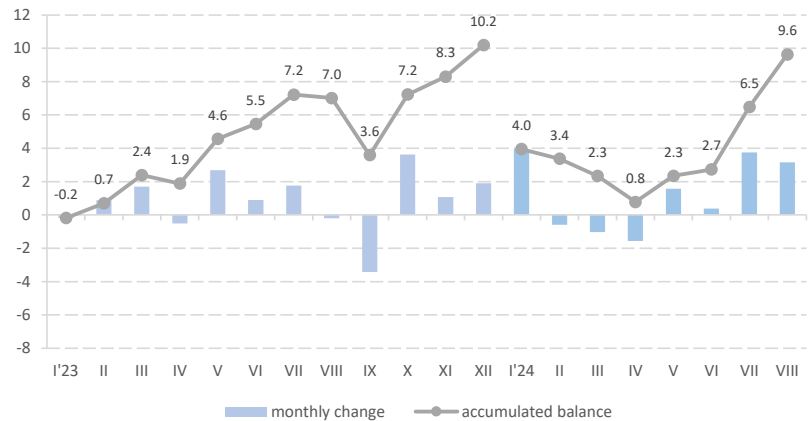
In I-VIII 2024 there was an increase of debt by PLN 1.4bn comparing to PLN 4.1bn increase during the same period of 2023. Insurance companies' holdings reached the level of PLN 65.9bn.



Change of debt in the domestic TS held by investment funds

PLN bn

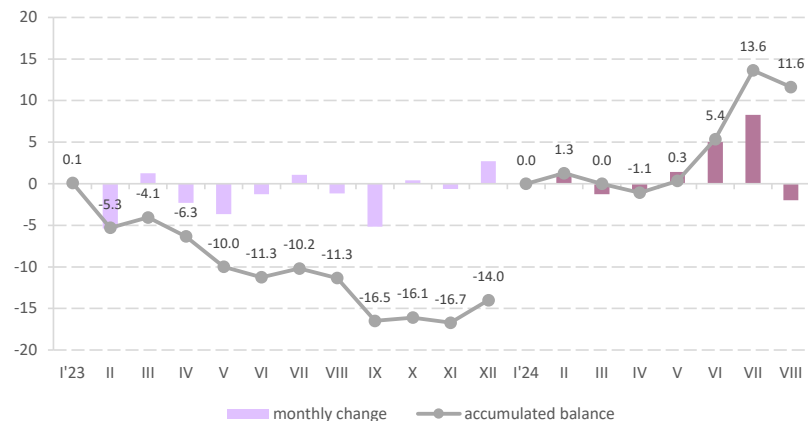
In I-VIII 2024 there was an increase of debt by PLN 9.6bn comparing to PLN 7.0bn increase during the same period of 2023. Investment funds' holdings reached the level of PLN 66.9bn.



Change of debt in the domestic TS held by foreign investors

PLN bn

In I-VIII 2024 there was an increase of debt by PLN 11.6bn comparing to PLN 11.3bn decrease during the same period of 2023. Foreign investors' holdings reached the level of PLN 143.8bn.

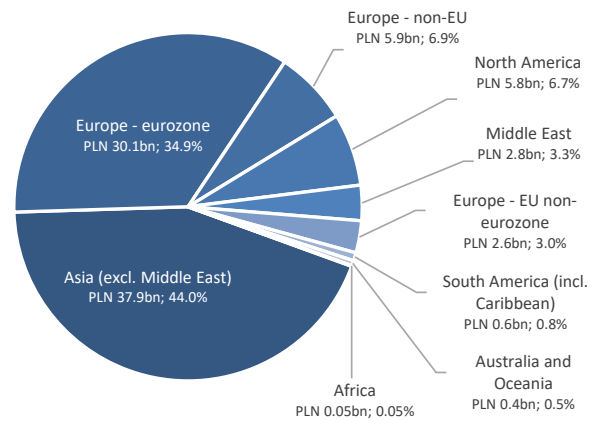


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Geographical distribution of the domestic TS held by non-residents

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

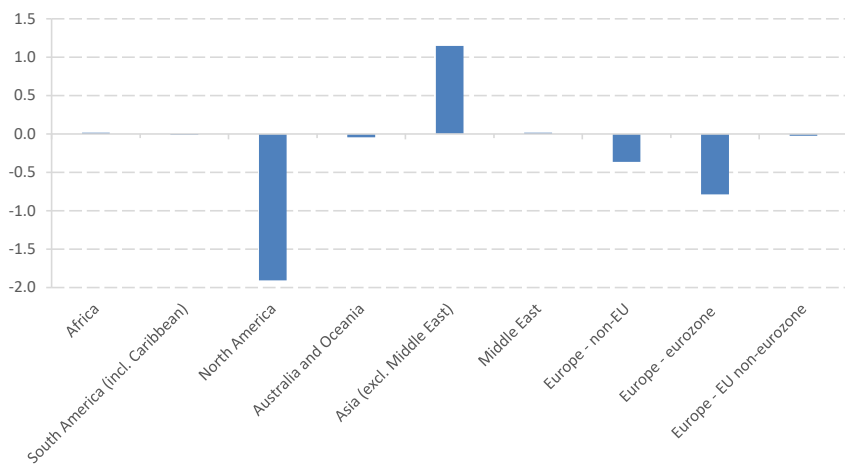
The non-residents' share in the domestic Treasury securities market decreased by PLN 2.0bn in August 2024. The foreign investors' portfolio amounted to PLN 143.8bn, which constituted 13.2% share in total debt in TS (13.6% in the previous month).



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

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

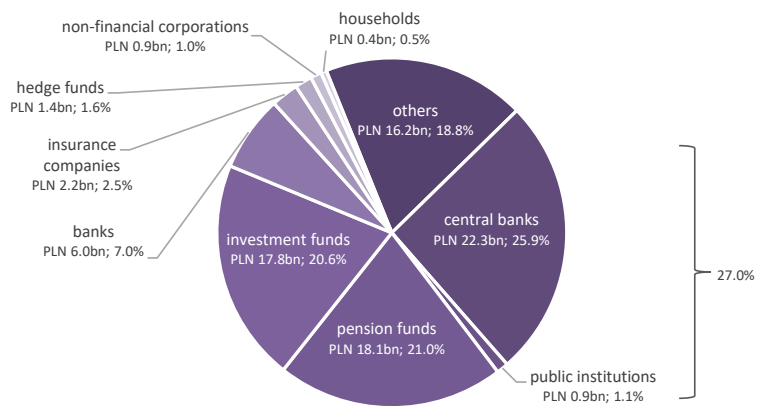
In August 2024 the highest increase was noted by investors from Asia (excl. Middle East, PLN 1.2bn). The highest decrease was noted by investors from North America (PLN 1,9 bn).



Institutional distribution of the domestic TS held by non-residents

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

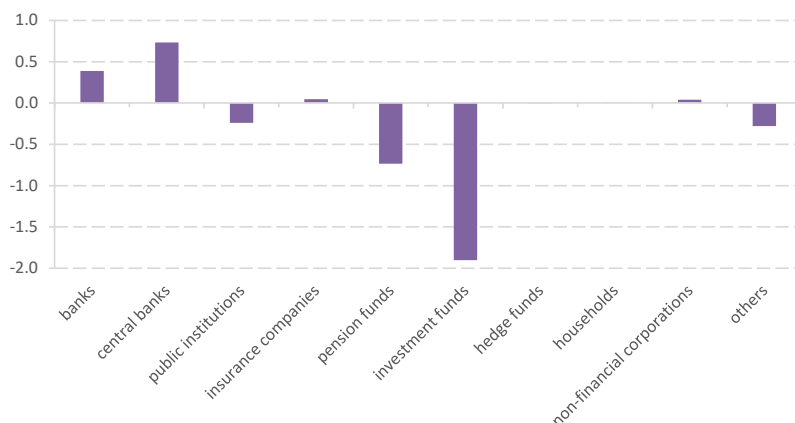
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 27.0% at the end of August 2024.



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

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

In August 2024 the highest increase was recorded by central banks (PLN 0.7bn). The highest decrease was noted by investment funds (PLN 1.9bn).



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

change in August 2024, PLN bn

Central banks and public institutions' involvement increased by PLN 0.5bn in August 2024. In the period from the end of January 2018 to the end of August 2024 portfolios of those entities decreased by PLN 18.4bn.



Structure of non-residents' holdings in TS by countries

as of August 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	14 834.4	23.2%
Luxembourg	10 684.3	16.7%
Netherlands	8 962.1	14.0%
United States	5 321.8	8.3%
Germany	3 858.8	6.0%
United Kingdom	3 803.1	5.9%
Ireland	2 972.2	4.6%
France	2 532.0	4.0%
Switzerland	1 832.2	2.9%
Singapore	1 615.1	2.5%
Czechia	774.3	1.2%
Bulgaria	769.4	1.2%
Denmark	662.0	1.0%
Cayman Islands	646.3	1.0%
Others	4 656.0	7.3%
Total	63 924.0	100.0%

Comment

Jurand Drop, Undersecretary of State, MoF

30-09-2024

At the end of September, financing of the State budget borrowing requirements was at the level of ca. 93%. [...] Three bond sale auctions with the supply taking into account the budget outflow of funds from redemption and interest on bonds in the amount of approximately PLN 35bn are planned in October. No Treasury bill auctions are planned. In the fourth quarter we are planning a total of six or seven bond sale auctions and one or two bond switch auctions.

In August 2024, the indebtedness in Treasury securities on the domestic market increased by PLN 17.5bn. The involvement of domestic banks increased by PLN 8.0bn, domestic non-bank investors by PLN 11.5bn while foreign investors indebtedness decreased by PLN 2.0bn.

General assumptions

- T-bond auctions are planned according to the announced yearly issuance calendar,
- offer of T-bonds on the domestic market will depend on the budget and market situation as well as the consultations with investors,
- auctions of Treasury bills will be held within the confines of the State budget liquidity management,
- foreign financing will be determined by the situation on the international financial market and the domestic market as well as by budget conditions,
- the announced plan may be modified subject to the market situation.

Offer of T-bonds on domestic market

- **sale auctions:**
Six-seven auctions, total supply PLN 40.0-60.0bn, the structure of the sold T-bonds will be subject to the market situation
- **switch auctions:**
One - two auctions - securities offered to repurchase will be T-bonds maturing in 2025.

Offer of T-bills

Detailed information on the offer of T-bills will be presented in the monthly issuance plans.

Foreign financing

- possible issuances of bonds on the international market,
- possible loans from International Financial Institutions up to EUR 0.7 bn,
- possible loans from Recovery and Resilience Facility in the amount.

T-bond sale auctions

Auction date	Settlement date	Series	Planned offer (PLN m)*
9 October 2024	11 October 2024	OK0127 / PS0729 / WZ0330 / DS1034 / IZ0836 / possible other T-bond	5,000-10,000
23 October 2024	25 October 2024	OK0127 / PS0729 / WZ0330 / DS1034 / IZ0836 / possible other T-bond	6,000-12,000
29 October 2024	31 October 2024	OK0127 / PS0729 / WZ0330 / DS1034 / IZ0836 / possible other T-bond	5,000-10,000

**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

Switching auctions of Treasury bonds are not planned.

T-bill auctions

Sale auctions of Treasury bills are not planned.

Offer on the retail market

T-bond	Issue price	Coupon
OTS0125 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR1025 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 5.75% in the first coupon period
DOR1026 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.15%); 5.90% in the first coupon period
TOS1027 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 5.95%
COI1028 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%); 6.30% in the first coupon period
EDO1034 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.00%); 6.55% in the first coupon period
ROS1030 family bonds 6-year	100.00 PLN	Floating (inflation rate + 2.00%); 6.50% in the first coupon period
ROD1036 family bonds 12-year	100.00 PLN	Floating (inflation rate + 2.50%); 6.80% in the first coupon period