

Public debt 3Q2013

Quarterly newsletter

1. At the end of the third quarter of 2013 consolidated **public debt (according to domestic methodology)** stood at **PLN 890,579.6 million**. Compared with the second quarter of 2013 debt increased by PLN 2,034.0 million (0.2%). Since the end of 2012 debt increased by PLN 50,102.8 million (6.0%).*

2. Change of public debt in the first three quarters of 2013 resulted mainly from financing the state budget borrowing requirements (PLN 48.5 bn after 9 months of 2013).

3. At the end of the third quarter of 2013 unconsolidated public debt stood at PLN 952,628.1 million. Compared with the second quarter of 2013 debt increased by PLN 4,288.7 million (0.5%).

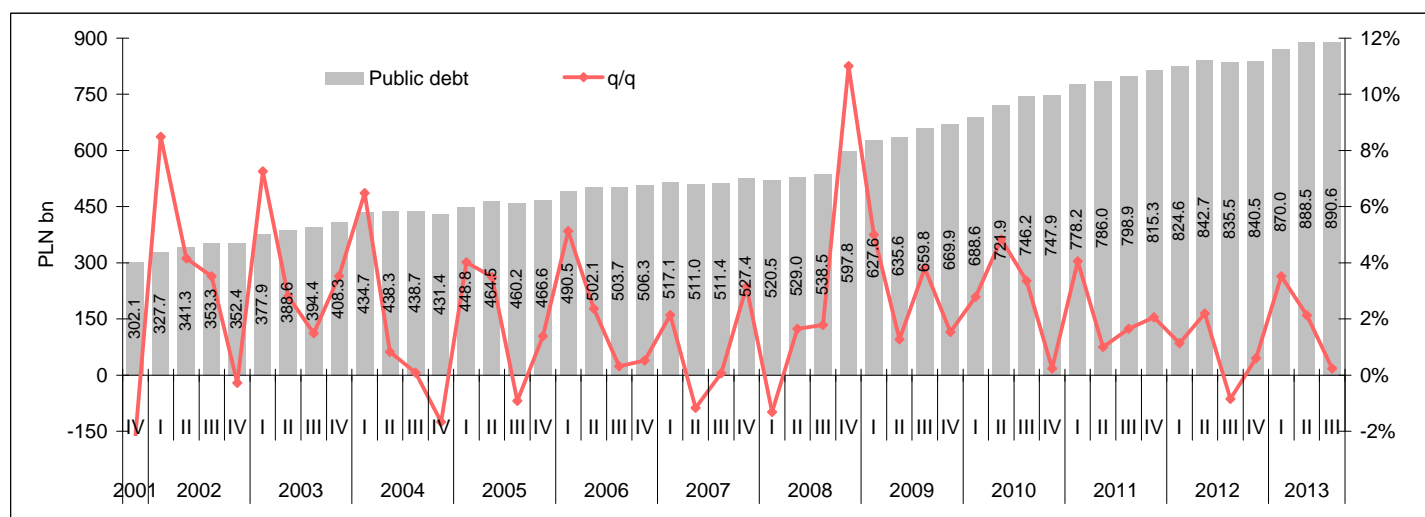
4. At the end of the third quarter of 2013 **general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 940,182.1 million**. Compared with the second quarter of 2013 EDP debt increased by PLN 2,283.5 million (0.2%). Since the end of 2012 EDP debt increased by PLN 53,309.5 million (6.0%).

5. Similarly to public debt measured according to domestic methodology, the change in EDP debt in the first three quarters of 2013 was mainly influenced by financing the state budget borrowing requirements.

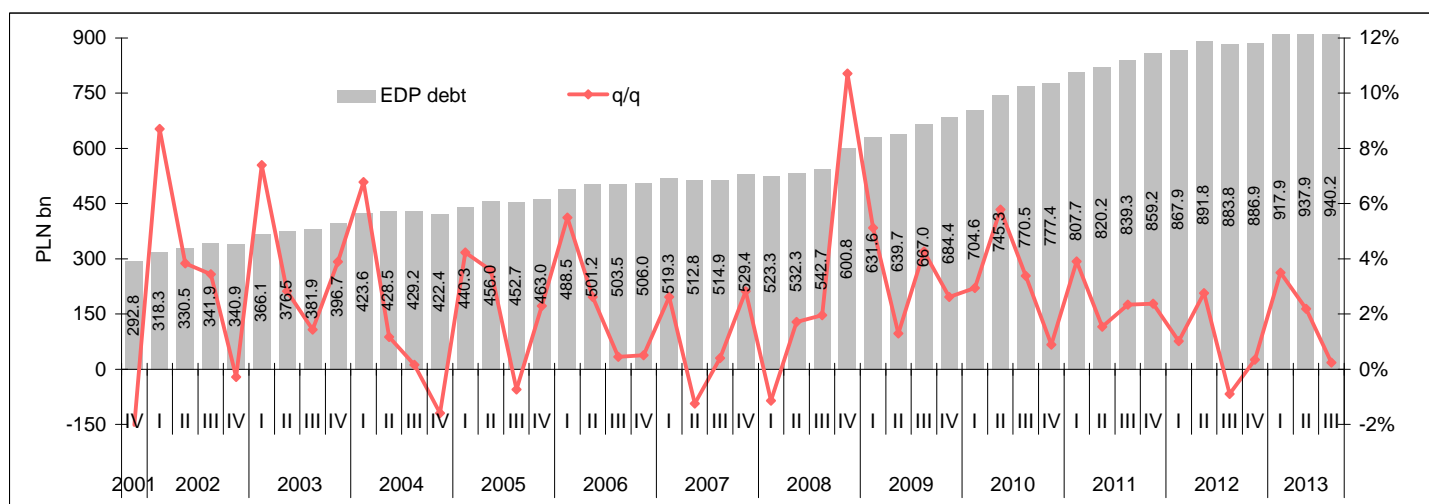
6. Table 1 presents the differences between public debt according to domestic methodology and general government debt.

* Data regarding the third quarter of 2013 is preliminary. Data regarding previous periods were updated if necessary.

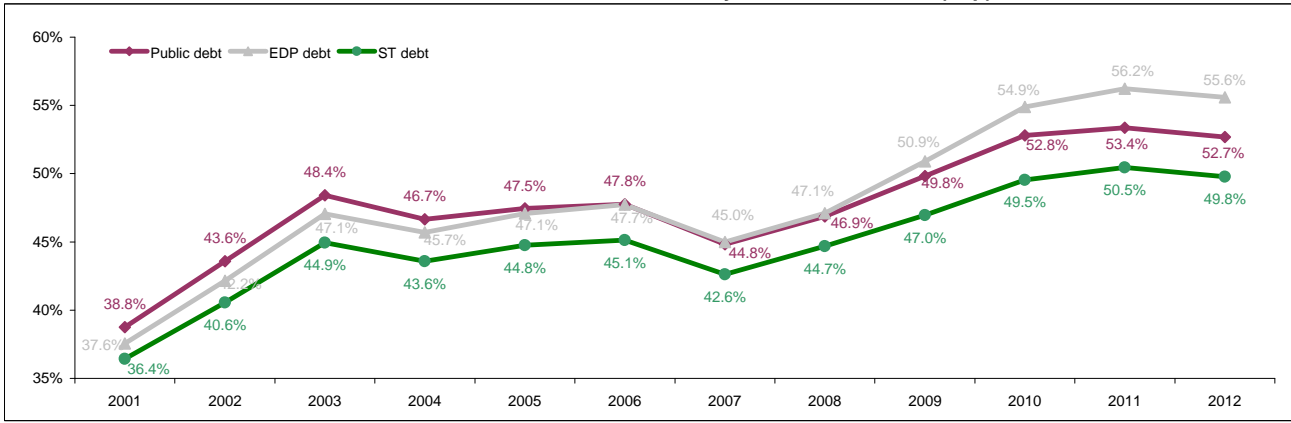
Public debt



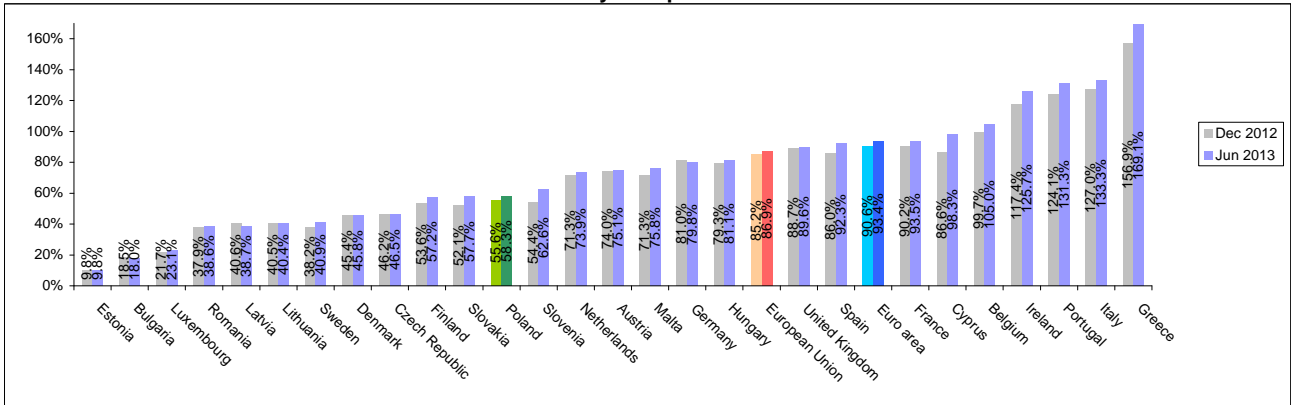
EDP debt



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

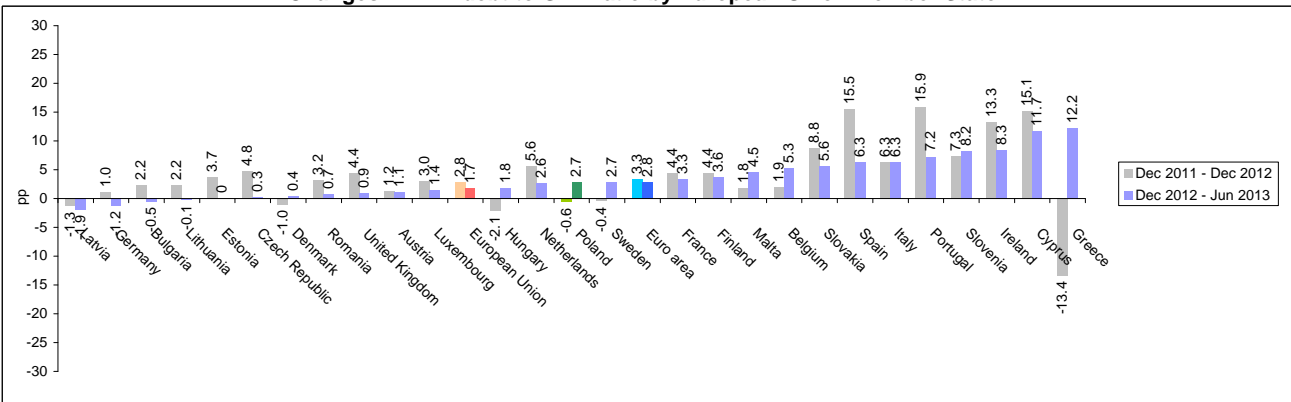


EDP debt to GDP ratio by European Union Member State *



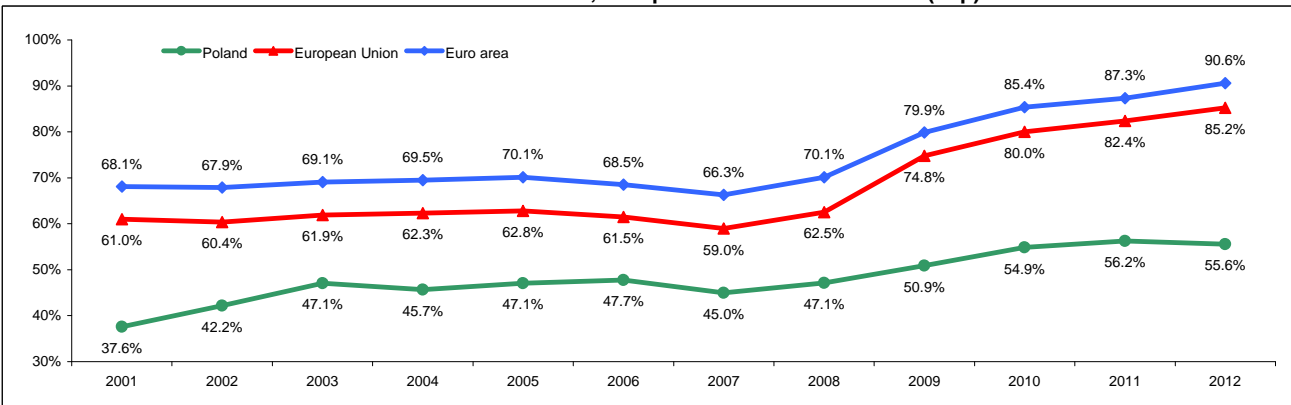
Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

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) *



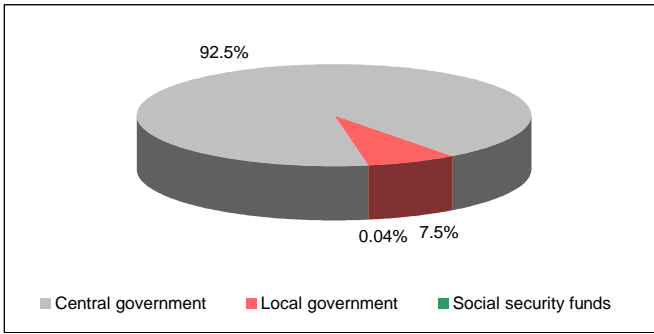
Source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

* - charts do not include Croatia (which joined EU on July 1, 2013).

EDP debt to GDP ratio for Croatia was 55.5% at the end of 2012 and 59.5% at the end of first half of 2013.

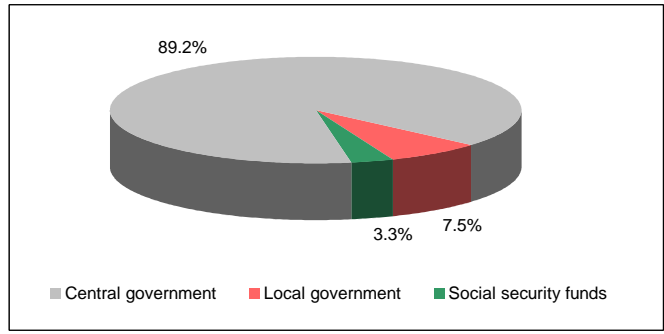
Public debt by sub-sector:

consolidated



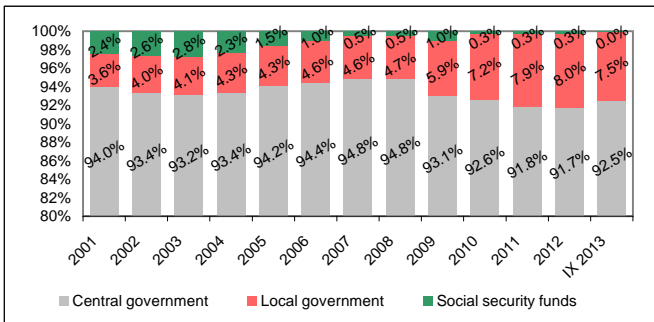
The central government is by far the most important debt issuer, representing 92.5% of public debt, of which 92.3% represents State Treasury debt. The local government sub-sector contribution was 7.5% of the total debt, of which 7.1% represents debt of local government units and their unions.

unconsolidated



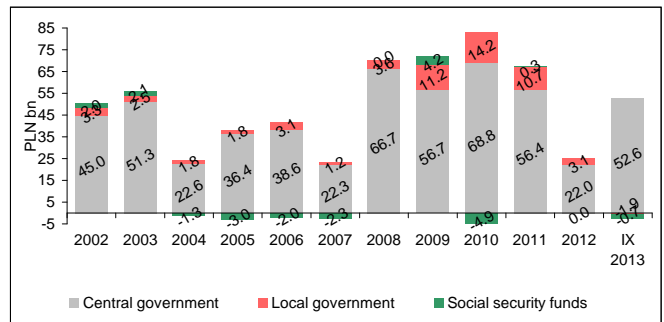
The central government and State Treasury made up 89.2% and 89.0% of the total unconsolidated public debt respectively. Unconsolidated social security funds debt includes loans granted by State Treasury (PLN 30.9 bn at the end of the third quarter of 2013), hence larger contribution of SSF to unconsolidated public debt.

Consolidated public debt by sub-sector



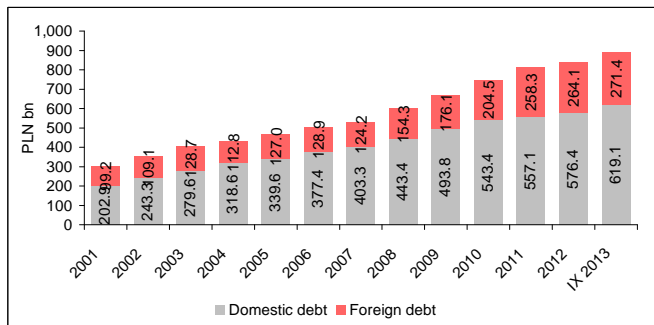
Social security funds debt plays a minor role in the general government debt with its contribution of 0.04% of the total debt, compared to 2.4% at the end of 2001. The ratio of local government debt to total debt increased between 2008 and third quarter of 2013 by 2.8 pp.

Changes in consolidated public debt by sub-sector

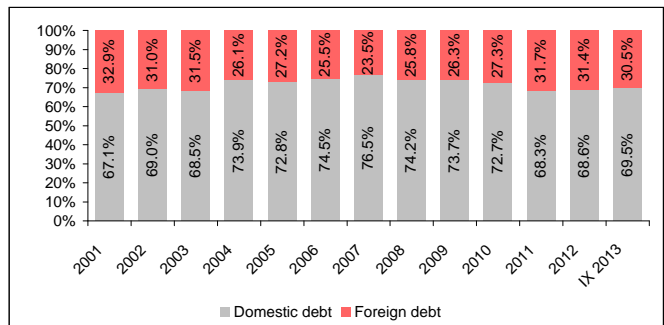


Changes in public debt by sub-sector since the beginning of 2013 was the result of:
 - central government debt increase by PLN 52.6 bn (6.8%),
 - local government debt decrease by PLN 0.7 bn (1.0%),
 - social security funds debt decrease by PLN 1.9 bn (83.6%).

Public debt according to the place of issue criterion

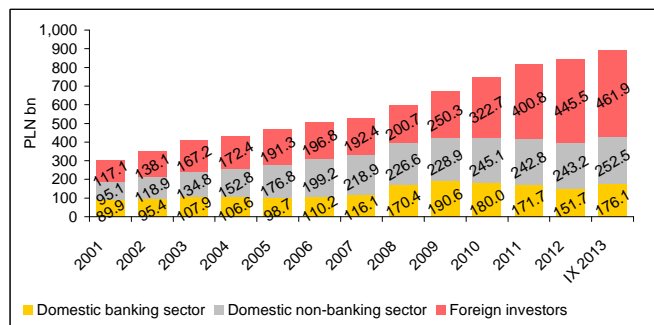


At the end of the third quarter of 2013 domestic debt stood at PLN 619.1 bn, up by PLN 42.7 bn (7.4%) compared with the end of 2012. Foreign debt stood at PLN 271.4 bn, up by PLN 7.4 bn (2.8%).

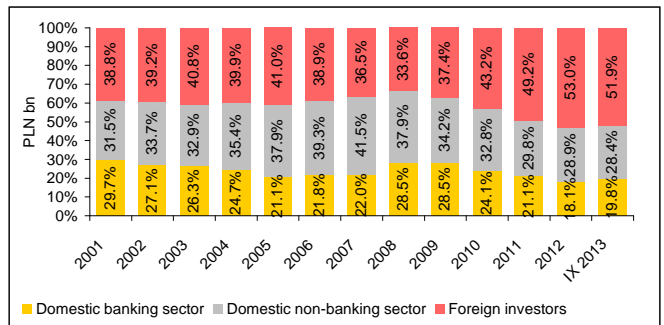


The share of foreign debt in the total public debt accounted for 30.5% at the end of the third quarter of 2013, down compared with 31.4% at the end of 2012.

Public debt by holder



In the first three quarters of 2013 debt towards domestic banking sector increased by PLN 24.4 bn (16.1%), debt towards domestic non-banking sector increased by PLN 9.3 bn (3.8%) and debt towards foreign investors (non-residents) increased by PLN 16.4 bn (3.7%).



At the end of the third quarter of 2013 the share of non-residents in public debt accounted for 51.9% (PLN 461.9 bn).

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	XII 2012	III 2013	VI 2013	IX 2013
Public debt	506,263.5	527,441.8	597,764.4	669,876.4	747,898.8	815,345.7	840,476.8	870,014.8	888,545.7	890,579.6
<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>49,912.9</i>	<i>51,609.1</i>	<i>52,934.2</i>	<i>52,085.0</i>
Debt of National Road Fund	3,722.1	4,857.4	5,923.1	15,703.2	24,798.1	36,412.7	41,197.4	41,410.0	41,856.5	41,740.4
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	0.0	0.0	0.0	-1,276.2	-232.9	-364.5	-3,038.9	-1,577.3	-624.8	-1,366.5
National Road Fund (acquisition of infrastructure assets)*	886.8	1,771.7	2,396.0	4,292.8	8,197.4	11,076.3	11,571.9	11,571.9	11,499.2	11,499.2
Research & 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	182.4	204.4	203.2	211.8
<i>2) Differences concerning debt instruments</i>	<i>-4,662.7</i>	<i>-4,510.7</i>	<i>-5,041.2</i>	<i>-4,001.4</i>	<i>-3,287.6</i>	<i>-3,367.4</i>	<i>-3,517.1</i>	<i>-3,762.1</i>	<i>-3,581.4</i>	<i>-2,482.6</i>
matured payables	-4,709.7	-4,570.3	-5,069.9	-4,688.6	-3,860.1	-3,504.4	-3,616.5	-3,789.0	-3,594.7	-2,487.0
debt assumption - activation of a guarantee	47.1	59.6	28.7	21.8	14.9	9.8	2.9	3.0	0.0	0.0
local government units: debt assumption - activation of a guarantee	-	-	-	20.2	3.3	4.8	17.1	6.6	0.0	1.2
standardised guarantees	-	-	-	0.2	0.3	0.4	0.4	0.4	0.4	0.4
restructured/refinanced trade credits	-	-	-	344.9	554.0	122.0	79.0	17.0	12.9	2.9
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	0.0
General government debt	506,036.3	529,369.8	600,845.0	684,446.9	777,382.8	859,206.5	886,872.6	917,861.8	937,898.5	940,182.1

* 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 2012	structure XII 2012	VI 2013	structure VI 2013	IX 2013	structure IX 2013	change IX 2013 - VI 2013		change IX 2013 - XII 2012	
							m PLN	%	m PLN	%
Public debt	889,651.6	100.0%	948,339.4	100.0%	952,628.1	100.0%	4,288.7	0.5%	62,976.4	7.1%
1. Central government sector debt	795,702.9	89.4%	846,107.2	89.2%	849,600.7	89.2%	3,493.6	0.4%	53,897.8	6.8%
1.1. State Treasury	793,853.7	89.2%	844,255.9	89.0%	847,710.5	89.0%	3,454.5	0.4%	53,856.8	6.8%
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	519.1	0.1%	491.6	0.1%	510.9	0.1%	19.3	3.9%	-8.3	-1.6%
1.4. Independent public health units	1,293.5	0.1%	1,311.8	0.1%	1,347.2	0.1%	35.4	2.7%	53.6	4.1%
1.5. State institutions of culture	16.8	0.0%	9.4	0.0%	9.5	0.0%	0.2	1.7%	-7.3	-43.2%
1.6. Polish Academy of Science and units established by it	8.0	0.0%	5.5	0.0%	4.5	0.0%	-1.0	-18.2%	-3.5	-43.7%
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	11.8	0.0%	33.0	0.0%	18.2	0.0%	-14.8	-44.8%	6.4	54.0%
2. Local government sector debt	72,812.1	8.2%	71,626.0	7.6%	71,779.7	7.5%	153.7	0.2%	-1,032.4	-1.4%
2.1. Local government units	68,206.1	7.7%	66,986.3	7.1%	67,330.5	7.1%	344.2	0.5%	-875.6	-1.3%
2.2. Independent public health units	4,392.9	0.5%	4,453.1	0.5%	4,165.9	0.4%	-287.3	-6.5%	-227.0	-5.2%
2.3. Local institutions of culture	99.5	0.0%	83.5	0.0%	80.7	0.0%	-2.8	-3.3%	-18.8	-18.9%
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	113.6	0.0%	103.0	0.0%	202.6	0.0%	99.5	96.6%	89.0	78.3%
3. Social Security Sector debt	21,136.6	2.4%	30,606.3	3.2%	31,247.6	3.3%	641.4	2.1%	10,111.0	47.8%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-
3.2. Funds managed by Social Insurance Institution	21,136.6	2.4%	30,606.3	3.2%	31,247.6	3.3%	641.4	2.1%	10,111.0	47.8%
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 2012	structure XII 2012	VI 2013	structure VI 2013	IX 2013	structure IX 2013	change IX 2013 - VI 2013		change IX 2013 - XII 2012	
							m PLN	%	m PLN	%
Public debt	840,476.8	100.0%	888,545.7	100.0%	890,579.6	100.0%	2,034.0	0.2%	50,102.8	6.0%
1. Central government sector debt	770,819.5	91.7%	820,574.9	92.4%	823,465.9	92.5%	2,891.0	0.4%	52,646.5	6.8%
1.1. State Treasury	769,128.8	91.5%	818,885.1	92.2%	821,735.8	92.3%	2,850.7	0.3%	52,607.1	6.8%
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	486.4	0.1%	454.7	0.1%	476.3	0.1%	21.7	4.8%	-10.0	-2.1%
1.4. Independent public health units	1,188.6	0.1%	1,200.2	0.1%	1,238.3	0.1%	38.1	3.2%	49.6	4.2%
1.5. State institutions of culture	3.1	0.0%	3.8	0.0%	3.8	0.0%	0.0	0.7%	0.7	22.8%
1.6. Polish Academy of Science and units established by it	4.7	0.0%	2.3	0.0%	2.0	0.0%	-0.3	-14.5%	-2.7	-57.5%
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	7.9	0.0%	28.8	0.0%	9.6	0.0%	-19.2	-66.6%	1.7	22.0%
2. Local government sector debt	67,398.3	8.0%	66,642.0	7.5%	66,743.6	7.5%	101.6	0.2%	-654.6	-1.0%
2.1. Local government units	64,020.2	7.6%	63,194.1	7.1%	63,422.5	7.1%	228.4	0.4%	-597.7	-0.9%
2.2. Independent public health units	3,314.1	0.4%	3,390.3	0.4%	3,263.4	0.4%	-126.9	-3.7%	-50.7	-1.5%
2.3. Local institutions of culture	58.1	0.0%	52.5	0.0%	53.1	0.0%	0.6	1.2%	-4.9	-8.5%
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	5.9	0.0%	5.1	0.0%	4.6	0.0%	-0.5	-10.6%	-1.3	-22.6%
3. Social Security Sector debt	2,259.1	0.3%	1,328.7	0.1%	370.1	0.0%	-958.6	-72.1%	-1,889.0	-83.6%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0	-
3.2. Funds managed by Social Insurance Institution	2,259.1	0.3%	1,328.7	0.1%	370.1	0.0%	-958.6	-72.1%	-1,889.0	-83.6%
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	-