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Economic Comment

4%+ growth of GDP, consumption and investment

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GDP growth in 4Q25 amounted to 4.0% y/y, and - after seasonal adjustment - to 1.0% q/q, confirming the GUS flash estimate. Growth in both consumption and investment exceeded 4% y/y. In 1Q26, growth momentum may ease slightly due to a harsh winter, which dampened economic activity in January and most likely also in February. However, we still expect a recovery in subsequent quarters, implying that full-year GDP growth should remain close to 4%, making Poland a leader in economic performance within the EU.

A new risk factor for the economic scenario is the conflict in the Middle East, which generates risks of higher inflation and slower economic growth. At this stage, however, it is too early to assess how strong its impact may be. For now, we leave our 2026 GDP forecast unchanged at 3.9%.

GDP growth in 4Q25 amounted to 4.0% y/y, confirming the GUS flash estimate. After adjusting for seasonal factors, growth stood at 3.6% y/y and 1.0% q/q, placing Poland among the fastest-growing economies in Europe.

Growth in private consumption accelerated to 4.2% y/y, following a temporary slowdown to 3.5% y/y in 3Q. Investment growth slowed to 4.7% y/y from over 7% y/y in 3Q. In both cases, the outcomes were broadly in line with our estimates based on full-year GDP data published a month ago. Public consumption increased by 7.3% y/y, at a pace similar to that seen in 3Q. Changes in inventories and net exports made a slightly negative contribution to GDP growth (-0.6 pp and -0.2 pp, respectively).

Overall, today's GDP data add little to the picture of Poland's economic situation at the end of 2025, which we had before. The year 2026 likely started on a somewhat weaker note, as a harsh winter disrupted economic activity in January and most probably also in February. As a result, GDP growth in 1Q this year may slip below 4% y/y. We nevertheless expect growth to re-accelerate in subsequent quarters, driven on the demand side by continued moderate growth in consumption and a sharp acceleration in investment (as spending of funds under the National Recovery Plan enters its decisive phase).

A new source of uncertainty for the economic outlook is the conflict in the Middle East, which poses risks of higher inflation and slower economic growth. The strength of these effects will depend on the scale and persistence of the market reaction to geopolitical events. At this stage, it is too early to assess how strong the transmission to economic processes will be; therefore, we leave our 2026 GDP forecast unchanged at 3.9%.

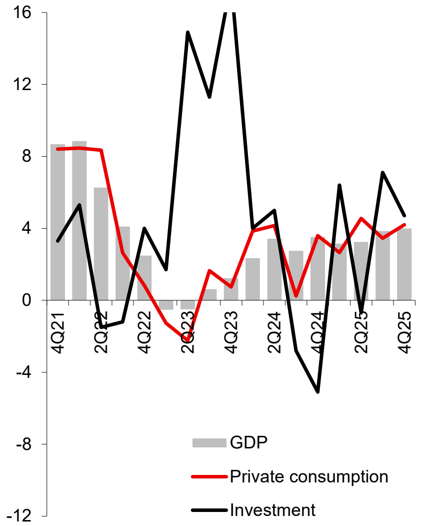
GDP growth and its components (% y/y)

	2024	2025	4Q24	1Q25	2Q25	3Q25	4Q25
GDP	3.0	3.6	3.5	3.2	3.3	3.8	4.0
Domestic demand	4.5	4.1	5.7	4.3	4.1	3.7	4.3
Total consumption	4.4	4.0	5.0	2.3	3.8	4.4	5.2
Private consumption	2.9	3.7	3.6	2.6	4.5	3.5	4.2
Public consumption	8.7	4.8	8.3	1.5	2.0	7.4	7.3
Gross accumulation	4.7	4.8	7.7	18.1	5.6	0.6	1.7
Fixed investment	-0.9	4.3	-5.1	6.4	-0.7	7.1	4.7
Stock building *	1.0	0.1	3.1	1.4	1.0	-1.0	-0.6
Net export *	-1.2	-0.4	-1.9	-0.9	-0.7	0.2	-0.2

* contribution to GDP growth (percentage points)
Source: GUS, Santander

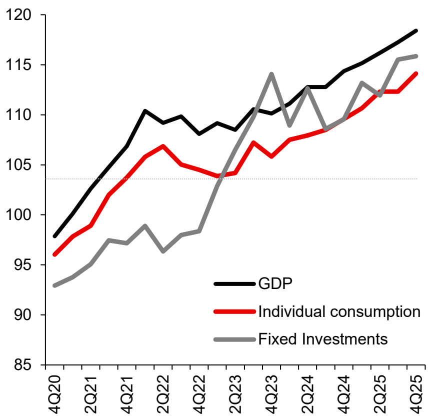
The gross value added increased 3.5% y/y in 4Q25, up from 3.4% in 3Q. This is the strongest pace since 3Q22. In seasonally adjusted terms, it rose 0.9% q/q, similar to the previous two readings (0.8% in 2Q and 1.2% in 3Q). Due to the still strong increase in the "taxes less

GDP and its components, % y/y



Source: GUS, Santander Bank Polska

GDP and its components, s.a. 4Q19=100



Source: GUS, Santander Bank Polska

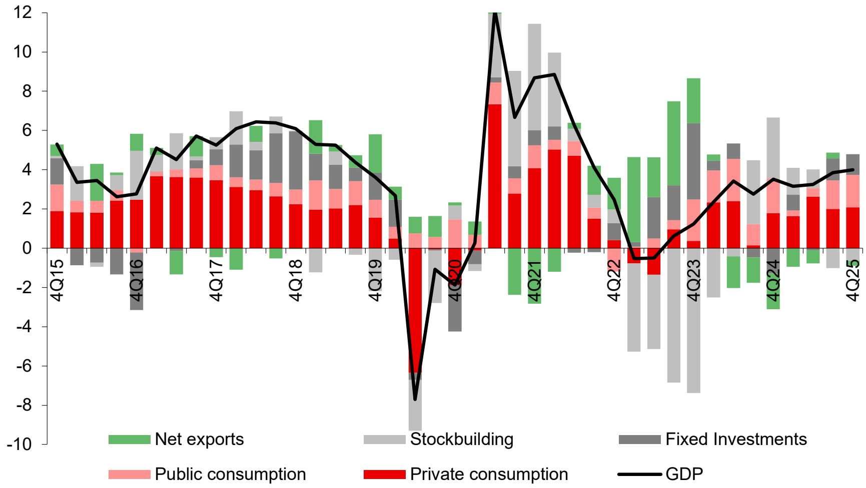
subsidies” item, gross value added growth has remained below GDP growth for the eighth consecutive quarter.

The behaviour of most supply-side components was in line with our expectations: value added in industry rose 4.1% y/y in 4Q25, offering a solid 1.0pp contribution to overall y/y GDP growth (compared to 0.2pp in the opening quarter of 2025). The 4Q reading for industrial valued added brought the full-year growth in this category to 3.0% after 0.9% in 2024.

The construction sector saw its value added grow 4.8% y/y, after near- zero growth in the previous two quarters. Trade and transportation also recorded a value added growth of around 5% y/y. The hospitality sector (3.6% y/y) maintained the pace of close to 3.5% y/y for the seventh quarter. The remaining services delivered a contribution to annual GDP growth of 0.9pp, slightly weaker than in the previous quarters of 2025 (1.1-1.3pp), due to a larger drop in the value added by financial and insurance companies (-13.5% y/y in 4Q25 after -3.4% y/y in 3Q25).

Generally, the supply-side data on GDP growth creation show a healthy structure, implying the rather stable pace of economic growth, possibly with some minor negative weather-related distortion in 1Q26.

GDP growth and its components (% y/y)



Source: GUS, Santander Bank Polska