

- At the end of 2017** consolidated **public debt** (according to domestic definition) stood at **PLN 961,836.3 million*** and compared with:
 - the previous quarter fell by PLN 10,370.3 million (-1.1%),
 - the end of 2016 fell by PLN 3,362.7 million (-0.3%).
- Decrease of public debt in the fourth quarter of 2017** resulted from:
 - decrease in central government sector debt of PLN 12,606.6 million (-1.4%), including consolidated State Treasury (ST) debt decrease of PLN 12,465.0 million (-1.4%),
 - increase in local government sector debt of PLN 2,240.1 million (+3.3%), including local government units debt increase of PLN 2,556.6 million (+4.0%),
 - decrease in social security sector debt of PLN 3.9 million (-5.6%).
- Decrease of public debt in 2017** resulted from:
 - decrease in central government sector debt of PLN 3,283.8 million (-0.4%), including consolidated ST debt decrease of PLN 3,207.4 million (-0.4%),
 - decrease in local government sector debt of PLN 64.9 million (-0.1%), including local government units debt decrease of PLN 34.9 million (-0.1%),
 - decrease in social security sector debt of PLN 14.0 million (-17.7%).
- Public debt to GDP ratio in 2017** amounted to **48.5%** (based on the first GDP estimate of the Central Statistical Office from 28 February 2018)**, **down by 3.4 percentage points** compared with 2016.
- At the end of 2017 general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 1,003,398.6 million*** and:
 - fell by PLN 7,619.8 million (-0.8%) in the fourth quarter of 2017,
 - fell by PLN 3,186.3 million (-0.3%) compared with the end of 2016.

- Changes in EDP debt in the fourth quarter of 2017** were similar those of public debt measured according to domestic definition. Additionally EDP debt was influenced by:
 - increase in debt of National Road Fund (NRF) by PLN 3,158.0 million,
 - decrease in debt of corporations included in general government sector by PLN 336.5 million,
 - decrease in T-securities held by Bank Guarantee Fund (incl. fund for protection of the guaranteed assets) and by funds managed by BGK (incl. NRF) by PLN 221.5 million which increases EDP debt due to decrease of consolidation between units of the general government sector.
- Similarly to public debt measured according to domestic definition, the **change in EDP debt in 2017** resulted predominantly from changes in State Treasury debt. Moreover EDP debt was influenced mainly by:
 - increase in debt of NRF by PLN 2,620.8 million,
 - decrease in debt of corporations included in general government sector by PLN 2,260.0 million,
 - increase in debt swapped using CIRS transactions due to FX changes by PLN 841.2 million.
- EDP debt to GDP ratio in 2017** amounted to **50.6%** (based on the first GDP estimate of the Central Statistical Office from 28 February 2018)**, **down by 3.6 percentage points compared with 2016.**

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 fourth quarter of 2017 are preliminary. Data regarding previous periods were updated if necessary.

** According to the first estimate of the Central Statistical Office from 28 February 2018 GDP in 2017 amounted to PLN 1,982.3 billion.

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	Q3 2017	structure Q3 2017	Q4 2017	structure Q4 2017	change		change	
							Q4 2017 - Q3 2017 PLN m	%	Q4 2017 - Q4 2016 PLN m	%
Public debt	965,199.0	100.0%	972,206.6	100.0%	961,836.3	100.0%	-10,370.3	-1.1%	-3,362.7	-0.3%
Domestic debt	630,171.6	65.3%	659,480.8	67.8%	662,552.4	68.9%	3,071.6	0.5%	32,380.8	5.1%
1. Debt securities	574,284.0	59.5%	605,368.1	62.3%	605,583.7	63.0%	215.6	0.0%	31,299.7	5.5%
2. Loans	50,128.7	5.2%	48,016.8	4.9%	50,652.3	5.3%	2,635.5	5.5%	523.6	1.0%
3. Other domestic liabilities	5,758.9	0.6%	6,095.8	0.6%	6,316.3	0.7%	220.5	3.6%	557.4	9.7%
Foreign debt	335,027.4	34.7%	312,725.8	32.2%	299,283.9	31.1%	-13,441.9	-4.3%	-35,743.5	-10.7%
1. Debt securities	241,850.6	25.1%	223,795.3	23.0%	213,330.4	22.2%	-10,464.9	-4.7%	-28,520.2	-11.8%
2. Loans	93,152.9	9.7%	88,837.0	9.1%	85,933.0	8.9%	-2,904.0	-3.3%	-7,220.0	-7.8%
3. Other foreign liabilities	23.9	0.0%	93.5	0.0%	20.6	0.0%	-73.0	-78.0%	-3.3	-13.7%

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

Item	Q4 2016	structure Q4 2016	Q3 2017	structure Q3 2017	Q4 2017	structure Q4 2017	change		change	
							Q4 2017 - Q3 2017 PLN m	%	Q4 2017 - Q4 2016 PLN m	%
Public debt	965,199.0	100.0%	972,206.6	100.0%	961,836.3	100.0%	-10,370.3	-1.1%	-3,362.7	-0.3%
Domestic debt	454,041.7	47.0%	470,159.0	48.4%	474,783.5	49.4%	4,624.5	1.0%	20,741.8	4.6%
1. Debt securities	398,171.0	41.3%	416,059.8	42.8%	417,827.5	43.4%	1,767.6	0.4%	19,656.5	4.9%
2. Loans	50,128.7	5.2%	48,016.8	4.9%	50,652.3	5.3%	2,635.5	5.5%	523.6	1.0%
3. Other domestic liabilities	5,742.0	0.6%	6,082.4	0.6%	6,303.7	0.7%	221.3	3.6%	561.7	9.8%
Foreign debt	511,157.3	53.0%	502,047.6	51.6%	487,052.8	50.6%	-14,994.8	-3.0%	-24,104.5	-4.7%
1. Debt securities	417,963.6	43.3%	413,103.5	42.5%	401,086.6	41.7%	-12,016.9	-2.9%	-16,877.0	-4.0%
2. Loans	93,152.9	9.7%	88,837.0	9.1%	85,933.0	8.9%	-2,904.0	-3.3%	-7,220.0	-7.8%
3. Other foreign liabilities	40.7	0.0%	107.0	0.0%	33.2	0.0%	-73.8	-68.9%	-7.5	-18.4%

Chart 1. Public debt

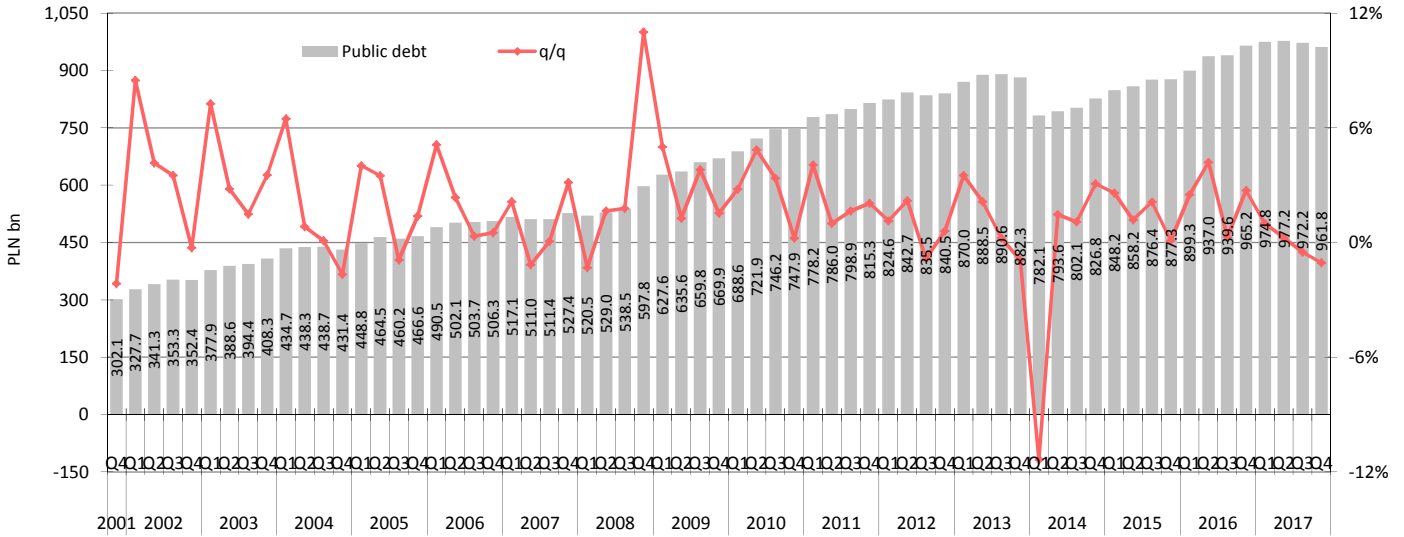


Chart 2. EDP debt

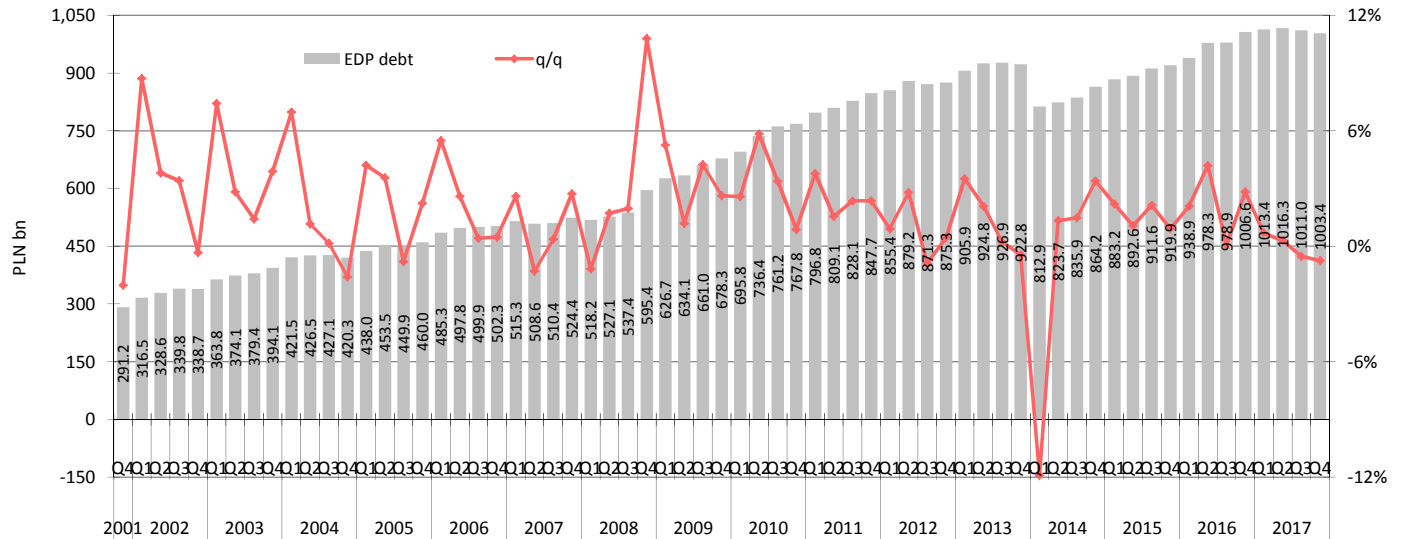


Chart 3. Differences between public debt and general government debt

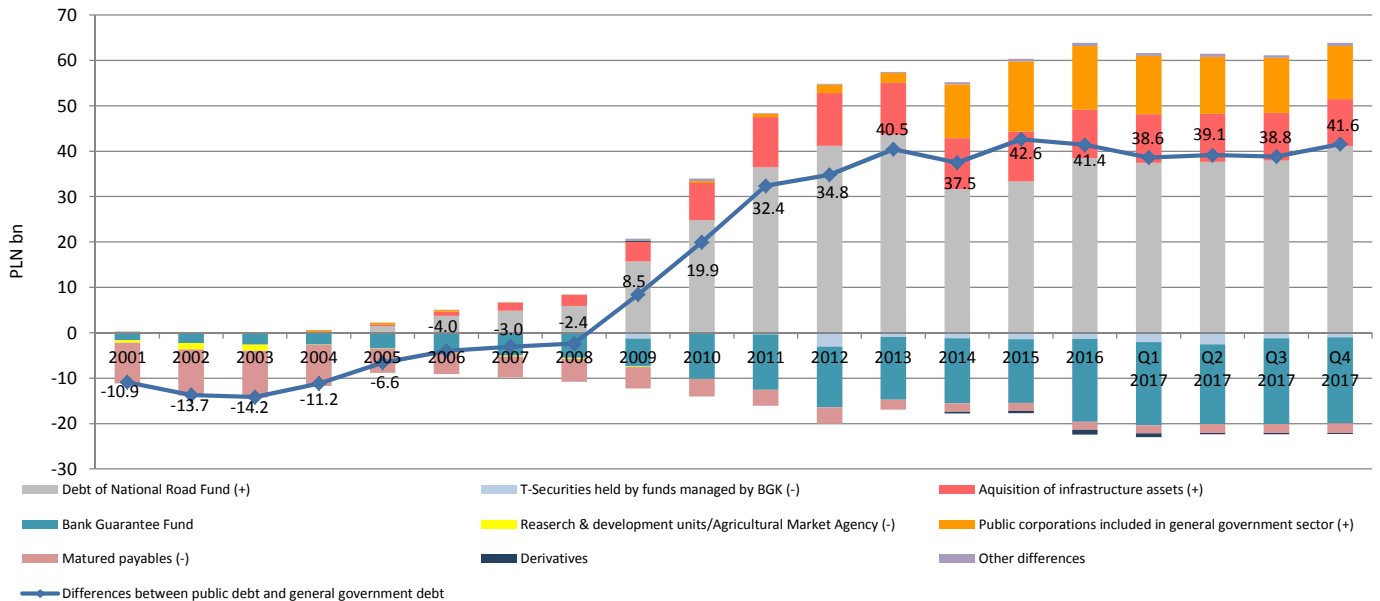


Chart 4. Public debt according to the place of issue criterion

At the end of 2017 domestic debt stood at PLN 662.6 bn, up by PLN 3.1 bn (+0.5%) compared with the end of the third quarter and up by PLN 32.4 bn (+5.1%) compared with the previous year.

Foreign debt stood at PLN 299.3 bn, down by PLN 13.4 bn (-4.3%) compared with the previous quarter and down by PLN 35.7 bn (-10.7%) compared with 2016 mainly due to changes in ST debt resulting from:

- appreciation of zloty - a decrease in debt of PLN 26.3 bn in 2017 and PLN 3.1 bn in the fourth quarter,
- decrease in debt denominated in EUR (EUR -0.8 bn), USD (USD -0.6 bn), CHF (CHF -0.3 bn) and JPY (JPY -81.0 bn).

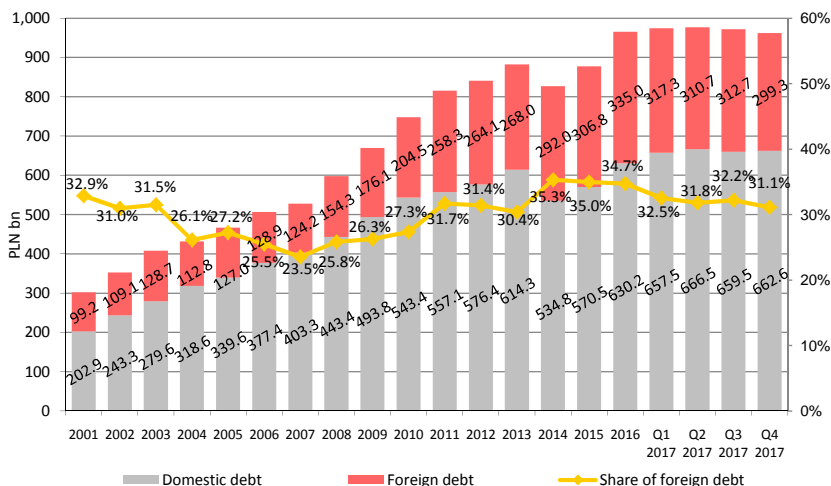


Chart 5. Currency structure of public debt

At the end of 2017 liabilities denominated in PLN accounted for 69.7% of public debt, up by 3.6 percentage points compared with the previous year. The share of debt denominated in EUR amounted to 23.4%. The debt of units other than State Treasury consisted of liabilities denominated in PLN (89.7%) and EUR (10.3%).

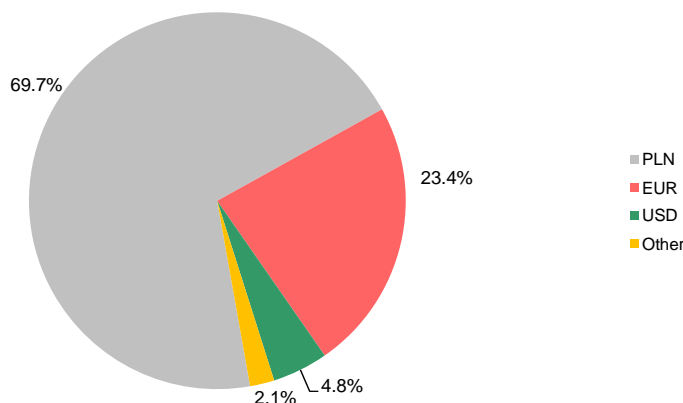


Chart 6. Public debt by holder

In the fourth quarter of 2017 public debt towards:

- domestic banking sector fell by PLN 0.6 bn (-0.2%),
- domestic non-banking sector rose by PLN 4.6 bn (+2.9%),
- foreign investors (non-residents) fell by PLN 14.3 bn (-2.9%).

Compared with the end of 2016 public debt towards:

- domestic banking sector rose by PLN 6.4 bn (+2.1%),
- domestic non-banking sector rose by PLN 13.6 bn (+9.0%),
- foreign investors (non-residents) fell by PLN 23.5 bn (-4.6%).

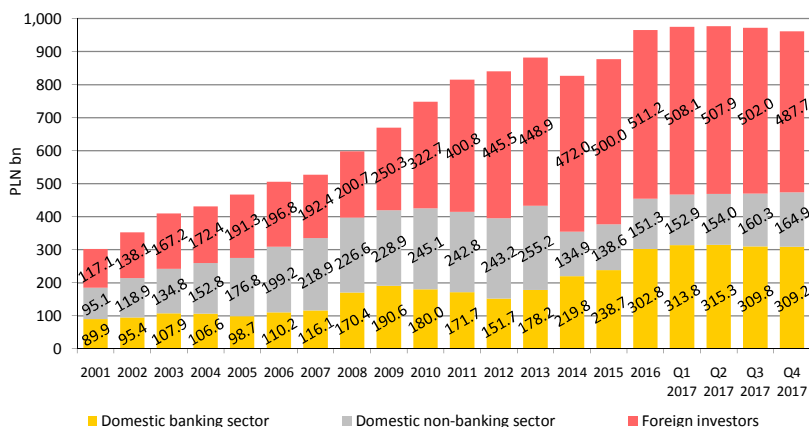


Chart 7. Structure of public debt by holder

The share of public debt towards foreign investors has been steadily decreasing and **at the end of 2017 amounted to 50.7%, down by 2.3 percentage points in 2017 and down by 0.9 percentage points in the fourth quarter.**

The share of public debt towards domestic non-banking sector rose in 2017 and in the fourth quarter by 0.6 and 1.4 percentage points respectively.

The share of public debt towards domestic banking sector rose in 2017 and in the fourth quarter by 0.2 and 0.7 percentage points respectively.

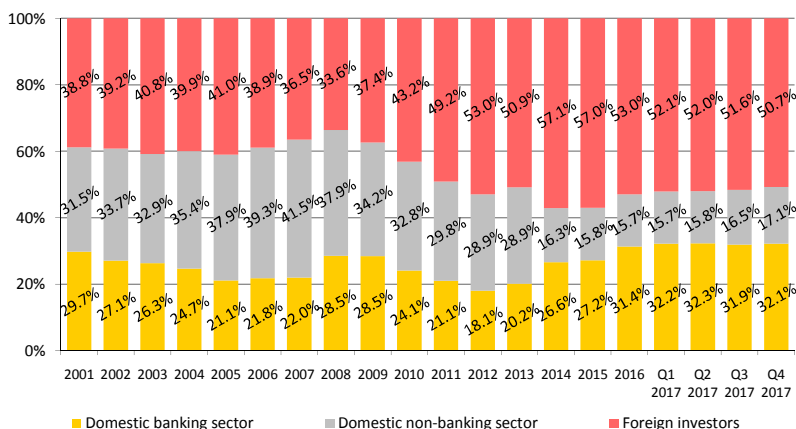


Chart 8. Consolidated public debt by subsector

At the end of 2017 public debt consisted of:
 - central government debt - PLN 892.3 bn,
 - local government debt - PLN 69.5 bn,
 - social security funds debt - PLN 0.1 bn.

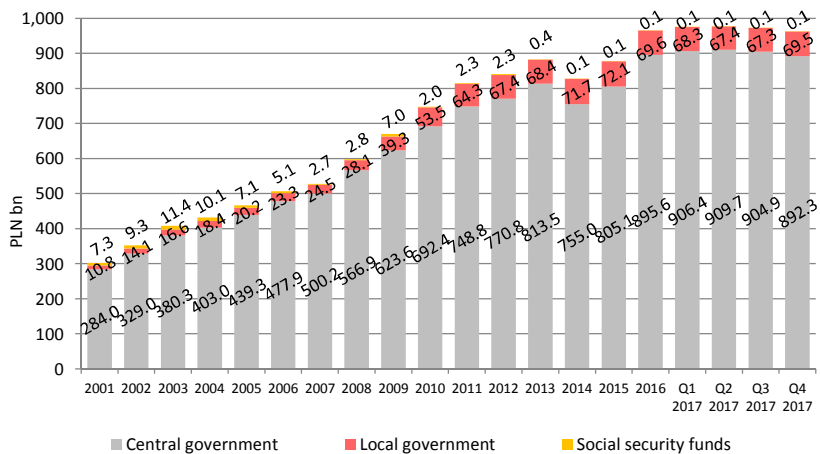


Chart 9. Structure of consolidated public debt by subsector

At the end of 2017 share of subsectors in total public debt amounted to:
 - central government subsector - 92.8% (down by 0.3 percentage points in the fourth quarter of 2017 and no change in the whole 2017),
 - local government subsector - 7.2% (up by 0.3 percentage points in the fourth quarter of 2017 and no change in the whole 2017), of which 6.8% represented debt of local government units and their unions,
 - social security funds - 0.01% (no change).

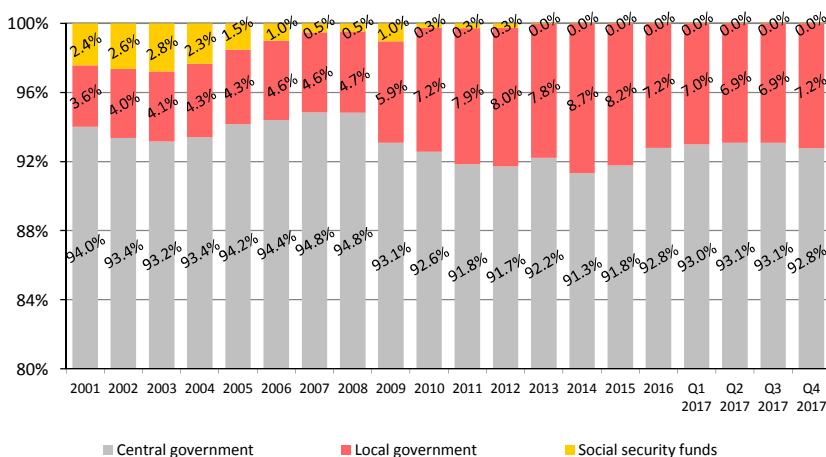


Chart 10. Changes in consolidated public debt by subsector

The decrease of public debt in 2017 was mainly a result of central government debt decrease, in particular of State Treasury debt. In the fourth quarter of 2017 public debt fell by PLN 10.4 bn (-1.1%) while central government debt fell by PLN 12.6 bn (-1.4%) and consolidated State Treasury debt fell by PLN 12.5 bn (-1.4%). In the whole 2017 public debt fell by PLN 3.4 bn (-0.3%) while central government debt and ST debt decreased by 3.3 (-0.4%) and 3.2 (-0.4%) respectively. Local government debt rose in the fourth quarter of 2017 by PLN 2.2 bn (+3.3%) mainly as a result of an increase in local government units debt by PLN 2.6 bn (+4.0%). Compared with the end of 2016 local government units debt fell by PLN 0.1 bn (-0.1%). In 2017 social security funds debt fell slightly by PLN 0.01 bn (-17.7%).

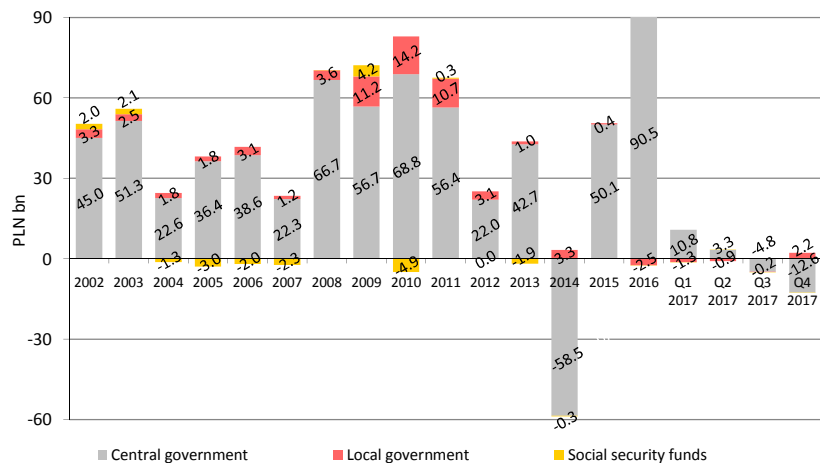


Chart 11. Structure of public debt by instrument

At the end of 2017 marketable instruments comprised 85.3% of public debt, including instruments issued on the domestic market - 63.1%. The share of marketable instruments in public debt rose by 0.2 percentage points in the fourth quarter and by 0.9 percentage points in 2017.

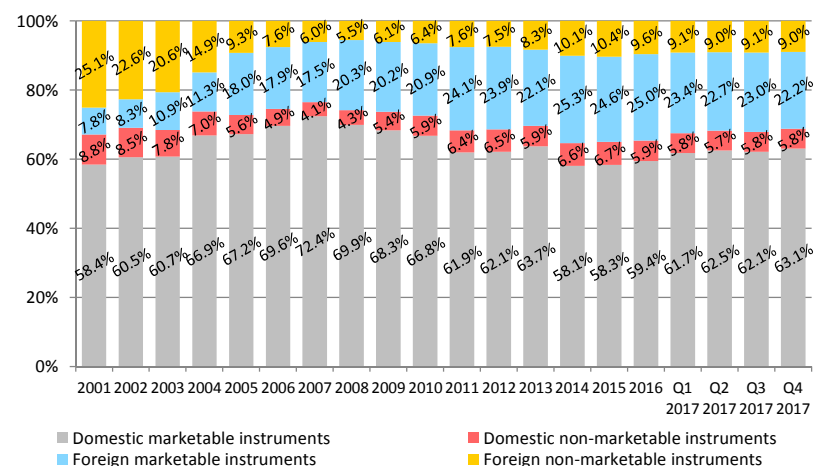


Chart 12. Unconsolidated debt of public finance sector units other than ST

At the end of 2017, the unconsolidated debt of units other than ST amounted to 8.2% 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.

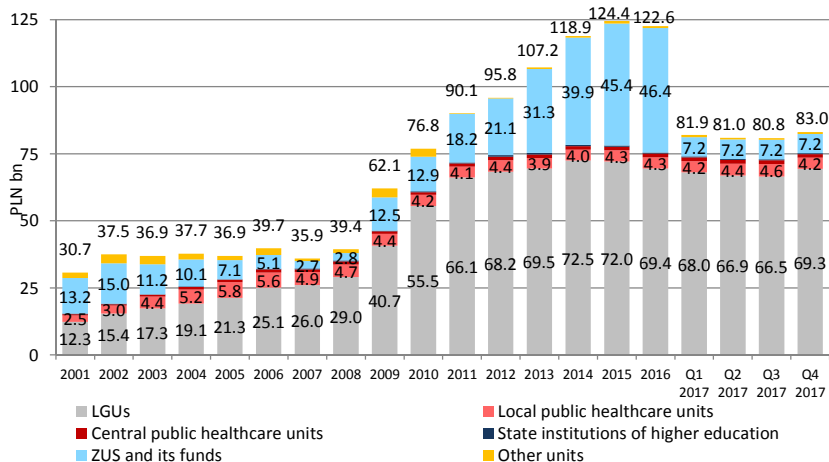


Chart 13. Consolidated debt of public finance sector units other than ST

At the end of 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 14.3% 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).

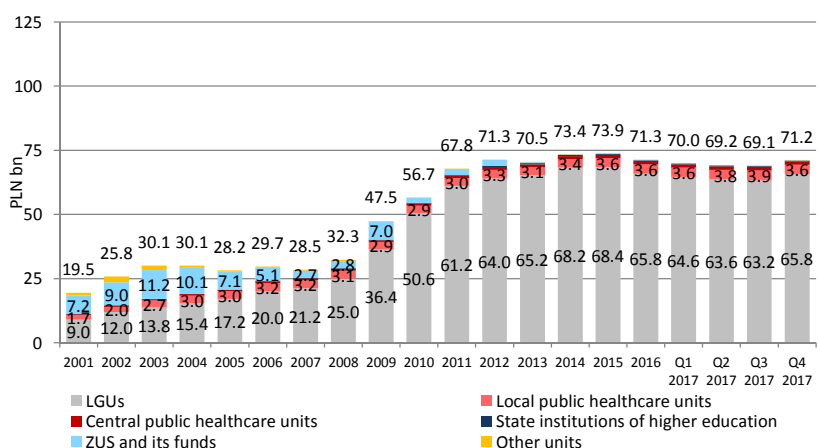


Chart 14. Structure of unconsolidated debt of LGUs and their associations according to place of issue criterion

The structure of local government liabilities and their unions was dominated by domestic debt, although the share of foreign debt had been increasing, reaching 22.8% at the end of the second and third quarter of 2017. In the fourth quarter of 2017 the share of foreign debt fell by 0.7 percentage points to 22.1%.

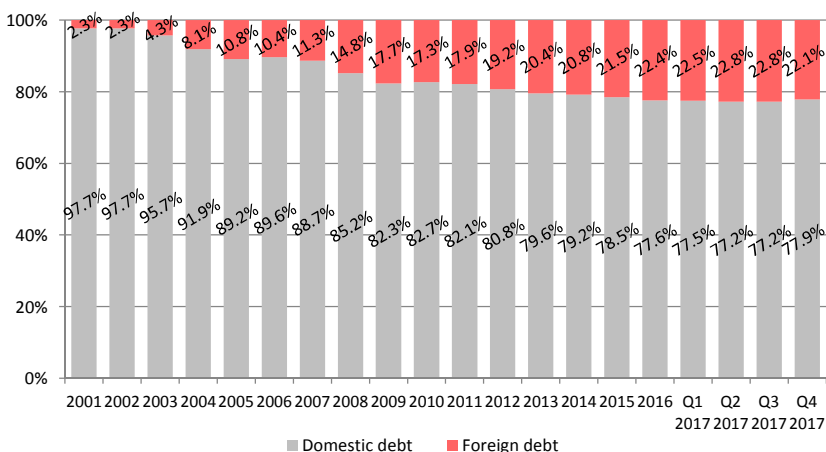


Chart 15. Structure of unconsolidated debt of LGUs and their associations by instrument

Loans prevailed in the structure of liabilities of LGUs and their unions with share of 94.2%. The role of loans in LGUs debt has been gradually growing. In the whole 2017 and the fourth quarter of 2017 the share of loans rose by 0.5 and 0.8 percentage points respectively.

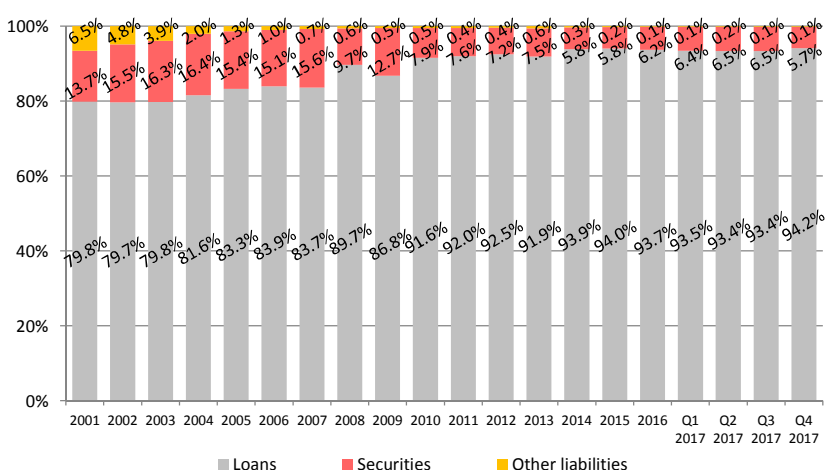
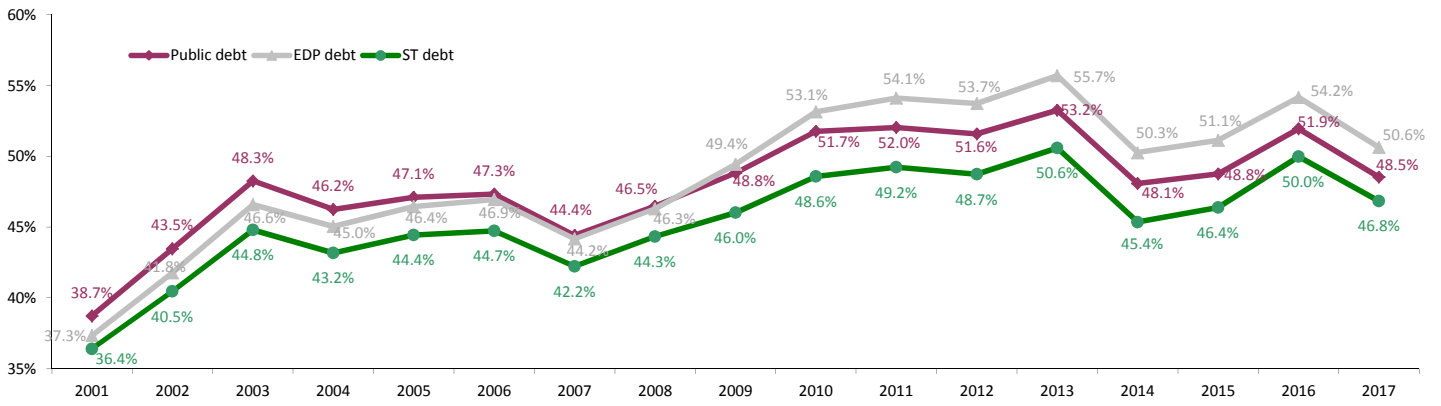


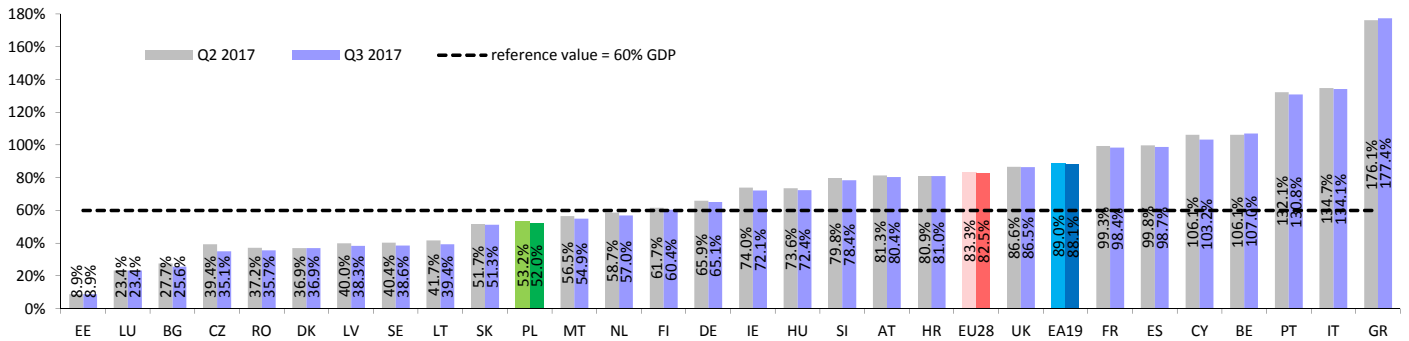
Chart 16. Public debt, EDP debt and State Treasury debt to GDP* ratios (eop)



Source: Ministry of Finance

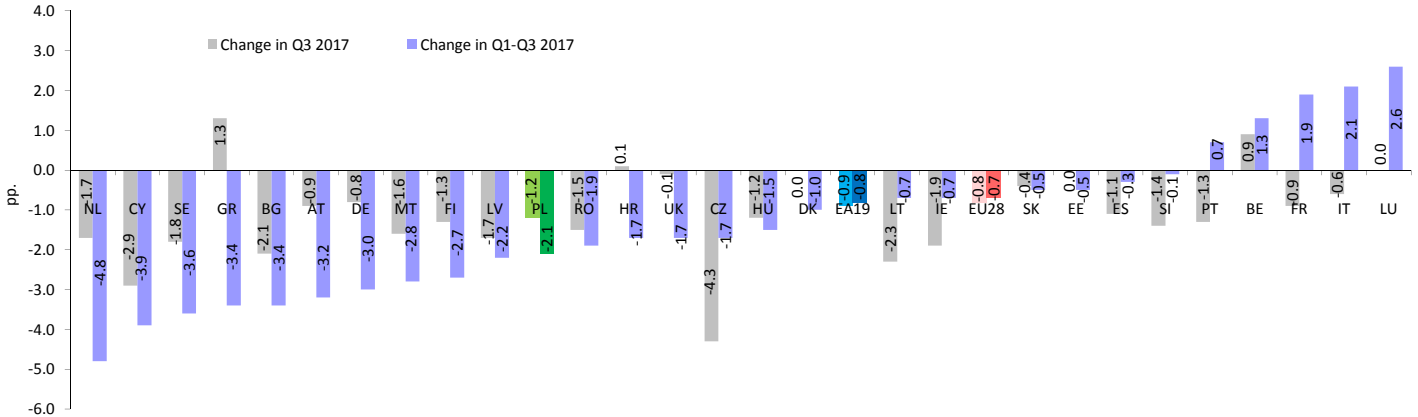
* According to the first estimate of the Central Statistical Office from 28 February 2018 GDP in 2017 amounted to PLN 1,982.3 billion.

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



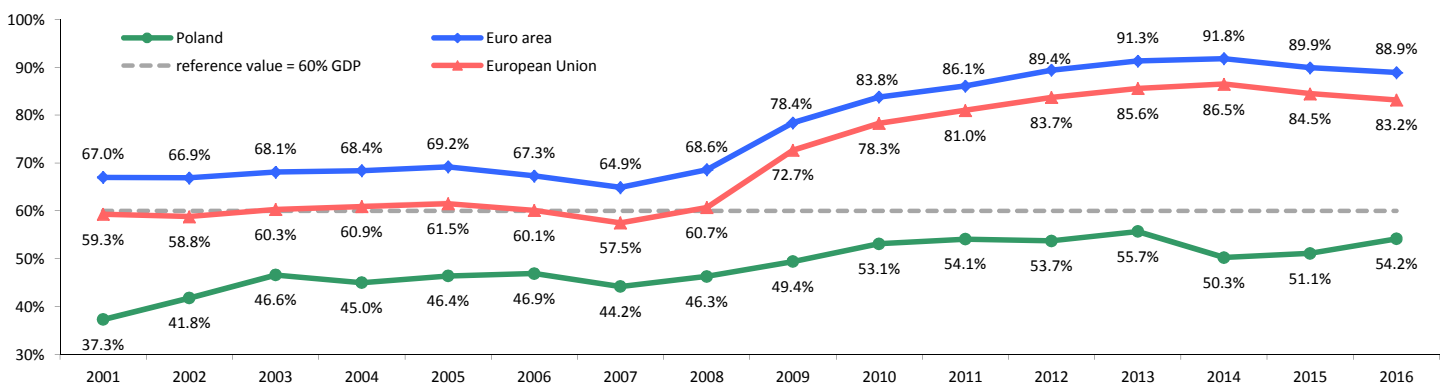
Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>, Ministry of Finance

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 2011	Q4 2012	Q4 2013	Q4 2014	Q4 2015	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Public debt	815,346.2	840,476.8	882,293.0	826,774.7	877,282.4	965,199.0	974,765.7	977,224.4	972,206.6	961,836.3
<i>1) Adjustments concerning the scope of the sector</i>	<i>35,729.9</i>	<i>38,220.7</i>	<i>42,468.0</i>	<i>39,178.4</i>	<i>44,316.9</i>	<i>43,507.4</i>	<i>40,566.7</i>	<i>40,704.7</i>	<i>40,399.4</i>	<i>43,196.7</i>
Debt of National Road Fund	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	41,087.8
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	-364.5	-3,038.9	-895.2	-1,210.9	-1,410.9	-1,384.1	-2,041.1	-2,549.7	-1,196.1	-1,023.1
Aquisition of infrastructure assets (motorways)	11,076.3	11,571.9	11,423.8	11,261.6	11,023.2	10,699.0	10,699.0	10,535.6	10,535.6	10,341.9
Bank Guarantee Fund	-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	-18,930.5
Public corporations included in general government sector	814.3	1,886.8	2,157.5	11,797.5	15,432.0	13,980.5	12,858.7	12,590.8	12,057.1	11,720.6
<i>2) Differences concerning debt instruments</i>	<i>-3,367.8</i>	<i>-3,437.9</i>	<i>-2,005.8</i>	<i>-1,712.8</i>	<i>-1,710.9</i>	<i>-2,121.5</i>	<i>-1,946.9</i>	<i>-1,581.1</i>	<i>-1,587.5</i>	<i>-1,634.4</i>
matured payables	-3,504.4	-3,616.5	-2,202.1	-1,947.0	-1,795.0	-1,733.0	-1,715.9	-1,957.0	-1,957.4	-2,105.5
debt assumption - activation of a guarantee	14.6	20.0	1.6	0.2	0.0	0.1	0.0	0.5	0.8	2.7
restructured/refinanced trade credits and sell-lease-back operations	122.0	158.6	194.8	535.3	567.3	692.1	649.3	658.7	618.2	707.8
derivatives	0.0	0.0	0.0	-301.2	-483.2	-1,080.7	-880.3	-283.4	-249.1	-239.5
General government debt	847,708.3	875,259.6	922,755.2	864,240.3	919,888.4	1,006,584.9	1,013,385.5	1,016,347.9	1,011,018.5	1,003,398.6

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

ITEM	Q4 2016	structure Q4 2016	Q3 2017	structure Q3 2017	Q4 2017	structure Q4 2017	change Q4 2017 - Q3 2017		change Q4 2017 - Q4 2016	
							m PLN	%	m PLN	%
Public debt	1,051,239.1	100.0%	1,021,547.5	100.0%	1,011,512.0	100.0%	-10,035.5	-1.0%	-39,727.1	-3.8%
1. Central government sector debt	930,433.1	88.5%	942,557.8	92.3%	930,149.6	92.0%	-12,408.2	-1.3%	-283.5	0.0%
1.1. State Treasury	928,666.2	88.3%	940,729.2	92.1%	928,471.8	91.8%	-12,257.4	-1.3%	-194.4	0.0%
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	370.2	0.0%	349.4	0.0%	371.4	0.0%	22.0	6.3%	1.2	0.3%
1.4. Independent public healthcare units	1,382.7	0.1%	1,469.0	0.1%	1,293.3	0.1%	-175.8	-12.0%	-89.4	-6.5%
1.5. State institutions of culture	4.7	0.0%	5.0	0.0%	5.7	0.0%	0.7	13.7%	1.0	20.7%
1.6. Polish Academy of Science and units established by it	1.6	0.0%	1.2	0.0%	1.2	0.0%	0.0	-1.5%	-0.4	-24.5%
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	7.8	0.0%	4.0	0.0%	6.3	0.0%	2.4	59.2%	-1.4	-18.5%
2. Local government sector debt	74,400.9	7.1%	71,746.6	7.0%	74,123.2	7.3%	2,376.6	3.3%	-277.7	-0.4%
2.1. Local government units	69,416.1	6.6%	66,512.6	6.5%	69,285.2	6.8%	2,772.6	4.2%	-130.9	-0.2%
2.2. Independent public health units	4,270.6	0.4%	4,594.1	0.4%	4,199.1	0.4%	-395.0	-8.6%	-71.5	-1.7%
2.3. Local institutions of culture	51.6	0.0%	54.1	0.0%	61.2	0.0%	7.1	13.1%	9.6	18.6%
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	662.6	0.1%	585.8	0.1%	577.7	0.1%	-8.1	-1.4%	-84.9	-12.8%
3. Social Security Sector debt	46,405.1	4.4%	7,243.1	0.7%	7,239.2	0.7%	-3.9	-0.1%	-39,165.9	-84.4%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	1.0%	0.0	-
3.2. Funds managed by Social Insurance Institution	46,405.1	4.4%	7,243.1	0.7%	7,239.2	0.7%	-3.9	-0.1%	-39,165.9	-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	Q3 2017	structure Q3 2017	Q4 2017	structure Q4 2017	change Q4 2017 - Q3 2017		change Q4 2017 - Q4 2016	
							m PLN	%	m PLN	%
Public debt	965,199.0	100.0%	972,206.6	100.0%	961,836.3	100.0%	-10,370.3	-1.1%	-3,362.7	-0.3%
1. Central government sector debt	895,559.3	92.8%	904,882.0	93.1%	892,275.5	92.8%	-12,606.6	-1.4%	-3,283.8	-0.4%
1.1. State Treasury	893,893.3	92.6%	903,150.8	92.9%	890,685.9	92.6%	-12,465.0	-1.4%	-3,207.4	-0.4%
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%	318.6	0.0%	339.3	0.0%	20.7	6.5%	6.6	2.0%
1.4. Independent public health units	1,328.1	0.1%	1,408.6	0.1%	1,244.4	0.1%	-164.2	-11.7%	-83.7	-6.3%
1.5. State institutions of culture	0.5	0.0%	0.8	0.0%	1.3	0.0%	0.5	60.9%	0.8	156.5%
1.6. Polish Academy of Science and units established by it	1.1	0.0%	0.8	0.0%	0.8	0.0%	0.0	-2.1%	-0.2	-22.9%
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	3.6	0.0%	2.4	0.0%	3.8	0.0%	1.4	56.2%	0.2	5.7%
2. Local government sector debt	69,560.6	7.2%	67,255.6	6.9%	69,495.7	7.2%	2,240.1	3.3%	-64.9	-0.1%
2.1. Local government units	65,841.2	6.8%	63,249.7	6.5%	65,806.3	6.8%	2,556.6	4.0%	-34.9	-0.1%
2.2. Independent public health units	3,648.8	0.4%	3,940.3	0.4%	3,627.4	0.4%	-312.9	-7.9%	-21.4	-0.6%
2.3. Local institutions of culture	35.8	0.0%	37.9	0.0%	43.1	0.0%	5.2	13.8%	7.3	20.3%
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%	27.8	0.0%	18.9	0.0%	-8.8	-31.9%	-15.8	-45.6%
3. Social Security Sector debt	79.1	0.0%	68.9	0.0%	65.1	0.0%	-3.9	-5.6%	-14.0	-17.7%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	1.0%	0.0	-
3.2. Funds managed by Social Insurance Institution	79.1	0.0%	68.9	0.0%	65.1	0.0%	-3.9	-5.6%	-14.0	-17.7%
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	-