

1. At the end of 2016 consolidated **public debt** (according to domestic definition) stood at **PLN 965,201.5 million*** and compared with:

- the previous quarter rose by PLN 25,641.2 million (+2.7%),
- the end of 2015 rose by PLN 87,919.1 (+10.0%).

2. **Increase of public debt in the fourth quarter of 2016** resulted from:

- increase in central government sector debt of PLN 25,064.7 million (+2.9%), including consolidated State Treasury debt increase of PLN 25,488.5 million (+2.9%),
- increase in local government sector debt of PLN 572.1 million (+0.8%), including local government units debt increase of PLN 740.0 million (+1.1%),
- increase in social security sector debt of PLN 4.3 million (+5.8%).

3. **Increase of public debt in 2016** resulted from:

- increase in central government sector debt of PLN 90,444.5 million (+11.2%), including consolidated State Treasury debt increase of PLN 90,516.4 million (+11.3%),
- decrease in local government sector debt of PLN 2,503.7 million (-3.5%), including local government units debt decrease of PLN 2,499.1 million (-3.7%),
- decrease in social security sector debt of PLN 21.8 million (-21.6%).

4. **Public debt to GDP ratio in 2016** amounted to **52.1%** (based on the first GDP estimate of the Central Statistical Office from 28 February 2017)**, up by 3.3 percentage points compared with 2015.

5. At the end of 2016 **general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 1,006,281.6 million*** and rose by:

- PLN 27,684.8 million (+2.8%) in the fourth quarter,
- PLN 86,705.6 million (+9.4%) compared with the end of 2015.

6. Similarly to public debt measured according to domestic definition, the **change in EDP debt in the fourth quarter of 2016** resulted predominantly from changes in State Treasury debt. Moreover EDP debt was influenced mainly by:

- increase in debt of National Road Fund (NRF) by PLN 2,068.5 million,
- decrease in debt of corporations included in general government sector by PLN 342.5 million,
- decrease in T-securities held by funds managed by BGK (incl. NRF) by PLN 443.0 million which increases EDP debt due to decrease of consolidation between units of the general government sector,
- decrease in matured payables by PLN 368.0 million,
- decrease in debt swapped using CIRS transactions due to favourable FX changes by PLN 591.2 million,

7. Similarly to public debt measured according to domestic methodology, the **change in EDP debt in 2016** resulted mainly from changes in State Treasury debt. Moreover EDP debt was influenced mainly by:

- increase in debt of NRF by PLN 5,154.6 million,
- increase in T-securities held by Bank Guarantee Fund by PLN 4,101.6 million, which decreases EDP debt due to increase of consolidation between units of the general government sector,
- decrease in debt of corporations included in general government sector by PLN 1,446.5 million,
- decrease in debt swapped using CIRS transactions due to favourable FX changes by PLN 597.5 million.

8. **EDP debt to GDP ratio** in 2016 amounted to **54.3%** (based on the first GDP estimate of the Central Statistical Office from 28 February 2017)**, up by 3.2 percentage points compared with 2015.

* Data regarding the fourth quarter of 2016 are preliminary. Data regarding previous periods were updated if necessary.

** According to the first estimate of the Central Statistical Office from 28 February 2017 GDP in 2016 amounted to PLN 1,852.5 billion.

Table 1. Public debt according to the place of issue criterion - after consolidation (PLN m, at face value, eop)

Item	Q4 2015	structure Q4 2015	Q3 2016	structure Q3 2016	Q4 2016	structure Q4 2016	change		change	
							Q4 2016 - Q3 2016 PLN m	%	Q4 2016 - Q4 2015 PLN m	%
Public debt	877,282.4	100.0%	939,560.4	100.0%	965,201.5	100.0%	25,641.2	2.7%	87,919.1	10.0%
Domestic debt	570,482.7	65.0%	624,334.1	66.4%	630,174.2	65.3%	5,840.1	0.9%	59,691.5	10.5%
1. Debt securities	511,789.3	58.3%	568,160.5	60.5%	574,290.3	59.5%	6,129.7	1.1%	62,501.0	12.2%
2. Loans	52,816.1	6.0%	50,154.7	5.3%	50,129.6	5.2%	-25.1	-0.1%	-2,686.4	-5.1%
3. Other domestic liabilities	5,877.3	0.7%	6,018.8	0.6%	5,754.2	0.6%	-264.5	-4.4%	-123.0	-2.1%
Foreign debt	306,799.8	35.0%	315,226.3	33.6%	335,027.4	34.7%	19,801.1	6.3%	28,227.6	9.2%
1. Debt securities	215,978.8	24.6%	227,859.5	24.3%	241,850.6	25.1%	13,991.1	6.1%	25,871.7	12.0%
2. Loans	90,809.2	10.4%	87,241.6	9.3%	93,152.9	9.7%	5,911.3	6.8%	2,343.8	2.6%
3. Other foreign liabilities	11.8	0.0%	125.2	0.0%	23.9	0.0%	-101.3	-80.9%	12.1	103.0%

Table 2. Public debt according to the residency criterion - after consolidation (PLN m, at face value, eop)

Item	Q4 2015	structure Q4 2015	Q3 2016	structure Q3 2016	Q4 2016	structure Q4 2016	change		change	
							Q4 2016 - Q3 2016 PLN m	%	Q4 2016 - Q4 2015 PLN m	%
Public debt	877,282.4	100.0%	939,560.4	100.0%	965,201.5	100.0%	25,641.2	2.7%	87,919.1	10.0%
Domestic debt	377,300.5	43.0%	439,990.1	46.8%	454,027.3	47.0%	14,037.2	3.2%	76,726.9	20.3%
1. Debt securities	318,619.6	36.3%	383,835.2	40.9%	398,160.4	41.3%	14,325.1	3.7%	79,540.7	25.0%
2. Loans	52,816.1	6.0%	50,154.7	5.3%	50,129.6	5.2%	-25.1	-0.1%	-2,686.4	-5.1%
3. Other domestic liabilities	5,864.8	0.7%	6,000.1	0.6%	5,737.4	0.6%	-262.8	-4.4%	-127.4	-2.2%
Foreign debt	499,982.0	57.0%	499,570.2	53.2%	511,174.2	53.0%	11,604.0	2.3%	11,192.2	2.2%
1. Debt securities	409,148.5	46.6%	412,184.8	43.9%	417,980.5	43.3%	5,795.7	1.4%	8,832.0	2.2%
2. Loans	90,809.2	10.4%	87,241.6	9.3%	93,152.9	9.7%	5,911.3	6.8%	2,343.8	2.6%
3. Other foreign liabilities	24.3	0.0%	143.8	0.0%	40.7	0.0%	-103.1	-71.7%	16.5	67.8%

Chart 1. Public debt

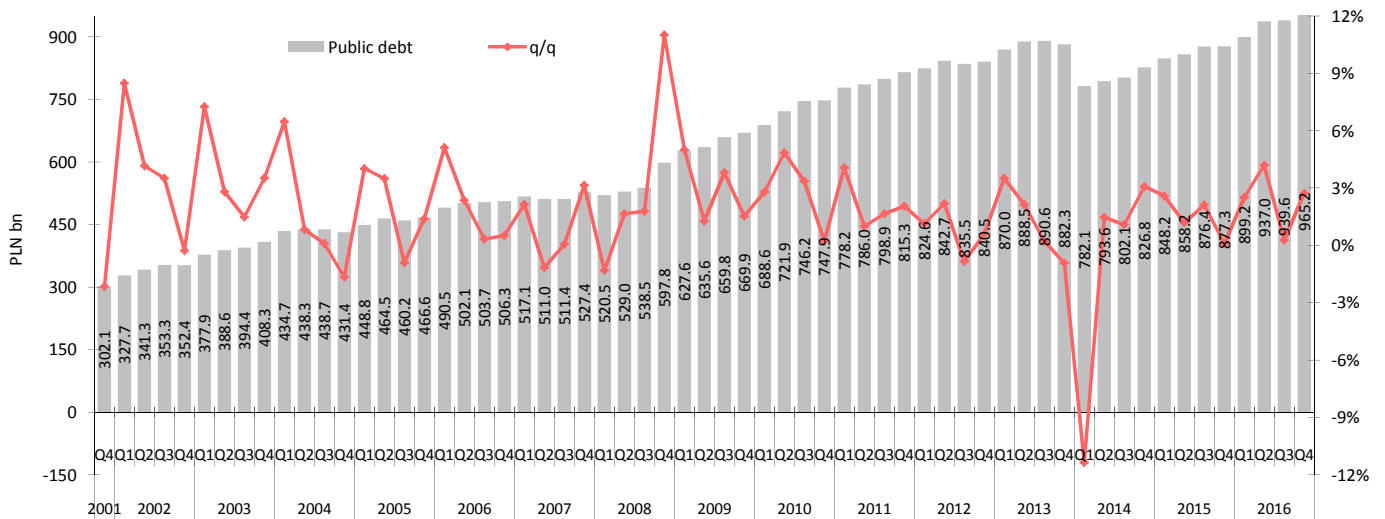


Chart 2. EDP debt

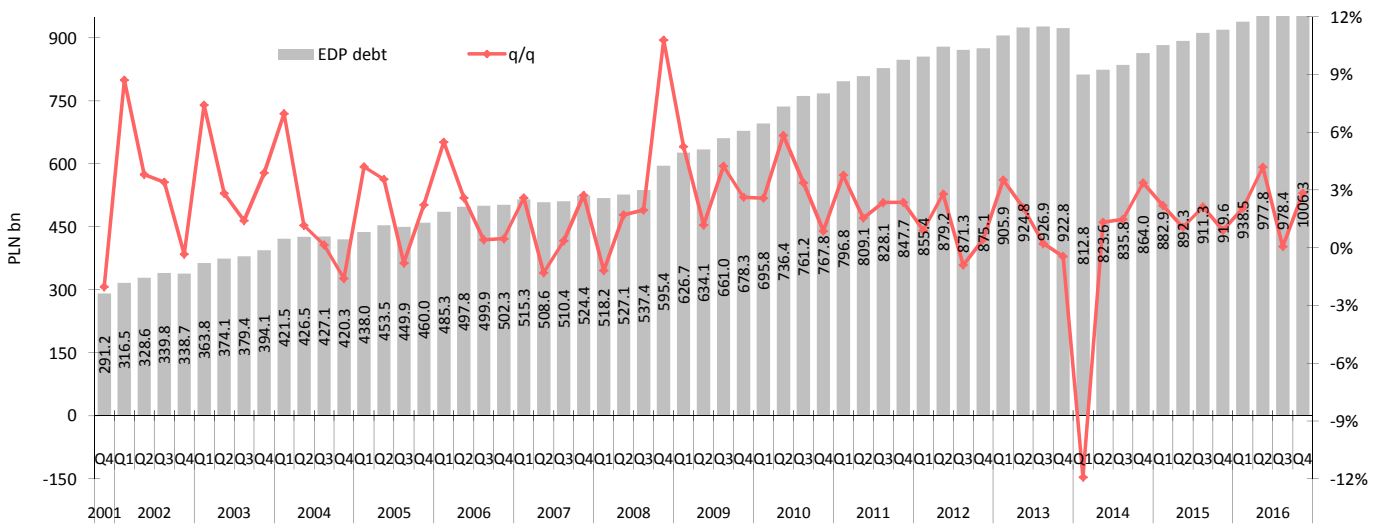


Chart 3. Differences between public debt and general government debt

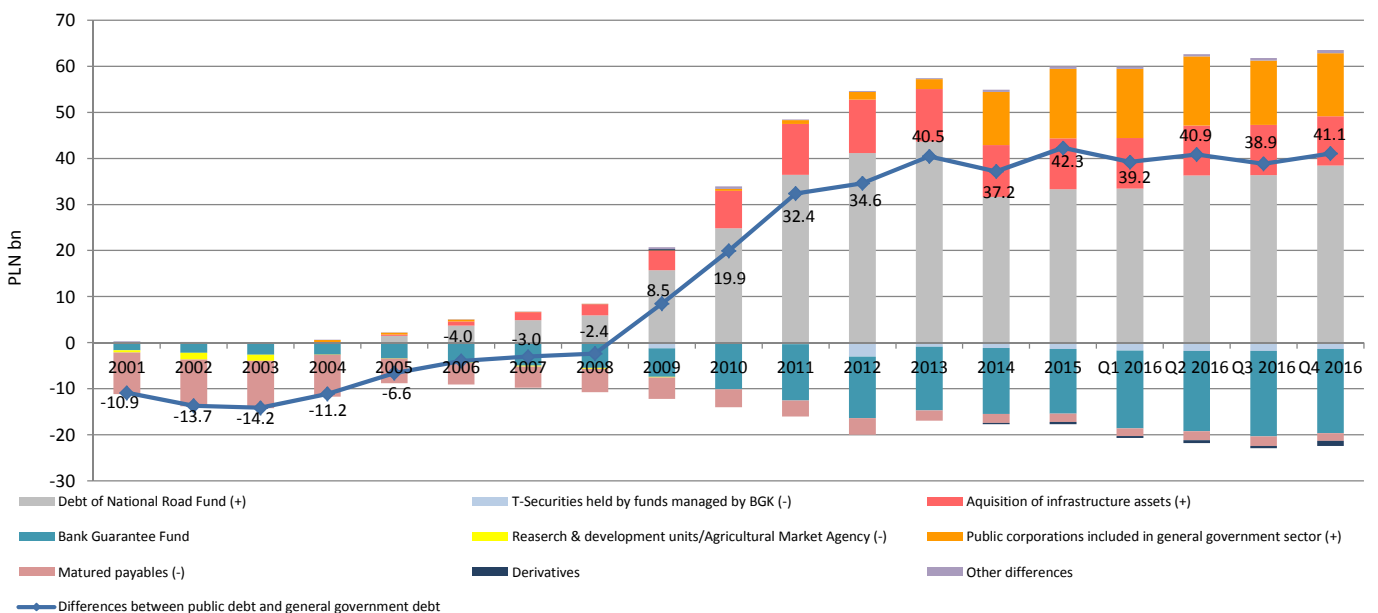


Chart 4. Public debt according to the place of issue criterion

At the end of 2016 domestic debt stood at PLN 630.2 bn, up by PLN 5.8 bn (+0.9%) compared with the end of the third quarter of 2016. In the same period foreign debt stood at PLN 335.0 bn, up by PLN 19.8 bn (+6.3%) mainly due to changes in ST debt:

- depreciation of zloty against EUR (2.6%), USD (8.4%), CHF (3.4%), CNY(4.1%) and appreciation against JPY (6.3%) - a increase in debt of PLN 9.9 bn,
- issuance of Treasury bonds (EUR 2.3 bn),
- repurchase of bonds (JPY 25.0 bn and USD 0.7 bn),
- drawing of new loans from international monetary institutions granted to ST (EUR 0.8 bn).

At the end of 2016 the share of foreign debt in total debt amounted to 34.7%, up by 1.1 percentage points compared with the previous quarter. Compared with the end of 2015 the share of foreign debt fell by 0.3 percentage points .

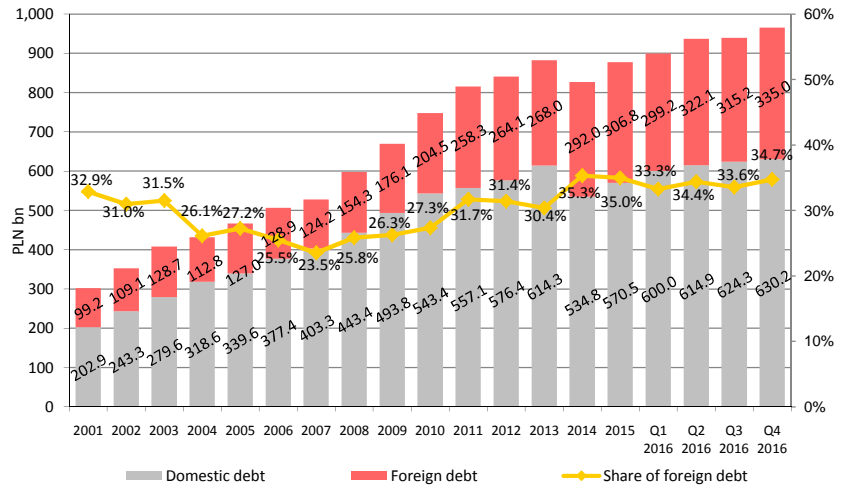


Chart 5. Currency structure of public debt

At the end of 2016 liabilities denominated in PLN accounted for 66.1% of public debt, up by 0.2 percentage points compared with the previous year. The share of debt denominated in EUR amounted to 25.1%. The debt of units other than State Treasury consisted of liabilities denominated in PLN (88.9%) and EUR (11.1%).

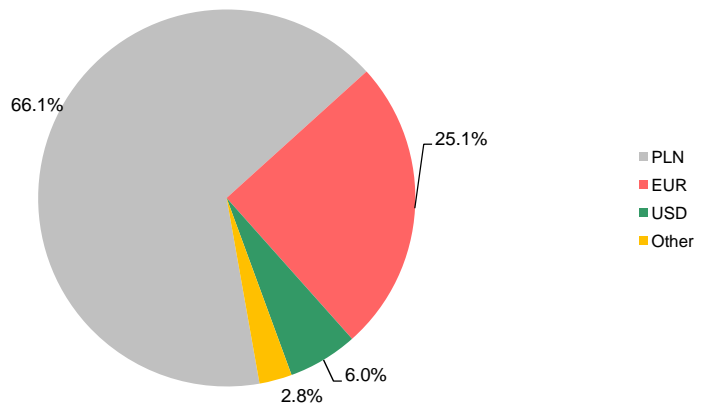


Chart 6. Public debt by holder

In the fourth quarter of 2016 public debt towards:

- domestic banking sector rose by PLN 11.2 bn (+3.8%),
- domestic non-banking sector rose by PLN 2.9 bn (+1.9%),
- foreign investors (non-residents) rose by PLN 11.6 bn (+2.3%).

Compared with the end of 2015 public debt towards:

- domestic banking sector rose by PLN 64.1 bn (+26.9%),
- domestic non-banking sector rose by PLN 12.6 bn (+9.1%),
- foreign investors (non-residents) rose by PLN 11.2 bn (+2.2%).

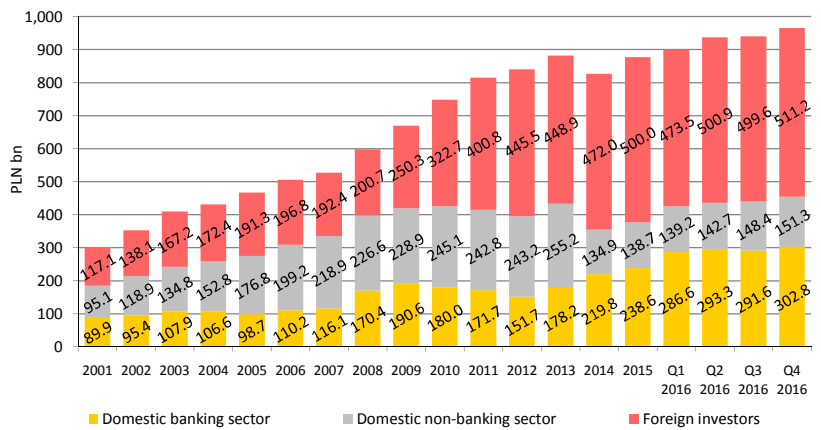


Chart 7. Structure of public debt by holder

In the fourth quarter of 2016 the share of public debt towards:

- domestic banking sector rose from 31.0% to 31.4%,
- domestic non-banking sector fell from 15.8% to 15.7%,
- foreign investors fell from 53.2% to 53.0%.

Compared with the end of 2015 the share of public debt towards:

- domestic banking sector rose by 4.2 percentage points,
- domestic non-banking sector fell by 0.1 percentage points,
- foreign investors fell by 4.0 percentage points.

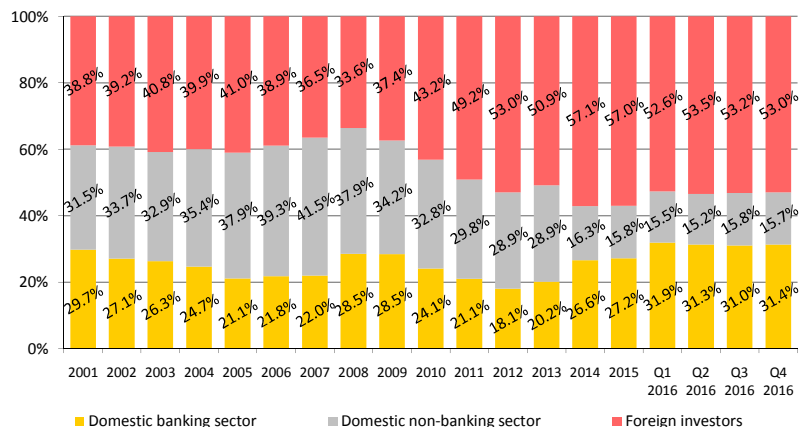


Chart 8. Consolidated public debt by subsector

At the end of 2016 public debt consisted of:
 - central government debt - PLN 895.6 bn,
 - local government debt - PLN 69.6 bn,
 - social security funds debt - PLN 0.1 bn.

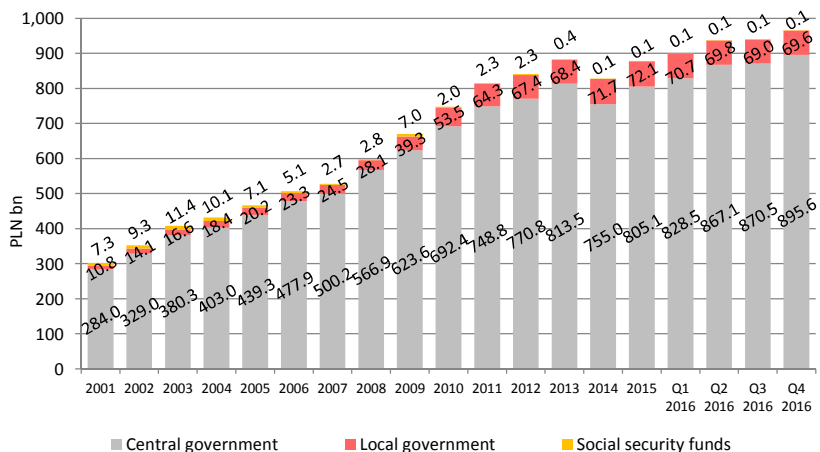


Chart 9. Structure of consolidated public debt by subsector

In the fourth quarter of 2016 share of subsectors in total public debt amounted to:

- central government subsector - 92.8% (up by 0.2 percentage points),
- local government subsector - 7.2% (down by 0.1 percentage points), of which 6.8% represented debt of local government units and their unions,
- social security funds - 0.01% (no change).

Compared with the end of 2015 the share of:

- central government subsector rose by 1.0 percentage points,
- local government subsector fell by 1.0 percentage points,
- social security funds remained unchanged.

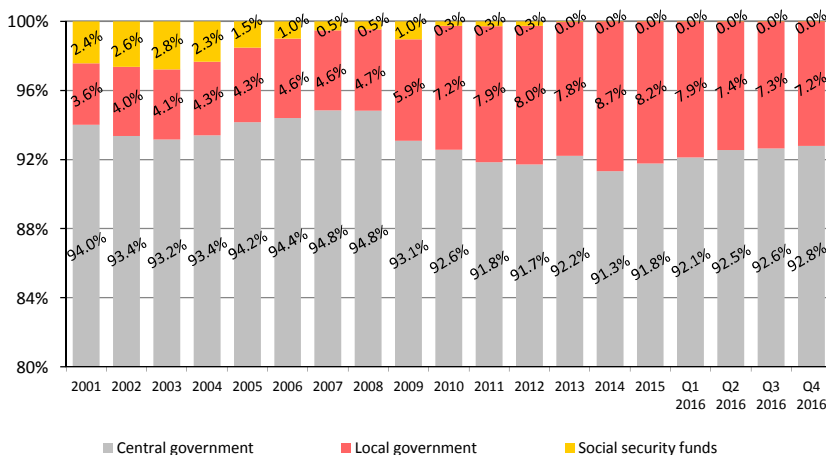


Chart 10. Changes in consolidated public debt by subsector

The increase of public debt in 2016 was mainly a result of central government debt increase, in particular of State Treasury debt. In the fourth quarter of 2016 public debt rose by PLN 25.6 bn (+2.7%) while central government debt rose by PLN 25.1 bn (+2.9%) and State Treasury debt rose by PLN 25.5 bn (+2.9%). In the whole 2016 central government debt and ST debt increased by 90.4 (11.2%) and 90.5 (11.3%) respectively. Local government debt rose in the fourth quarter by PLN 0.6 bn (+0.8%) and in the whole 2016 fell by PLN 2.5 bn (-3.5%). In 2016 social security funds debt fell insignificantly by PLN 0.02 bn (-21.6%).

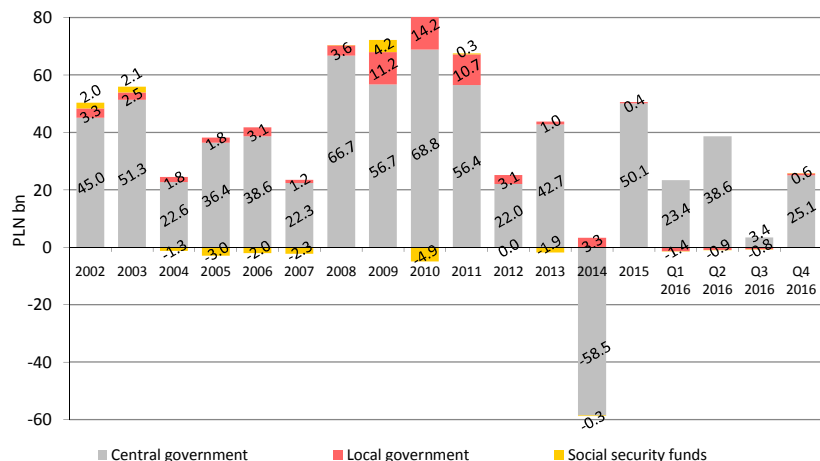


Chart 11. Structure of public debt by instrument

At the end of 2016 marketable instruments comprised 84.6% of public debt, including instruments issued on the domestic market (59.5%). The share of marketable instruments in public debt rose by 1.6 percentage points in 2016 and fell by 0.2 percentage points in the fourth quarter.

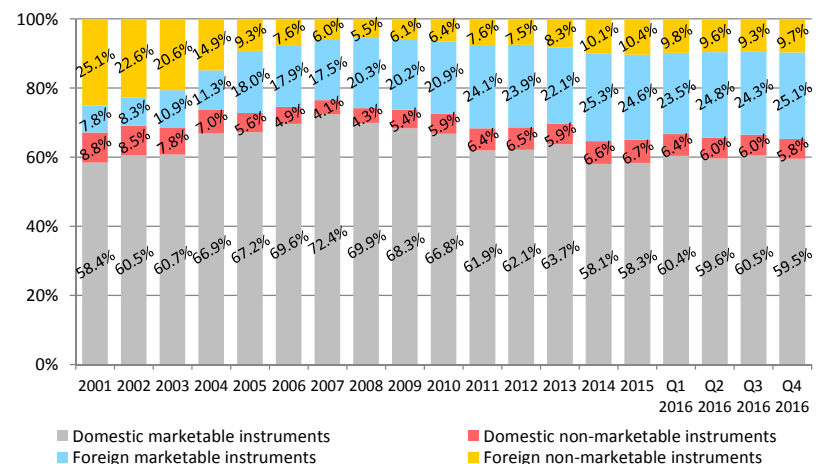


Chart 12. Unconsolidated debt of public finance sector units other than ST

At the end of 2016, the unconsolidated debt of units other than ST amounted to 11.7% of public debt. Among those entities the debt of local government units and Social Insurance Institution (ZUS) and its funds constituted the biggest part.

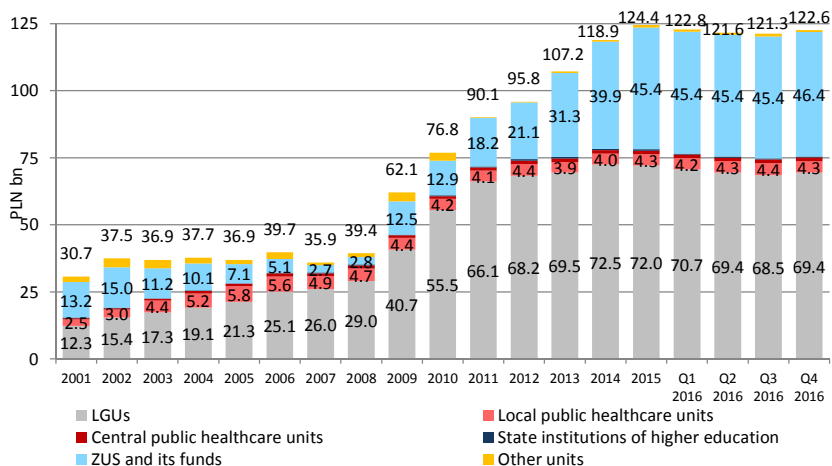


Chart 13. Consolidated debt of public finance sector units other than ST

At the end of 2016 the difference between consolidated and unconsolidated debt of public finance sector units other than ST amounted to PLN 51.3 bn. The reason is that 41.8% of their debt are liabilities towards other public finance sector units. The increasing debt of ZUS funds did not contribute to the consolidated public debt due to the fact that the State budget loan was used as an instrument for financing part of FUS deficit.

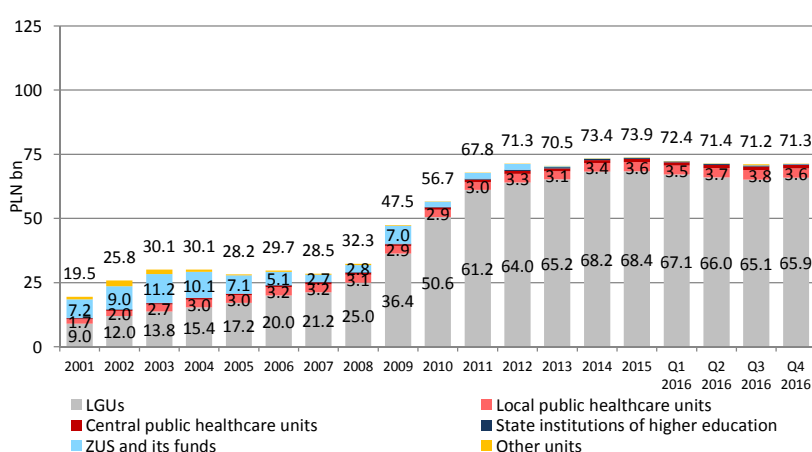


Chart 14. Structure of unconsolidated debt of LGUs and their associations according to place of issue criterion

The structure of local government liabilities and their unions was dominated by domestic debt, although the share of foreign debt has been increasing, reaching 22.1% at the end of 2016.

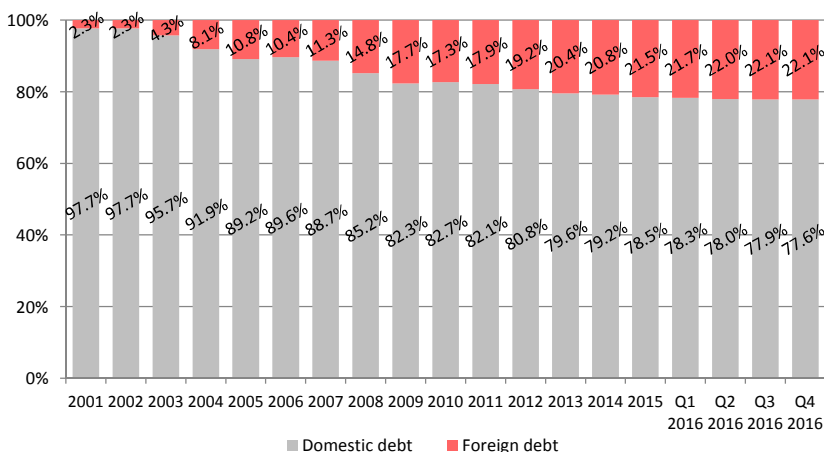


Chart 15. Structure of unconsolidated debt of LGUs and their associations by instrument

Loans prevailed in the structure of liabilities of LGUs and their unions with share of 93.7%, up by 0.3 percentage points in the fourth quarter of 2016. The role of loans in LGUs debt financing has been gradually growing since 2004 reaching its peak at the end 2015.

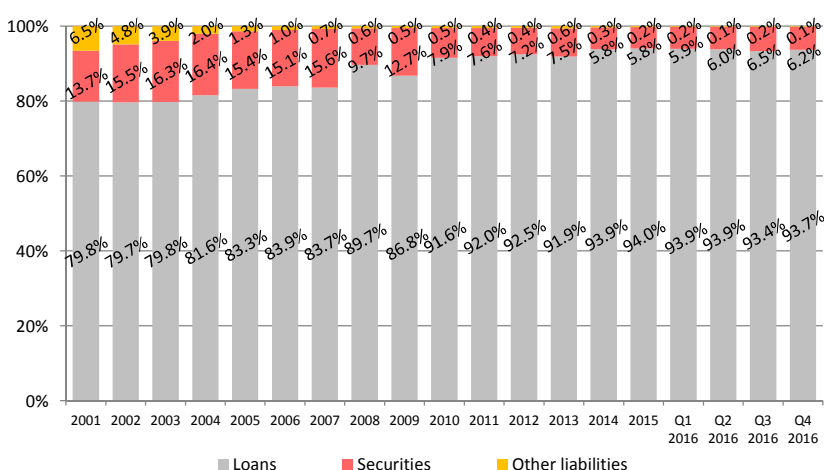
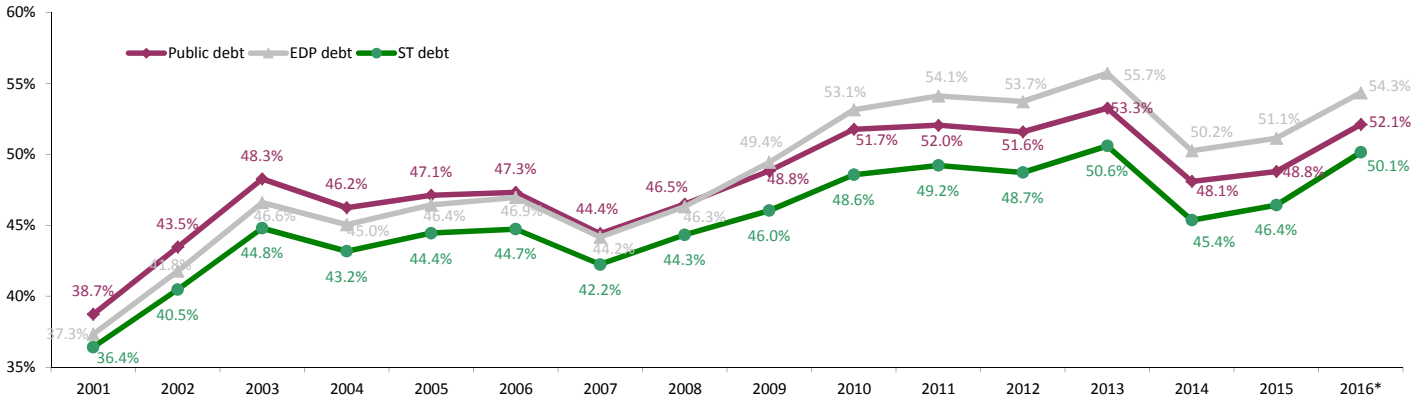


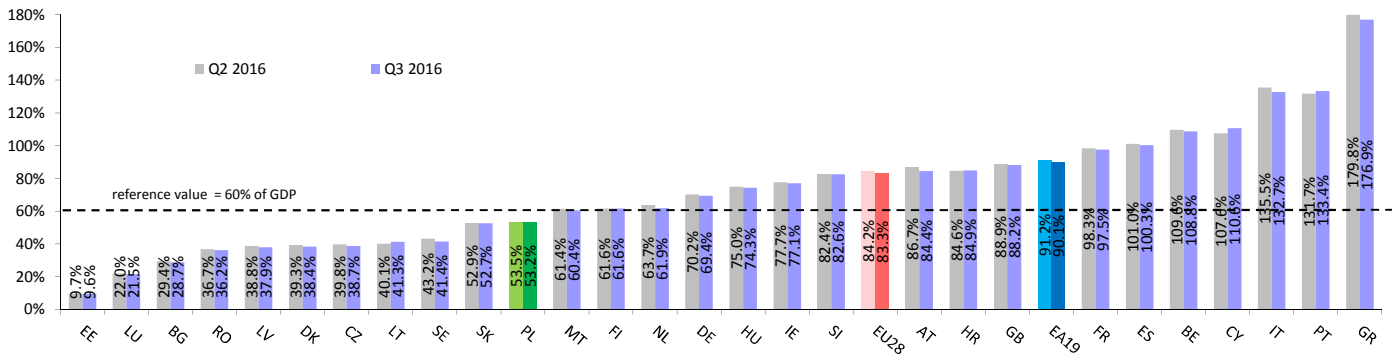
Chart 16. Public debt, EDP debt and State Treasury debt to GDP ratios (eop)



Source: Ministry of Finance

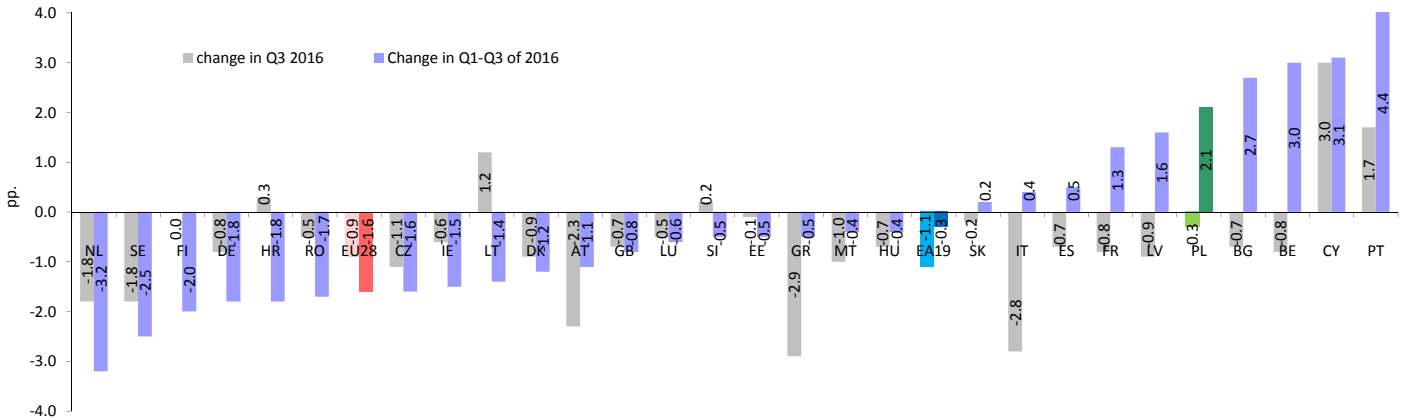
* According to the first estimate of the Central Statistical Office from 28 February 2017 GDP in 2016 amounted to PLN 1,852.5 billion.

Chart 17. EDP debt to GDP ratio by European Union Member State



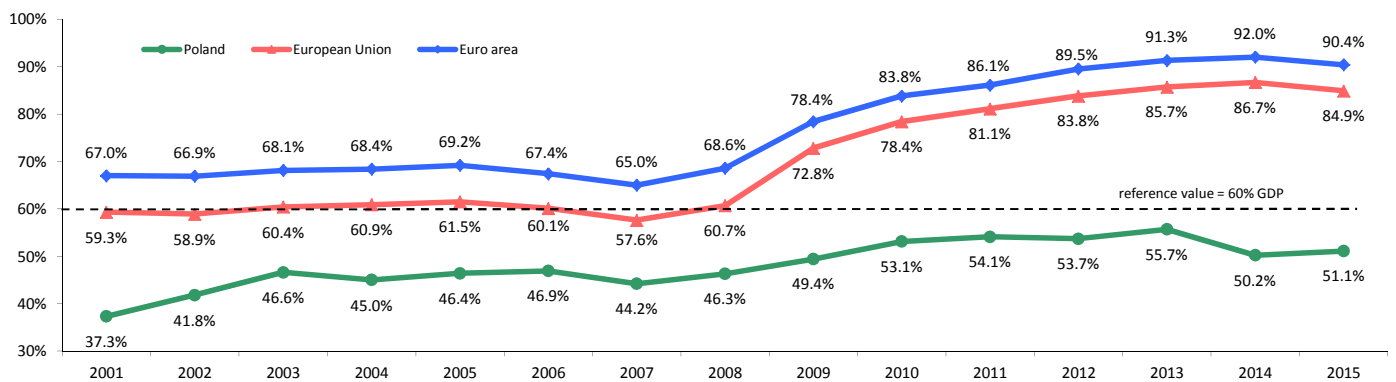
Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>, Ministry of Finance

Chart 18. Changes in EDP debt to GDP ratio by European Union Member State



Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>, Ministry of Finance

Chart 19. Debt to GDP ratio in Poland, European Union and euro area (eop)



Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>, Ministry of Finance

Table 3. Differences between public debt (according to domestic methodology) and general government debt (PLN m)

ITEM	Q4 2010	Q4 2011	Q4 2012	Q4 2013	Q4 2014	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Public debt	747,899.2	815,346.2	840,476.8	882,293.0	826,774.7	877,282.4	899,249.9	936,951.0	939,560.4	965,201.5
<i>1) Adjustments concerning the scope of the sector</i>	23,232.2	35,727.9	38,045.7	42,468.0	38,912.4	44,015.9	40,807.1	42,882.3	40,922.9	43,211.4
Debt of National Road Fund	24,798.1	36,412.7	41,197.4	43,644.7	31,626.3	33,312.4	33,435.9	36,316.1	36,398.5	38,467.0
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	-232.9	-364.5	-3,038.9	-895.2	-1,210.9	-1,410.9	-1,728.4	-1,783.4	-1,827.1	-1,384.1
Aquisition of infrastructure assets (motorways)	8,197.4	11,076.3	11,571.9	11,423.8	11,261.6	11,023.2	11,023.2	10,866.2	10,866.2	10,699.0
Bank Guarantee Fund	-9,930.5	-12,208.9	-13,396.5	-13,862.9	-14,296.0	-14,039.8	-16,908.3	-17,506.0	-18,541.8	-18,255.0
Public corporations included in general government sector	400.0	812.3	1,711.8	2,157.5	11,531.5	15,131.0	14,984.5	14,989.3	14,027.0	13,684.5
<i>2) Differences concerning debt instruments</i>	-3,287.9	-3,367.8	-3,437.9	-2,005.8	-1,724.0	-1,722.4	-1,575.7	-1,995.1	-2,066.4	-2,131.3
matured payables	-3,860.1	-3,504.4	-3,616.5	-2,202.1	-1,947.0	-1,795.5	-1,687.4	-1,928.5	-2,096.3	-1,728.3
debt assumption - activation of a guarantee	18.2	14.6	20.0	1.6	0.2	0.0	0.0	0.0	0.0	0.1
restructured/refinanced trade credits and sell-lease-back operations	554.0	122.0	158.6	194.8	524.1	556.4	524.2	516.4	519.4	677.6
derivatives	0.0	0.0	0.0	0.0	-301.2	-483.2	-412.5	-583.1	-489.5	-1,080.7
General government debt	767,843.6	847,706.3	875,084.6	922,755.2	863,963.2	919,576.0	938,481.3	977,838.2	978,416.8	1,006,281.6

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

ITEM	Q4 2015	structure Q4 2015	Q3 2016	structure Q3 2016	Q4 2016	structure Q4 2016	change		change	
							Q4 2016 - Q3 2016 m PLN	%	Q4 2016 - Q4 2015 m PLN	%
Public debt	958,978.8	100.0%	1,023,972.0	100.0%	1,051,240.3	100.0%	27,268.3	2.7%	92,261.5	9.6%
1. Central government sector debt	836,427.2	87.2%	904,898.6	88.4%	930,427.1	88.5%	25,528.4	2.8%	93,999.9	11.2%
1.1. State Treasury	834,550.6	87.0%	902,709.5	88.2%	928,661.2	88.3%	25,951.7	2.9%	94,110.6	11.3%
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	529.2	0.1%	384.9	0.0%	370.1	0.0%	-14.8	-3.8%	-159.0	-30.1%
1.4. Independent public healthcare units	1,293.3	0.1%	1,423.3	0.1%	1,381.7	0.1%	-41.7	-2.9%	88.4	6.8%
1.5. State institutions of culture	9.7	0.0%	3.1	0.0%	4.7	0.0%	1.6	52.8%	-5.0	-51.6%
1.6. Polish Academy of Science and units established by it	36.9	0.0%	2.1	0.0%	1.6	0.0%	-0.5	-24.2%	-35.3	-95.6%
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	7.5	0.0%	375.7	0.0%	7.8	0.0%	-367.9	-97.9%	0.3	3.5%
2. Local government sector debt	77,124.8	8.0%	73,672.6	7.2%	74,408.1	7.1%	735.6	1.0%	-2,716.7	-3.5%
2.1. Local government units	72,029.3	7.5%	68,471.3	6.7%	69,424.6	6.6%	953.3	1.4%	-2,604.7	-3.6%
2.2. Independent public health units	4,257.8	0.4%	4,445.5	0.4%	4,269.4	0.4%	-176.1	-4.0%	11.6	0.3%
2.3. Local institutions of culture	80.0	0.0%	61.4	0.0%	51.5	0.0%	-9.9	-16.1%	-28.4	-35.6%
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	757.8	0.1%	694.4	0.1%	662.6	0.1%	-31.8	-4.6%	-95.2	-12.6%
3. Social Security Sector debt	45,426.9	4.7%	45,400.8	4.4%	46,405.1	4.4%	1,004.3	2.2%	978.2	2.2%
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	45,426.9	4.7%	45,400.8	4.4%	46,405.1	4.4%	1,004.3	2.2%	978.2	2.2%
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 5. Public debt - after consolidation (PLN m, at face value, eop)

ITEM	Q4 2015	structure Q4 2015	Q3 2016	structure Q3 2016	Q4 2016	structure Q4 2016	change		change	
							Q4 2016 - Q3 2016 m PLN	%	Q4 2016 - Q4 2015 m PLN	%
Public debt	877,282.4	100.0%	939,560.4	100.0%	965,201.5	100.0%	25,641.2	2.7%	87,919.1	10.0%
1. Central government sector debt	805,108.7	91.8%	870,488.5	92.6%	895,553.2	92.8%	25,064.7	2.9%	90,444.5	11.2%
1.1. State Treasury	803,371.9	91.6%	868,399.8	92.4%	893,888.3	92.6%	25,488.5	2.9%	90,516.4	11.3%
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	478.9	0.1%	345.1	0.0%	332.7	0.0%	-12.4	-3.6%	-146.2	-30.5%
1.4. Independent public health units	1,212.6	0.1%	1,368.3	0.1%	1,327.0	0.1%	-41.2	-3.0%	114.5	9.4%
1.5. State institutions of culture	7.3	0.0%	1.0	0.0%	0.5	0.0%	-0.5	-52.2%	-6.8	-93.2%
1.6. Polish Academy of Science and units established by it	35.8	0.0%	1.6	0.0%	1.1	0.0%	-0.5	-32.3%	-34.7	-97.0%
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	2.3	0.0%	372.7	0.0%	3.6	0.0%	-369.1	-99.0%	1.3	58.3%
2. Local government sector debt	72,072.9	8.2%	68,997.1	7.3%	69,569.2	7.2%	572.1	0.8%	-2,503.7	-3.5%
2.1. Local government units	68,351.7	7.8%	65,112.6	6.9%	65,852.6	6.8%	740.0	1.1%	-2,499.1	-3.7%
2.2. Independent public health units	3,625.5	0.4%	3,802.1	0.4%	3,646.1	0.4%	-155.9	-4.1%	20.6	0.6%
2.3. Local institutions of culture	63.1	0.0%	42.1	0.0%	35.7	0.0%	-6.3	-15.1%	-27.4	-43.4%
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	32.6	0.0%	40.4	0.0%	34.8	0.0%	-5.6	-14.0%	2.2	6.7%
3. Social Security Sector debt	100.9	0.0%	74.8	0.0%	79.1	0.0%	4.3	5.8%	-21.8	-21.6%
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	100.9	0.0%	74.8	0.0%	79.1	0.0%	4.3	5.8%	-21.8	-21.6%
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	-