

Public debt 3Q2012

Quarterly newsletter

1. At the end of the third quarter of 2012 consolidated **public debt (according to domestic methodology)** stood at **PLN 835,498.1 million**. Compared with the second quarter of 2012 debt decreased by PLN 7,139.2 million (0.8%). From the end of 2011 public debt increased by PLN 20,155.4 million (2.5%).*

2. Changes in the level of consolidated public debt were mainly the result of changes in the level of State Treasury debt (ST debt decreased by PLN 8,167.0 million (1.1%) in the third quarter of 2012 and increased by PLN 20,240.1 million (2.7%) from the end of 2011).

3. At the end of the third quarter of 2012 unconsolidated public debt stood at PLN 881,098.1 million. Compared with the second quarter of 2012 debt decreased by PLN 6,413.1 million (0.7%).

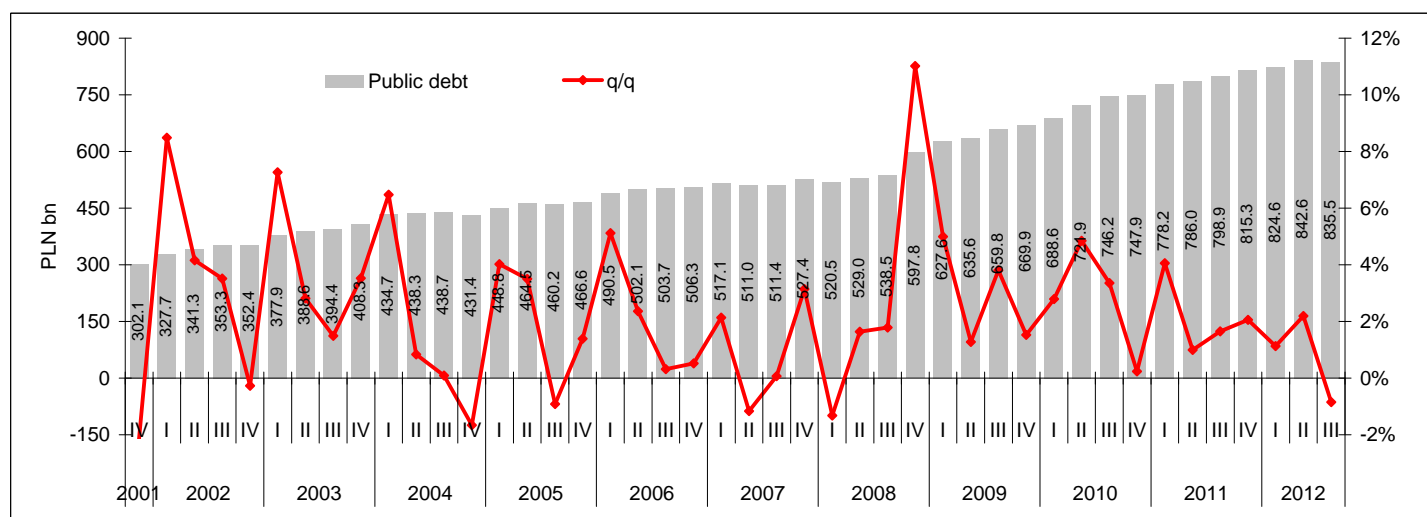
4. At the end of the third quarter **general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 883,796.0 million**. Compared with the second quarter of 2012 EDP debt decreased by PLN 7,944.0 million (0.9%). From the end of 2011 EDP debt increased by PLN 24,719.6 million (2.9%).

5. Similarly to public debt measured according to domestic methodology, the changes in EDP debt were mainly influenced by changes in State Treasury debt. In the second quarter of 2012 a significant increase was registered in National Road Fund (KFD) debt, up by PLN 5,873.4 million (16.4%).

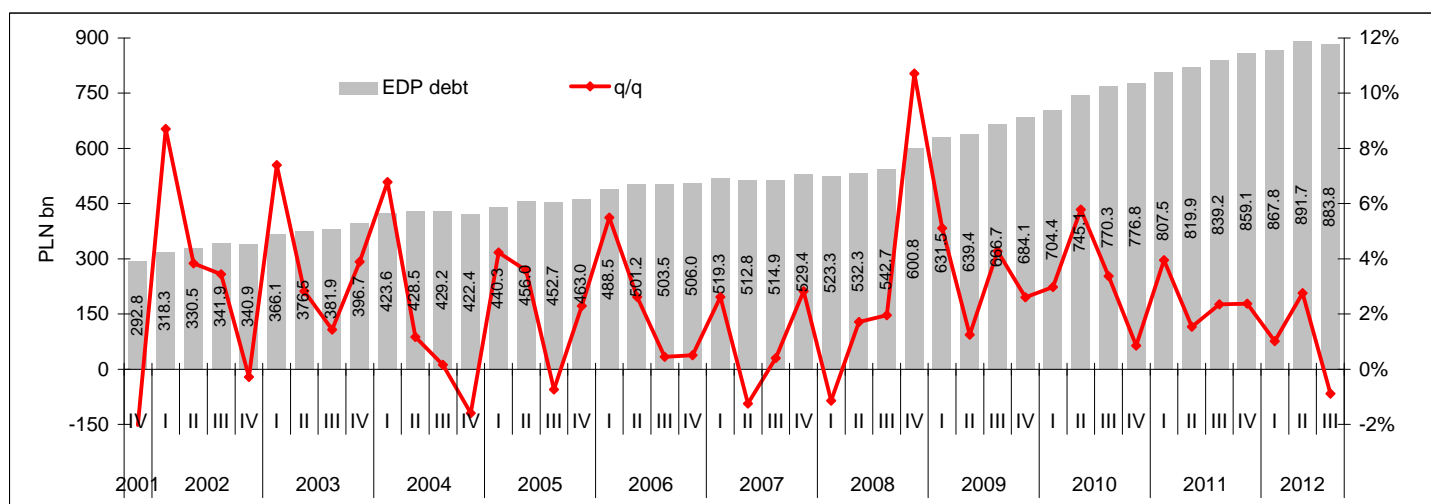
6. Table 1 presents the differences between public debt according to domestic methodology and general government debt.

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

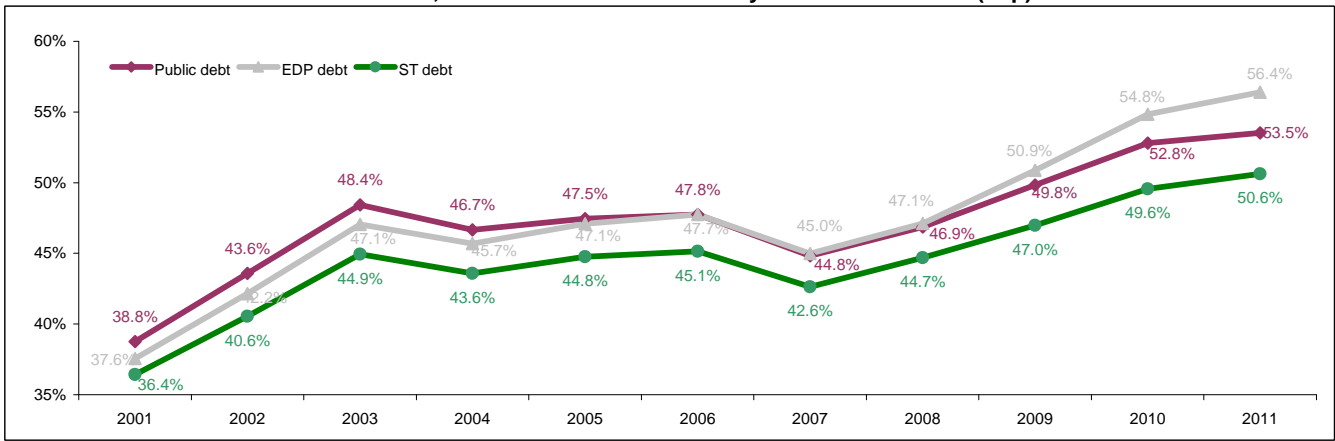
Public debt



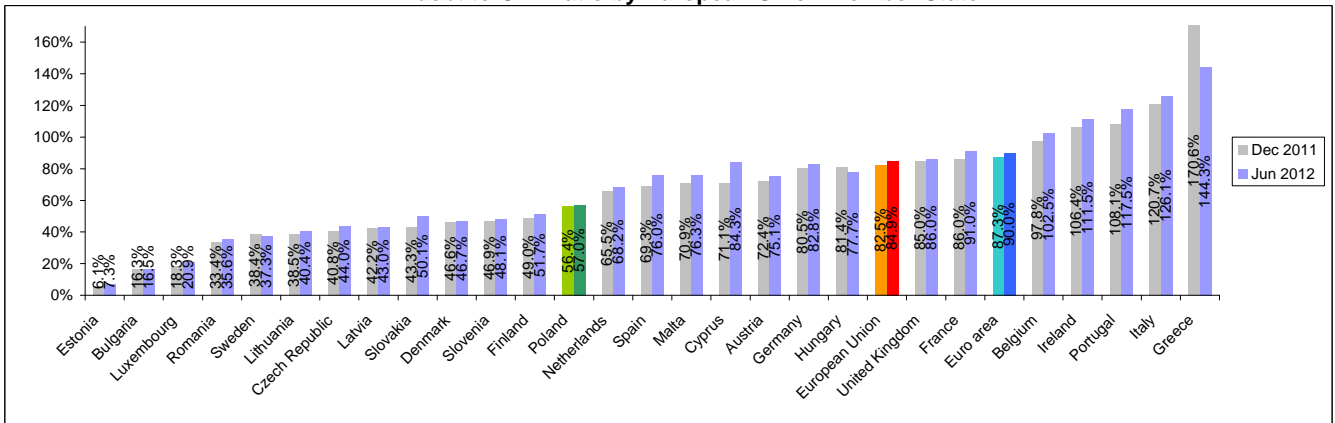
EDP debt



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

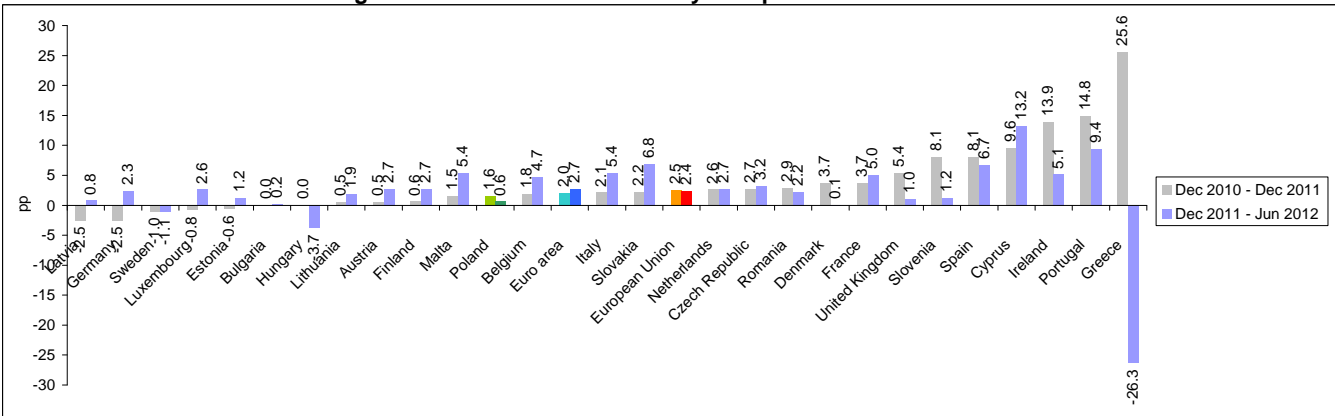


EDP debt to GDP ratio by European Union Member State



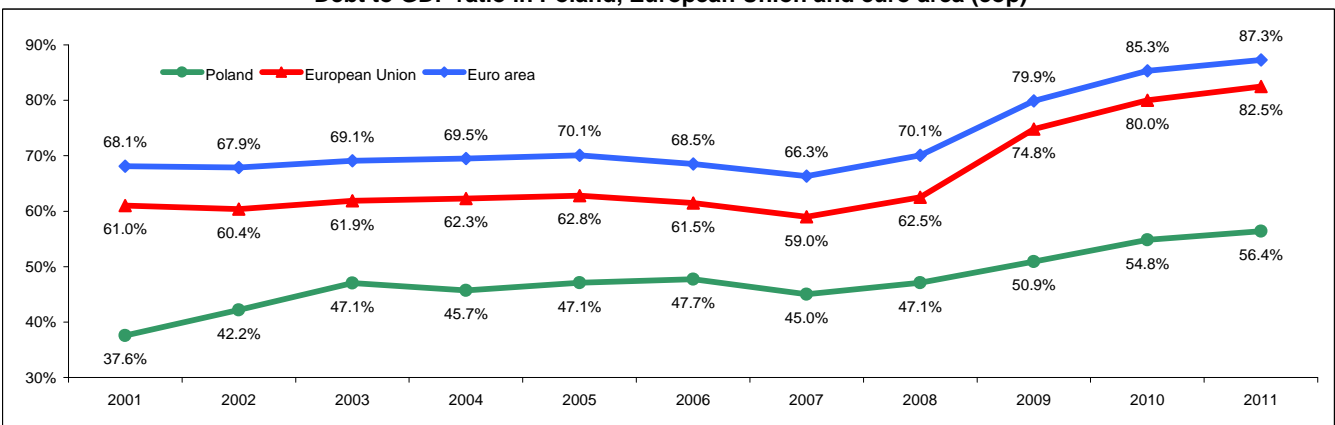
Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

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



Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

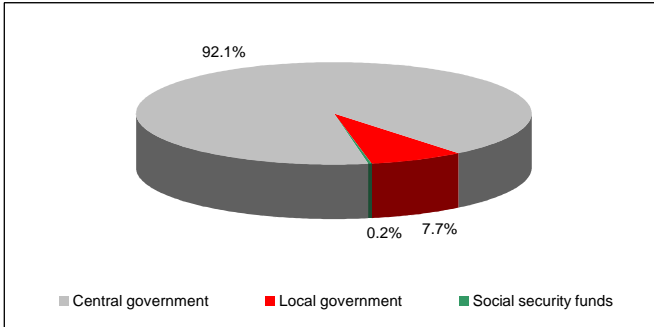
Debt to GDP ratio in Poland, European Union and euro area (eop)



Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

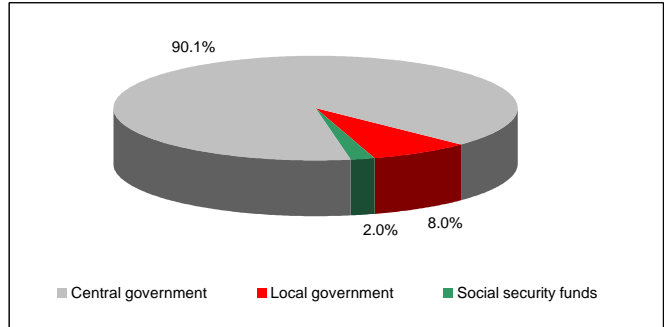
Public debt by sub-sector:

consolidated



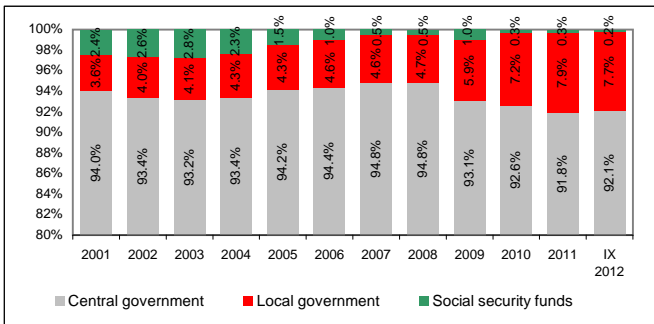
The central government is by far the most important debt issuer, representing more than 92.1% of public debt, of which 91.9% represents State Treasury debt. The local government sub-sector contribution was 7.7% of the total debt, of which 7.3% represents debt of local government units and their unions.

unconsolidated



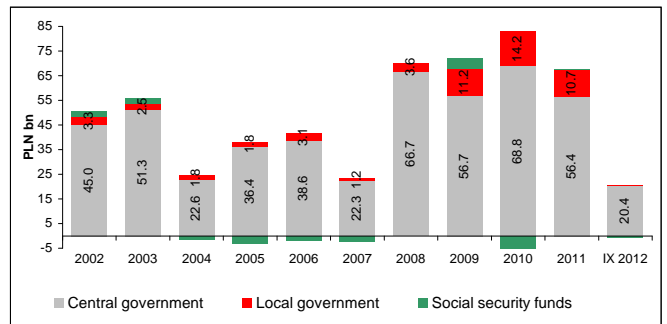
The central government and State Treasury made up 90.1% and 89.9% of the total unconsolidated public debt respectively. Unconsolidated social security funds debt includes loans granted by State Treasury (PLN 15.9 bn at the end of the third quarter of 2012), hence larger contribution of SSF to unconsolidated public debt.

Consolidated public debt structure by sub-sector



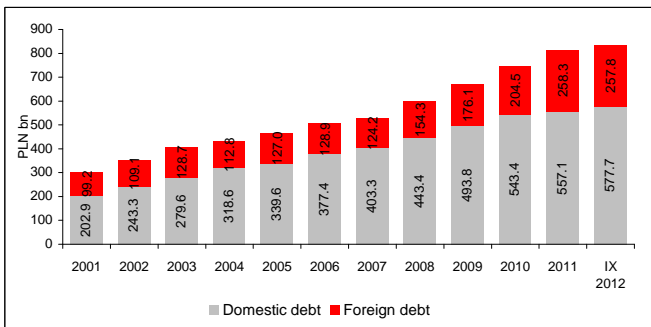
Social security funds debt plays a minor role in the general government debt with its contribution of 0.2% of the total debt, compared to 2.4% at the end of 2001. At the same time the ratio of local government debt to total debt increased in the last three years by 3.2 pp.

Changes in consolidated public debt by sub-sector

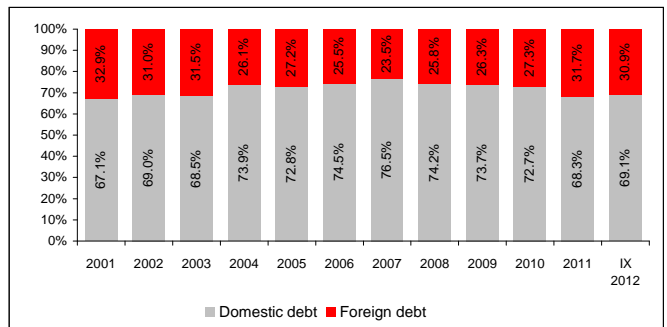


Changes in public debt by sub-sector since the beginning of 2012 was the result of:
 - central government debt increase by PLN 20.4 bn (2.7%),
 - local government debt increase by PLN 0.4 bn (0.6%),
 - social security funds debt decrease by PLN 0.7 bn (30.8%).

Public debt according to the place of issue criterion

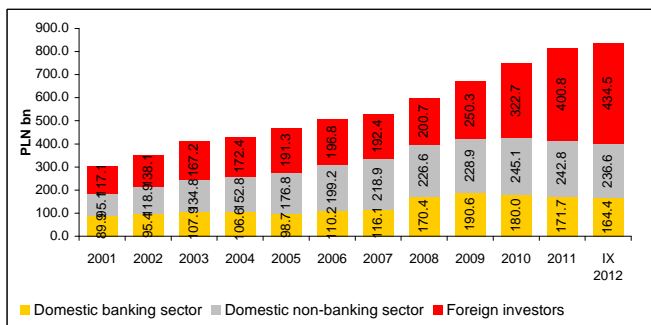


At the end of the third quarter of 2012 domestic debt stood at PLN 577.7 bn, up by PLN 20.6 bn (3.7%) compared with the end of fourth quarter of 2011. Foreign debt stood at PLN 257.8 bn, down by PLN 0.4 bn (0.2%).



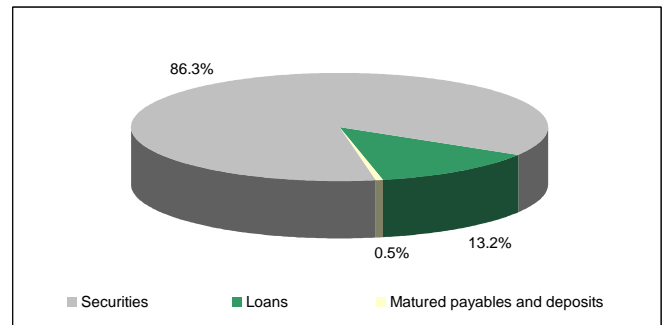
The share of foreign debt in the total public debt accounted for 30.9% at the end of the third quarter of 2012, down compared with 31.7% at the end of 2011.

Public debt by holder



At the end of the third quarter of 2012 the share of non-residents in public debt accounted for 52.0% (PLN 434.5 bn), up compared with 49.2% (PLN 400.8 bn) at the end of 2011.

Public debt by instrument



At the end of the third quarter of 2012 securities were the most important category of debt instruments accounting for 86.3% of the total debt, up by 0.3 pp compared with the end of 2011.

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	VI 2012	IX 2012
Public debt	506,263.5	527,441.8	597,764.4	669,876.4	747,898.8	815,342.6	824,578.9	842,637.3	835,498.1
<i>1) Adjustments concerning the scope of the sector</i>	<i>4,435.4</i>	<i>6,438.7</i>	<i>8,121.8</i>	<i>18,571.9</i>	<i>32,771.5</i>	<i>47,228.2</i>	<i>46,893.6</i>	<i>52,867.5</i>	<i>52,153.9</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	41,653.2	41,270.6
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	-547.1	-878.1
National Road Fund (aquisition of infrastructure assets)*	886.8	1,771.7	2,396.0	4,292.8	8,197.4	11,076.3	11,302.3	11,555.7	11,555.7
Reaserch & development units**	-173.5	-190.3	-213.1	-156.2	-	-	-	-	-
Public corporations included in general government sector	-	-	15.8	8.3	8.9	103.7	154.7	205.7	205.7
<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>-3,494.4</i>	<i>-3,632.0</i>	<i>-3,764.8</i>	<i>-3,856.0</i>
matured payables	-4,709.7	-4,570.3	-5,069.9	-4,688.6	-3,860.1	-3,504.2	-3,641.2	-3,770.9	-3,861.9
debt assumption - activation of a guarantee	47.1	59.6	28.7	21.8	14.9	9.8	9.2	6.1	5.9
up-front payments on off-market swaps	0.0	0.0	0.0	300.0	0.0	0.0	0.0	0.0	0.0
General government debt	506,036.3	529,369.8	600,845.0	684,081.6	776,825.1	859,076.4	867,840.5	891,740.1	883,796.0

* 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 2011	structure		structure		IX 2012	change		change	
		XII 2011	VI 2012	VI 2012	IX 2012		IX 2012 - VI 2012	IX 2012 - XII 2011	m PLN	%
Public debt	861,243.3	100.0%	887,511.2	100.0%	881,098.1	100.0%	-6,413.1	-0.7%	19,854.8	2.3%
1. Central government sector debt	772,638.9	89.7%	800,882.0	90.2%	793,499.9	90.1%	-7,382.2	-0.9%	20,861.0	2.7%
1.1. State Treasury	771,127.5	89.5%	799,183.8	90.0%	791,717.9	89.9%	-7,465.9	-0.9%	20,590.3	2.7%
1.2. Earmarked State funds	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-
1.3. State institutions of higher education	351.2	0.0%	433.7	0.0%	435.5	0.0%	1.8	0.4%	84.4	24.0%
1.4. Independent public health units	1,122.2	0.1%	1,226.9	0.1%	1,304.3	0.1%	77.5	6.3%	182.1	16.2%
1.5. State institutions of culture	23.4	0.0%	20.5	0.0%	25.3	0.0%	4.8	23.3%	1.8	7.7%
1.6. Polish Academy of Science and units established by it	9.4	0.0%	6.0	0.0%	4.3	0.0%	-1.8	-29.2%	-5.1	-54.4%
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	5.1	0.0%	11.2	0.0%	12.6	0.0%	1.4	12.9%	7.5	145.1%
2. Local government sector debt	70,447.9	8.2%	69,286.8	7.8%	70,143.4	8.0%	856.6	1.2%	-304.5	-0.4%
2.1. Local government units	66,105.6	7.7%	64,705.5	7.3%	65,138.0	7.4%	432.4	0.7%	-967.7	-1.5%
2.2. Independent public health units	4,119.1	0.5%	4,367.8	0.5%	4,787.0	0.5%	419.2	9.6%	667.9	16.2%
2.3. Local institutions of culture	109.7	0.0%	101.3	0.0%	106.8	0.0%	5.5	5.4%	-2.9	-2.7%
2.4. 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	113.4	0.0%	112.3	0.0%	111.7	0.0%	-0.6	-0.5%	-1.8	-1.6%
3. Social Security Sector debt	18,156.6	2.1%	17,342.3	2.0%	17,454.8	2.0%	112.5	0.6%	-701.8	-3.9%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	382.7%	0.0	-10.5%
3.2. Funds managed by Social Insurance Institution	18,156.6	2.1%	17,342.3	2.0%	17,454.8	2.0%	112.5	0.6%	-701.8	-3.9%
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	-

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

ITEM	XII 2011	structure		structure		IX 2012	change		change	
		XII 2011	VI 2012	VI 2012	IX 2012		IX 2012 - VI 2012	IX 2012 - XII 2011	m PLN	%
Public debt	815,342.6	100.0%	842,637.3	100.0%	835,498.1	100.0%	-7,139.2	-0.8%	20,155.4	2.5%
1. Central government sector debt	748,805.9	91.8%	777,359.6	92.3%	769,255.7	92.1%	-8,103.9	-1.0%	20,449.8	2.7%
1.1. State Treasury	747,504.3	91.7%	775,911.4	92.1%	767,744.4	91.9%	-8,167.0	-1.1%	20,240.1	2.7%
1.2. Earmarked State funds	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-
1.3. State institutions of higher education	332.4	0.0%	407.9	0.0%	411.5	0.0%	3.6	0.9%	79.1	23.8%
1.4. Independent public health units	951.1	0.1%	1,026.0	0.1%	1,077.9	0.1%	51.9	5.1%	126.8	13.3%
1.5. State institutions of culture	7.8	0.0%	3.4	0.0%	8.6	0.0%	5.2	153.9%	0.8	10.7%
1.6. Polish Academy of Science and units established by it	6.0	0.0%	3.4	0.0%	2.1	0.0%	-1.4	-39.6%	-3.9	-65.1%
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	4.3	0.0%	7.4	0.0%	11.1	0.0%	3.7	50.5%	6.8	157.0%
2. Local government sector debt	64,257.7	7.9%	63,813.0	7.6%	64,665.1	7.7%	852.1	1.3%	407.4	0.6%
2.1. Local government units	61,186.6	7.5%	60,525.6	7.2%	61,082.5	7.3%	556.9	0.9%	-104.1	-0.2%
2.2. Independent public health units	2,999.8	0.4%	3,221.5	0.4%	3,513.3	0.4%	291.8	9.1%	513.5	17.1%
2.3. Local institutions of culture	63.2	0.0%	59.2	0.0%	63.0	0.0%	3.8	6.4%	-0.1	-0.2%
2.4. 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	8.2	0.0%	6.7	0.0%	6.3	0.0%	-0.3	-5.1%	-1.9	-22.6%
3. Social Security Sector debt	2,279.1	0.3%	1,464.8	0.2%	1,577.3	0.2%	112.5	7.7%	-701.8	-30.8%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	382.7%	0.0	-10.5%
3.2. Funds managed by Social Insurance Institution	2,279.1	0.3%	1,464.8	0.2%	1,577.3	0.2%	112.5	7.7%	-701.8	-30.8%
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	-