

## Public debt 1Q2012

### Quarterly newsletter

1. At the end of the first quarter of 2012 consolidated public debt (according to domestic methodology) stood at PLN 824,314.4 million. Compared with the fourth quarter of 2011 debt increased by PLN 8,987.1 million (1.1%). From December 2010 to December 2011 public debt increased by PLN 67,428.5 million (9.0%).\*

2. The highest increase was recorded in the level of State Treasury debt, up by PLN 10,668.4 million (1.4%) in the first quarter of 2012, as compared with the increase by PLN 56,294.2 million (8.1%) in 2011.

3. At the end of the first quarter of 2012 unconsolidated public debt stood at PLN 869,022.9 million. Compared with the fourth quarter of 2011 debt increased by PLN 7,785.4 million (0.9%).

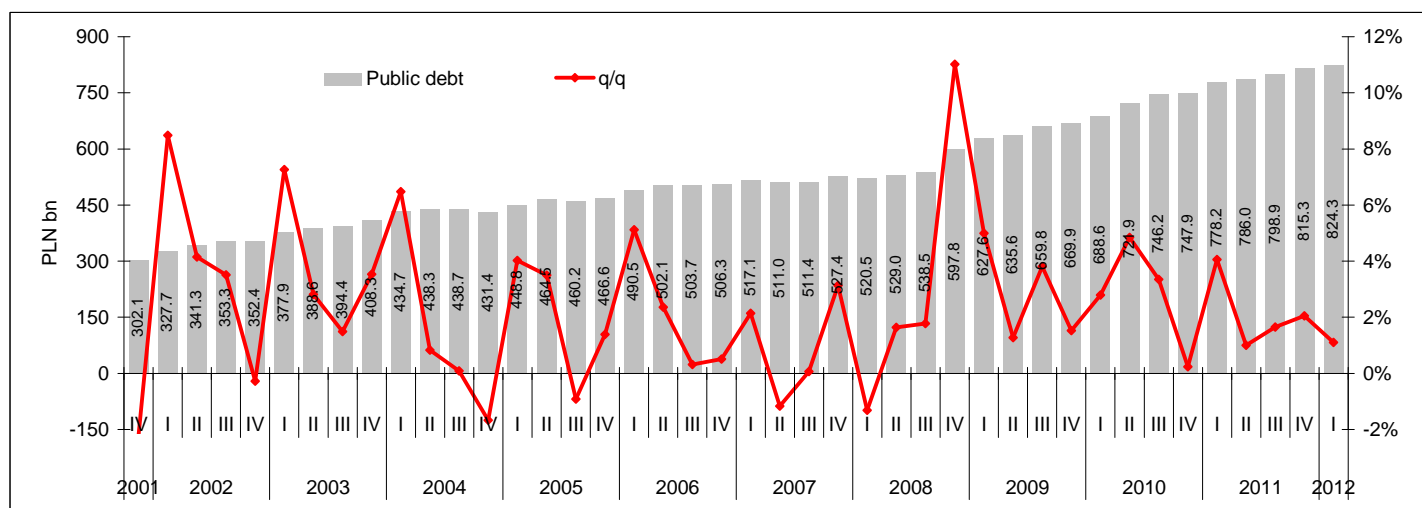
4. At the end of the first quarter general government debt (EDP debt, part of the government finance Maastricht criterion) was at PLN 867,413.0 million. Compared with the fourth quarter of 2011 EDP debt increased by PLN 8,445.2 million (1.0%). From December 2010 to December 2011 EDP debt increased by PLN 82,151.5 million (10.6%).

5. Similarly to public debt measured according to domestic methodology, the highest increase was recorded in the level of State Treasury debt. In 2011 a significant increase was registered in the level of National Road Fund debt (KFD), up by PLN 11,614.6 million (46.8%). In the first quarter of 2012 KFD debt decreased by PLN 623.9 million (1.7%).

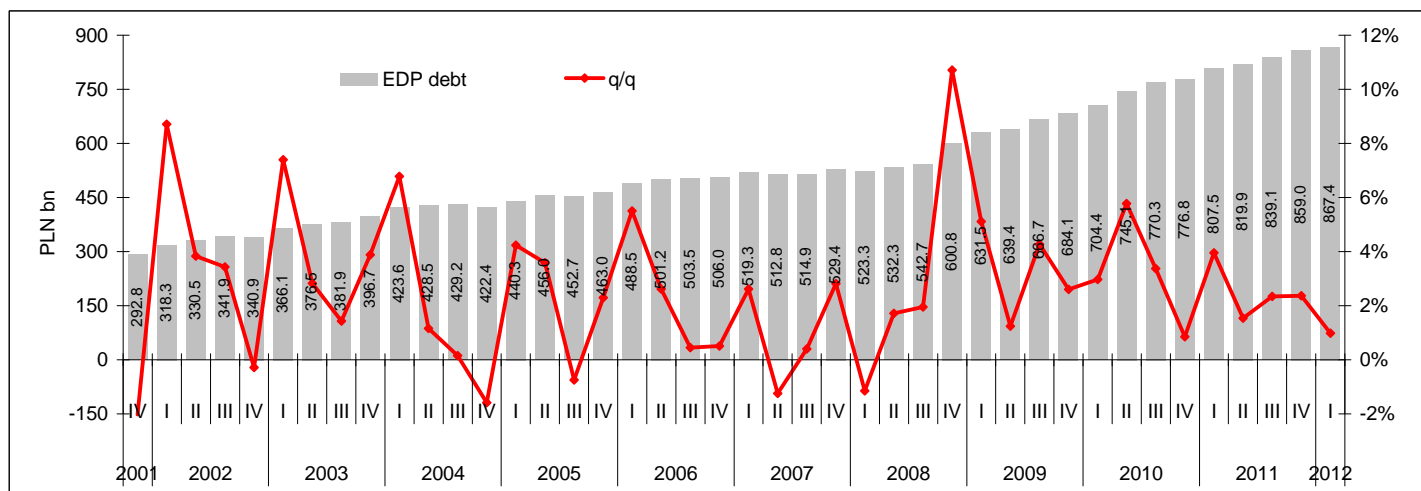
6. Table 1 presents the differences between public debt according to domestic methodology and general government debt.

\* Data regarding the first quarter of 2012 is preliminary. Data regarding previous periods were updated if necessary.

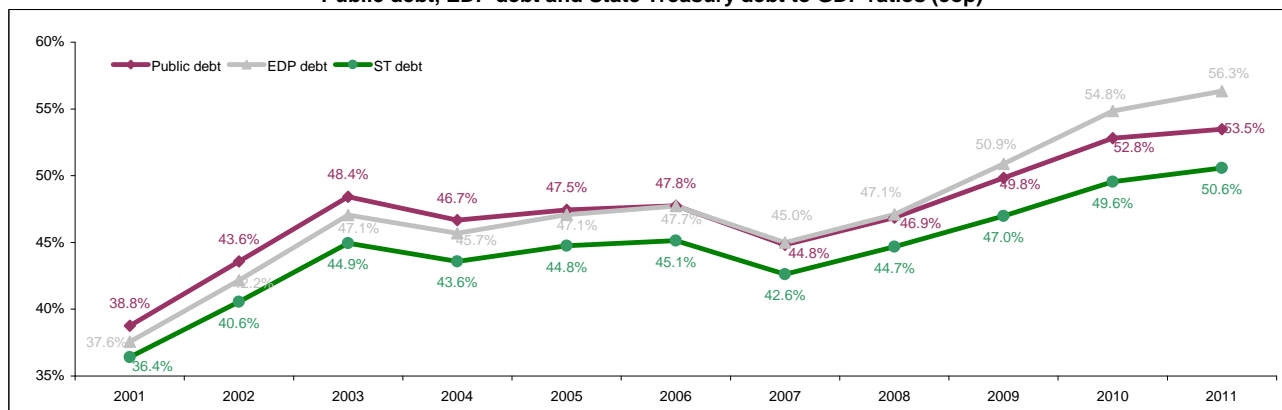
### Public debt



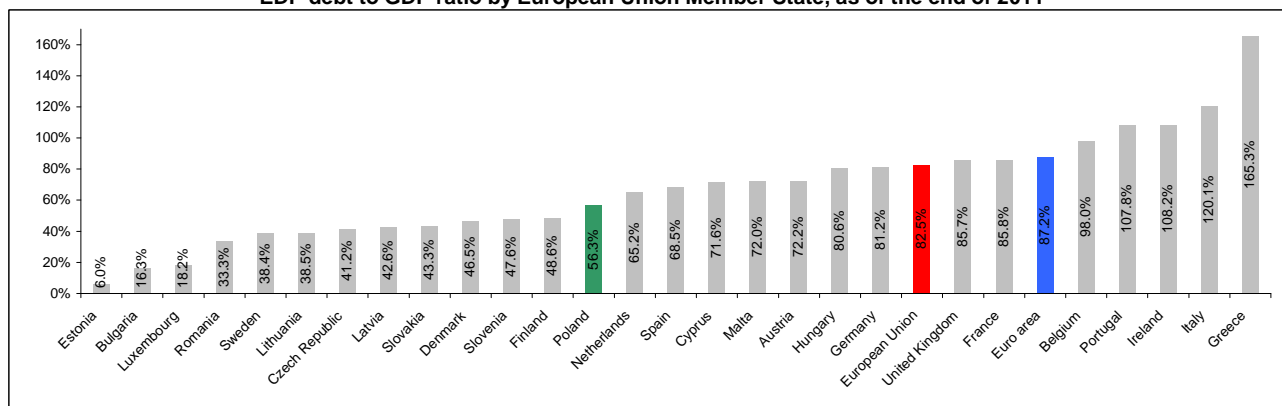
### EDP debt



### Public debt, EDP debt and State Treasury debt to GDP ratios (eop)

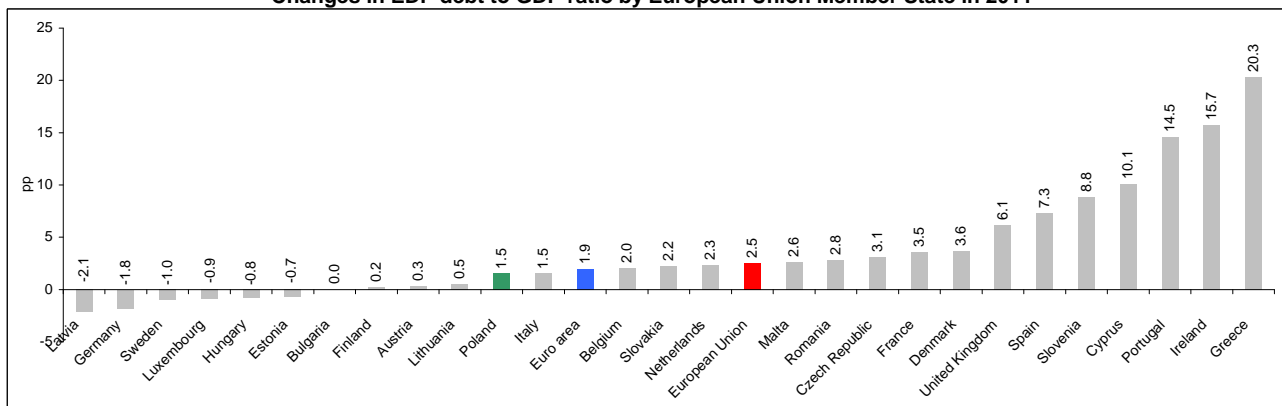


### EDP debt to GDP ratio by European Union Member State, as of the end of 2011



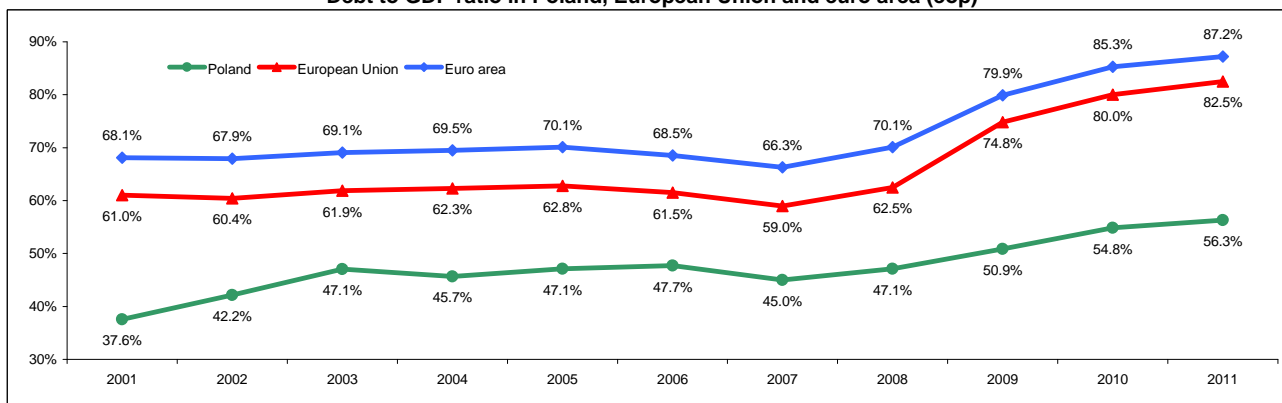
Source: Eurostat - [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

### Changes in EDP debt to GDP ratio by European Union Member State in 2011



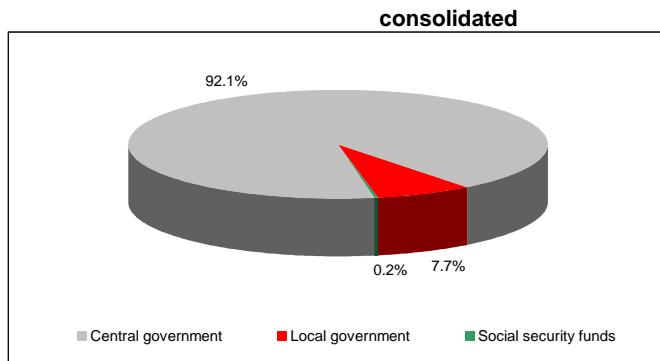
Source: Eurostat - [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

### Debt to GDP ratio in Poland, European Union and euro area (eop)

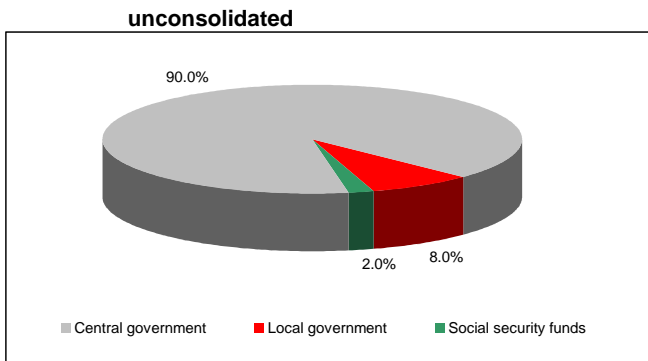


Source: Eurostat - [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

### Public debt by sub-sector:

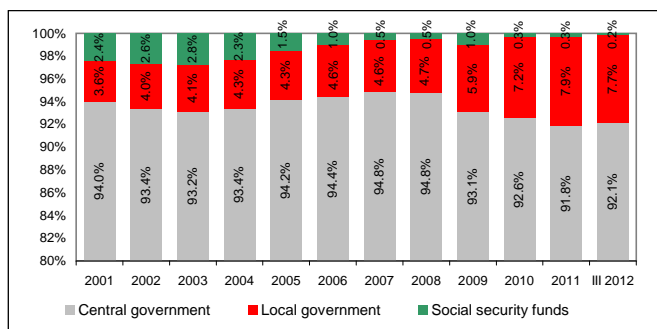


The central government is by far the most important debt issuer, representing more than 92.1% of public debt, of which 92.0% represents State Treasury debt. The local government debt contribution was 7.7% of the total debt, of which 7.3% represents debt of local government units and their unions.



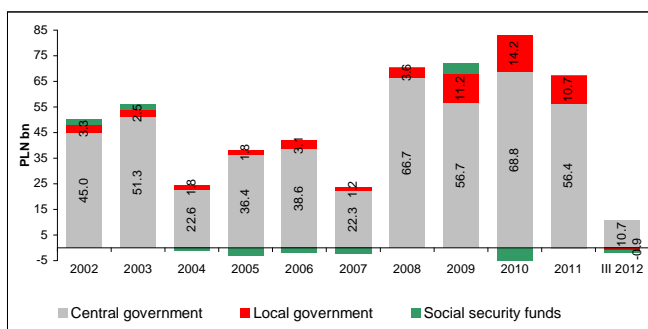
The central government and State Treasury made up 90.0% and 89.9% of the total unconsolidated public debt respectively. Unconsolidated social security funds debt includes loans granted by State Treasury (PLN 15.9 bn at the end of the first quarter of 2012), hence larger contribution of SSF to unconsolidated public debt.

### Consolidated public debt by sub-sector



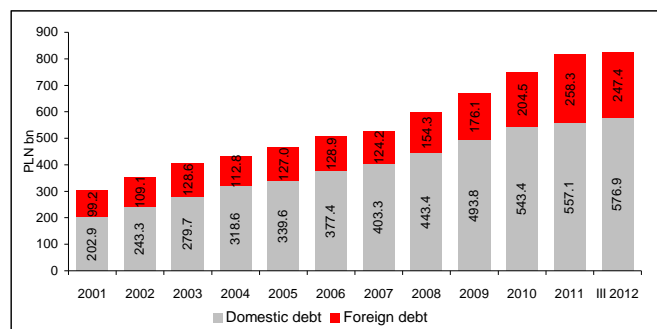
Social security funds play a minor role in the general government debt with its contributions of 0.2% of the total debt, compared to 2.4% at the end of 2001. At the same time the ratio of local government to total debt increased in the last three years by 3.2 pp.

### Changes in consolidated public debt by sub-sector

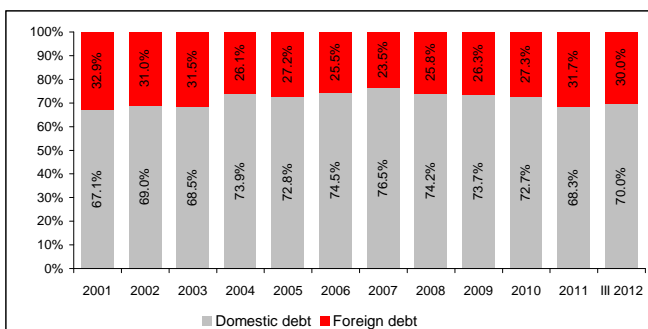


Changes in public debt by sub-sector:  
 - central government debt up by PLN 10.7 bn (1.4%),  
 - local government debt down by PLN 1.1 bn (1.6%),  
 - social security funds debt down by PLN 0.9 bn (39.3%).

### Public debt according to the place of issue criterion

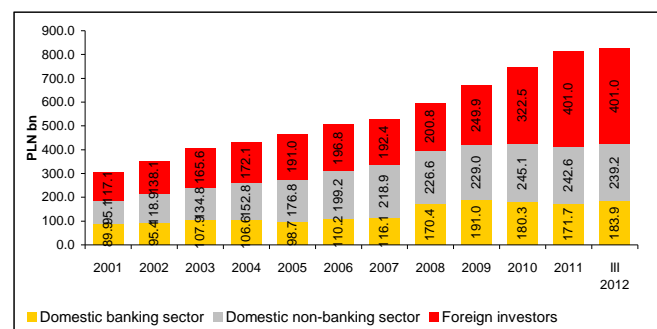


At the end of the first quarter of 2012 domestic debt stood at PLN 576.9 bn, up compared with PLN 557.1 bn at the end of fourth quarter of 2011. Foreign debt stood at PLN 247.4 bn, down compared with 258.3 bn, mainly as a result of the strengthening of Polish zloty.



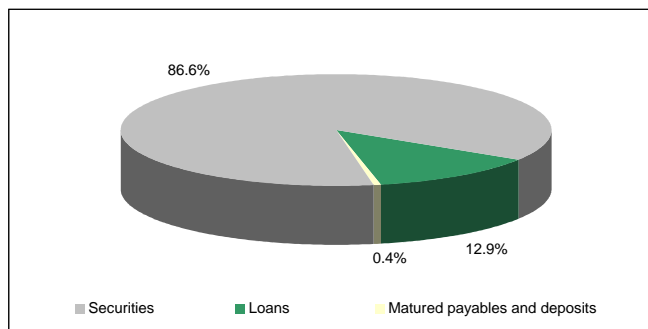
The share of foreign debt in the total public debt accounted for 30.0% at the end of the first quarter of 2012, down compared with 31.7% at the end of the previous quarter.

### Public debt by holder



At the end of the first quarter of 2012 the share of non-residents in public debt accounted for 48.7% (PLN 401.0 bn), down compared with 49.2% (PLN 401.0 bn) at the end of the fourth quarter of 2011.

### Public debt by instrument



At the end of the first quarter of 2012 securities were the most important category of debt instruments accounting for 86.6% of the total debt, up by 0.6 pp compared with the previous quarter.

**Table 1. Differences between public debt (according to domestic methodology) and general government debt (PLN m)**

ITEM	XII 2006	XII 2007	XII 2008	XII 2009	XII 2010	XII 2011	III 2012
<b>Public debt</b>	<b>506,263.5</b>	<b>527,441.8</b>	<b>597,764.4</b>	<b>669,876.4</b>	<b>747,898.8</b>	<b>815,327.3</b>	<b>824,314.4</b>
<i>1) Adjustments concerning the scope of the sector</i>	<i>4,435.4</i>	<i>6,438.7</i>	<i>8,106.0</i>	<i>18,563.6</i>	<i>32,762.6</i>	<i>47,124.5</i>	<i>46,738.9</i>
Debt of National Road Fund	3,722.1	4,857.4	5,923.1	15,703.2	24,798.1	36,412.7	35,779.8
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	0.0	0.0	0.0	-1,276.2	-232.9	-364.5	-343.2
National Road Fund (acquisition of infrastructure assets)*	886.8	1,771.7	2,396.0	4,292.8	8,197.4	11,076.3	11,302.3
Research & development units**	-173.5	-190.3	-213.1	-156.2	-	-	-
Public corporations included in general government sector	-	-	-	0.0	0.0	0.0	0.0
<i>2) Differences concerning debt instruments</i>	<i>-4,662.7</i>	<i>-4,510.7</i>	<i>-5,041.2</i>	<i>-4,366.7</i>	<i>-3,845.2</i>	<i>-3,484.0</i>	<i>-3,640.4</i>
matured payables	-4,709.7	-4,570.3	-5,069.9	-4,688.6	-3,860.1	-3,493.8	-3,649.6
debt assumption - activation of a guarantee	47.1	59.6	28.7	21.8	14.9	9.8	9.2
up-front payments on off-market swaps	0.0	0.0	0.0	300.0	0.0	0.0	0.0
<b>General government debt</b>	<b>506,036.3</b>	<b>529,369.8</b>	<b>600,829.2</b>	<b>684,073.3</b>	<b>776,816.3</b>	<b>858,967.8</b>	<b>867,413.0</b>

\* in compliance with Eurostat guidelines on sector classification of some motorway projects, general government debt figures include capital expenditures of the projects in question

\*\* according to the Public Finance Act of August 27th 2009 (Journal of Law 09.157.1240 dated September 24th 2009) from Jan 1st 2010 Research and Development Units are not included in the public finance sector.

**Table 2. Public Debt - before consolidation (m PLN, at nominal value, eop)**

ITEM	XII 2010	structure		structure		III 2012	change		change	
		XII 2010	XII 2011	XII 2011	XII 2011		III 2012 - XII 2011	%	XII 2011 - XII 2010	%
<b>Public debt</b>	<b>778,682.3</b>	<b>100.0%</b>	<b>861,237.5</b>	<b>100.0%</b>	<b>869,022.9</b>	<b>100.0%</b>	<b>7,785.4</b>	<b>0.9%</b>	<b>82,555.2</b>	<b>10.6%</b>
<b>1. Central government sector debt</b>	<b>705,902.0</b>	<b>90.7%</b>	<b>772,632.9</b>	<b>89.7%</b>	<b>782,491.3</b>	<b>90.0%</b>	<b>9,858.4</b>	<b>1.3%</b>	<b>66,730.9</b>	<b>9.5%</b>
1.1. State Treasury	701,850.6	90.1%	771,127.5	89.5%	780,857.2	89.9%	9,729.7	1.3%	69,277.0	9.9%
1.2. Earmarked State funds	0.0	0.0%	0.0	0.0%	0.1	0.0%	0.1	-	0.0	-
1.3. State institutions of higher education	290.8	0.0%	350.6	0.0%	377.1	0.0%	26.5	7.6%	59.8	20.6%
1.4. Independent public health units	977.3	0.1%	1,116.9	0.1%	1,202.8	0.1%	85.9	7.7%	139.5	14.3%
1.5. State institutions of culture	45.3	0.0%	23.4	0.0%	20.9	0.0%	-2.5	-10.6%	-21.9	-48.3%
1.6. Polish Academy of Science and units established by it	10.3	0.0%	9.4	0.0%	13.0	0.0%	3.6	38.9%	-0.9	-9.1%
1.7. Other central government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	2,727.8	0.4%	5.1	0.0%	20.2	0.0%	15.0	292.1%	-2,722.6	-99.8%
<b>2. Local government sector debt</b>	<b>59,883.3</b>	<b>7.7%</b>	<b>70,447.9</b>	<b>8.2%</b>	<b>69,270.0</b>	<b>8.0%</b>	<b>-1,177.9</b>	<b>-1.7%</b>	<b>10,564.6</b>	<b>17.6%</b>
2.1. Local government units	55,479.4	7.1%	66,105.6	7.7%	64,801.9	7.5%	-1,303.8	-2.0%	10,626.2	19.2%
2.2. Earmarked local government funds	0.0	0.0%	-	0.0%	-	-	-	-	-	-
2.3. Independent public health units	4,202.2	0.5%	4,119.2	0.5%	4,268.8	0.5%	149.6	3.6%	-83.0	-2.0%
2.4. Local institutions of culture	91.2	0.0%	109.7	0.0%	90.6	0.0%	-19.1	-17.4%	18.4	20.2%
2.5. Other local government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	110.4	0.0%	113.4	0.0%	108.8	0.0%	-4.6	-4.1%	3.0	2.7%
<b>3. Social Security Sector debt</b>	<b>12,896.9</b>	<b>1.7%</b>	<b>18,156.6</b>	<b>2.1%</b>	<b>17,261.5</b>	<b>2.0%</b>	<b>-895.1</b>	<b>-4.9%</b>	<b>5,259.7</b>	<b>40.8%</b>
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-72.5%	0.0	-94.4%
3.2. Funds managed by Social Insurance Institution	12,896.9	1.7%	18,156.6	2.1%	17,261.5	2.0%	-895.1	-4.9%	5,259.7	40.8%
3.3. Agricultural Social Insurance Fund	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-
3.4. National Health Fund	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-

**Table 3. Public Debt - after consolidation (m PLN, at nominal value, eop)**

ITEM	XII 2010	structure		structure		III 2012	change		change	
		XII 2010	XII 2011	XII 2011	XII 2011		III 2012 - XII 2011	%	XII 2011 - XII 2010	%
<b>Public debt</b>	<b>747,898.8</b>	<b>100.0%</b>	<b>815,327.3</b>	<b>100.0%</b>	<b>824,314.4</b>	<b>100.0%</b>	<b>8,987.1</b>	<b>1.1%</b>	<b>67,428.5</b>	<b>9.0%</b>
<b>1. Central government sector debt</b>	<b>692,360.5</b>	<b>92.6%</b>	<b>748,799.6</b>	<b>91.8%</b>	<b>759,548.4</b>	<b>92.1%</b>	<b>10,748.9</b>	<b>1.4%</b>	<b>56,439.1</b>	<b>8.2%</b>
1.1. State Treasury	691,210.1	92.4%	747,504.3	91.7%	758,172.6	92.0%	10,668.4	1.4%	56,294.2	8.1%
1.2. Earmarked State funds	0.0	0.0%	0.0	0.0%	0.1	0.0%	0.1	-	0.0	-
1.3. State institutions of higher education	274.0	0.0%	331.9	0.0%	343.9	0.0%	12.1	3.6%	57.8	21.1%
1.4. Independent public health units	831.9	0.1%	945.3	0.1%	1,011.3	0.1%	66.0	7.0%	113.5	13.6%
1.5. State institutions of culture	32.8	0.0%	7.8	0.0%	6.4	0.0%	-1.4	-18.5%	-25.0	-76.2%
1.6. Polish Academy of Science and units established by it	6.9	0.0%	6.0	0.0%	9.7	0.0%	3.8	63.0%	-0.9	-13.7%
1.7. Other central government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	4.7	0.0%	4.3	0.0%	4.4	0.0%	0.1	2.0%	-0.4	-8.8%
<b>2. Local government sector debt</b>	<b>53,519.0</b>	<b>7.2%</b>	<b>64,248.7</b>	<b>7.9%</b>	<b>63,382.0</b>	<b>7.7%</b>	<b>-866.6</b>	<b>-1.3%</b>	<b>10,729.6</b>	<b>20.0%</b>
2.1. Local government units	50,568.4	6.8%	61,183.5	7.5%	60,197.2	7.3%	-986.2	-1.6%	10,615.0	21.0%
2.2. Earmarked local government funds	0.0	0.0%	-	0.0%	-	-	-	-	-	-
2.3. Independent public health units	2,869.5	0.4%	2,993.9	0.4%	3,129.8	0.4%	135.9	4.5%	124.4	4.3%
2.4. Local institutions of culture	61.6	0.0%	63.2	0.0%	47.9	0.0%	-15.3	-24.2%	1.5	2.5%
2.5. Other local government legal entities established under separate acts for public tasks execution, with the exception of enterprises, banks and companies organized under commercial law	19.5	0.0%	8.2	0.0%	7.2	0.0%	-1.0	-12.4%	-11.4	-58.1%
<b>3. Social Security Sector debt</b>	<b>2,019.3</b>	<b>0.3%</b>	<b>2,279.1</b>	<b>0.3%</b>	<b>1,384.0</b>	<b>0.2%</b>	<b>-895.1</b>	<b>-39.3%</b>	<b>259.8</b>	<b>12.9%</b>
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-72.5%	0.0	-
3.2. Funds managed by Social Insurance Institution	2,019.3	0.3%	2,279.1	0.3%	1,384.0	0.2%	-895.1	-39.3%	259.7	12.9%
3.3. Agricultural Social Insurance Fund	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-
3.4. National Health Fund	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-