

# Poland outlook report

## Third quarter of 2023



Design and Layout

Marketing and Communication Department  
Management Solutions

Photographs:

Photographic archive of Management Solutions  
iStock

© Management Solutions, 2024

All rights reserved. Cannot be reproduced, distributed, publicly disclosed or transformed, whether totally or partially, free of charge or at no cost, in any way or by any means, without the express written authorization of Management Solutions.

The information contained in this publication is merely to be used as a guideline, is provided for general information purposes and is not intended to be used in lieu of consulting with our professionals. Management Solutions is not liable for any use that third parties may make of this information. The use of this material is not permitted without the express authorization of Management Solutions.

# ***Index***

The quarterly report of Poland aims to provide a comprehensive and executive view of the main indicators of the banking sector, along with the macroeconomic situation at the end of the quarter.

1. International overview	4
2. Macroeconomic view	7
3. Banking sector	8
4. Glossary	9
5. Appendix	10

# 1. International overview

***In 3Q23, the slowdown in the world's major economies intensified due to tighter financial conditions, weak trade growth and lower business and consumer confidence. The outlook is for lower growth in 2024 and inflation is expected to be on target by the end of 2025.***

## Macroeconomic outlook

- ▶ During 3Q23, the Eurozone recorded a slight year-on-year growth of 0.03%, compared to the 0.47% recorded in 2Q23, consolidating the economic stagnation of the zone. Germany recorded its third consecutive quarter of decline, as did Finland and Luxembourg. The average CPI in the Eurozone decreased by 1.25 p.p. compared to 2Q23 to 4.95%, also highlighting the fall in core inflation, while the average unemployment rate remained constant at 6.4%.
- ▶ Regarding the American region, the slight economic growth of the Latam<sup>1</sup> region with respect to the previous quarter (1.46% versus 1.22%) was noteworthy, partly due to the recovery of the growth rate of some countries such as Argentina by 2.25 p.p. and Chile by 1.75 p.p. As for the US, growth continued to consolidate at a rate of 2.93% (2.56% in 2Q23). As for inflation, in the US it fell to 3.51%, while the Latam<sup>1</sup> average stood at 20.88% (excluding Argentina (125.89%) the average stood at 5.88%, down from 2Q23 (7.07%)). Unemployment rates on the continent were generally stable compared to the previous quarter's baseline.
- ▶ In the Asian region, China continued to post strong growth, but lower than the previous quarter, at 4.90% (6.30% in 2Q23), as did Japan, which reached 1.63% (1.73% in 2Q23).
- ▶ For its part, Australia recorded year-on-year growth of 2.05% (2.07% in 2Q23), continuing its economic slowdown, with a relatively stable unemployment rate of around 3.66% and falling but still high inflation, which closed the third quarter of the year at 5.37%.
- ▶ South Africa, on the other hand, recorded a negative growth rate of -0.48% (compared to 1.68% in the previous quarter), albeit with a declining inflation rate of 5.02% and a high unemployment rate of almost 33%.
- ▶ The IMF expects global growth to decline 3.5% from that recorded in 2022 to an estimated 3.0% in 2023 and to 2.9% in 2024, in the face of the continuing economic drag from rising interest rates as part of central banks' monetary policy to combat inflation. Meanwhile, global inflation is forecast to fall from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, while core inflation is expected to decline more gradually. Inflation is expected to reach the target levels of individual central banks by the end of 2025.
- ▶ ECLAC forecasts that the economies of the Latin American region will maintain low levels of growth during this and next year, affected by a negative global and very complex regional economic outlook, estimating an average regional GDP growth of 1.7% in 2023, while for 2024 it projects a slight decline to 1.5%. By sub-regions, South America is estimated to grow by 1.2%, Central America and Mexico by 3% and the Caribbean by 4.2%.

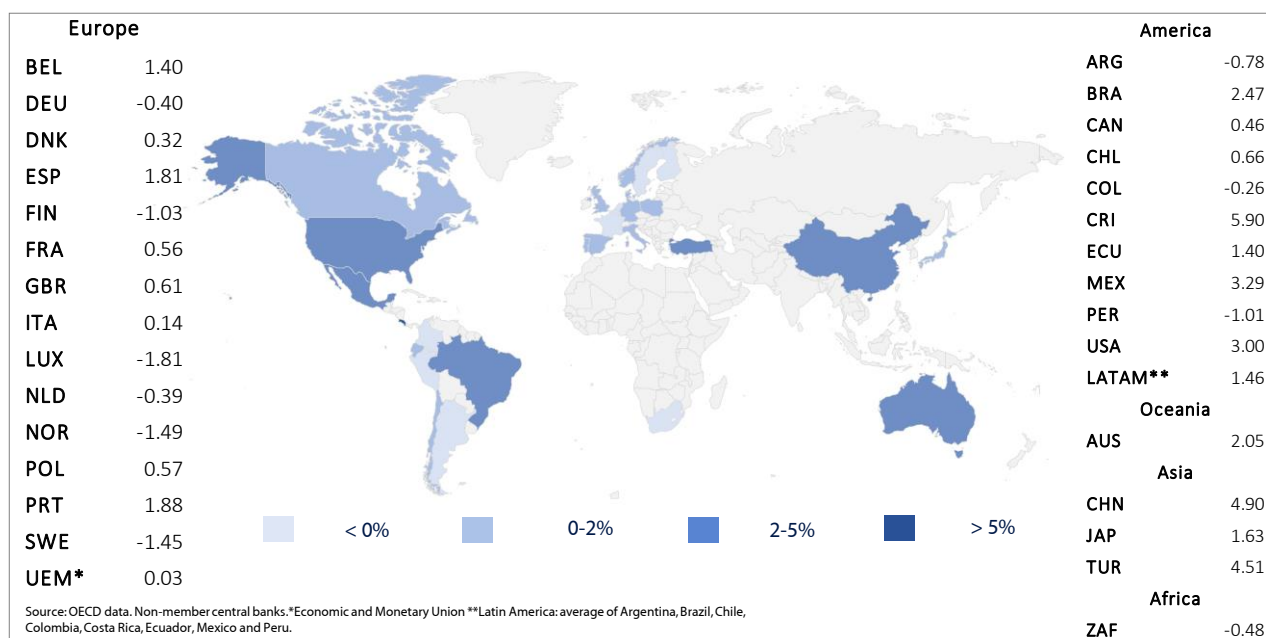
## Other indicators and main risks

- ▶ The euro has depreciated very slightly against the dollar in the last quarter, although it has remained strong, standing at €0.92 per dollar in the third quarter. The OECD expects the US dollar to appreciate against most currencies in the last six months of 2023, aided by the safe-haven effect amid rising geopolitical tensions. Significant currency depreciations have also occurred in some emerging market economies with relatively high or rising inflation.
- ▶ However, the main Latin American currencies appreciated slightly against the dollar in 3Q23, with the exception of the Chilean peso and the Argentine peso, whose exchange rate increased compared to 2Q23, to 839.20 Chilean pesos per dollar and 334.66 Argentine pesos per dollar.
- ▶ The IMF expects overall debt to increase.

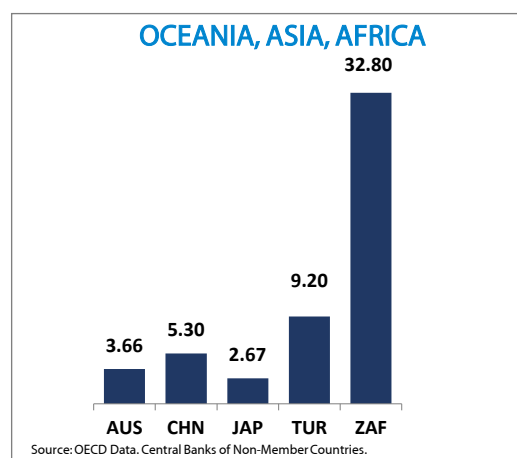
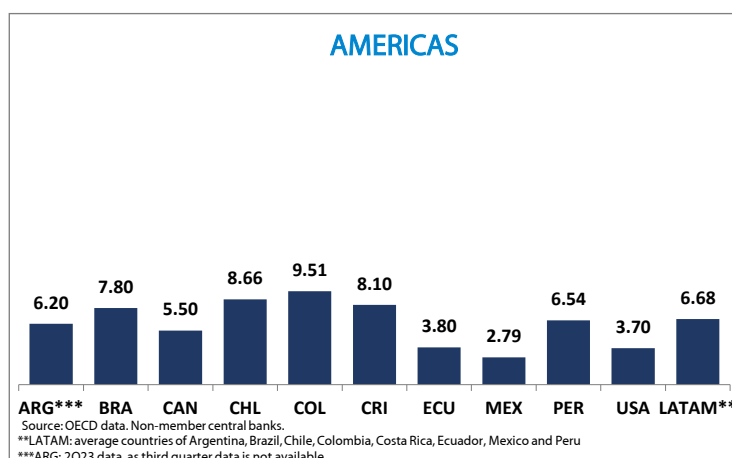
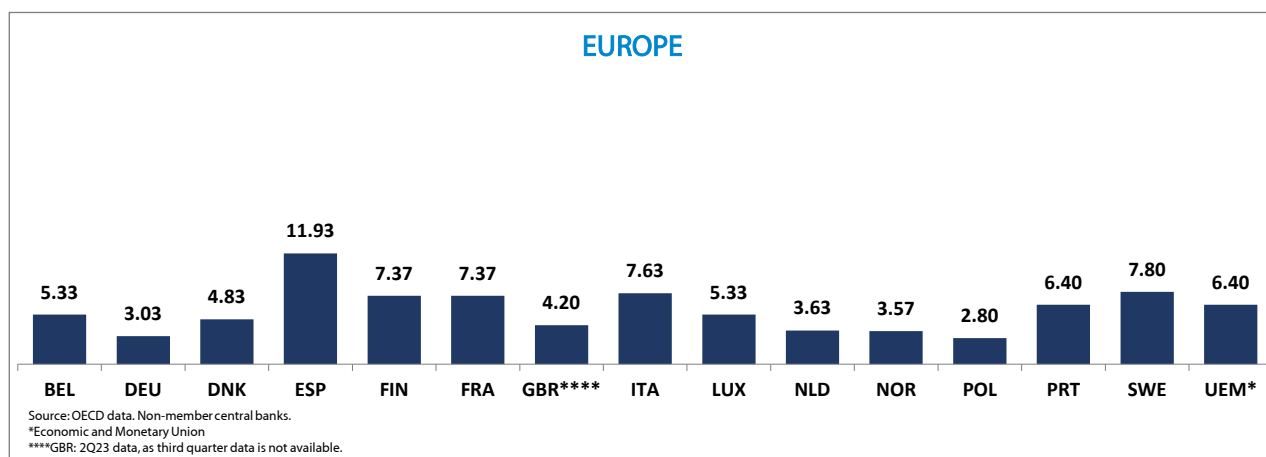
<sup>1</sup> The average for Latam countries is based on macroeconomic data for Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico and Peru



## GDP (% , year-on-year growth)

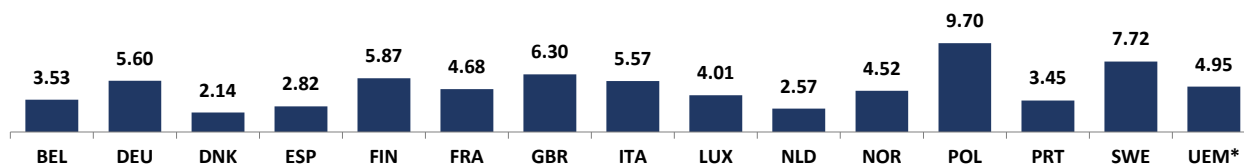


## Unemployment rate (%)



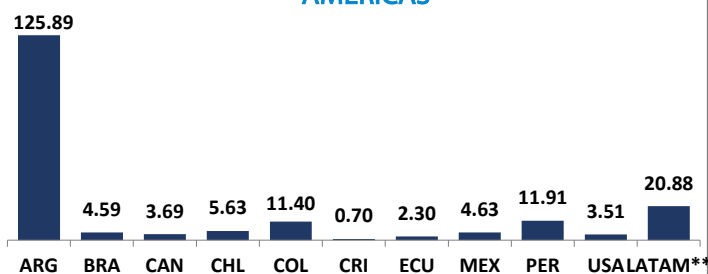
## Inflation rate (%)

### EUROPE



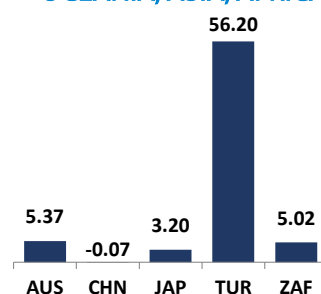
Source: OECD Data. Central Banks of Non-Member Countries.  
\*Monetary and Economic Union

### AMERICAS



Source: OECD Data. Central Banks of Non-Member Countries  
\*\*LATAM: average of Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, and Peru

### OCEANIA, ASIA, AFRICA



Source: OECD Data. Central Banks of Non-Member Countries

## Global Ratings and Exchange Rates

### LONG-TERM RATES 3Q23

	MOODY'S	S&P	Fitch
<b>EUROPE</b>			
BEL	Aa3	AA	AA-
DEU	Aaa	AAA	AAA
DNK	Aaa	AAA	AAA
ESP	Baa1	A	A-
FIN	Aa1	AA+	AA+
FRA	Aa2	AA	AA-
ITA	Baa3	BBB	BBB
LUX	Aaa	AAA	AAA
NLD	Aaa	AAA	AAA
NOR	Aaa	AAA	AAA
POL	A2	A-	A-
PRT	A3▲	BBB+	BBB+
GBR	Aa3	AA	AA-
SWE	Aaa	AAA	AAA
<b>AFRICA</b>			
ZAF	Ba2	BB-	BB-
<b>OCEANIA</b>			
AUS	Aaa	AAA	AAA
<b>ASIA</b>			
CHN	A1	A+	A+
JAP	A1	A+	A
TUR	B3	B	B
<b>AMERICAS</b>			
ARG	Ca	CCC-	C
BRA	Ba2	BB-	BB-
CAN	Aaa	AAA	AA+
CHL	A2	A	A-
COL	Baa2	BB+	BB+
CRI	B1▲	BB-▲	BB-
ECU	Caa3	B-	B-
MEX	Baa2	BBB	BBB-
PER	Baa1	BBB	BBB
USA	Aaa	AA+	AAA

▲ Increased from 2Q23

▼ Decreased from 2Q23

Source: Investing

### EXCHANGE RATES 3Q23 (\$\*)

EUROPE	3Q22	4Q22	1Q23	2Q23	3Q23	2023
EUR	1.00	0.97	0.93	0.92	0.92	0.92
DKK	7.59	6.95	6.91	6.85	6.85	6.86
NOK	10.91	9.80	10.27	10.81	10.48	10.56
SEK	11.09	10.45	9.58	10.63	10.81	10.35
GBP	1.12	1.21	0.82	0.80	0.79	0.81
PLN	4.96	4.38	4.36	4.15	4.14	4.23
AMERICAS	3Q22	4Q22	1Q23	2Q23	3Q23	2023
ARG	135.79	176.71	197.70	239.22	334.66	219.09
BRL	5.41	5.29	5.10	4.94	4.89	5.00
CLP	965.90	849.41	805.80	805.20	839.20	796.01
COP	4,597.52	4,849.39	4,725.30	4,438.83	4,043.78	4,611.09
PER	3.99	3.80	3.79	3.66	3.66	3.71
MXN	20.10	19.50	18.38	17.59	17.06	17.88
AFRICA	3Q22	4Q22	1Q23	2Q23	3Q23	2023
ZAR	18.15	17.00	17.76	18.94	18.64	18.82
OCEANIA	3Q22	4Q22	1Q23	2Q23	3Q23	2023
AUS	1.56	1.47	1.47	1.51	1.53	1.49
ASIA	3Q22	4Q22	1Q23	2Q23	3Q23	2023
RMB	7.11	6.90	6.85	7.09	7.24	6.93
TRY	18.21	18.62	18.94	22.09	26.81	19.40

Source: Investing, OECD projections, November 2023.

\*The base currency used is the US dollar against each local currency quoted

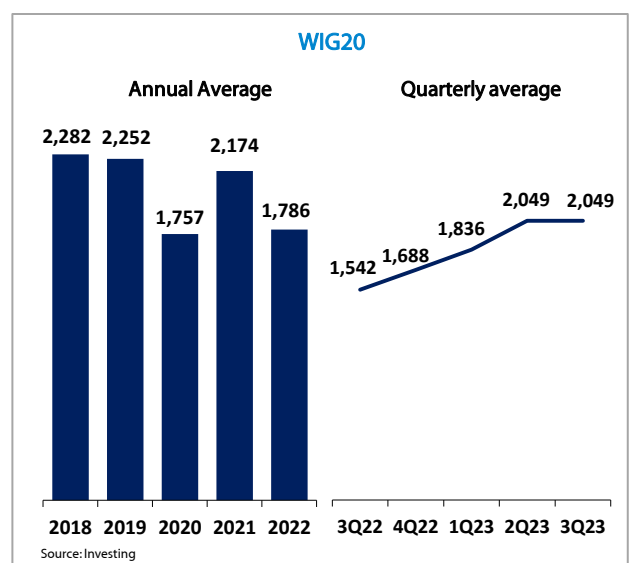
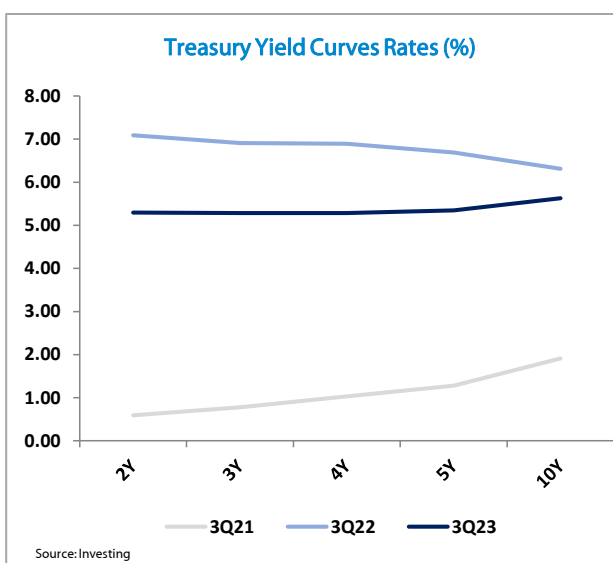
## 2. Macroeconomic view

**In 3Q23, GDP growth in Poland was 0.57% after two quarters of negative growth. Inflation was significantly lower than in 3Q22. The labor market remained relatively stable. The OECD forecasts positive growth for 2024, with inflation expected to reach 4.72% by the end of 2024.**

Main Macroeconomic Indicators (%)									
ACTIVITY	3Q22	4Q22	1Q23	2Q23	3Q23	Var. p.p.2Q23	Var. p.p.3Q22	2023	2024
GDP	4.73	0.56	-0.04	-1.40	0.57	1.97	-4.16	0.41	2.58
DOMESTIC DEMAND	2.98	-3.28	-2.55	-2.62	1.99	4.61	-0.99	-2.78	2.18
HOUSEHOLD CONSUMPTION	2.03	-1.04	-2.70	-3.03	0.99	4.02	-1.04	-1.39	2.56
PUBLIC CONSUMPTION	1.09	-10.82	1.14	1.87	2.71	0.84	1.62	4.60	3.32
CAPITAL FORMATION	9.81	4.21	-12.12	-11.13	-27.68	-16.55	-37.49	6.75	1.91
EXTERNAL DEMAND									
EXPORTS	8.51	4.43	3.13	-2.71	-10.66	-7.95	-19.17	-1.95	1.09
IMPORTS	7.10	1.03	-3.88	-7.82	-20.43	-12.61	-27.53	-5.27	2.21
INFLATION									
CPI	16.30	17.33	17.03	13.07	9.70	-3.37	-6.60	11.77	4.72
LABOUR MARKET									
UNEMPLOYMENT RATE	2.97	4.87	2.80	2.80	2.80	0.00	-0.17	2.91	3.33
EMPLOYMENT*	-0.08	0.30	0.35	0.27	1.64	1.37	1.72	0.72	0.19

\*The employment variable represents the year-on-year change in employment growth.  
Source: Organisation for Economic Co-operation and Development (OECD). OECD projections November 2023.

- During 3Q23, economic growth stood at 0.57%, with a lower domestic demand than in 3Q22 but higher than in 2Q23. The only increase compared to 3Q22 was observed in public consumption (1.62 p.p.) up to 2.71%. As for external demand, both exports and imports decreased significantly compared to the third quarter of 2022.
- Inflation stood at 9.70%, after a decrease of 6.60 p.p. compared to the third quarter of 2022. Expectations for 2024 are around 5%. On the other hand, the unemployment rate has remained quite stable from 3Q22 to 3Q23 at around the level of 2.8%.
- The WIG20 (Warsaw Stock Exchange) increased since 3Q22, reaching 2,049 points and remained stable since the previous quarter. The interest rates of the Treasury yield curve decreased in 3Q23 compared to 3Q22.



### 3. Banking sector

**In 3Q23, Polish banking sector experienced a decrease of the YOY total loans and LTD ratio, while YOY total deposits increased. The efficiency ratio and all the solvency ratios improved compared to the same quarter of the previous year. During the third quarter, NBP increased interest rates by 0.25 p.p. compared to 2Q23.**

BANKING SECTOR CONTEXT 3Q23 (%)							
BUSINESS	3Q22	4Q22	1Q23	2Q23	3Q23	Var p.p. 2Q23	Var p.p. 3Q22
TOTAL LOANS*	3.85	-1.30	-2.82	-4.09	-5.10	-1.01	-8.95
TOTAL DEPOSITS *	6.83	6.54	10.56	11.81	11.51	-0.30	4.68
LTD RATIO	76.92	74.91	69.84	68.29	65.46	-2.83	-11.46
EFFICIENCY							
EFFICIENCY RATIO	51.88	48.44	44.96	45.84	42.32	-3.52	-9.56
EU AVERAGE	61.00	60.57	59.17	56.18	55.09	-1.09	-5.91
RISK							
NPL RATIO	4.23	4.43	4.37	4.43	4.41	-0.02	0.18
EU AVERAGE	1.76	1.80	1.77	1.81	1.81	0.00	0.05
COVERAGE RATIO	62.63	63.45	62.84	63.51	64.03	0.52	1.40
EU AVERAGE	44.07	43.49	43.64	42.93	42.55	-0.38	-1.52
SOLVENCY**							
CET1	15.34	16.86	17.81	18.11	17.83	-0.28	2.49
LEVERAGE RATIO	7.58	8.31	8.27	8.43	8.08	-0.35	0.50
LCR	158.64	183.63	198.31	227.10	232.09	4.99	73.45
NBP INTEREST RATE							
INTEREST RATE	6.75	6.75	6.75	5.75	6.00	0.25	-0.75

Source: Polish Financial Supervision Authority (KNF) & European Banking Authority (EBA).  
 \*Note: The values for total loans and total deposits reflect their year-on-year growth rates.  
 \*\*Note: CET1 ratio measured as fully-loaded and Leverage ratio as fully phased-in definition of Tier 1.

- ▶ Total loans had a negative growth during the third quarter of the year, decreasing by 1.01 p.p. and 8.95 p.p. compared to 2Q23 and 3Q22, respectively. However, the year-on-year growth rate of total deposits increased by 4.68 p.p. compared to 3Q22 but decreased by 0.30 p.p. compared to 2Q23. Consequently, the loan-to-deposits ratio (LTD ratio) decreased during the third quarter of the year reaching 65.46%.
- ▶ The efficiency ratio was better than the EU average. It improved by 9.56 p.p. compared to 3Q22, amounting to a 42.32% rate during the third quarter, while the EU average ratio stood at 55.09%.
- ▶ The Polish NPL ratio for 3Q23 remained at a similar level compared to previous quarters, worsening by 0.18 p.p. compared to the same quarter of the previous year, but slightly improving by 0.02 p.p. compared to 2Q23, and remaining above the EU average, which stood at 1.81%.
- ▶ On the other hand, Polish banks head in a positive direction regarding their coverage ratio, which remained higher than the EU average which was 42.55% in 3Q23. The Polish coverage ratio improved by 1.40 p.p. year-on-year, up to 64.03%.
- ▶ All the solvency ratios improved year-on-year during the third quarter. The increase in the Polish LCR is particularly noteworthy, as it registered a year-on-year increase of 73.45 p.p. However, compared to the previous quarter, CET1 ratio decreased by 0.28 p.p. and leverage ratio by 0.35 p.p.
- ▶ NBP interest rates increased quarterly in the third quarter, standing at 6.00%, which represented a decrease of 0.75 p.p. compared to 3Q22 and an increase of 0.25 p.p. compared to 2Q23.



## 4. Glossary

- ▶ **BUSINESS VOLUME:** The business volume is the set of activities that generate income for a bank, formed by financing (loans) plus customer resources (deposits).
- ▶ **COVERAGE RATIO:** It is a ratio that informs us about the protection that financial entities have against the unpaid loans of their clients. It is represented as the total provisions that the entity has over the total doubtful loans.
- ▶ **CPI:** The consumer price index is an indicator that measures the variation of prices of a basket of goods and services in a specific location during a certain period of time.
- ▶ **EFFICIENCY RATIO:** It is a ratio that measures the productivity of an entity. It is the result of the quotient between operating expenses and gross margin. In other words, it relates the income obtained with the expenses necessary for its achievement. As a conclusion, an entity will be more efficient the lower its efficiency ratio.
- ▶ **GDP:** Gross Domestic Product (GDP) is an economic indicator that reflects the monetary value of all final goods and services produced by a territory in a certain period of time. It is used to measure the wealth generated by a country.
- ▶ **GM/ATAs:** Gross Margin / Average Total Assets. Gross margin is composed of the set of revenues generated by a financial entity in its activity.
- ▶ **LEVERAGE RATIO:** The Tier 1 leverage ratio measures a bank's core capital relative to its total assets. The numerator consists of the most stable and liquid capital, as well as the most effective at absorbing losses during a financial crisis or recession. The denominator is a bank's total exposures, which include its consolidated assets, derivative exposures and certain off-balance sheet exposures.
- ▶ **LCR (Liquidity Coverage Ratio):** This ratio measures a bank's liquidity. It is calculated as the institution's total liquid assets divided by its short-term obligations.
- ▶ **LTD RATIO:** The loan-to-deposit ratio (LDR) is used to evaluate a bank's liquidity by comparing the total loans of a bank with the total deposits during the same period.
- ▶ **NON-PERFORMING LOANS (NPL) RATIO:** The non-performing loan (NPL) ratio is an indicator used to measure the volume of operations that have been considered non-performing, in relation to the volume of loans and credits granted by said entity.
- ▶ **NBP:** Narodowy Bank Polski (Polish)/ National Bank of Poland (English).
- ▶ **OE/ATAs:** Operating Expenses / Average Total Assets. Operating expenses are those that an entity incurs during the exercise of its activity.
- ▶ **OECD:** Organization for Economic Cooperation and Development.
- ▶ **p.p.:** percentage points.
- ▶ **ROA:** An indicator that measures the profitability of a company in relation to its total assets. It indicates the return that is being obtained for its assets. It is calculated as the quotient between profit and total assets. The profit used is that obtained before taxes and interests.
- ▶ **ROE:** Financial profitability is also known as return on equity, which relates the net profits obtained in a given investment operation with the own resources.

# 5. Appendix

## MACROECONOMIC OVERVIEW

- ▶ National Bank of Poland (NBP):  
<http://www.nbp.pl>
- ▶ Central Statistical Office (GUS):  
<http://www.stat.gov.pl/gus>
- ▶ Eurostat:  
<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>
- ▶ Organization for Economic Cooperation and Development, OECD:  
<http://www.oecd.org/home/>

## BANKING SECTOR

- ▶ National Bank of Poland (NBP):  
<http://www.nbp.pl>

## ACRONYMS

- |                 |                        |                    |                       |                                 |
|-----------------|------------------------|--------------------|-----------------------|---------------------------------|
| ▶ DEU - Germany | ▶ LUX - Luxembourg     | ▶ TUR - Turkey     | ▶ ECU - Ecuador       | ▶ ZAF - South Africa            |
| ▶ BEL - Belgium | ▶ NLD - Netherlands    | ▶ ARG - Argentina  | ▶ MEX - Mexico        | ▶ UEM - European Monetary Union |
| ▶ DIN - Denmark | ▶ NOR - Norway         | ▶ BRA - Brazil     | ▶ PER - Peru          |                                 |
| ▶ ESP - Spain   | ▶ POL - Poland         | ▶ CAN - Canada     | ▶ USA - United States |                                 |
| ▶ FIN - Finland | ▶ PRT - Portugal       | ▶ CHL - Chile      | ▶ AUS - Australia     |                                 |
| ▶ FRA - France  | ▶ GBR - United Kingdom | ▶ COL - Colombia   | ▶ CHN - China         |                                 |
| ▶ ITA - Italy   | ▶ SUE - Sweden         | ▶ CRI - Costa Rica | ▶ JAP - Japan         |                                 |

***Our goal is to exceed our client expectations, becoming their trusted partner.***

Management Solutions is an international consulting services firm focused on business, risk, finance, organization and process consulting, both in their functional components and in the implementation of related technologies.

With a multidisciplinary team (functional, mathematical, technical, etc.) of more than 3,600 professionals, Management Solutions operates through 45 offices (20 in Europe, 21 in America, 2 in Asia, 1 in Africa & 1 in Oceania).

To meet these requirements, Management Solutions structures its activities by industry (Financial Institutions, Energy, Telecommunications, Consumer Products and Industry, Government and Construction), grouping together a wide range of areas of specialization, including Strategy, Sales and Marketing Management, Organization and Processes, Risk Management and Control, Management and Financial Reporting and New Technologies.

***Ana Gadea***

Partner at Management Solutions

[ana.gadea@managementsolutions.com](mailto:ana.gadea@managementsolutions.com)

***Manuel Ángel Guzmán Caba***

Partner at Management Solutions

[manuel.guzman@managementsolutions.com](mailto:manuel.guzman@managementsolutions.com)

***Management Solutions***

Tel. + (34) 91 183 08 00

Fax. + (34) 91 183 09 00

[www.managementsolutions.com](http://www.managementsolutions.com)

## Management Solutions, Professional Consulting Services

**Management Solutions** is an international consulting firm whose core mission is to deliver business, risk, financial, organisation, technology and process-related advisory services.

For further information please visit [www.managementsolutions.com](http://www.managementsolutions.com)

Follow us at: [in](#) [X](#) [f](#) [@](#) [v](#)

© Management Solutions. 2024

All rights reserved

Madrid Barcelona Bilbao Coruña Málaga London Frankfurt Düsseldorf Paris Amsterdam Copenhagen Oslo Stockholm Warszawa Wrocław Zürich  
Milano Roma Bologna Lisboa Beijing İstanbul Johannesburg Sydney Toronto New York New Jersey Boston Pittsburgh Atlanta Birmingham Houston  
SJ de Puerto Rico San José Ciudad de México Monterrey Querétaro Medellín Bogotá Quito São Paulo Rio de Janeiro Lima Santiago de Chile Buenos Aires

www.managementsolutions.com