

1. At the end of the first quarter of 2017 consolidated **public debt** (according to domestic definition) stood at **PLN 975,274.3 million**.* Compared with the end of 2016 public debt **rose by PLN 10,076.2 million** (+1.0%).

2. **Increase of public debt in the first quarter of 2017** resulted from:

- increase in central government sector debt of PLN 10,823.4 million (+1.2%), including consolidated State Treasury debt increase of PLN 10,873.7 million (+1.2%),
- decrease in local government sector debt of PLN 736.9 million (-1.1%), including local government units debt decrease of PLN 729.1 million (-1.1%),
- decrease in social security sector debt of PLN 10.4 million (-13.1%).

3. At the end of the first quarter of 2017 **unconsolidated public debt** stood at **PLN 1,023,873.7 million**. Compared with the end of 2016 debt **fell by PLN 27,365.0 (-2.6%)**. The decrease of unconsolidated public debt resulted from cancellation of loans granted by the State Treasury with maturity date falling in March 2017. The cancellation had no impact on consolidated public debt.

4. At the end of the first quarter of 2017 **general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 1,013,571.4 million*** and compared with the end of 2016 it **rose by PLN 7,299.2 million** (+0.7%).

5. Similarly to public debt measured according to domestic definition, the **change in EDP debt in the first quarter of 2017** resulted predominantly from changes in State Treasury debt. Moreover EDP debt was influenced mainly by:

- decrease in debt of corporations included in general government sector by PLN 1,132.8 million,
- decrease in debt of National Road Fund (NRF) by PLN 1,050.2 million,
- increase in T-securities held by funds managed by BGK (incl. NRF) by PLN 657.0 million which decreases EDP debt due to increase of consolidation between units of the general government sector,
- increase in debt swapped using CIRS transactions due to FX changes by PLN 200.4 million,

The differences between public debt according to domestic definition and general government debt are presented in chart 3 (page 2) and in table 3 (page 7).

6. In 2016 **public debt to GDP ratio** amounted to **52.1%****, up by 3.4 percentage points compared with 2015.

EDP debt to GDP ratio in 2016 amounted to **54.4%** (revised up from the preliminary data published on March 31st 2017), up by 3.3 percentage points compared with 2016.

* Data regarding the first quarter of 2017 are preliminary. Data regarding previous periods were updated if necessary.

** Minister of Finance Promulgation of May 25th 2017 on announcement of amounts specified in articles 38 and 38a of the Public Finance Act: <http://www.monitorpolski.gov.pl/MP/2017/508>.

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	Q4 2016	structure Q4 2016	Q1 2017	structure Q1 2017	change		change	
							Q1 2017 - Q4 2016 PLN m	%	Q4 2016 - Q4 2015 PLN m	%
Public debt	877,282.4	100.0%	965,198.1	100.0%	975,274.3	100.0%	10,076.2	1.0%	87,915.8	10.0%
Domestic debt	570,482.6	65.0%	630,170.8	65.3%	658,005.7	67.5%	27,834.9	4.4%	59,688.2	10.5%
1. Debt securities	511,789.3	58.3%	574,284.0	59.5%	602,692.4	61.8%	28,408.4	4.9%	62,494.7	12.2%
2. Loans	52,816.5	6.0%	50,126.5	5.2%	49,504.9	5.1%	-621.5	-1.2%	-2,690.1	-5.1%
3. Other domestic liabilities	5,876.8	0.7%	5,760.3	0.6%	5,808.4	0.6%	48.1	0.8%	-116.5	-2.0%
Foreign debt	306,799.8	35.0%	335,027.4	34.7%	317,268.6	32.5%	-17,758.7	-5.3%	28,227.6	9.2%
1. Debt securities	215,978.8	24.6%	241,850.6	25.1%	228,517.2	23.4%	-13,333.4	-5.5%	25,871.7	12.0%
2. Loans	90,809.2	10.4%	93,152.9	9.7%	88,680.7	9.1%	-4,472.3	-4.8%	2,343.8	2.6%
3. Other foreign liabilities	11.8	0.0%	23.9	0.0%	70.8	0.0%	46.9	196.8%	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	Q4 2016	structure Q4 2016	Q1 2017	structure Q1 2017	change		change	
							Q1 2017 - Q4 2016 PLN m	%	Q4 2016 - Q4 2015 PLN m	%
Public debt	877,282.4	100.0%	965,198.1	100.0%	975,274.3	100.0%	10,076.2	1.0%	87,915.8	10.0%
Domestic debt	377,300.4	43.0%	454,024.0	47.0%	467,200.6	47.9%	13,176.6	2.9%	76,723.5	20.3%
1. Debt securities	318,619.6	36.3%	398,154.1	41.3%	411,903.9	42.2%	13,749.8	3.5%	79,534.4	25.0%
2. Loans	52,816.5	6.0%	50,126.5	5.2%	49,504.9	5.1%	-621.5	-1.2%	-2,690.1	-5.1%
3. Other domestic liabilities	5,864.2	0.7%	5,743.4	0.6%	5,791.8	0.6%	48.3	0.8%	-120.8	-2.1%
Foreign debt	499,982.0	57.0%	511,174.2	53.0%	508,073.7	52.1%	-3,100.4	-0.6%	11,192.2	2.2%
1. Debt securities	409,148.5	46.6%	417,980.5	43.3%	419,305.6	43.0%	1,325.2	0.3%	8,832.0	2.2%
2. Loans	90,809.2	10.4%	93,152.9	9.7%	88,680.7	9.1%	-4,472.3	-4.8%	2,343.8	2.6%
3. Other foreign liabilities	24.3	0.0%	40.7	0.0%	87.4	0.0%	46.7	114.6%	16.5	67.8%

Chart 1. Public debt

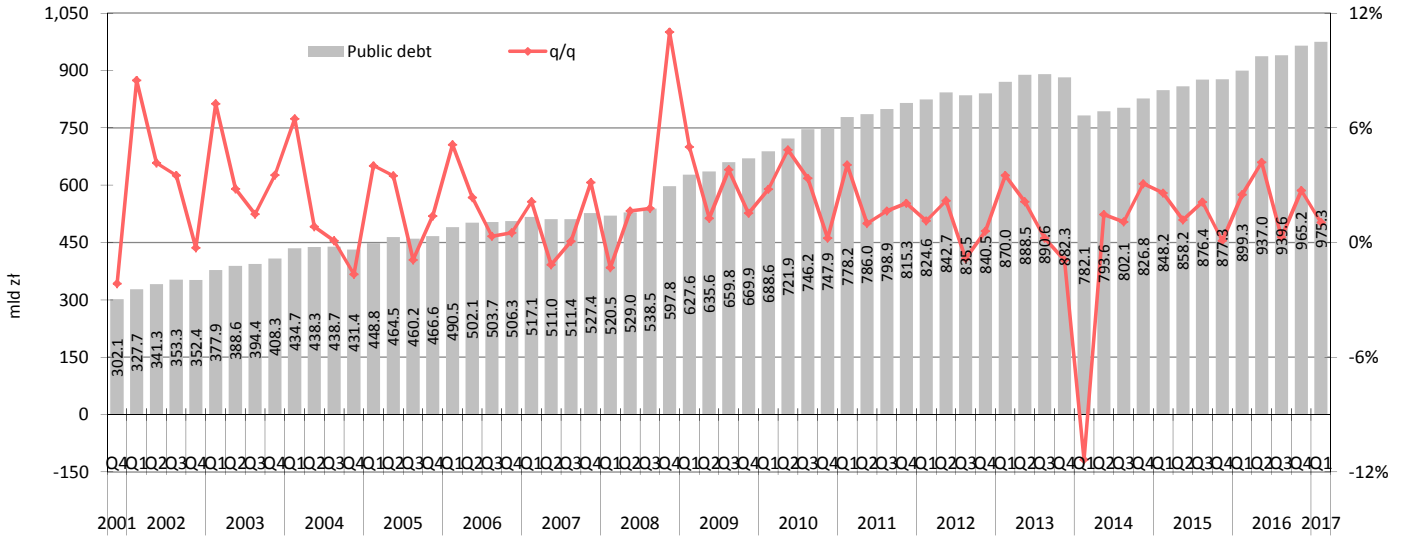


Chart 2. EDP debt

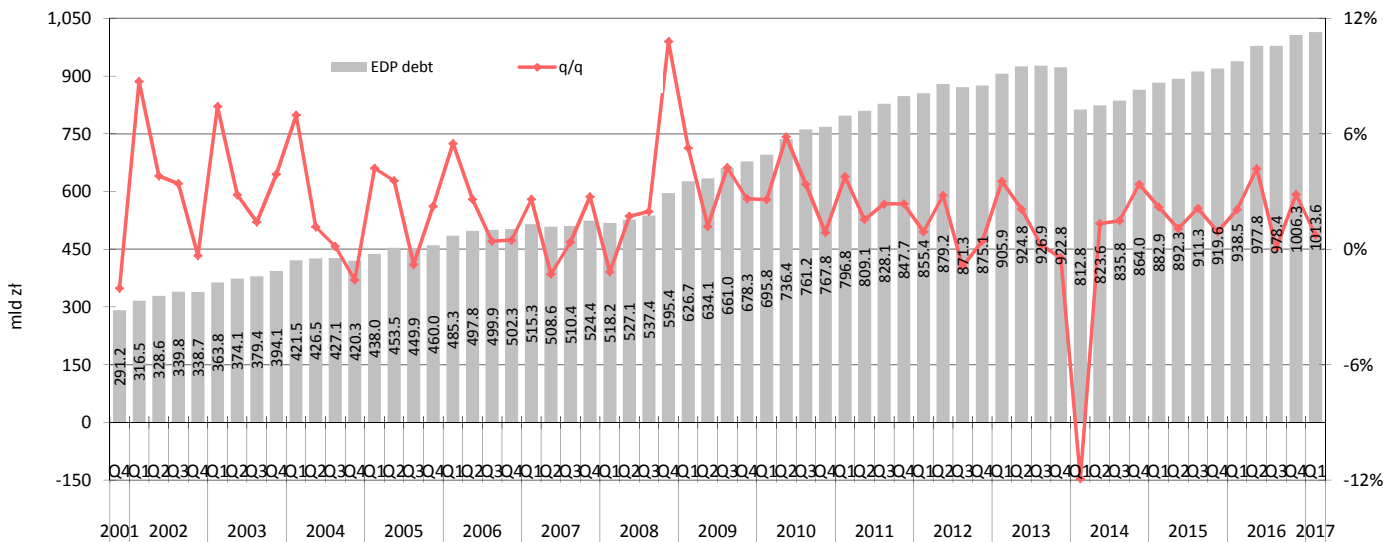


Chart 3. Differences between public debt and general government debt

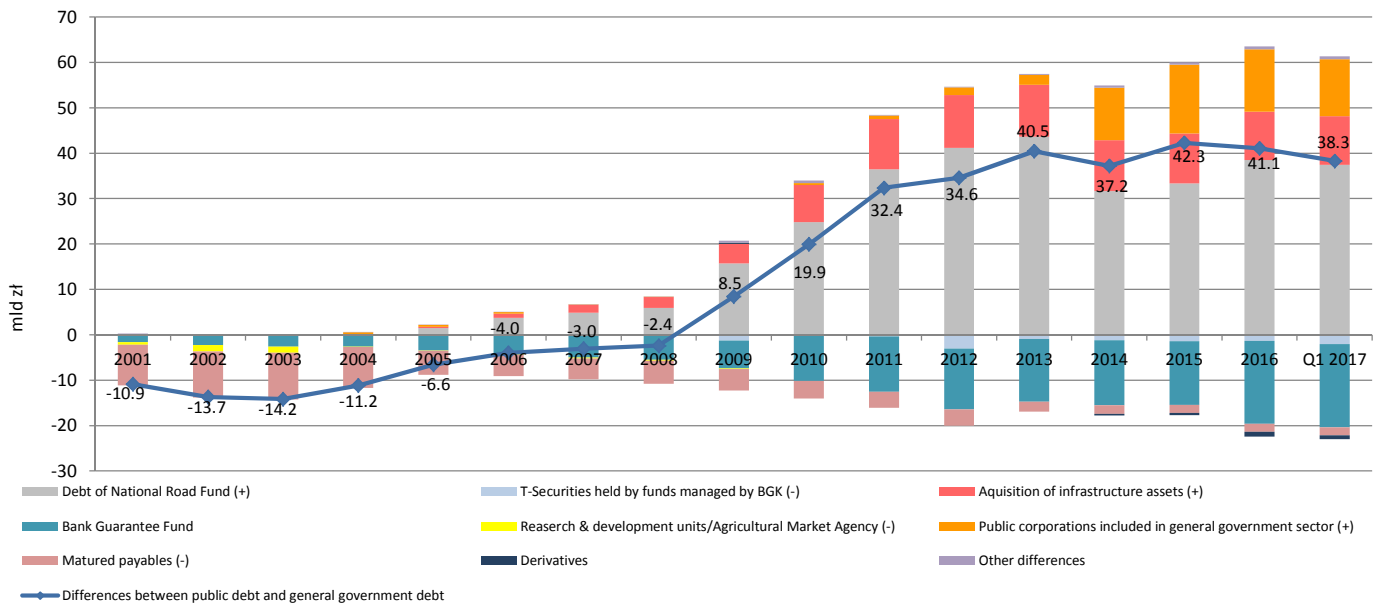


Chart 4. Public debt according to the place of issue criterion

At the end of the first quarter of 2017 domestic debt stood at PLN 658.0 bn, up by PLN 27.8 bn (+4.4%) compared with the end of 2016.

In the same period **foreign debt** stood at PLN 317.3 bn, **down by PLN 17.8 bn (-5.3%)** mainly due to changes in ST debt:

- **appreciation of zloty** against EUR (4.6%), USD (5.6%), CHF (4.2%), CNY (4.8%) and JPY (1.3%) - **a decrease in debt of PLN 14.7 bn**,
- issuance of Treasury bonds (EUR 1.5 bn),
- redemption of bonds (EUR 2.0 bn),
- net balance of drawing and repayment of loans from international monetary institutions granted to ST (EUR -0.2 bn).

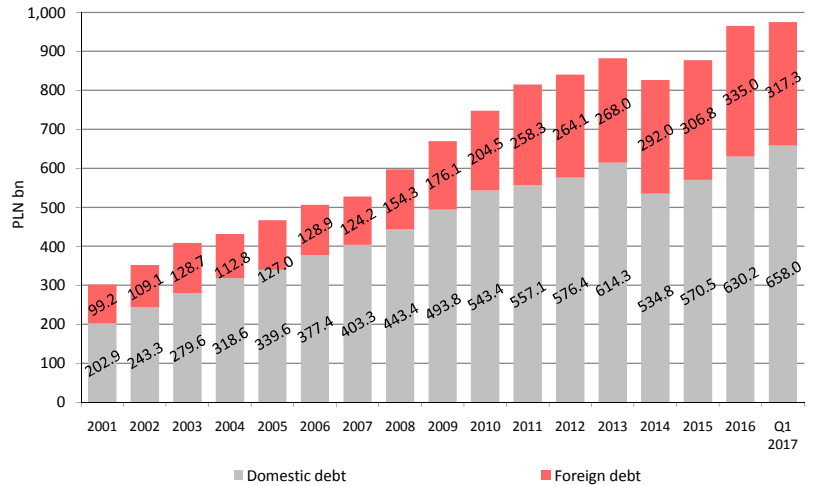


Chart 5. Structure of public debt according to the place of issue criterion

At the end of the first quarter of 2017 the share of foreign debt in the total debt amounted to 32.5% down mainly due to exchange rates changes by 2.2 percentage points compared with the previous quarter. It has been lowest level recorded since cancellation of domestic ST securities in February 2014 as a result of pension system reform.

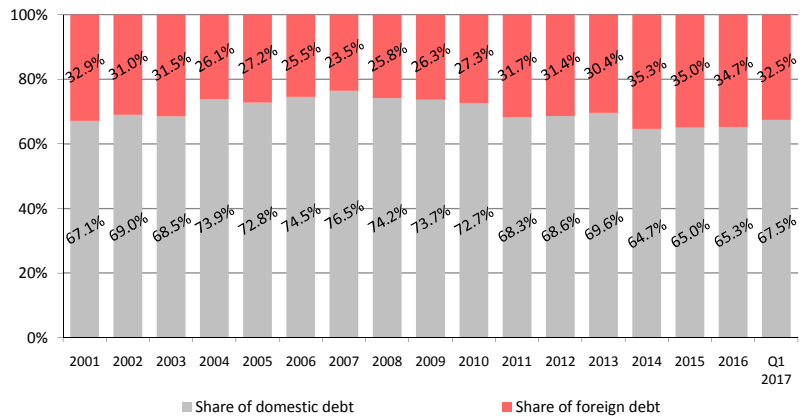


Chart 6. Public debt by holder

In the first quarter of 2017 public debt towards:

- domestic banking sector rose by PLN 11.5 bn (+3.8%),
- domestic non-banking sector rose by PLN 1.6 bn (+1.1%),
- foreign investors (non-residents) fell by PLN 3.1 bn (-0.6%).

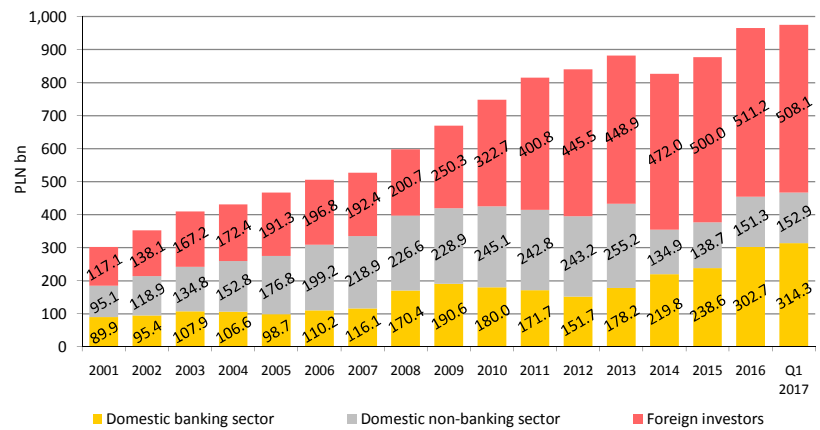


Chart 7. Structure of public debt by holder

In the first quarter of 2017 the share of public debt towards:

- domestic banking sector rose from 31.4% to 32.2%,
- foreign investors fell from 53.0% to 52.1%,
- domestic non-banking sector was at 15.7% (no change).

After an increase in 2014 and stabilization in 2015 the share of public debt towards foreign investors fell in 2016 and in the first quarter of 2017 by 4.9 percentage points in total.

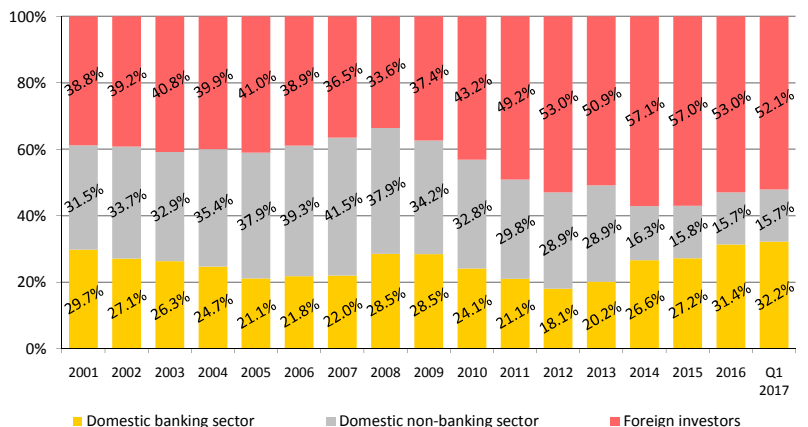


Chart 8. Consolidated public debt by subsector

At the end of the first quarter of 2017 public debt consisted of:

- central government debt - PLN 906.4 bn,
- local government debt - PLN 68.8 bn,
- social security funds debt - PLN 0.1 bn.

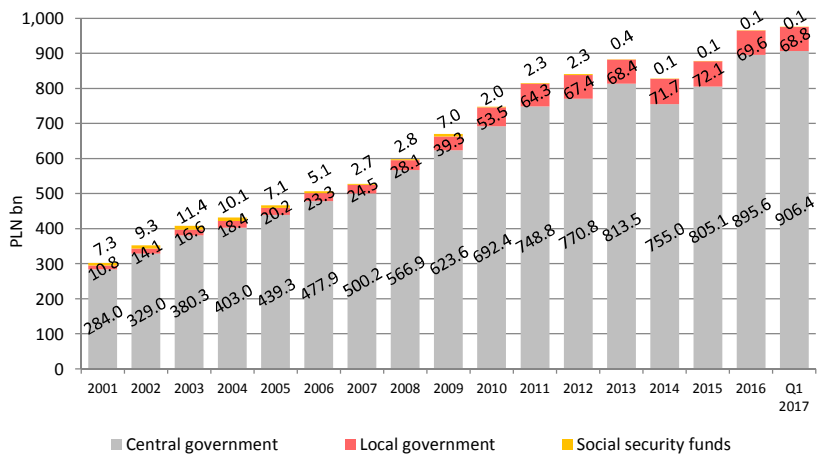


Chart 9. Structure of consolidated public debt by subsector

In the first quarter of 2017 share of subsectors in total public debt amounted to:

- central government subsector - 92.9% (up by 0.1 percentage points),
- local government subsector - 7.1% (down by 0.1 percentage points), of which 6.7% represented debt of local government units and their unions,
- social security funds - 0.01% (no change).

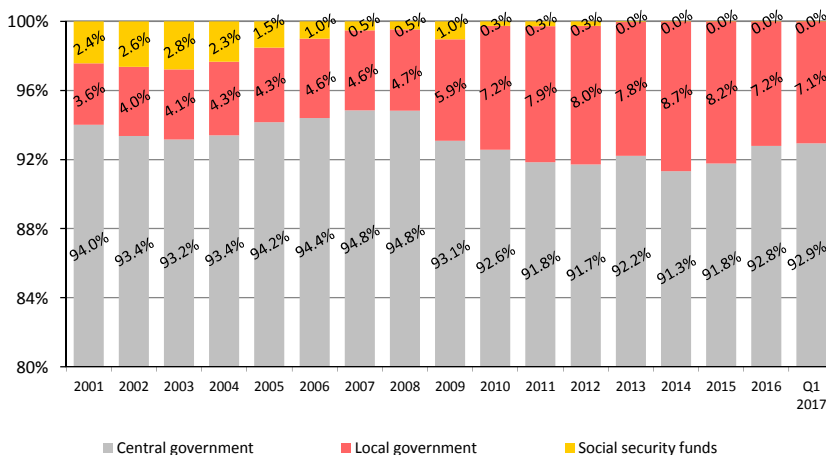


Chart 10. Changes in consolidated public debt by subsector

The increase of public debt in the first quarter of 2017 was mainly a result of central government debt increase, in particular of State Treasury debt. In the said period public debt rose by PLN 10.1 bn (+1.0%) while central government debt rose by PLN 10.8 bn (+1.2%) and consolidated State Treasury debt rose by PLN 10.9 bn (+1.2%). Local government debt fell in the first quarter of 2017 by PLN 0.7 bn (-1.1%) mainly due to decrease of local government units debt by PLN 0.7 bn (-1.1%). In the first quarter of 2017 social security funds debt fell by PLN 0.01 bn (-13.1%) due to decrease in matured payables.

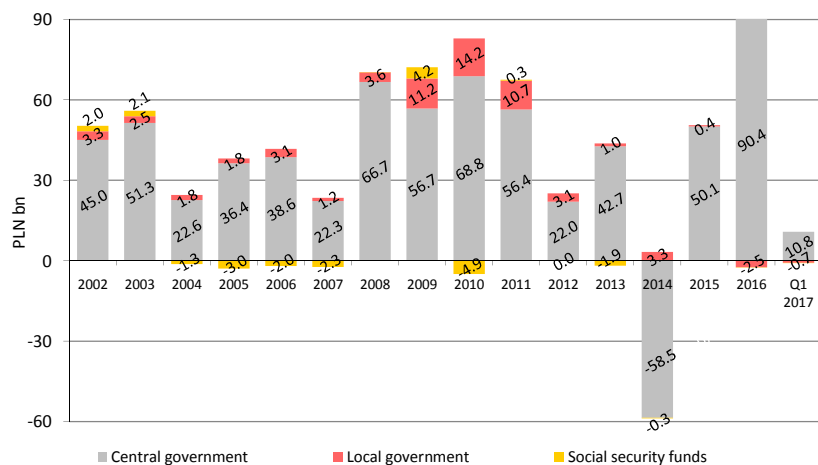


Chart 11. Structure of public debt by instrument

At the end of the first quarter of 2017 marketable instruments comprised 85.1% of public debt, including instruments issued on the domestic market - 61.7%. The share of marketable instruments in public debt rose by 0.7 percentage points.

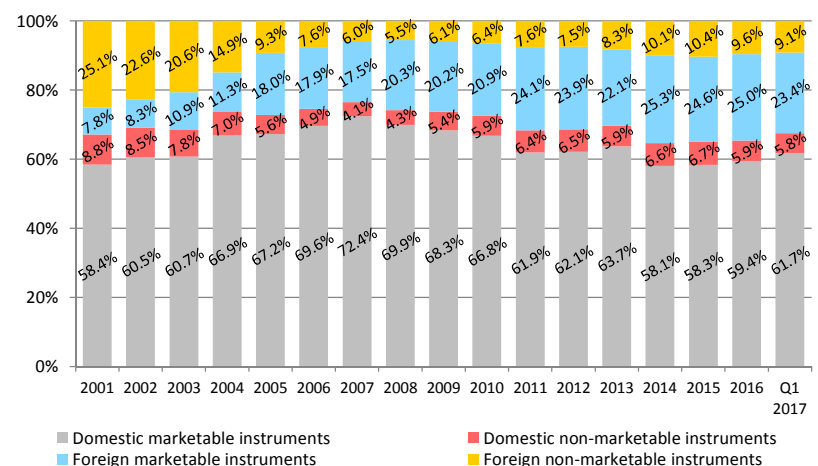


Chart 12. Unconsolidated debt of public finance sector units other than ST

At the end of the first quarter of 2017, the unconsolidated debt of units other than ST amounted to 7.9% of public debt, down from 11.7% at the end of 2016. Among those entities the debt of local government units and their unions constituted the largest part. The decrease of the debt of ZUS funds resulted from cancellation of loans granted by the State Treasury with maturity date falling in March 2017.

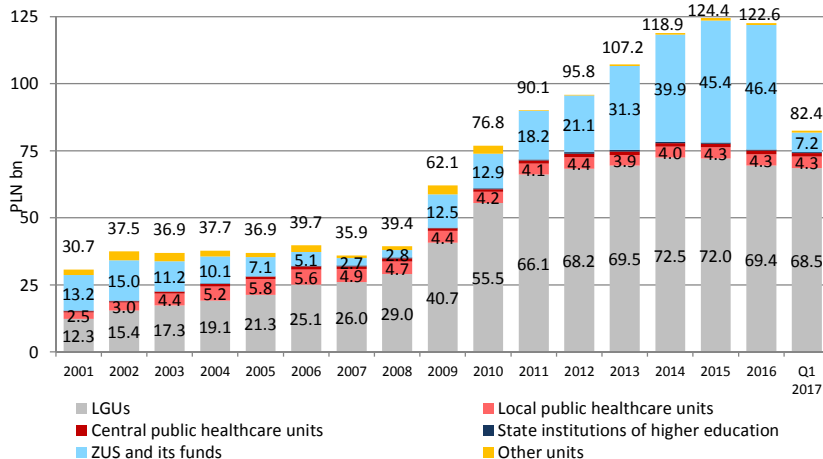


Chart 13. Consolidated debt of public finance sector units other than ST

At the end of the first quarter of 2017 the difference between consolidated and unconsolidated debt of public finance sector units other than ST amounted to PLN 11.9 bn. The reason is that 14.5% of their debt are liabilities towards other public finance sector units with the loans granted by the State Treasury to ZUS funds being the largest part (PLN 7.2 bn).

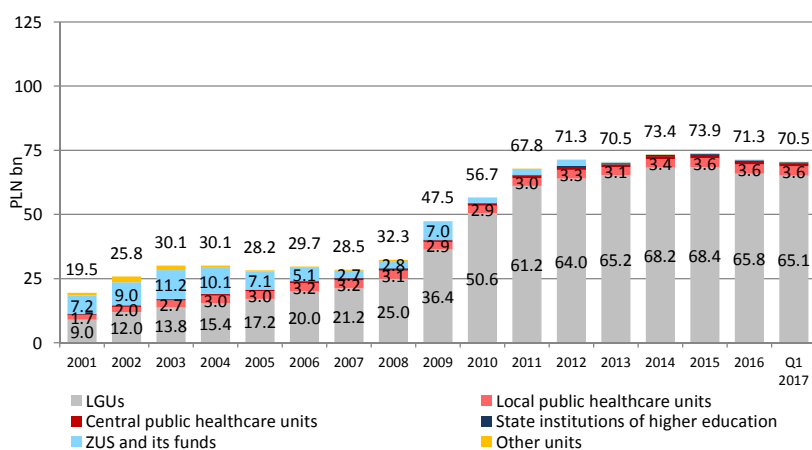


Chart 14. Structure of unconsolidated debt of LGUs and their associations according to place of issue criterion

The structure of local government liabilities and their unions was dominated by domestic debt, although the share of foreign debt has been increasing, reaching 22.3% at the end of the first quarter of 2017.

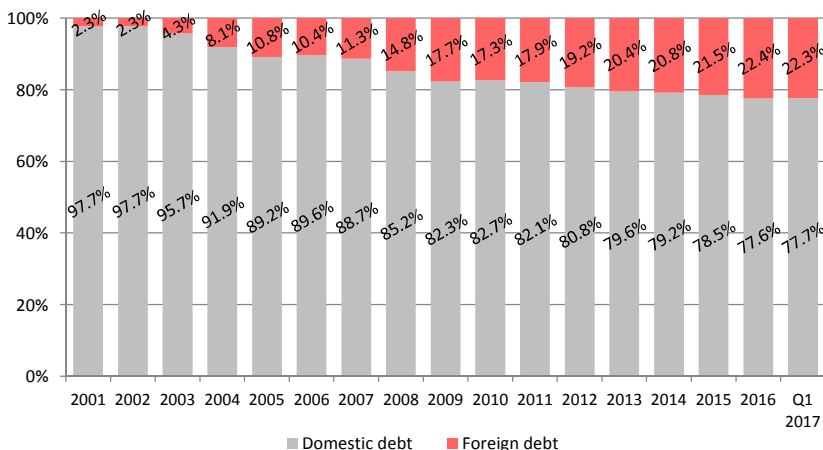


Chart 15. Structure of unconsolidated debt of LGUs and their associations by instrument

Loans prevailed in the structure of liabilities of LGUs and their unions with share of 93.5%. The role of loans in LGUs debt financing has been gradually growing since 2004 reaching its peak at the end 2015. In 2016 and in the first quarter of 2017 the share of loans fell by 0.3 and 0.2 percentage points respectively.

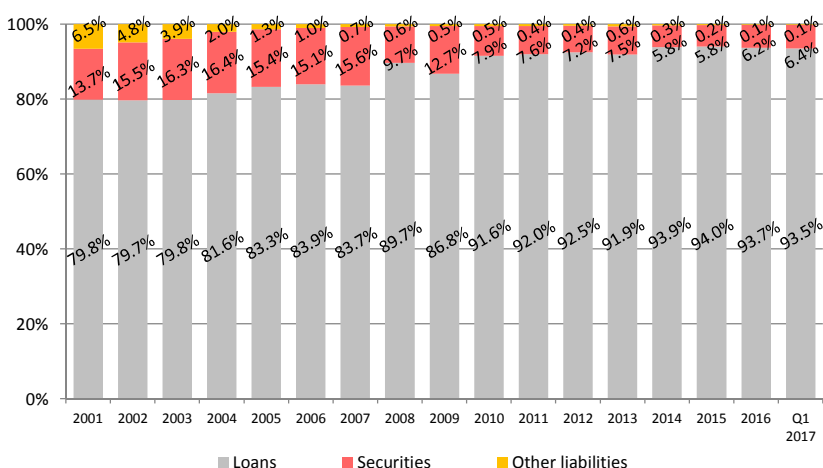
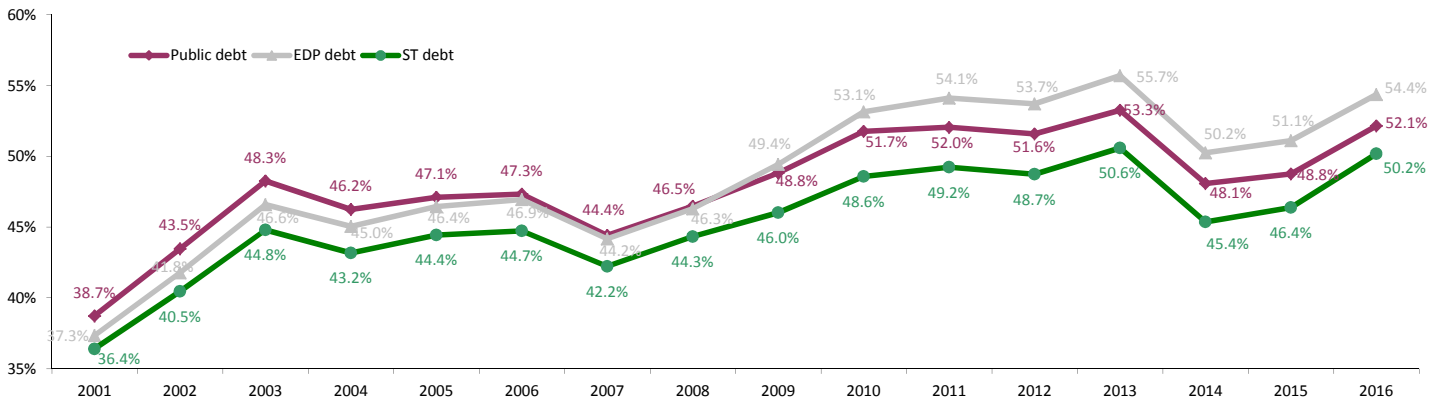
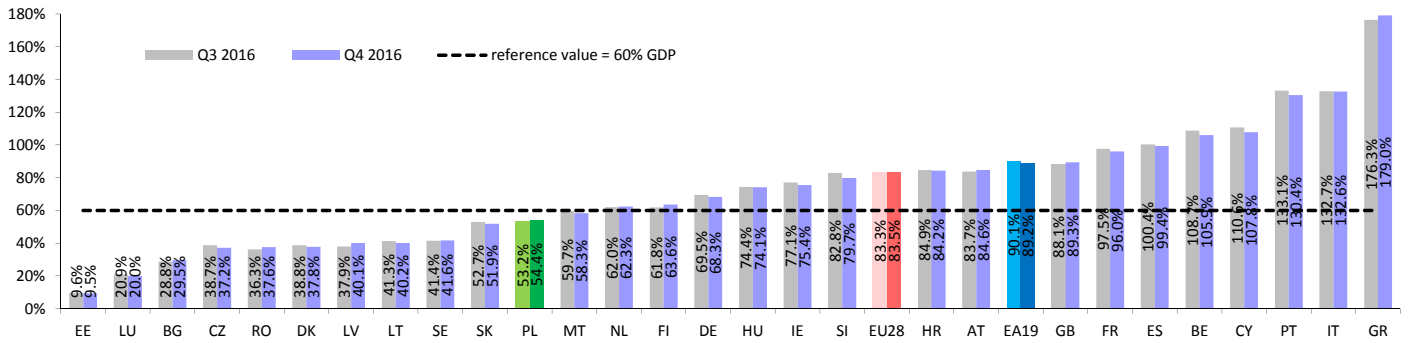


Chart 16. Public debt, EDP debt and State Treasury debt to GDP ratios (eop)



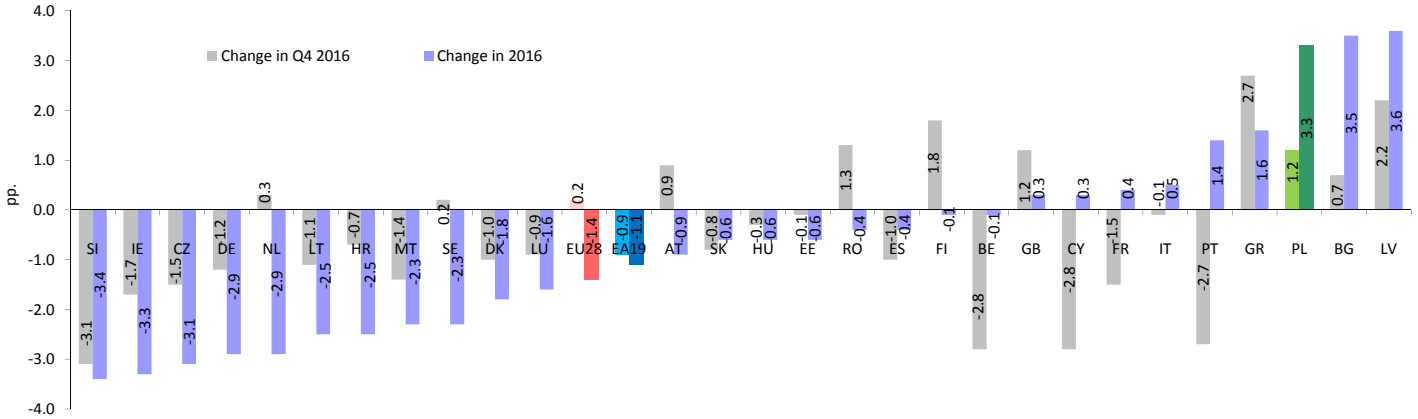
Source: Ministry of Finance

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



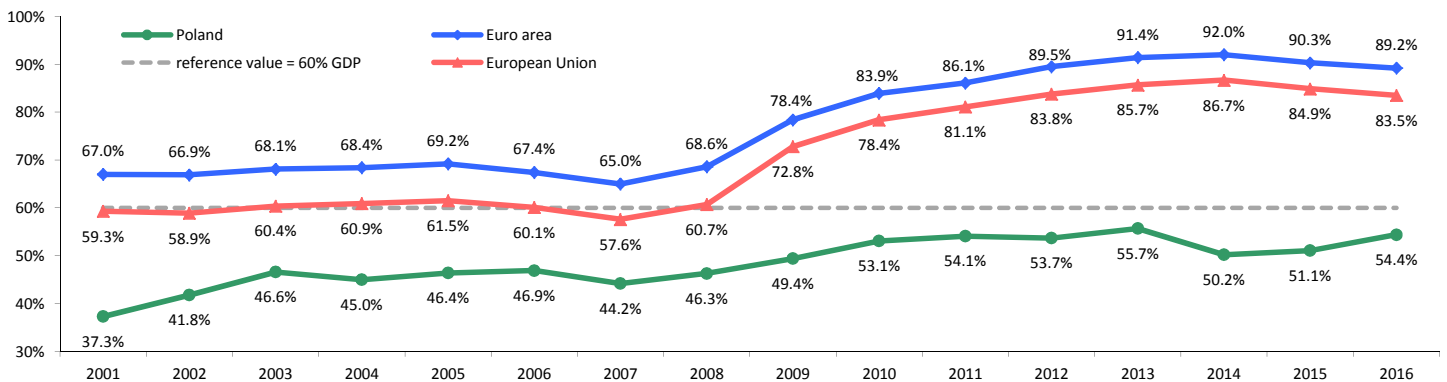
Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>, Ministry of Finance

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 2011	Q4 2012	Q4 2013	Q4 2014	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Public debt	815,346.2	840,476.8	882,293.0	826,774.7	877,282.4	899,250.3	936,951.4	939,584.5	965,198.1	975,274.3
<i>1) Adjustments concerning the scope of the sector</i>	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	40,259.7
Debt of National Road Fund	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	37,416.8
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	-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	-2,041.1
Aquisition of infrastructure assets (motorways)	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	10,699.0
Bank Guarantee Fund	-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	-18,366.7
Public corporations included in general government sector	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	12,551.7
<i>2) Differences concerning debt instruments</i>	-3,367.8	-3,437.9	-2,005.8	-1,724.0	-1,721.9	-1,575.7	-1,994.7	-2,064.2	-2,137.3	-1,962.7
matured payables	-3,504.4	-3,616.5	-2,202.1	-1,947.0	-1,795.0	-1,687.4	-1,928.5	-2,094.4	-1,734.4	-1,720.0
debt assumption - activation of a guarantee	14.6	20.0	1.6	0.2	0.0	0.0	0.0	0.0	0.1	0.0
restructured/refinanced trade credits and sell-lease-back operations	122.0	158.6	194.8	524.1	556.4	524.2	516.9	519.7	677.7	637.6
derivatives	0.0	0.0	0.0	-301.2	-483.2	-412.5	-583.1	-489.5	-1,080.7	-880.3
General government debt	847,706.3	875,084.6	922,755.2	863,963.2	919,576.5	938,481.7	977,839.1	978,443.2	1,006,272.3	1,013,571.4

Table 4. Public debt - before consolidation (PLN m, at face value, eop)

ITEM	Q4 2015	structure Q4 2015	Q4 2016	structure Q4 2016	Q1 2017	structure Q1 2017	change		change	
							Q1 2017 - Q4 2016		Q4 2016 - Q4 2015	
							m PLN	%	m PLN	%
Public debt	958,978.6	100.0%	1,051,238.7	100.0%	1,023,873.7	100.0%	-27,365.0	-2.6%	92,260.1	9.6%
1. Central government sector debt	836,427.0	87.2%	930,432.1	88.5%	943,140.8	92.1%	12,708.8	1.4%	94,005.1	11.2%
1.1. State Treasury	834,550.6	87.0%	928,666.2	88.3%	941,428.3	91.9%	12,762.2	1.4%	94,115.6	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%	370.1	0.0%	330.1	0.0%	-40.1	-10.8%	-159.0	-30.1%
1.4. Independent public healthcare units	1,293.3	0.1%	1,381.7	0.1%	1,368.1	0.1%	-13.6	-1.0%	88.4	6.8%
1.5. State institutions of culture	9.7	0.0%	4.7	0.0%	6.1	0.0%	1.4	30.8%	-5.0	-51.6%
1.6. Polish Academy of Science and units established by it	36.7	0.0%	1.6	0.0%	2.9	0.0%	1.2	77.0%	-35.1	-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%	7.8	0.0%	5.3	0.0%	-2.4	-31.5%	0.3	3.5%
2. Local government sector debt	77,124.8	8.0%	74,401.5	7.1%	73,490.0	7.2%	-911.5	-1.2%	-2,723.2	-3.5%
2.1. Local government units	72,029.7	7.5%	69,415.7	6.6%	68,516.6	6.7%	-899.0	-1.3%	-2,614.1	-3.6%
2.2. Independent public health units	4,257.3	0.4%	4,271.7	0.4%	4,250.3	0.4%	-21.4	-0.5%	14.5	0.3%
2.3. Local institutions of culture	80.0	0.0%	51.5	0.0%	75.4	0.0%	23.9	46.3%	-28.4	-35.5%
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	757.8	0.1%	662.6	0.1%	647.6	0.1%	-15.0	-2.3%	-95.2	-12.6%
3. Social Security Sector debt	45,426.9	4.7%	46,405.1	4.4%	7,242.9	0.7%	-39,162.2	-84.4%	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%	46,405.1	4.4%	7,242.9	0.7%	-39,162.2	-84.4%	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	Q4 2016	structure Q4 2016	Q1 2017	structure Q1 2017	change		change	
							Q1 2017 - Q4 2016		Q4 2016 - Q4 2015	
							m PLN	%	m PLN	%
Public debt	877,282.4	100.0%	965,198.1	100.0%	975,274.3	100.0%	10,076.2	1.0%	87,915.8	10.0%
1. Central government sector debt	805,108.6	91.8%	895,558.2	92.8%	906,381.7	92.9%	10,823.4	1.2%	90,449.6	11.2%
1.1. State Treasury	803,371.9	91.6%	893,893.3	92.6%	904,767.0	92.8%	10,873.7	1.2%	90,521.4	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%	332.7	0.0%	294.3	0.0%	-38.4	-11.6%	-146.2	-30.5%
1.4. Independent public health units	1,212.6	0.1%	1,327.1	0.1%	1,313.5	0.1%	-13.7	-1.0%	114.5	9.4%
1.5. State institutions of culture	7.3	0.0%	0.5	0.0%	0.9	0.0%	0.4	81.8%	-6.8	-93.2%
1.6. Polish Academy of Science and units established by it	35.7	0.0%	1.1	0.0%	2.3	0.0%	1.2	115.1%	-34.6	-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%	3.6	0.0%	3.8	0.0%	0.2	5.5%	1.3	58.3%
2. Local government sector debt	72,072.9	8.2%	69,560.8	7.2%	68,823.9	7.1%	-736.9	-1.1%	-2,512.1	-3.5%
2.1. Local government units	68,352.1	7.8%	65,843.1	6.8%	65,114.0	6.7%	-729.1	-1.1%	-2,509.1	-3.7%
2.2. Independent public health units	3,625.1	0.4%	3,647.2	0.4%	3,616.4	0.4%	-30.8	-0.8%	22.2	0.6%
2.3. Local institutions of culture	63.1	0.0%	35.7	0.0%	60.0	0.0%	24.3	68.0%	-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%	34.8	0.0%	33.5	0.0%	-1.3	-3.6%	2.2	6.7%
3. Social Security Sector debt	100.9	0.0%	79.1	0.0%	68.7	0.0%	-10.4	-13.1%	-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%	79.1	0.0%	68.7	0.0%	-10.4	-13.1%	-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	-