

1. **At the end of the third quarter of 2017 consolidated public debt** (according to domestic definition) stood at **PLN 972,207.5 million*** and compared with:

- the previous quarter fell by PLN 5,027.3 million (-0.5%),
- the end of 2016 rose by PLN 7,008.5 million (+0.7%).

2. **Decrease of public debt in the third quarter of 2017** resulted from:

- decrease in central government sector debt of PLN 4,832.5 million (-0.5%), including consolidated State Treasury debt decrease of PLN 4,852.4 million (-0.5%),
- decrease in local government sector debt of PLN 191.5 million (-0.3%), including local government units debt decrease of PLN 375.9 million (-0.6%),
- decrease in social security sector debt of PLN 3.3 million (+4.5%).

3. **At the end of the third quarter of 2017 unconsolidated public debt** stood at **PLN 1,021,548.8 million** and compared with:

- the previous quarter fell by PLN 5,116.1 million (-0.5%),
- the end of 2016 debt fell by PLN 29,690.3 (-2.8%).

The decrease of unconsolidated public debt resulted mainly from cancellation of loans granted by the State Treasury to ZUS fund with maturity date falling in March 2017.

4. **At the end of the third quarter of 2017 general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 1,010,855.6 million*** and:

- fell by PLN 5,182.7 million (-0.5%) in the third quarter of 2017,
- rose by PLN 4,571.6 million (+0.5%) compared with the end of 2016.

5. Similarly to public debt measured according to domestic definition, **the change in EDP debt in the third 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 414.7 million,
- increase in debt of National Road Fund (NRF) by PLN 255.5 million,
- increase in T-securities held by Bank Guarantee Fund (incl. fund for protection of the guaranteed assets) by PLN 1,390.6 million and decrease in T-securities held by funds managed by BGK (incl. NRF) by PLN 1,353.6 million which influences EDP debt due to changes of consolidation level between units of the general government sector.

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).

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

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

Item	Q4 2016	structure Q4 2016	Q2 2017	structure Q2 2017	Q3 2017	structure Q3 2017	change Q3 2017 - Q2 2017		change Q3 2017 - Q4 2016	
							PLN m	%	PLN m	%
Public debt	965,199.0	100.0%	977,234.8	100.0%	972,207.5	100.0%	-5,027.3	-0.5%	7,008.5	0.7%
Domestic debt	630,171.6	65.3%	666,500.9	68.2%	659,481.7	67.8%	-7,019.2	-1.1%	29,310.1	4.7%
1. Debt securities	574,284.0	59.5%	612,276.0	62.7%	605,368.9	62.3%	-6,907.1	-1.1%	31,084.9	5.4%
2. Loans	50,128.7	5.2%	48,194.3	4.9%	48,016.7	4.9%	-177.6	-0.4%	-2,112.0	-4.2%
3. Other domestic liabilities	5,758.9	0.6%	6,030.6	0.6%	6,096.0	0.6%	65.4	1.1%	337.2	5.9%
Foreign debt	335,027.4	34.7%	310,733.9	31.8%	312,725.8	32.2%	1,991.9	0.6%	-22,301.6	-6.7%
1. Debt securities	241,850.6	25.1%	222,524.7	22.8%	223,795.3	23.0%	1,270.5	0.6%	-18,055.3	-7.5%
2. Loans	93,152.9	9.7%	88,071.6	9.0%	88,837.0	9.1%	765.4	0.9%	-4,315.9	-4.6%
3. Other foreign liabilities	23.9	0.0%	137.7	0.0%	93.5	0.0%	-44.1	-32.0%	69.7	292.1%

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

Item	Q4 2016	structure Q4 2016	Q2 2017	structure Q2 2017	Q3 2017	structure Q3 2017	change Q3 2017 - Q2 2017		change Q3 2017 - Q4 2016	
							PLN m	%	PLN m	%
Public debt	965,199.0	100.0%	977,234.8	100.0%	972,207.5	100.0%	-5,027.3	-0.5%	7,008.5	0.7%
Domestic debt	454,024.8	47.0%	469,270.9	48.0%	470,146.5	48.4%	875.6	0.2%	16,121.7	3.6%
1. Debt securities	398,154.1	41.3%	415,062.8	42.5%	416,047.2	42.8%	984.3	0.2%	17,893.1	4.5%
2. Loans	50,128.7	5.2%	48,194.3	4.9%	48,016.7	4.9%	-177.6	-0.4%	-2,112.0	-4.2%
3. Other domestic liabilities	5,742.0	0.6%	6,013.8	0.6%	6,082.6	0.6%	68.8	1.1%	340.6	5.9%
Foreign debt	511,174.2	53.0%	507,963.9	52.0%	502,061.0	51.6%	-5,902.9	-1.2%	-9,113.1	-1.8%
1. Debt securities	417,980.5	43.3%	419,737.9	43.0%	413,117.0	42.5%	-6,620.9	-1.6%	-4,863.5	-1.2%
2. Loans	93,152.9	9.7%	88,071.6	9.0%	88,837.0	9.1%	765.4	0.9%	-4,315.9	-4.6%
3. Other foreign liabilities	40.7	0.0%	154.5	0.0%	107.0	0.0%	-47.5	-30.7%	66.3	162.7%

Chart 1. Public debt

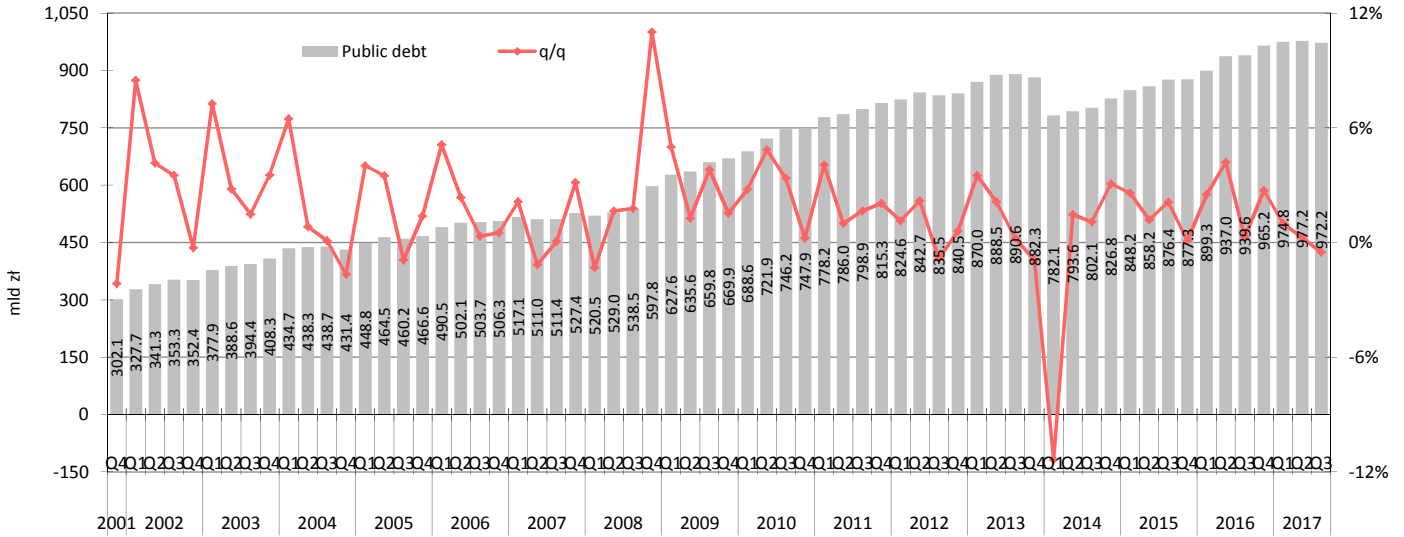


Chart 2. EDP debt

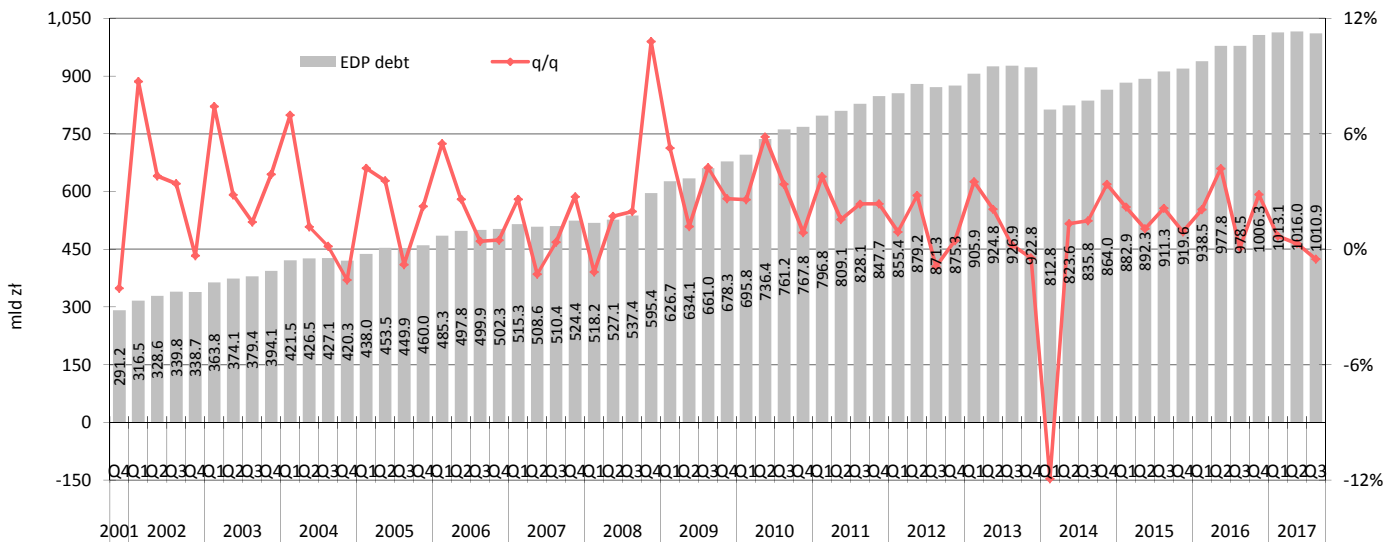


Chart 3. Differences between public debt and general government debt

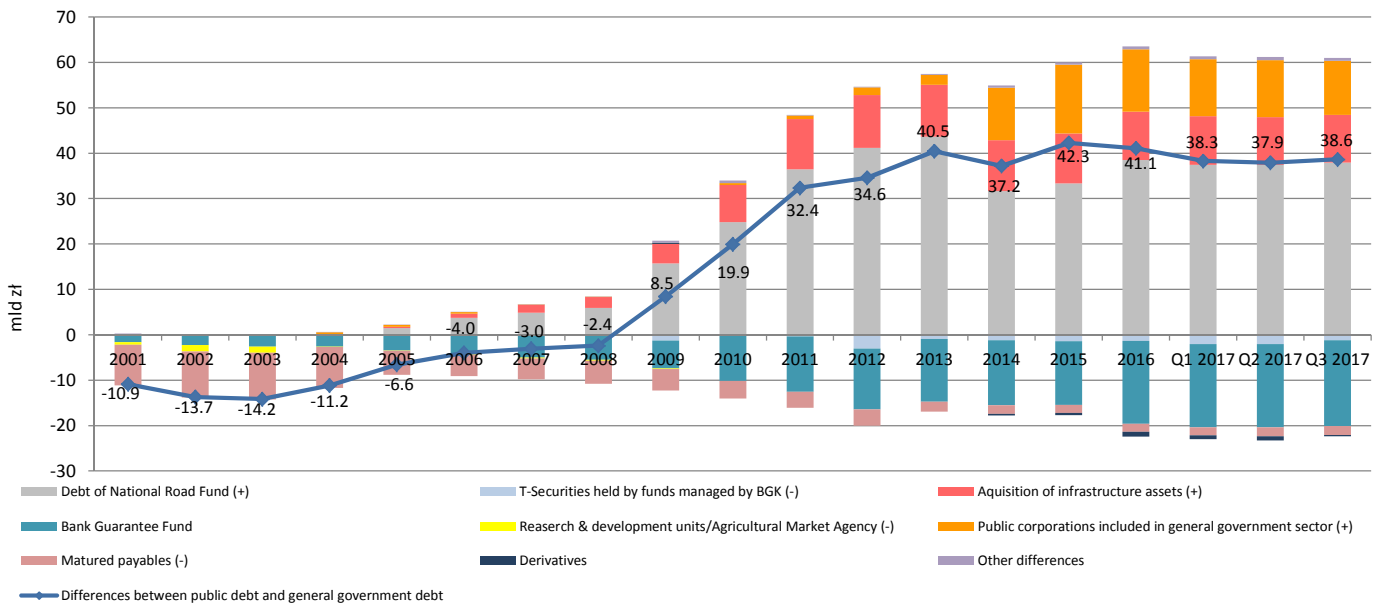


Chart 4. Public debt according to the place of issue criterion

At the end of the third quarter of 2017 domestic debt stood at PLN 659.5 bn, down by PLN 7.0 bn (-1.1%) compared with the end of the second quarter.

In the same period foreign debt stood at PLN 312.7 bn, up by PLN 2.0 bn (+0.6%) mainly due to changes in ST debt:

- depreciation of zloty against EUR (2.0%) and CNY (0.5%) and appreciation against JPY (2.7%), CHF (2.1%) and USD (1.5%) - an increase in debt of PLN 3.1 bn,
- redemption of bonds (USD 0.1 bn),
- repayment of loans from international monetary institutions granted to ST (EUR 0.1 bn).

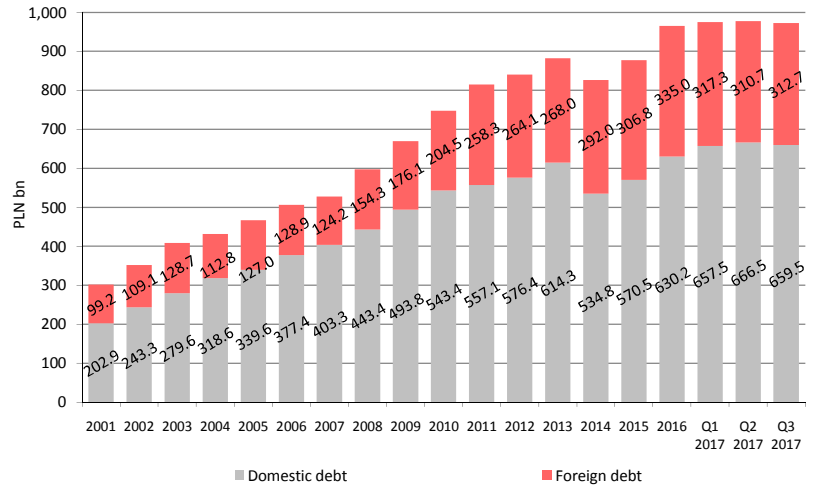


Chart 5. Structure of public debt according to the place of issue criterion

At the end of the third quarter of 2017 the share of foreign debt in total debt amounted to 32.2%, down by 2.5 percentage points compared with the end of 2016 and up by 0.4 percentage points compared with the previous quarter. The increase of share of foreign debt in the third quarter resulted mainly from depreciation of zloty against EUR with simultaneous decrease of domestic debt due to lack of T-bonds sale auctions and redemption of T-bills.

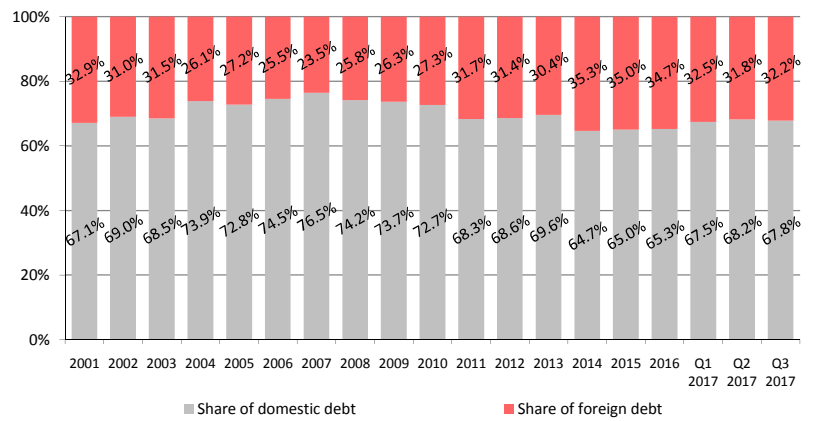


Chart 6. Public debt by holder

In the third quarter of 2017 public debt towards:

- domestic banking sector fell by PLN 5.5 bn (-1.7%),
- domestic non-banking sector rose by PLN 6.3 bn (+4.1%),
- foreign investors (non-residents) fell by PLN 5.9 bn (-1.2%).

Compared with the end of 2016 public debt towards:

- domestic banking sector rose by PLN 7.1 bn (+2.3%),
- domestic non-banking sector rose by PLN 9.1 bn (+6.0%),
- foreign investors (non-residents) fell by PLN 9.1 bn (-1.8%).

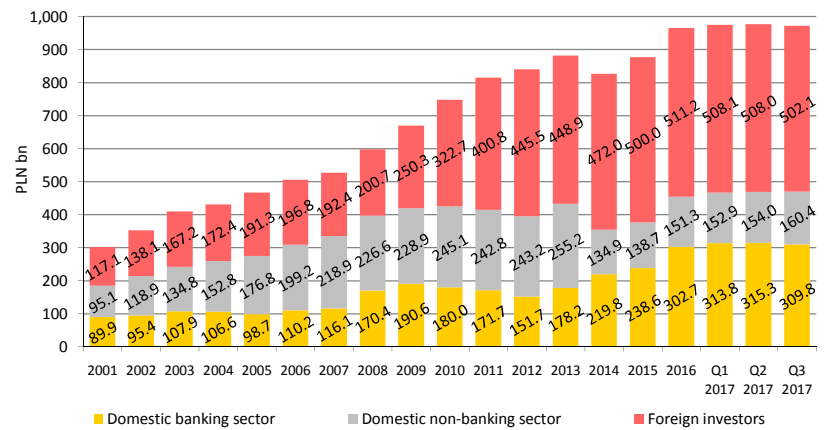


Chart 7. Structure of public debt by holder

After an increase in 2014 and stabilization in 2015 the share of public debt towards foreign investors fell in 2016 and in the first half of 2017 by 5.4 percentage points in total and by 1.4 percentage points in 2017.

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

- domestic banking sector fell by 0.4 percentage points,
- domestic non-banking sector rose by 0.7 percentage points.

Since the beginning of 2017 the share of public debt towards:

- domestic banking sector rose by 0.5 percentage points,
- domestic non-banking sector rose by 0.8 percentage points.

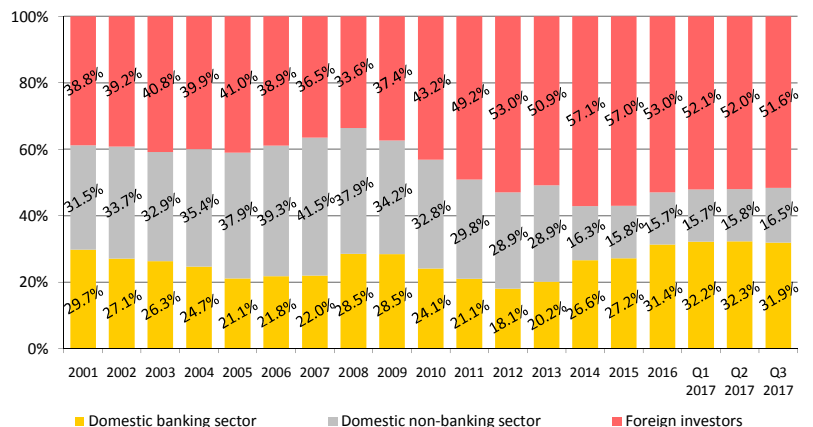


Chart 8. Consolidated public debt by subsector

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

- central government debt - PLN 904.9 bn,
- local government debt - PLN 67.3 bn,
- social security funds debt - PLN 0.1 bn.

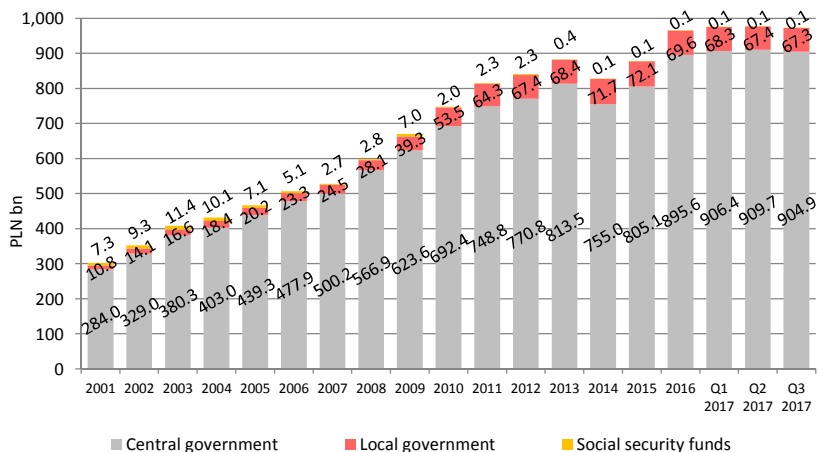


Chart 9. Structure of consolidated public debt by subsector

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

- central government subsector - 93.1% (no change in the third quarter, up by 0.3 percentage points in 2017),
- local government subsector - 6.9% (no change in the third quarter, down by 0.3 percentage points in 2017), of which 6.5% represented debt of local government units and their unions,
- social security funds - 0.01% (no change).

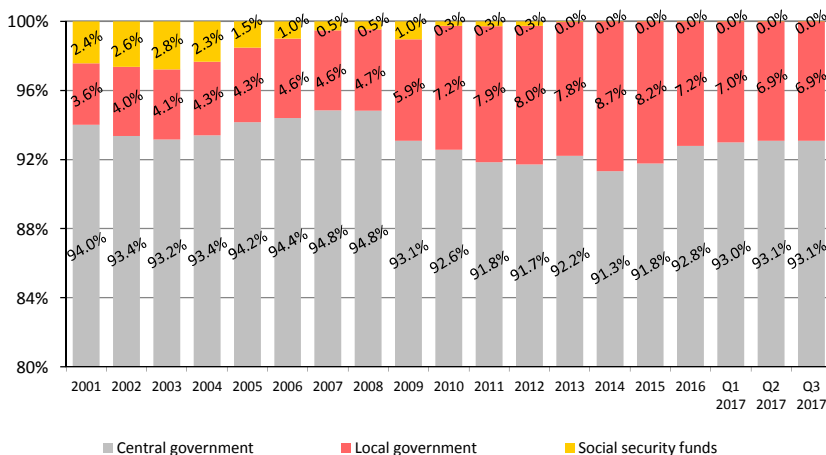


Chart 10. Changes in consolidated public debt by subsector

The decrease of public debt in the third quarter of 2017 was mainly a result of central government debt decrease, in particular of State Treasury debt. In the said period public debt fell by PLN 4.8 bn (-0.5%) while central government debt fell by PLN 4.8 bn (-0.5%) and consolidated State Treasury debt fell by PLN 4.9 bn (-0.5%).

Local government debt fell in the third quarter of 2017 by PLN 0.2 bn (-0.3%) mainly as a result of a decrease in local government units debt by PLN 0.4 bn (-0.6%) and an increase in independent public health units debt by PLN 0.2 bn (+4.8%). Since the beginning of 2017 local government units debt fell by PLN 2.6 bn (-3.9%).

In the third quarter of 2017 social security funds debt fell by PLN 0.003 bn (+4.5%) due to decrease in matured payables.

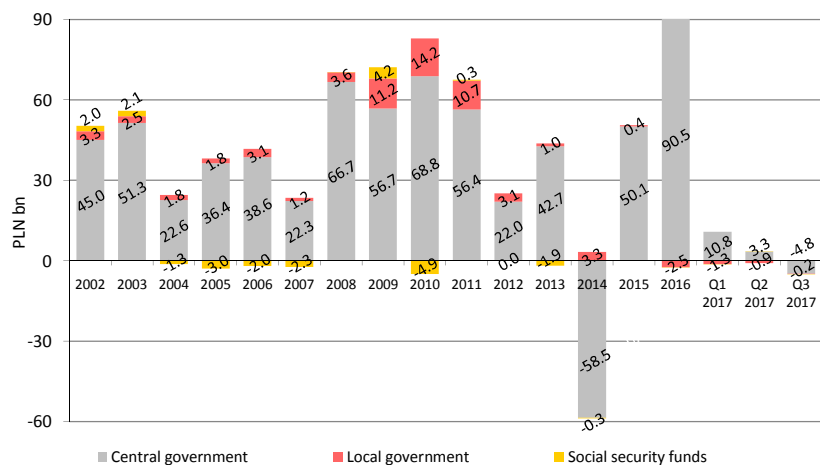


Chart 11. Structure of public debt by instrument

At the end of the third quarter of 2017 marketable instruments comprised 85.1% of public debt, including instruments issued on the domestic market - 62.1%. The share of marketable instruments in public debt fell by 0.1 percentage points in the third quarter and rose by 0.7 percentage points in 2017.

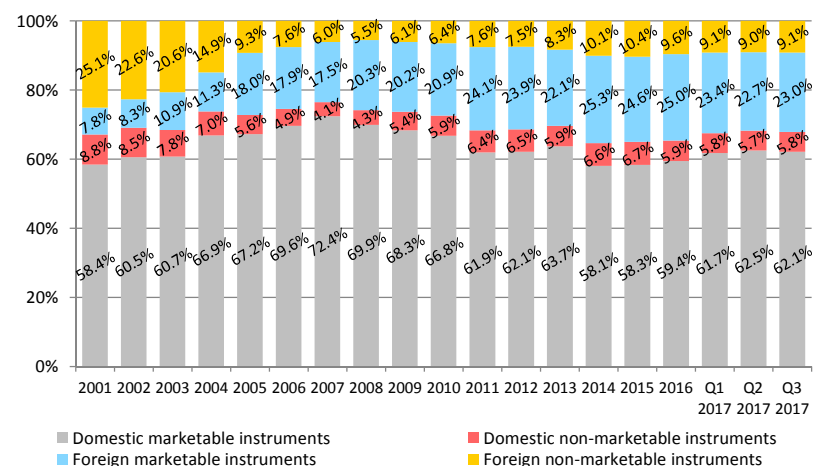


Chart 12. Unconsolidated debt of public finance sector units other than ST

At the end of the third 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.

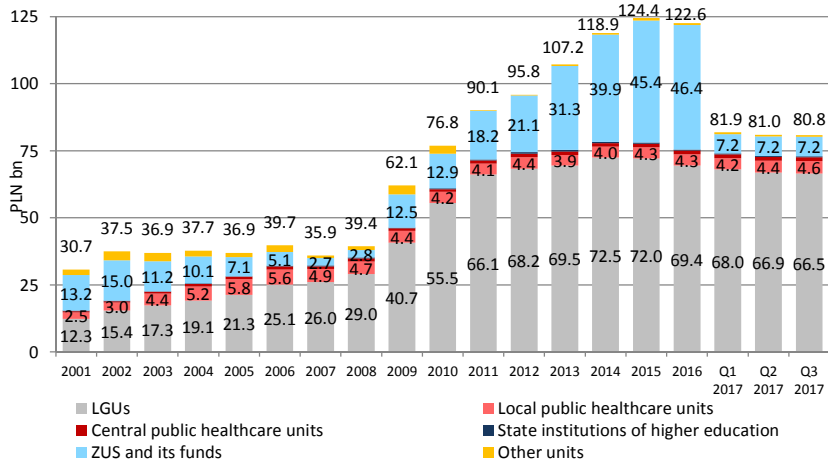


Chart 13. Consolidated debt of public finance sector units other than ST

At the end of the third quarter of 2017 the difference between consolidated and unconsolidated debt of public finance sector units other than ST amounted to PLN 11.8 bn. The reason is that 14.6% 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).

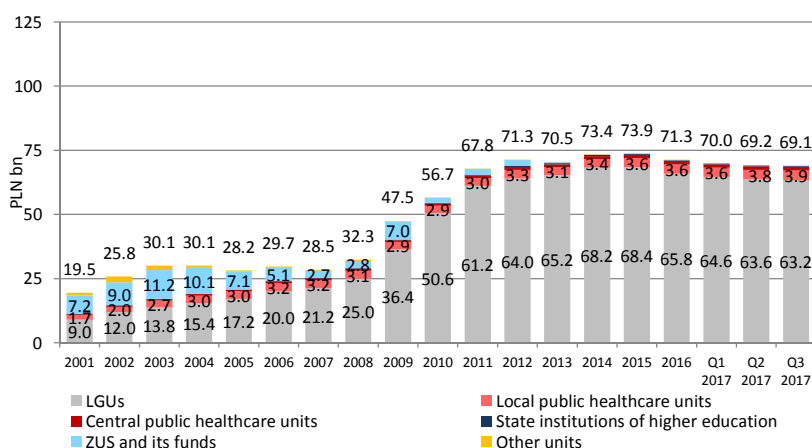


Chart 14. Structure of unconsolidated debt of LGUs and their associations according to place of issue criterion

The structure of local government liabilities and their unions was dominated by domestic debt, although the share of foreign debt has been increasing, reaching 22.8% at the end of the second and third quarter of 2017.

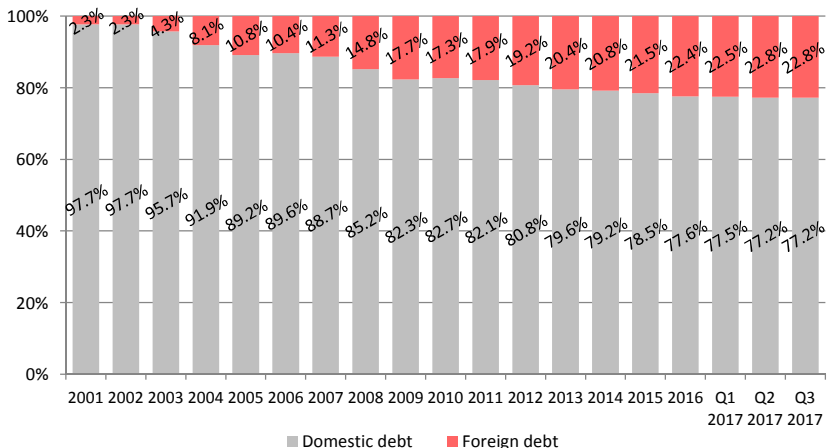


Chart 15. Structure of unconsolidated debt of LGUs and their associations by instrument

Loans prevailed in the structure of liabilities of LGUs and their unions with share of 93.4%. The role of loans in LGUs debt has been gradually growing since 2004 reaching its peak at the end 2015. In both 2016 and the first three quarters of 2017 the share of loans fell by 0.3 percentage points respectively.

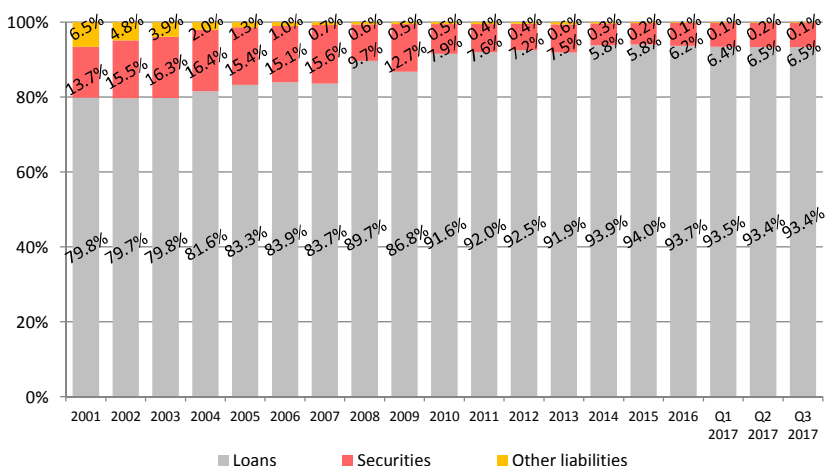
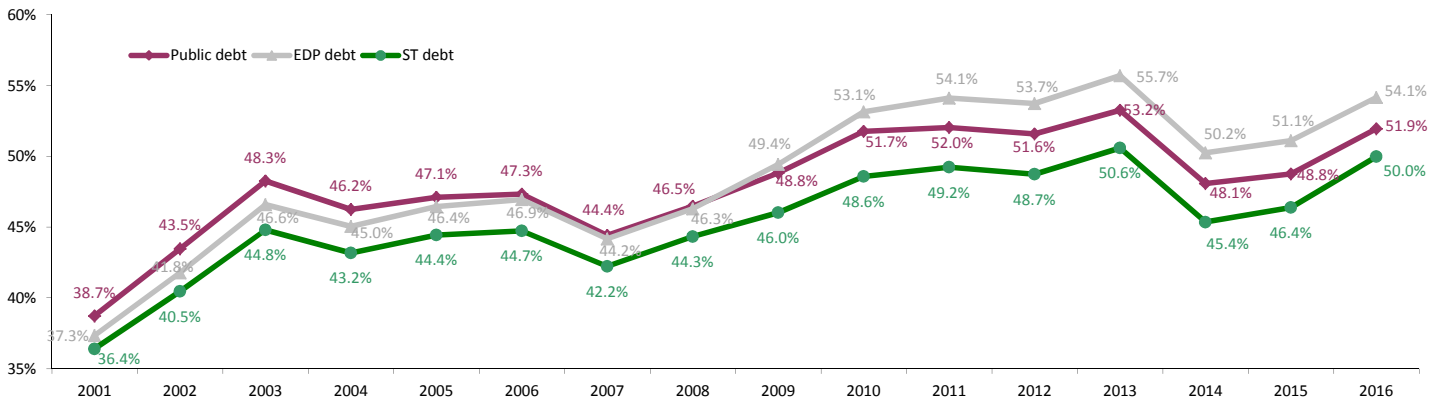
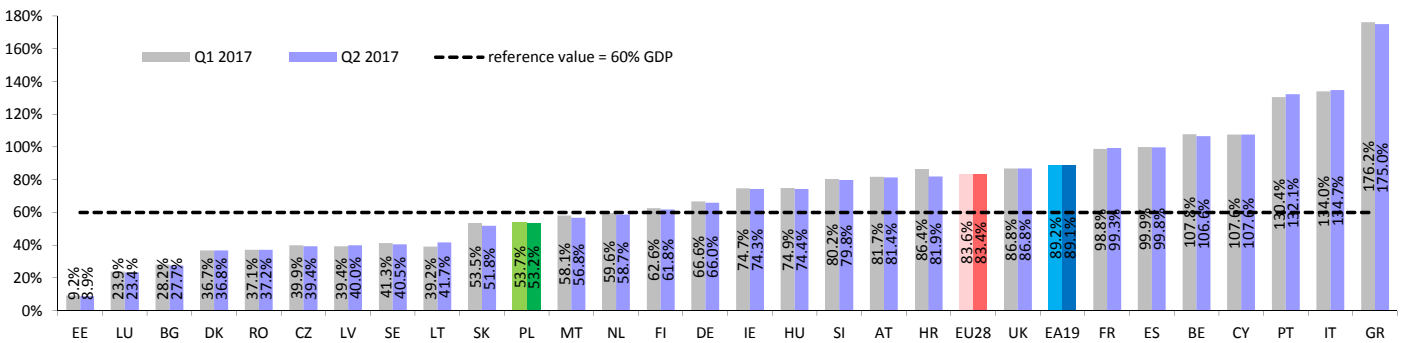


Chart 16. Public debt, EDP debt and State Treasury debt to GDP ratios (eop)



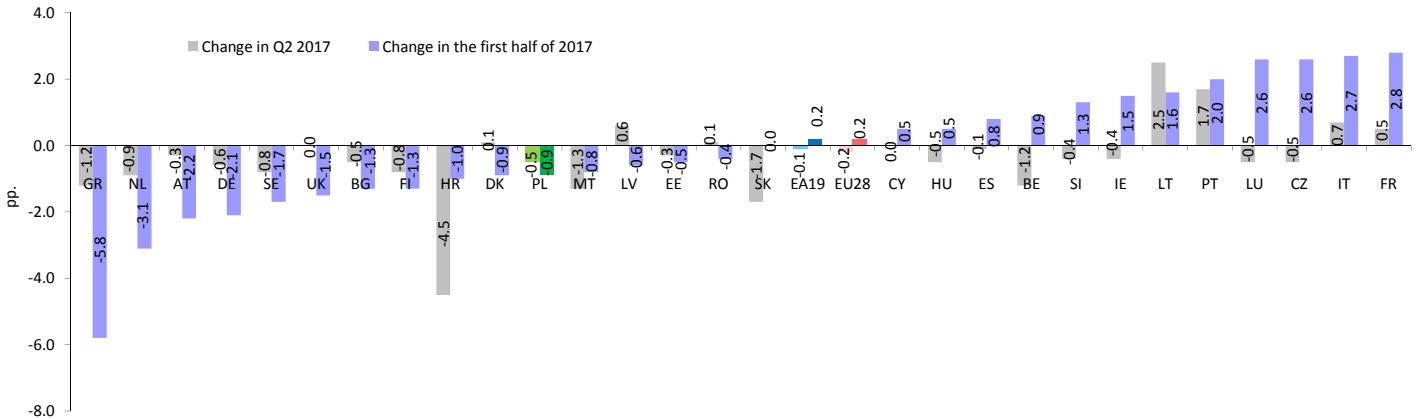
Source: Ministry of Finance

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



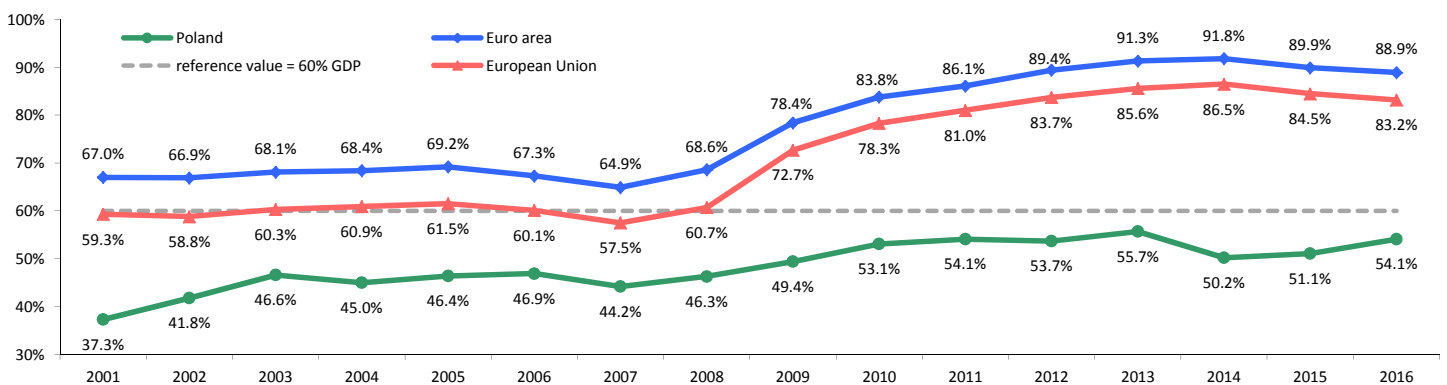
Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>, Ministry of Finance

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 2010	Q4 2011	Q4 2012	Q4 2013	Q4 2014	Q4 2015	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Public debt	747,899.2	815,346.2	840,476.8	882,293.0	826,774.7	877,282.4	965,199.0	974,756.4	977,234.8	972,207.5
<i>1) Adjustments concerning the scope of the sector</i>	23,232.2	35,729.9	38,220.7	42,468.0	38,912.4	44,015.9	43,200.4	40,259.7	40,391.3	40,205.0
Debt of National Road Fund	24,798.1	36,412.7	41,197.4	43,644.7	31,626.3	33,312.4	38,467.0	37,416.8	37,674.4	37,929.8
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	-1,384.1	-2,041.1	-2,549.7	-1,196.1
Aquisition of infrastructure assets (motorways)	8,197.4	11,076.3	11,571.9	11,423.8	11,261.6	11,023.2	10,699.0	10,699.0	10,529.2	10,529.2
Bank Guarantee Fund	-9,930.5	-12,208.9	-13,396.5	-13,862.9	-14,296.0	-14,039.8	-18,255.0	-18,366.7	-17,546.3	-18,927.0
Public corporations included in general government sector	400.0	814.3	1,886.8	2,157.5	11,531.5	15,131.0	13,673.5	12,551.7	12,283.8	11,869.1
<i>2) Differences concerning debt instruments</i>	-3,287.9	-3,367.8	-3,437.9	-2,005.8	-1,712.8	-1,710.9	-2,115.5	-1,943.5	-1,587.9	-1,556.9
matured payables	-3,860.1	-3,504.4	-3,616.5	-2,202.1	-1,947.0	-1,795.0	-1,733.0	-1,718.5	-1,969.2	-1,957.6
debt assumption - activation of a guarantee	18.2	14.6	20.0	1.6	0.2	0.0	0.1	0.0	0.5	0.8
restructured/refinanced trade credits and sell-lease-back operations	554.0	122.0	158.6	194.8	535.3	567.3	698.1	655.3	664.2	649.0
derivatives	0.0	0.0	0.0	0.0	-301.2	-483.2	-1,080.7	-880.3	-283.4	-249.1
General government debt	767,843.6	847,708.3	875,259.6	922,755.2	863,974.3	919,587.4	1,006,283.9	1,013,072.7	1,016,038.2	1,010,855.6

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

ITEM	Q4 2016	structure Q4 2016	Q2 2017	structure Q2 2017	Q3 2017	structure Q3 2017	change		change	
							Q3 2017 - Q2 2017	%	Q3 2017 - Q4 2016	%
Public debt	1,051,239.1	100.0%	1,026,664.9	100.0%	1,021,548.8	100.0%	-5,116.1	-0.5%	-29,690.3	-2.8%
1. Central government sector debt	930,433.1	88.5%	947,499.6	92.3%	942,558.3	92.3%	-4,941.3	-0.5%	12,125.2	1.3%
1.1. State Treasury	928,666.2	88.3%	945,695.5	92.1%	940,729.2	92.1%	-4,966.3	-0.5%	12,063.0	1.3%
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	370.2	0.0%	351.6	0.0%	349.4	0.0%	-2.2	-0.6%	-20.8	-5.6%
1.4. Independent public healthcare units	1,382.7	0.1%	1,440.9	0.1%	1,469.6	0.1%	28.6	2.0%	86.9	6.3%
1.5. State institutions of culture	4.7	0.0%	5.8	0.0%	5.0	0.0%	-0.8	-14.1%	0.3	6.1%
1.6. Polish Academy of Science and units established by it	1.6	0.0%	1.7	0.0%	1.2	0.0%	-0.5	-27.8%	-0.4	-23.3%
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	7.8	0.0%	4.0	0.0%	4.0	0.0%	-0.1	-1.3%	-3.8	-48.8%
2. Local government sector debt	74,400.9	7.1%	71,919.0	7.0%	71,747.4	7.0%	-171.5	-0.2%	-2,653.5	-3.6%
2.1. Local government units	69,416.1	6.6%	66,865.1	6.5%	66,512.6	6.5%	-352.5	-0.5%	-2,903.5	-4.2%
2.2. Independent public health units	4,270.6	0.4%	4,393.0	0.4%	4,594.9	0.4%	201.9	4.6%	324.3	7.6%
2.3. Local institutions of culture	51.6	0.0%	51.6	0.0%	54.1	0.0%	2.5	4.8%	2.5	4.8%
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	662.6	0.1%	609.3	0.1%	585.8	0.1%	-23.5	-3.9%	-76.8	-11.6%
3. Social Security Sector debt	46,405.1	4.4%	7,246.4	0.7%	7,243.1	0.7%	-3.3	0.0%	-39,162.0	-84.4%
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	46,405.1	4.4%	7,246.4	0.7%	7,243.1	0.7%	-3.3	0.0%	-39,162.0	-84.4%
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 2016	structure Q4 2016	Q2 2017	structure Q2 2017	Q3 2017	structure Q3 2017	change		change	
							Q3 2017 - Q2 2017	%	Q3 2017 - Q4 2016	%
Public debt	965,199.0	100.0%	977,234.8	100.0%	972,207.5	100.0%	-5,027.3	-0.5%	7,008.5	0.7%
1. Central government sector debt	895,559.3	92.8%	909,714.7	93.1%	904,882.1	93.1%	-4,832.5	-0.5%	9,322.9	1.0%
1.1. State Treasury	893,893.3	92.6%	908,003.2	92.9%	903,150.8	92.9%	-4,852.4	-0.5%	9,257.6	1.0%
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	332.7	0.0%	317.7	0.0%	318.6	0.0%	0.9	0.3%	-14.2	-4.3%
1.4. Independent public health units	1,328.1	0.1%	1,388.2	0.1%	1,408.7	0.1%	20.5	1.5%	80.6	6.1%
1.5. State institutions of culture	0.5	0.0%	1.7	0.0%	0.8	0.0%	-0.9	-52.1%	0.3	59.4%
1.6. Polish Academy of Science and units established by it	1.1	0.0%	1.3	0.0%	0.8	0.0%	-0.5	-35.9%	-0.2	-21.3%
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	3.6	0.0%	2.5	0.0%	2.4	0.0%	-0.1	-4.0%	-1.2	-32.3%
2. Local government sector debt	69,560.6	7.2%	67,447.9	6.9%	67,256.4	6.9%	-191.5	-0.3%	-2,304.2	-3.3%
2.1. Local government units	65,841.2	6.8%	63,625.6	6.5%	63,249.7	6.5%	-375.9	-0.6%	-2,591.5	-3.9%
2.2. Independent public health units	3,648.8	0.4%	3,760.8	0.4%	3,941.1	0.4%	180.3	4.8%	292.3	8.0%
2.3. Local institutions of culture	35.8	0.0%	34.5	0.0%	37.9	0.0%	3.4	9.9%	2.1	5.8%
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	34.8	0.0%	27.1	0.0%	27.8	0.0%	0.7	2.5%	-7.0	-20.1%
3. Social Security Sector debt	79.1	0.0%	72.2	0.0%	68.9	0.0%	-3.3	-4.5%	-10.1	-12.8%
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	79.1	0.0%	72.2	0.0%	68.9	0.0%	-3.3	-4.5%	-10.2	-12.8%
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	-