

1. At the end of 2014 consolidated **public debt (according to domestic methodology)** stood at **PLN 826,745.8 million\***. Public debt:

- increased by PLN 24,612.8 million (3.1%) compared with the end of the third quarter of 2014,

- decreased by 55,547.2 million (6.3%) compared with the end of 2013.

2. Increase of public debt in the fourth quarter of 2014 resulted from:

- increase of central government sector debt by PLN 20,595.2 million (State Treasury debt increased by PLN 20,772.3 million),

- increase of local government sector debt by PLN 4,021.0 million (local government units debt increased by PLN 3,919.6 million),

- decrease of social security sector debt by PLN 3.4 million.

3. The decrease of public debt in 2014 resulted mainly from the cancellation of ST securities in February 2014 as a result of pension system reform. That operation resulted in one-off reduction of ST debt by PLN 130,187.6 million. Excluding the effect of cancellation of ST securities (regardless of its influence on debt servicing costs) public debt increased by PLN 74,640.4 million.

4. **Public debt to GDP\*\*** ratio in 2014 amounted to **47.9%**.

5. At the end of 2014 **general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 866,501.4 million\***. EDP debt:

- increased by PLN 27,418.6 million (3.3%) compared with the end of the third quarter of 2014,

- decreased by PLN 59,613.8 million (6.4%) compared with the end of 2013.

6. Similarly to public debt measured according to domestic methodology, the change in EDP debt in 2014 resulted mainly from changes in State Treasury debt. Moreover EDP debt was influenced by:

- inclusion of PKP Polskie Linie Kolejowe S.A. in the general government sector,  
- consolidation of National Road Fund liabilities transferred to Demographic Reserve Fund as a result of pension system reform.

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

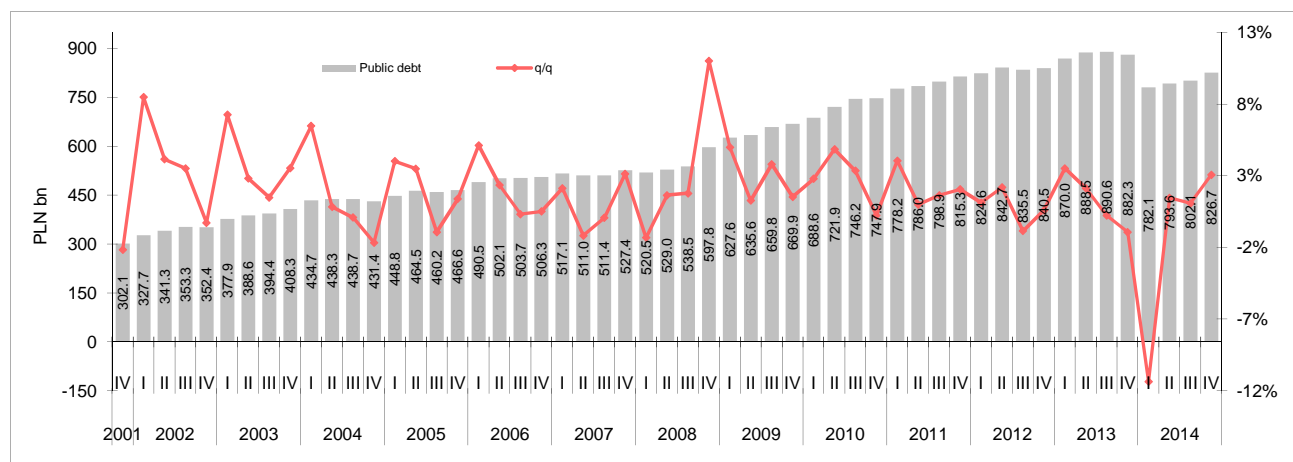
7. In 2014 EDP debt was revised after changes to the scope of general government sector were applied in line with provisions of ESA2010. In particular, Bank Guarantee Fund has been included in general government sector which resulted in decrease of EDP debt due to consolidation of T-securities held by BGF.

8. **EDP debt to GDP\*\*** ratio in 2014 amounted to **50.2%**.

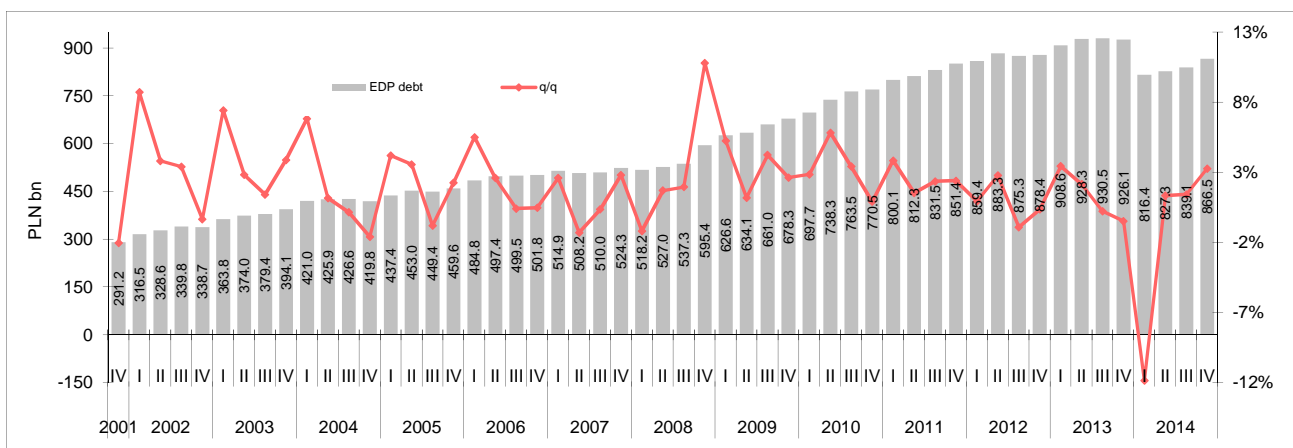
\* Data regarding the fourth quarter of 2014 are preliminary. Data regarding previous periods were updated if necessary.

\*\* According to the first estimate of the Central Statistical Office from 27 February 2015 GDP in 2014 amounted to PLN 1,724.7 billion.

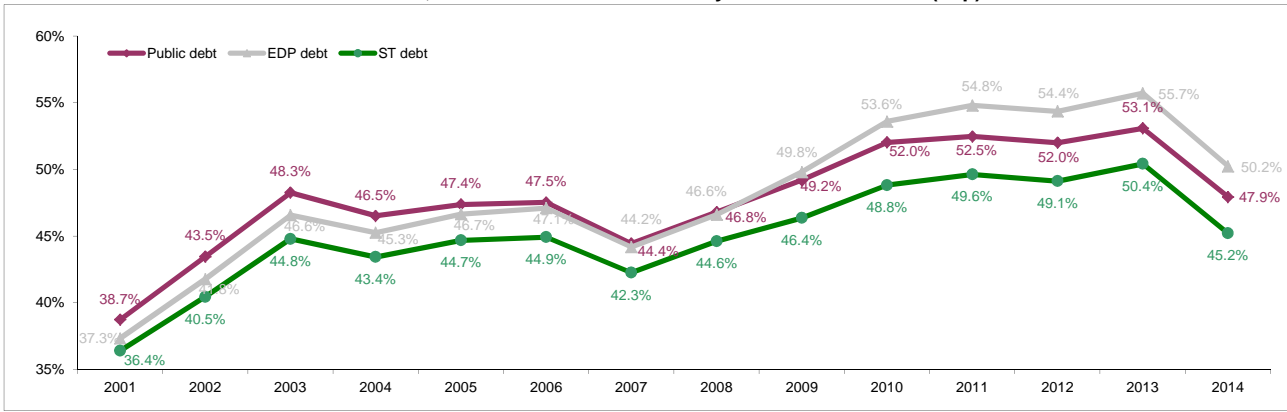
**Public debt**



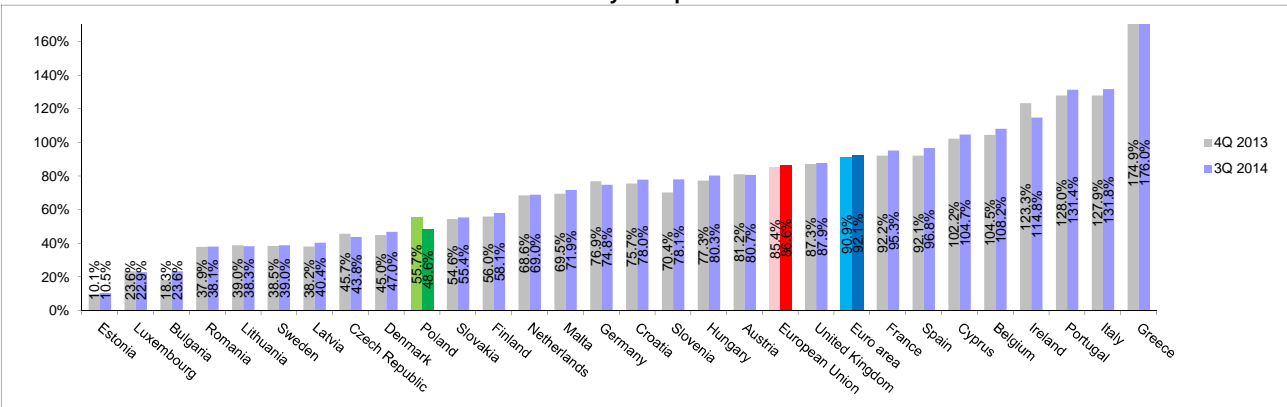
**EDP debt**



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

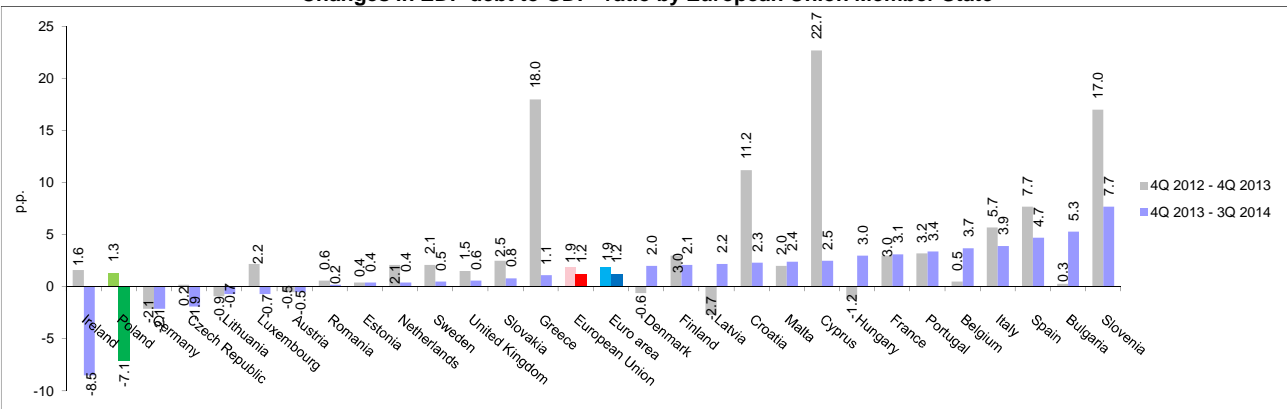


### EDP debt to GDP\* ratio by European Union Member State



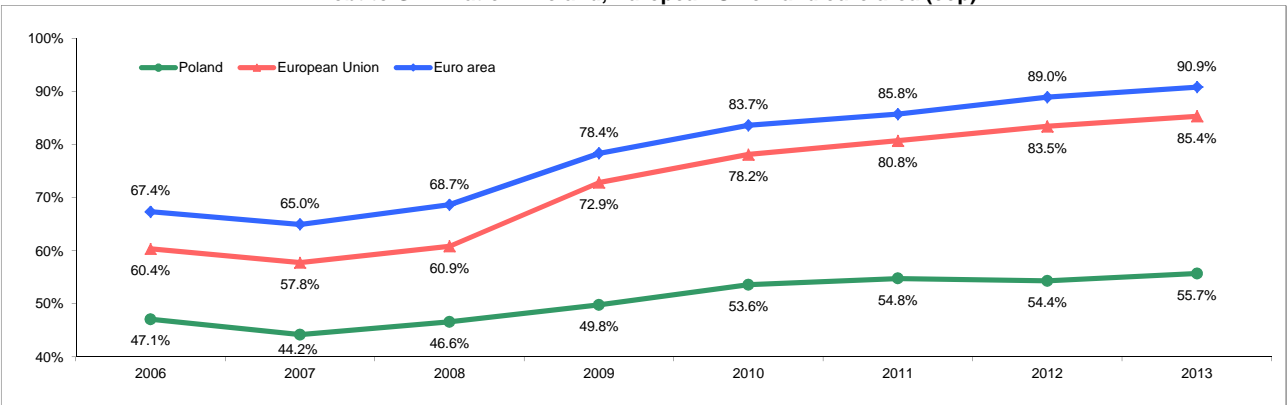
Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>

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



Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>

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

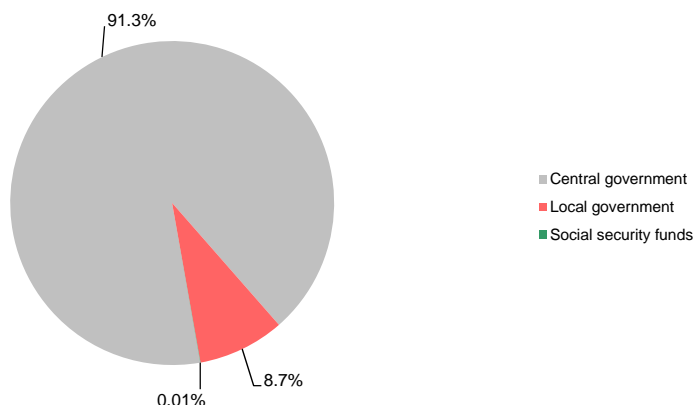


Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>

\* revised GDP data calculated according to ESA2010

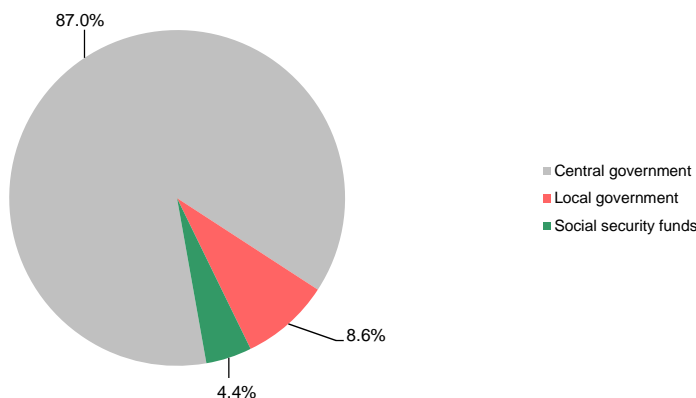
### Consolidated public debt by sub-sector

The central government is by far the most important debt issuer, representing 91.3% of public debt, of which 91.1% represents State Treasury debt. The local government sub-sector contribution was 8.7% of the total debt, of which 8.3% represents debt of local government units and their unions.



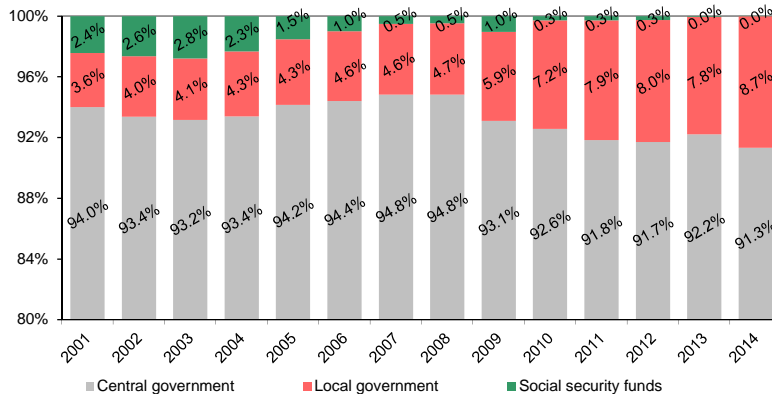
### Unconsolidated public debt by sub-sector

The central government and State Treasury made up 87.0% and 86.8% of the total unconsolidated public debt respectively. Unconsolidated social security funds debt includes loans granted by State Treasury (PLN 39.8 bn at the end of the fourth quarter of 2014), 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 0.01% of the total debt, compared to 2.4% at the end of 2001. The ratio of central government sector debt to total debt fell due to pension system reform to the lowest level in the discussed period- 91.6%.

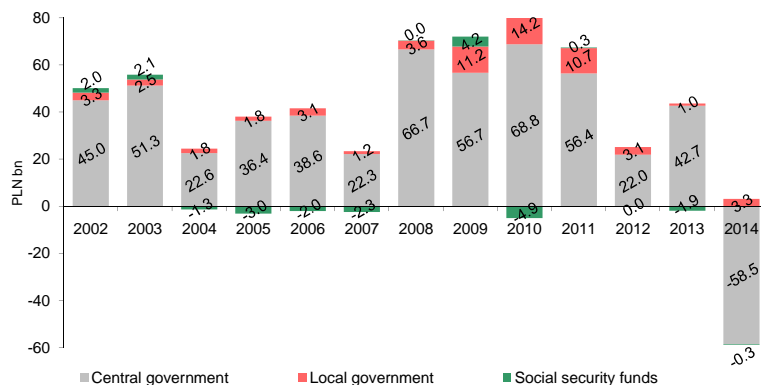


### Changes in consolidated public debt by sub-sector

The decrease of public debt in 2014 (by PLN 55.5 bn) was a result of:

- central government debt decrease by PLN 58.5 bn (7.2%),
- local government debt increase by PLN 3.3 bn (4.8%),
- social security funds debt decrease by PLN 0.3 bn (68.7%).

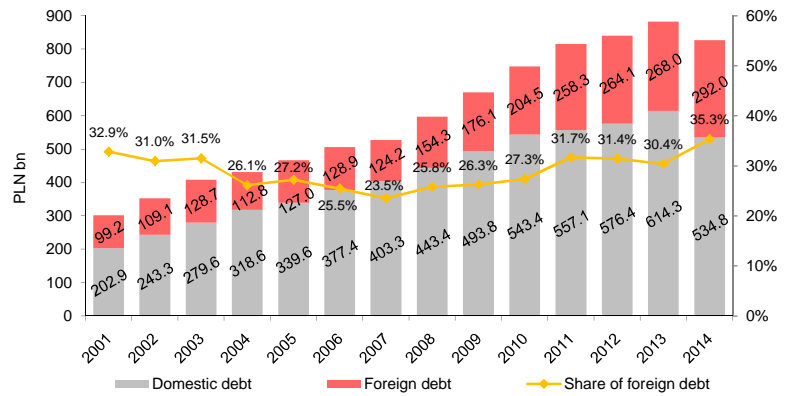
The increase of local government units debt in the fourth quarter (by PLN 3.9 bn) was decisive to the local government debt increase in 2014. In 2014 local government units debt rose by PLN 3.0 bn with deficit of PLN 2.3 bn.



## Public debt according to the place of issue criterion

At the end of 2014 domestic debt stood at PLN 534.8 bn, down by PLN 79.6 bn (13.0%) compared with the end of 2013. Foreign debt stood at PLN 292.0 bn, up by PLN 24.0 bn (3.0%) mostly due to depreciation of zloty; excluding this factor foreign debt increased by PLN 10.0 bn.

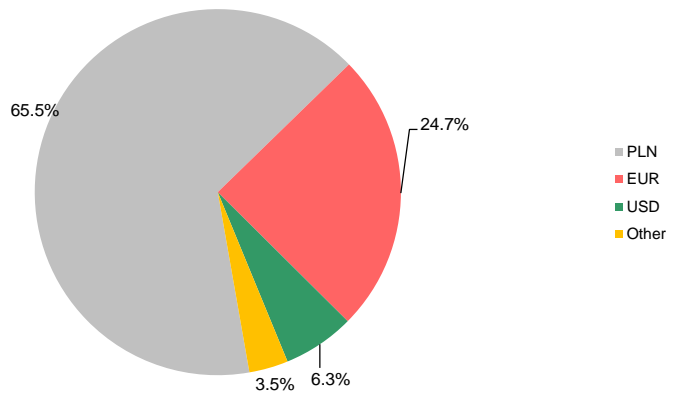
The share of foreign debt in the total public debt increased to 35.3% at the end of 2014 (up by 4.9 percentage points).



## Currency structure of public debt

At the end of 2014 liabilities denominated in PLN accounted for 65.5% of public debt. The share of debt denominated in EUR amounted to 24.7%.

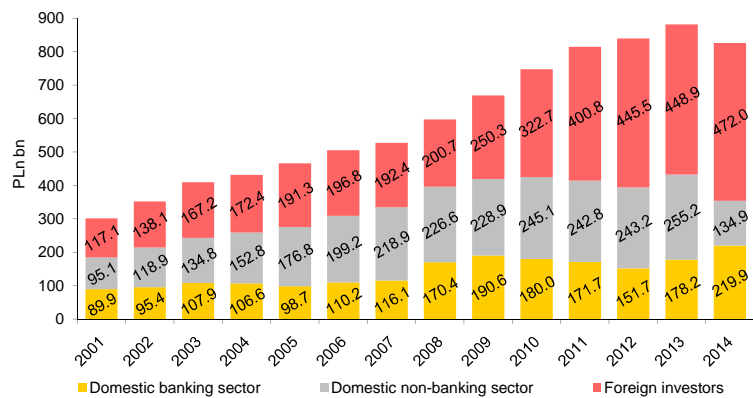
The debt of units other than State Treasury consisted of liabilities denominated in PLN (88.5%) and EUR (11.5%).



## Public debt by holder

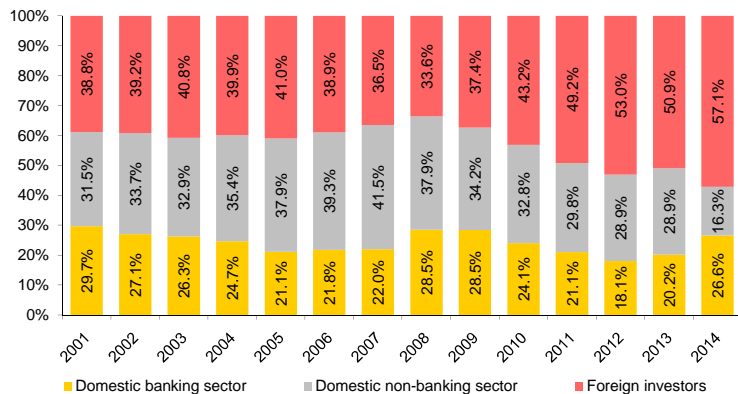
In 2014 public debt towards:

- domestic banking sector increased by PLN 41.7 bn (23.4%),
- domestic non-banking sector decreased by PLN 120.3 bn (47.2%), excluding the effect of cancellation of ST securities due to pension system reform the debt towards this sector rose by PLN 9.8 bn,
- foreign investors (non-residents) increased by PLN 23.1 bn (5.1%).



## Public debt by holder

In 2014 the share of public debt towards domestic non-banking sector fell from 28.9% to 16.3%. The share of public debt towards domestic banking sector rose by 6.4 percentage points to 26.6%. The share of public debt towards foreign investors rose from 50.9% to 57.1%. Those changes resulted from pension system reform and depreciation of zloty.



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

ITEM	XII 2008	XII 2009	XII 2010	XII 2011	XII 2012	XII 2013	III 2014	VI 2014	IX 2014	XII 2014
<b>Public debt</b>	<b>597,764.4</b>	<b>669,876.4</b>	<b>747,899.2</b>	<b>815,346.2</b>	<b>840,476.8</b>	<b>882,293.0</b>	<b>782,104.7</b>	<b>793,556.4</b>	<b>802,133.0</b>	<b>826,745.8</b>
<i>1) Adjustments concerning the scope of the sector</i>	2,627.6	12,438.5	25,838.8	39,450.1	41,456.1	45,920.8	36,110.1	35,806.3	38,958.6	41,843.7
Debt of National Road Fund	5,923.1	15,703.2	24,798.1	36,412.7	41,197.4	43,644.7	28,037.2	29,043.5	31,034.7	31,626.3
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	0.0	-1,276.2	-232.9	-364.5	-3,038.9	-895.2	-1,032.0	-1,953.4	-2,431.0	-1,210.9
National Road Fund (aquisition of infrastructure assets)	2,396.0	4,292.8	8,197.4	11,076.3	11,571.9	11,423.8	11,423.8	11,345.2	11,345.2	11,530.5
T-Securities held by Bank Guarantee Fund	-5,494.2	-6,133.4	-7,128.9	-8,209.7	-9,113.1	-9,366.1	-9,471.1	-9,814.4	-9,874.4	-9,570.6
Reaserch & development units	-213.1	-156.2	-	-	-	-	-	-	-	-
Public corporations included in general government sector	15.8	8.3	205.0	535.3	838.8	1,113.5	7,152.2	7,189.4	8,884.1	9,468.5
<i>2) Differences concerning debt instruments</i>	-5,041.2	-4,001.6	-3,287.9	-3,367.8	-3,517.5	-2,098.4	-1,809.9	-2,029.5	-2,008.8	-2,088.1
matured payables	-5,069.9	-4,688.6	-3,860.1	-3,504.4	-3,616.5	-2,202.1	-1,951.3	-2,132.8	-2,055.4	-1,952.1
debt assumption - activation of a guarantee	28.7	42.1	18.2	14.6	20.0	1.6	0.0	0.0	0.1	5.1
restructured/refinanced trade credits	-	344.9	554.0	122.0	79.0	102.1	133.3	100.8	214.3	160.1
derivatives	0.0	300.0	0.0	0.0	0.0	0.0	8.1	2.4	-167.9	-301.2
<b>General government debt</b>	<b>595,350.8</b>	<b>678,313.3</b>	<b>770,450.2</b>	<b>851,428.5</b>	<b>878,415.4</b>	<b>926,115.3</b>	<b>816,404.8</b>	<b>827,333.2</b>	<b>839,082.8</b>	<b>866,501.4</b>

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

ITEM	XII 2013	structure	IX 2014	structure	XII 2014	structure	change		change	
		XII 2013		IX 2014		XII 2014	XII 2014 - IX 2014	XII 2014 - XII 2013		
		%		%		m PLN	%	m PLN	%	
<b>Public debt</b>	<b>945,220.7</b>	<b>100.0%</b>	<b>872,439.9</b>	<b>100.0%</b>	<b>898,818.0</b>	<b>100.0%</b>	<b>26,378.1</b>	<b>3.0%</b>	<b>-46,402.7</b>	<b>-4.9%</b>
<b>1. Central government sector debt</b>	<b>839,907.1</b>	<b>88.9%</b>	<b>761,739.8</b>	<b>87.3%</b>	<b>781,759.7</b>	<b>87.0%</b>	<b>20,020.0</b>	<b>2.6%</b>	<b>-58,147.3</b>	<b>-6.9%</b>
1.1. State Treasury	838,025.4	88.7%	759,713.7	87.1%	779,927.7	86.8%	20,214.0	2.7%	-58,097.7	-6.9%
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	579.8	0.1%	551.7	0.1%	532.6	0.1%	-19.2	-3.5%	-47.2	-8.1%
1.4. Independent public health units	1,261.4	0.1%	1,358.9	0.2%	1,277.2	0.1%	-81.7	-6.0%	15.8	1.3%
1.5. State institutions of culture	13.4	0.0%	7.9	0.0%	8.9	0.0%	1.0	13.1%	-4.4	-33.1%
1.6. Polish Academy of Science and units established by it	3.8	0.0%	1.9	0.0%	6.1	0.0%	4.2	219.9%	2.3	59.9%
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	23.3	0.0%	105.6	0.0%	7.3	0.0%	-98.3	-93.1%	-16.0	-68.8%
<b>2. Local government sector debt</b>	<b>74,056.0</b>	<b>7.8%</b>	<b>72,875.9</b>	<b>8.4%</b>	<b>77,137.5</b>	<b>8.6%</b>	<b>4,261.6</b>	<b>5.8%</b>	<b>3,081.5</b>	<b>4.2%</b>
2.1. Local government units	69,492.7	7.4%	68,293.0	7.8%	72,412.1	8.1%	4,119.2	6.0%	2,919.5	4.2%
2.2. Independent public health units	3,937.6	0.4%	3,987.1	0.5%	4,065.5	0.5%	78.4	2.0%	127.9	3.2%
2.3. Local institutions of culture	81.1	0.0%	78.1	0.0%	86.7	0.0%	8.6	11.0%	5.6	6.9%
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	544.7	0.1%	517.8	0.1%	573.1	0.1%	55.4	10.7%	28.5	5.2%
<b>3. Social Security Sector debt</b>	<b>31,257.6</b>	<b>3.3%</b>	<b>37,824.2</b>	<b>4.3%</b>	<b>39,920.8</b>	<b>4.4%</b>	<b>2,096.6</b>	<b>5.5%</b>	<b>8,663.1</b>	<b>27.7%</b>
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	45.0%	0.0	158.4%
3.2. Funds managed by Social Insurance Institution	31,257.6	3.3%	37,824.2	4.3%	39,920.7	4.4%	2,096.6	5.5%	8,663.1	27.7%
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 2013	structure	IX 2014	structure	XII 2014	structure	change		change	
		XII 2013		IX 2014		XII 2014	XII 2014 - IX 2014	XII 2014 - XII 2013		
		%		%		m PLN	%	m PLN	%	
<b>Public debt</b>	<b>882,293.0</b>	<b>100.0%</b>	<b>802,133.0</b>	<b>100.0%</b>	<b>826,745.8</b>	<b>100.0%</b>	<b>24,612.8</b>	<b>3.1%</b>	<b>-55,547.2</b>	<b>-6.3%</b>
<b>1. Central government sector debt</b>	<b>813,515.3</b>	<b>92.2%</b>	<b>734,375.7</b>	<b>91.6%</b>	<b>754,970.9</b>	<b>91.3%</b>	<b>20,595.2</b>	<b>2.8%</b>	<b>-58,544.4</b>	<b>-7.2%</b>
1.1. State Treasury	811,827.1	92.0%	732,549.2	91.3%	753,321.5	91.1%	20,772.3	2.8%	-58,505.6	-7.2%
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	531.9	0.1%	499.7	0.1%	477.8	0.1%	-21.9	-4.4%	-54.1	-10.2%
1.4. Independent public health units	1,133.5	0.1%	1,222.4	0.2%	1,161.3	0.1%	-61.0	-5.0%	27.8	2.5%
1.5. State institutions of culture	8.3	0.0%	1.1	0.0%	2.4	0.0%	1.3	123.5%	-5.8	-70.6%
1.6. Polish Academy of Science and units established by it	2.1	0.0%	1.4	0.0%	5.7	0.0%	4.3	311.0%	3.6	172.5%
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	12.4	0.0%	102.0	0.0%	2.2	0.0%	-99.8	-97.9%	-10.3	-82.5%
<b>2. Local government sector debt</b>	<b>68,397.6</b>	<b>7.8%</b>	<b>67,635.0</b>	<b>8.4%</b>	<b>71,656.0</b>	<b>8.7%</b>	<b>4,021.0</b>	<b>5.9%</b>	<b>3,258.4</b>	<b>4.8%</b>
2.1. Local government units	65,210.1	7.4%	64,313.2	8.0%	68,232.8	8.3%	3,919.6	6.1%	3,022.7	4.6%
2.2. Independent public health units	3,129.1	0.4%	3,265.8	0.4%	3,357.9	0.4%	92.1	2.8%	228.8	7.3%
2.3. Local institutions of culture	54.5	0.0%	53.3	0.0%	61.9	0.0%	8.6	16.1%	7.4	13.6%
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	3.8	0.0%	2.7	0.0%	3.4	0.0%	0.7	25.4%	-0.5	-12.4%
<b>3. Social Security Sector debt</b>	<b>380.1</b>	<b>0.0%</b>	<b>122.3</b>	<b>0.0%</b>	<b>118.9</b>	<b>0.0%</b>	<b>-3.4</b>	<b>-2.8%</b>	<b>-261.2</b>	<b>-68.7%</b>
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	45.1%	0.0	158.4%
3.2. Funds managed by Social Insurance Institution	380.1	0.0%	122.3	0.0%	118.9	0.0%	-3.4	-2.8%	-261.2	-68.7%
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	-