

1. **At the end of the third quarter of 2018** consolidated **public debt** (according to domestic definition) stood at **PLN 977,948.5 million*** and compared with:

- the previous quarter fell by PLN 7,190.8 million (-0.7%),
- the end of 2017 rose by PLN 16,107.0 million (+1.7%).

2. **The decrease of public debt in the third quarter of 2018** resulted from:

- decrease in central government sector debt of PLN 8,609.2 million (-0.9%), including consolidated State Treasury (ST) debt decrease of PLN 8,660.3 million (-0.9%),
- increase in local government sector debt of PLN 1,416.8 million (+2.1%), including local government units debt increase of PLN 1,216.5 million (+1.9%),
- increase in social security sector debt of PLN 1.5 million (+2.4%).

3. **At the end of the third quarter of 2018 unconsolidated public debt** stood at **PLN 1,025,489.8 million** and compared with:

- the previous quarter fell by PLN 4,896.1 million (-0.5%),
- the end of 2017 rose by PLN 13,947.3 million (+1.4%).

4. **At the end of the third quarter of 2018 general government debt** (EDP debt, part of the government finance Maastricht criterion) was at **PLN 1,028,007.8 million*** and:

- fell by PLN 3,977.3 million (-0.4%) in the third quarter of 2018,
- rose by PLN 22,319.6 million (+2.2%) compared with the end of 2017.

5. **Changes in EDP debt in the third quarter of 2018** were similar to those in public debt measured according to domestic definition. Additionally EDP debt was influenced by:

- increase in debt of National Road Fund (NRF) by PLN 3,274.8 million,
- increase in T-securities held by Bank Guarantee Fund (incl. funds for protection of the guaranteed assets) by PLN 893.0 million and decrease in TS held by funds managed by BGK (incl. NRF) by PLN 555.4 million which in total decreased EDP debt due to increase of consolidation between units of the general government sector,
- increase in debt of corporations included in general government sector by PLN 406.4 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).

* Data regarding the third quarter of 2018 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 2017	structure Q4 2017	Q2 2018	structure Q2 2018	Q3 2018	structure Q3 2018	change		change	
							Q3 2018 - Q2 2018 PLN m	%	Q3 2018 - Q4 2017 PLN m	%
Public debt	961,841.5	100.0%	985,139.3	100.0%	977,948.5	100.0%	-7,190.8	-0.7%	16,107.0	1.7%
Domestic debt	662,517.4	68.9%	676,219.7	68.6%	679,243.9	69.5%	3,024.2	0.4%	16,726.5	2.5%
1. Debt securities	605,562.8	63.0%	619,037.2	62.8%	620,882.3	63.5%	1,845.1	0.3%	15,319.6	2.5%
2. Loans	50,638.0	5.3%	49,331.0	5.0%	50,352.3	5.1%	1,021.3	2.1%	-285.7	-0.6%
3. Other domestic liabilities	6,316.6	0.7%	7,851.5	0.8%	8,009.3	0.8%	157.8	2.0%	1,692.7	26.8%
Foreign debt	299,324.1	31.1%	308,919.6	31.4%	298,704.6	30.5%	-10,215.0	-3.3%	-619.5	-0.2%
1. Debt securities	213,330.4	22.2%	216,784.4	22.0%	212,249.3	21.7%	-4,535.1	-2.1%	-1,081.1	-0.5%
2. Loans	85,973.0	8.9%	92,104.7	9.3%	86,431.1	8.8%	-5,673.6	-6.2%	458.2	0.5%
3. Other foreign liabilities	20.7	0.0%	30.5	0.0%	24.2	0.0%	-6.3	-20.8%	3.4	16.4%

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

Item	Q4 2017	structure Q4 2017	Q2 2018	structure Q2 2018	Q3 2018	structure Q3 2018	change		change	
							Q3 2018 - Q2 2018 PLN m	%	Q3 2018 - Q4 2017 PLN m	%
Public debt	961,841.5	100.0%	985,139.3	100.0%	977,948.5	100.0%	-7,190.8	-0.7%	16,107.0	1.7%
Domestic debt	474,094.9	49.3%	501,181.6	50.9%	507,225.8	51.9%	6,044.2	1.2%	33,131.0	7.0%
1. Debt securities	417,806.5	43.4%	444,663.5	45.1%	449,526.7	46.0%	4,863.1	1.1%	31,720.1	7.6%
2. Loans	50,638.0	5.3%	49,331.0	5.0%	50,352.3	5.1%	1,021.3	2.1%	-285.7	-0.6%
3. Other domestic liabilities	5,650.3	0.6%	7,187.1	0.7%	7,346.9	0.8%	159.8	2.2%	1,696.6	30.0%
Foreign debt	487,746.6	50.7%	483,957.7	49.1%	470,722.7	48.1%	-13,235.0	-2.7%	-17,023.9	-3.5%
1. Debt securities	401,086.6	41.7%	391,158.0	39.7%	383,604.9	39.2%	-7,553.1	-1.9%	-17,481.7	-4.4%
2. Loans	85,973.0	8.9%	92,104.7	9.3%	86,431.1	8.8%	-5,673.6	-6.2%	458.2	0.5%
3. Other foreign liabilities	687.0	0.1%	694.9	0.1%	686.6	0.1%	-8.3	-1.2%	-0.5	-0.1%

Chart 1. Public debt

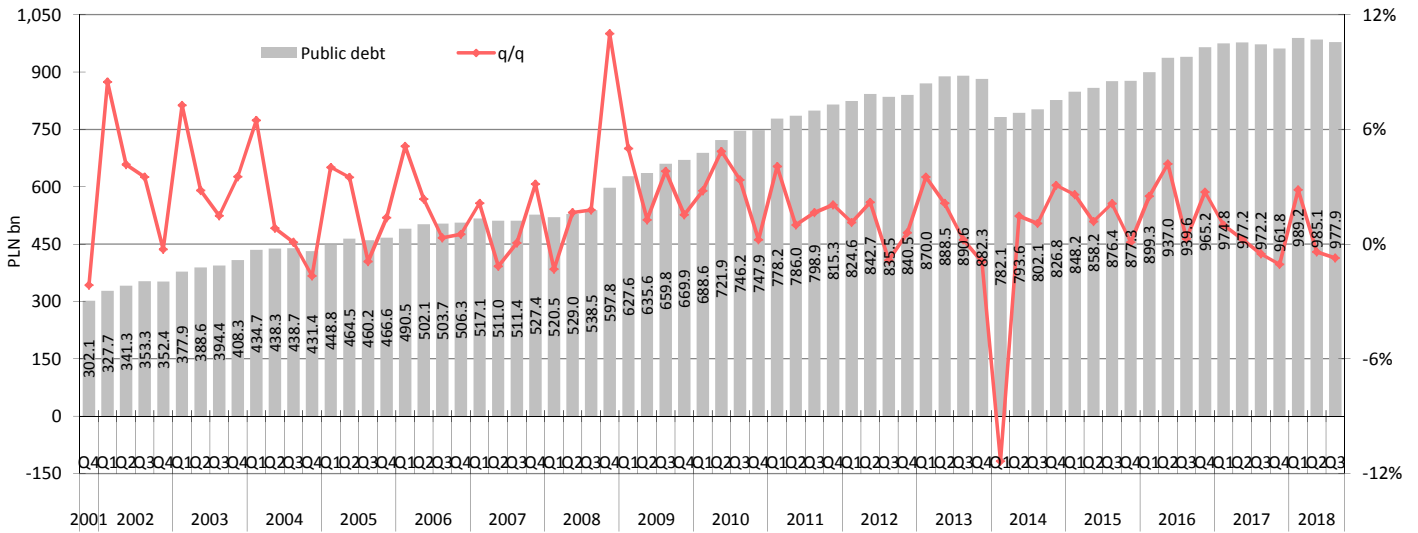


Chart 2. EDP debt

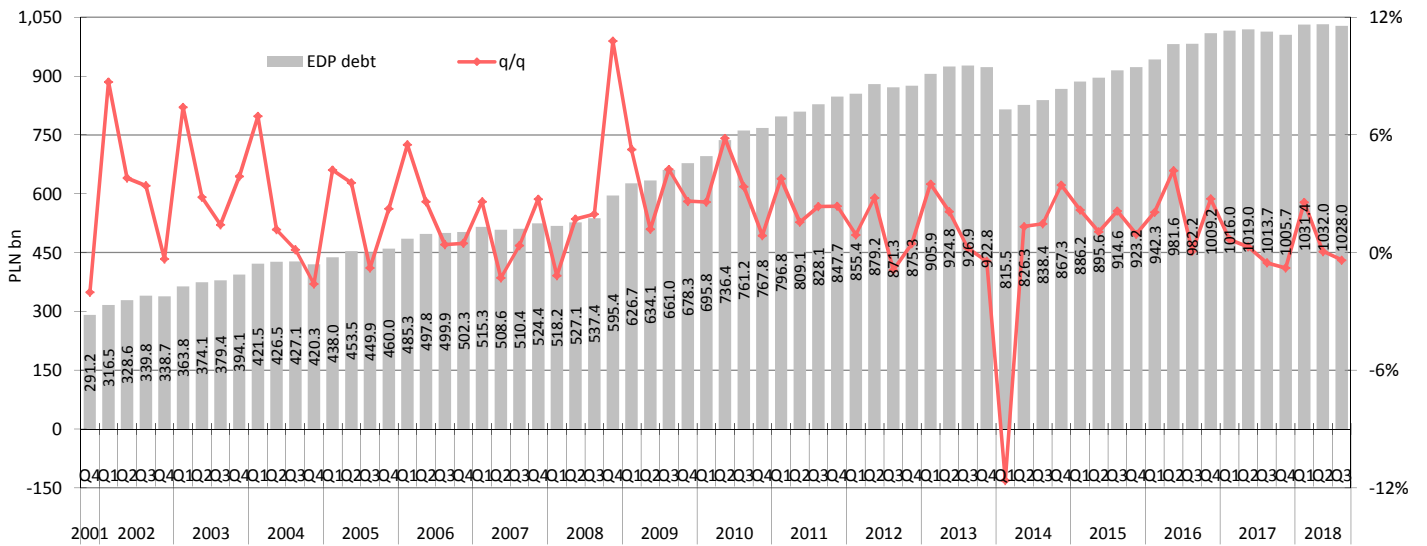


Chart 3. Differences between public debt and general government debt

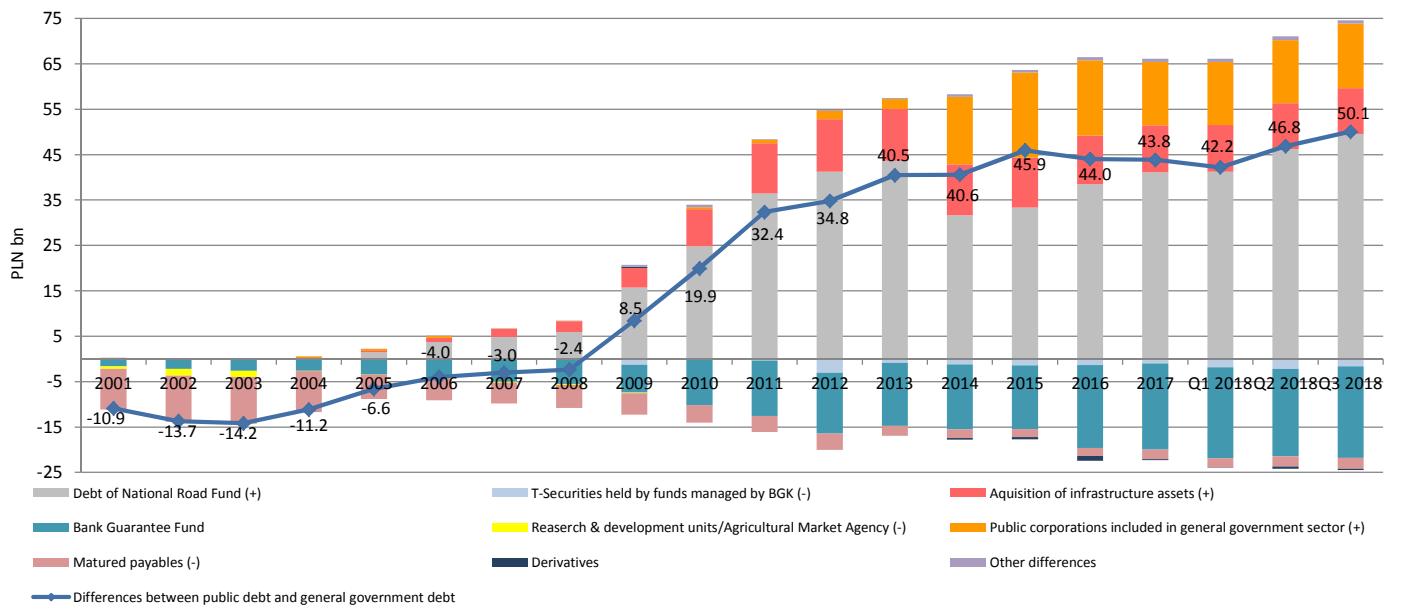


Chart 4. Public debt according to the place of issue criterion

At the end of the third quarter of 2018 domestic debt stood at PLN 679.2 bn, up by PLN 3.0 bn (+0.4%) compared with the previous quarter.

Foreign debt stood at PLN 298.7 bn, down by PLN 10.2 bn (-3.3%) compared with the end of the second quarter mainly due to changes in ST foreign debt resulting from:

- decrease in debt denominated in EUR (repayment of loans granted by international monetary institutions: EUR 1.0 bn),
- appreciation of zloty (PLN -6.1bn) – by 2.1% against EUR, 1.8% against USD, 0.2% against CHF, 4.2% against JPY and by 5.6% against CNY .

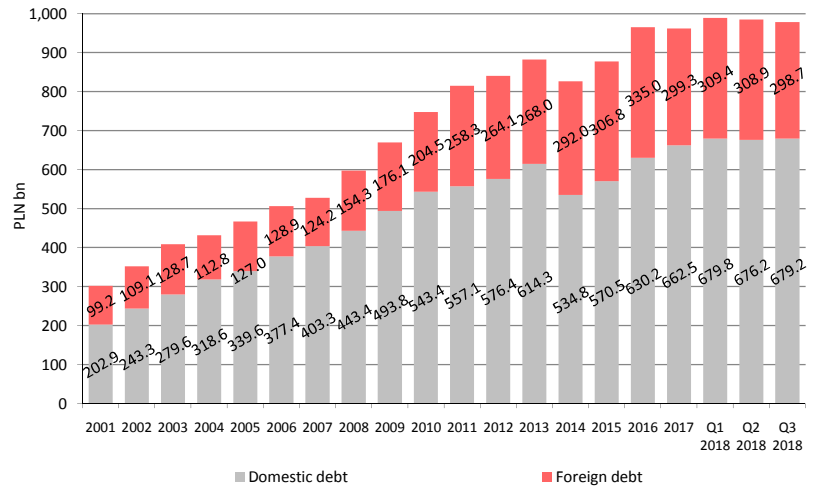


Chart 5. Structure of public debt according to the place of issue criterion

At the end of the third quarter of 2018 the share of foreign debt in total debt amounted to 30.5%, down by 0.9 percentage points compared with the end of the previous quarter and by 0.6 percentage points compared with the end of 2017. The decrease in share of foreign debt from January to September 2018 and in the third quarter alone resulted from negative issuance balance of foreign debt with concurrent increase in domestic debt. In addition, in the third quarter of 2018 the share of foreign debt was influenced by the strengthening of the Polish zloty.

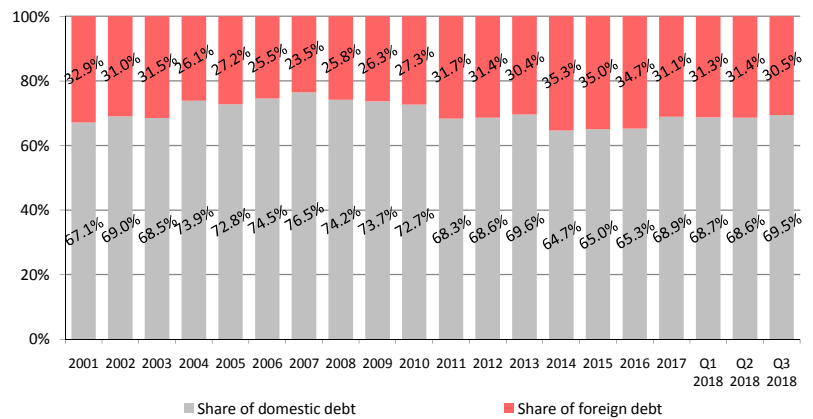


Chart 6. Public debt by holder

In the third quarter of 2018 public debt towards:

- domestic banking sector fell by PLN 0.2 bn (-0.1%),
- domestic non-banking sector rose by PLN 6.3 bn (+3.6%),
- foreign investors (non-residents) fell by PLN 13.2 bn (-2.7%).

Compared with the end of 2017 public debt towards:

- domestic banking sector rose by PLN 17.4 bn (+5.6%),
- domestic non-banking sector rose by PLN 15.7 bn (+9.5%),
- foreign investors (non-residents) fell by PLN 17.0 bn (-3.5%).

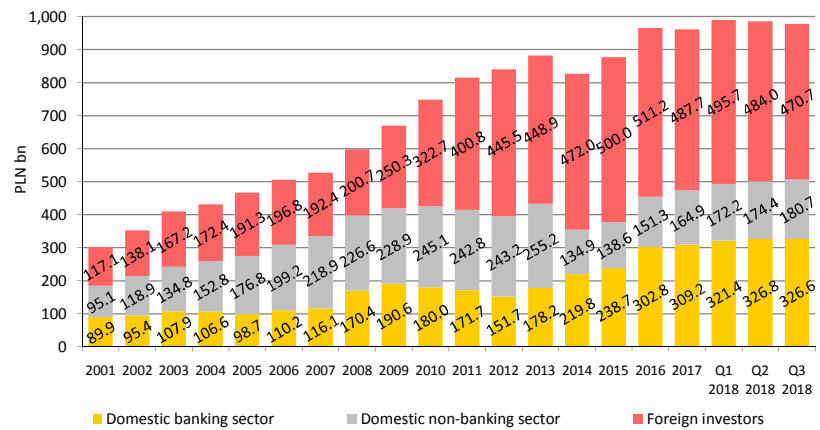


Chart 7. Structure of public debt by holder

The share of public debt towards foreign investors has been steadily decreasing. It fell further by 1.0 percentage points in the third quarter of 2018 and amounted to 48.1%. The share of foreign investors fell by 2.6 percentage points as compared with the end of 2017. It is the lowest level since the second quarter of 2011.

The share of public debt towards domestic banking sector rose by 0.2 percentage points in the third quarter of 2018 and by 1.3 percentage points as compared with the end of 2017. The share of public debt towards domestic non-banking sector rose by 0.8 and 1.4 percentage points, respectively.

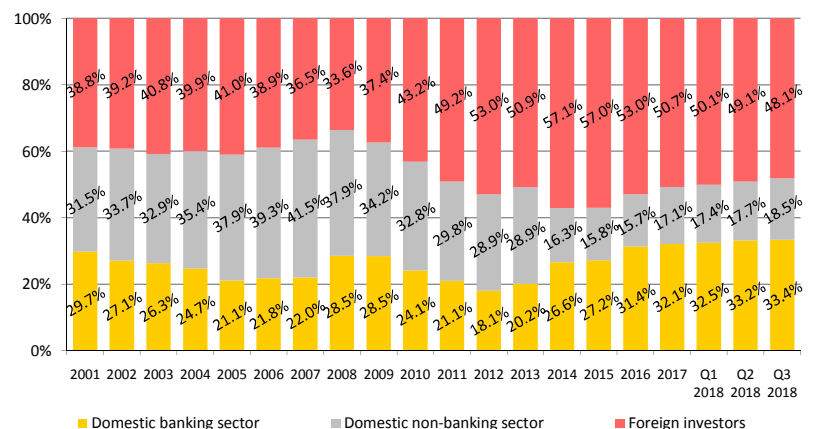


Chart 8. Consolidated public debt by subsector

At the end of the third quarter of 2018 public debt consisted of:

- central government debt - PLN 908.5 bn,
- local government debt - PLN 69.4 bn,
- social security funds debt - PLN 0.1 bn.

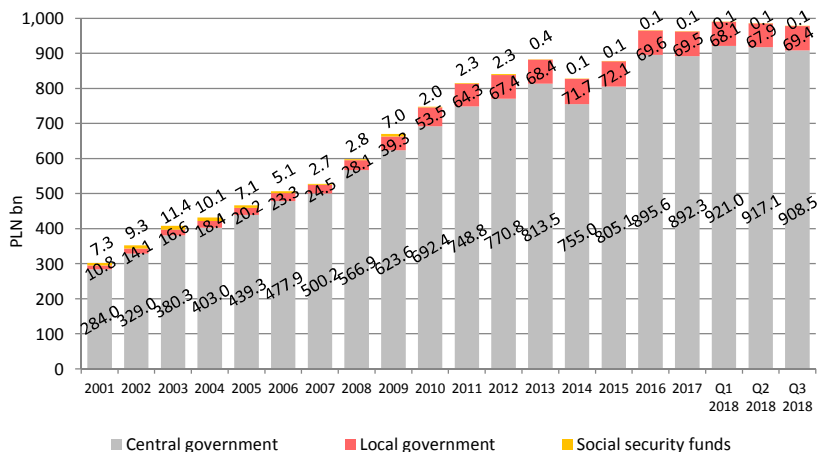


Chart 9. Structure of consolidated public debt by subsector

At the end of the third quarter of 2018 share of subsectors in total public debt amounted to:

- central government subsector - 92.9% (up by 0.1 percentage points as compared with the end of 2017),
- local government subsector - 7.1% (down by 0.1 percentage points as compared with the end of 2017), of which 6.7% represented debt of local government units and their unions,
- social security funds - 0.01% (no change).

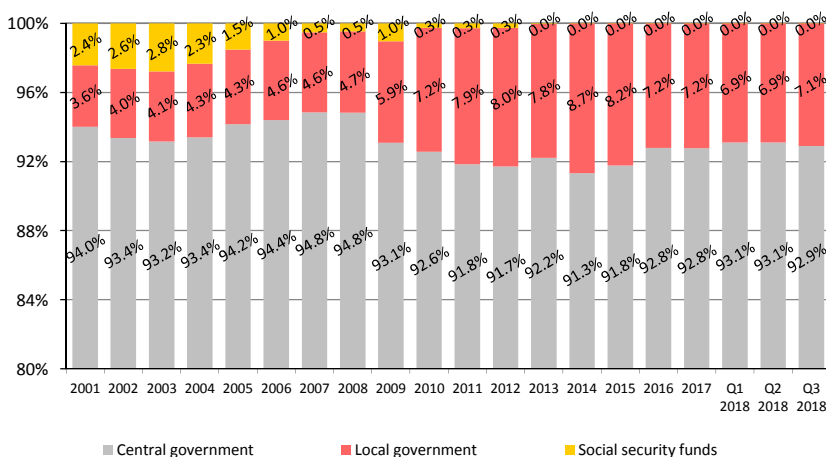


Chart 10. Changes in consolidated public debt by subsector

The decrease of public debt in the third quarter of 2018 was mainly a result of central government debt decrease, in particular of State Treasury debt. In the third quarter of 2018 public debt fell by PLN 7.2 bn (-0.7%) while central government debt fell by PLN 8.6 bn (-0.9%) and consolidated State Treasury debt decreased by PLN 8.7 bn (-0.9%). Local government debt rose in the third quarter of 2018 by PLN 1.4 bn (+2.1%) and resulted from an increase in local government units debt (PLN +1.2 bn and 1.9%) and local health units debt (PLN +0.2 bn and 5.2%). Since the beginning of 2018 the debt of local government units fell by PLN 0.6bn (-0.9%). Social security funds debt rose slightly in the third quarter of 2018 by PLN 1.5 m (+2.4%).

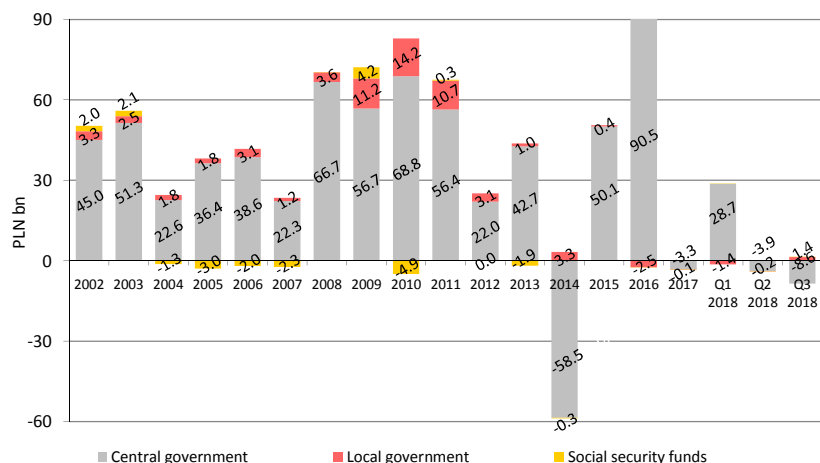


Chart 11. Structure of public debt by instrument

At the end of the third quarter of 2018 marketable instruments comprised 85.2% of public debt, including instruments issued on the domestic market - 63.5%. The share of marketable instruments in public debt rose in the third quarter of 2018 by 0.3 percentage points and fell by 0.1 percentage points as compared with the end of 2017.

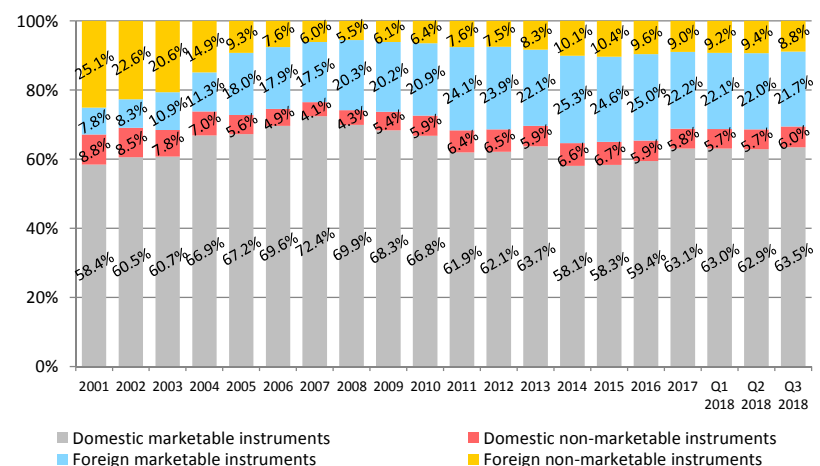


Chart 12. Unconsolidated debt of public finance sector units other than ST

At the end of the third quarter of 2018, the unconsolidated debt of units other than ST amounted to 7.4% of public debt, up from 7.2% at the end of the previous quarter and down from 8.2% at the end of 2017. Among those entities the debt of local government units and their unions constituted the largest part.

After the cancellation in the first quarter of 2018 of the remaining loans (PLN 7.2 billion) granted by the State Treasury to funds managed by ZUS with maturity date falling in the first quarter of 2019, the share of their debt fell below 0.01%.

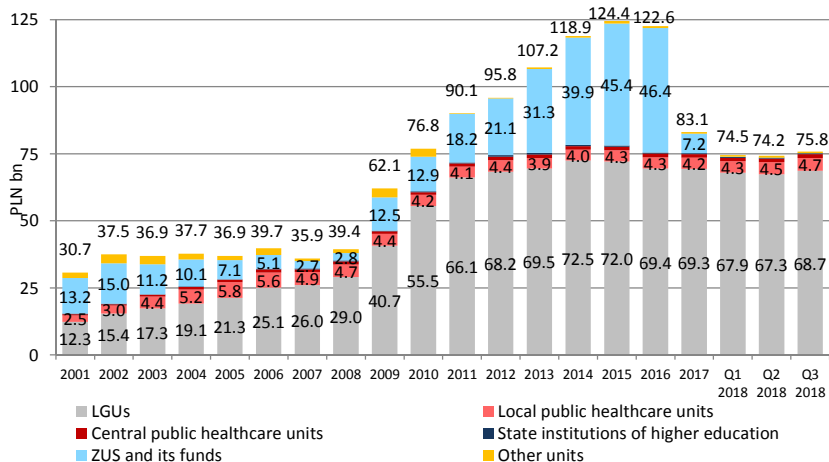


Chart 13. Consolidated debt of public finance sector units other than ST

At the end of the third quarter of 2018 the difference between consolidated and unconsolidated debt of public finance sector units other than ST amounted to PLN 4.7 bn. The reason is that 6.2% of their debt are liabilities towards other public finance sector units.

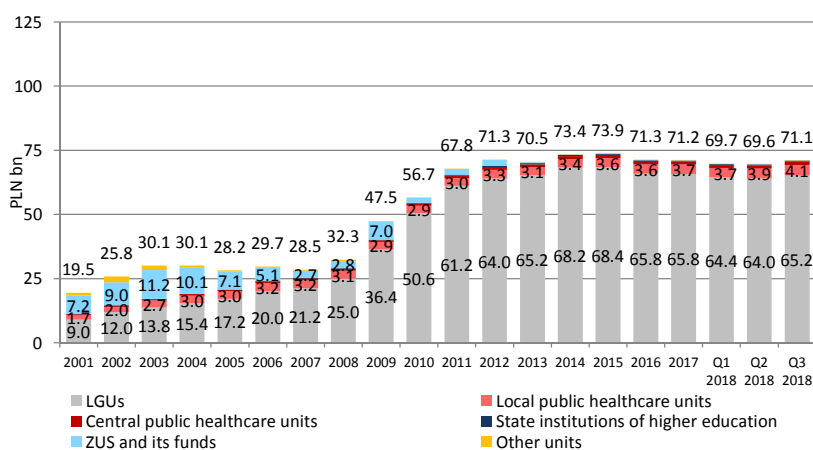


Chart 14. Structure of unconsolidated debt of LGUs and their associations according to place of issue criterion

The structure of local government liabilities and their unions was dominated by domestic debt. The share of foreign debt amounted to 22.5% at the end of the third quarter of 2018, down by 0.2 percentage points in the second quarter and up by 0.3 percentage points compared with the end of 2017.

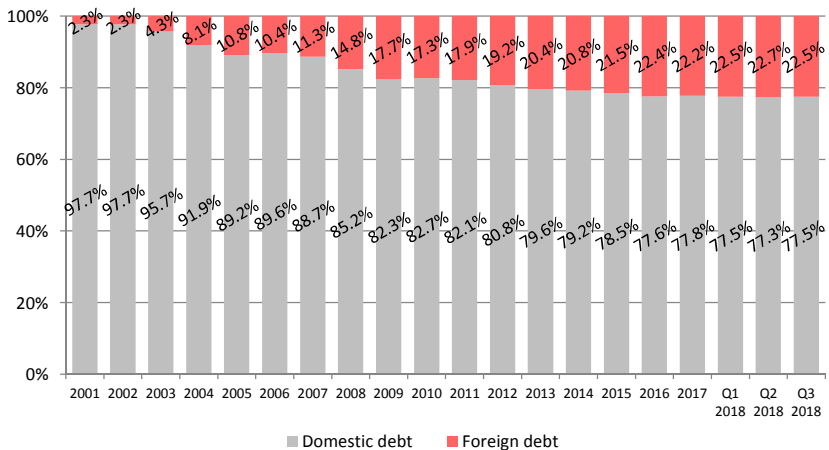


Chart 15. Structure of unconsolidated debt of LGUs and their associations by instrument

Loans prevailed in the structure of liabilities of LGUs and their unions with share of 94.3%. The role of loans in LGUs debt has been gradually growing (with a slight decrease in 2016) and rose by 0.1 percentage points as compared with the end of 2017. The share of foreign debt remained unchanged in the third quarter of 2018.

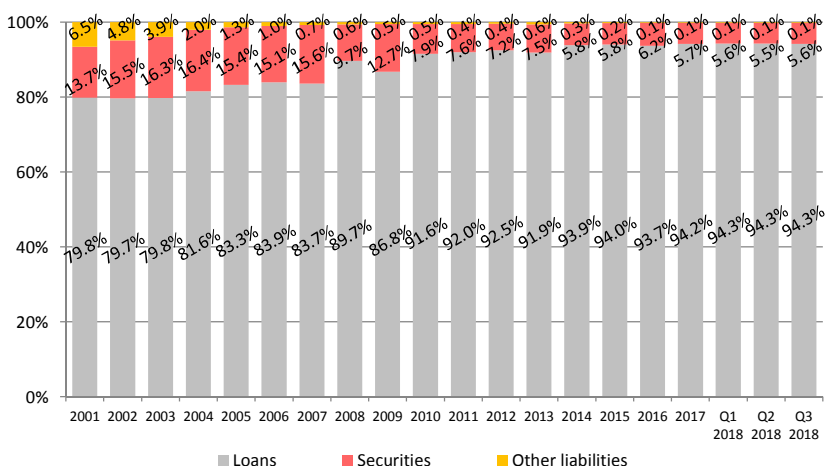
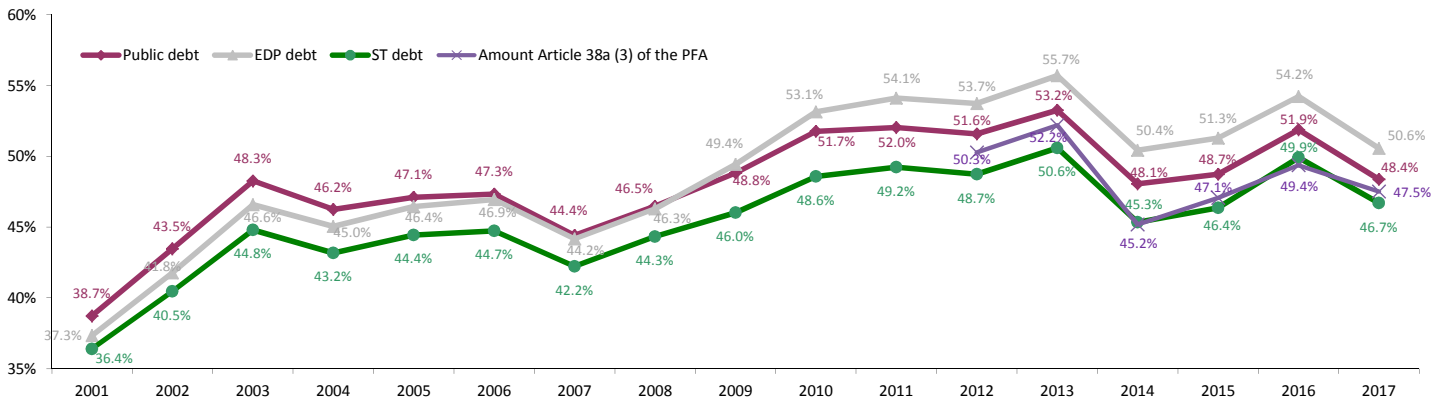
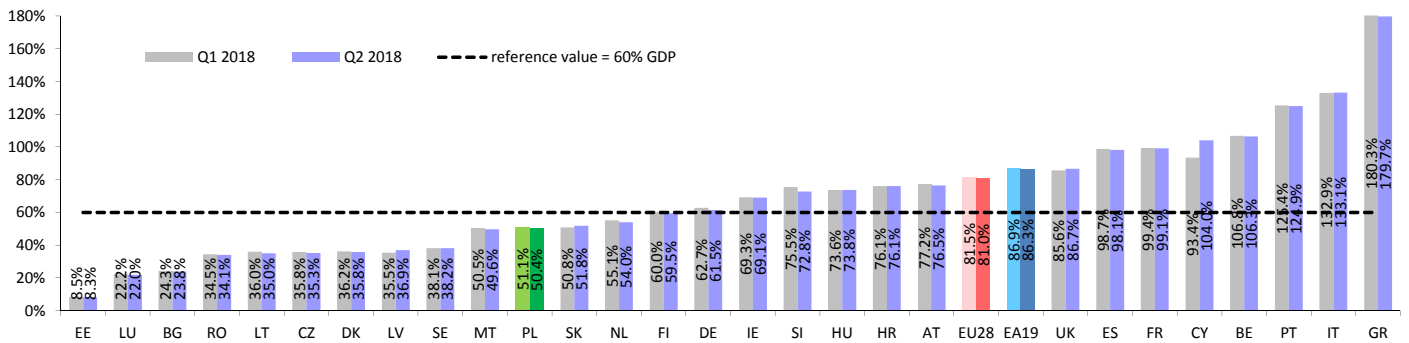


Chart 16. Public debt, EDP debt and State Treasury debt to GDP ratios (eop)



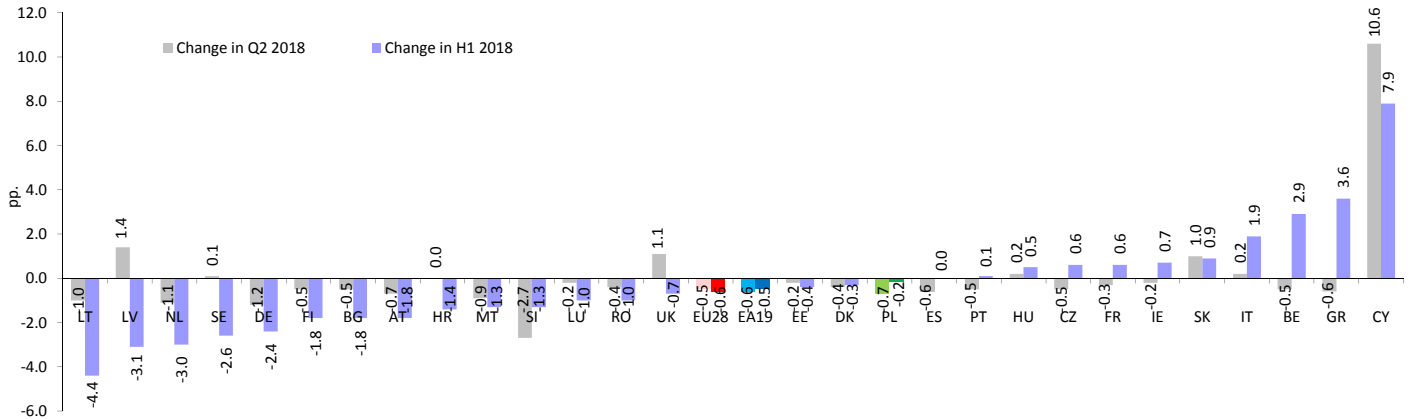
Source: Ministry of Finance

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



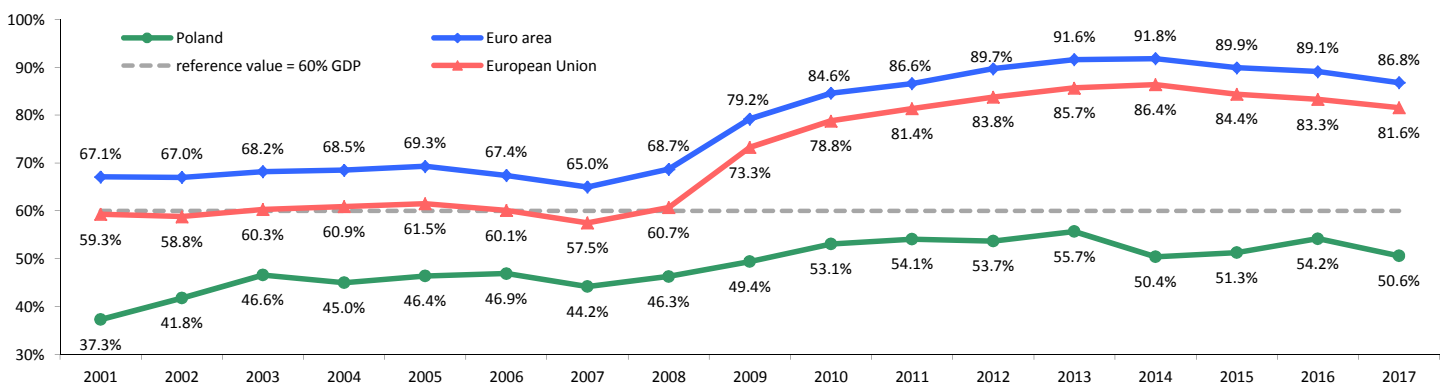
Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>, Ministry of Finance

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 2014	Q4 2015	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Public debt	826,774.7	877,282.4	965,199.0	974,765.7	977,224.4	972,220.4	961,841.5	989,195.8	985,139.3	977,948.5
<i>1) Adjustments concerning the scope of the sector</i>	42,208.4	47,629.9	46,134.4	43,193.7	43,331.7	43,026.4	45,460.7	43,595.3	48,732.1	52,074.2
Debt of National Road Fund	31,626.3	33,312.4	38,467.0	37,416.8	37,674.4	37,929.8	41,087.8	41,209.3	46,251.8	49,526.6
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	-1,210.9	-1,410.9	-1,384.1	-2,041.1	-2,549.7	-1,196.1	-1,023.1	-1,837.1	-2,184.2	-1,628.8
Aquisition of infrastructure assets (motorways)	11,261.6	11,023.2	10,699.0	10,699.0	10,535.6	10,535.6	10,341.9	10,341.9	10,077.9	10,077.9
Bank Guarantee Fund	-14,296.0	-14,039.8	-18,255.0	-18,366.7	-17,546.3	-18,927.0	-18,930.5	-20,008.0	-19,295.4	-20,190.0
Public corporations included in general government sector	14,827.5	18,745.0	16,607.5	15,485.7	15,217.8	14,684.1	13,984.6	13,889.1	13,882.1	14,288.5
<i>2) Differences concerning debt instruments</i>	-1,638.1	-1,706.9	-2,117.5	-1,942.9	-1,577.1	-1,583.8	-1,614.0	-1,398.4	-1,886.4	-2,014.9
matured payables	-1,947.0	-1,795.0	-1,733.0	-1,715.9	-1,957.0	-1,957.7	-2,106.0	-2,076.0	-2,234.7	-2,393.8
debt assumption - activation of a guarantee	0.2	0.0	0.1	0.0	0.5	0.5	2.3	2.3	136.7	0.2
restructured/refinanced trade credits and sell-lease-back operations	610.0	571.3	696.1	653.3	662.7	622.6	729.1	691.8	692.6	682.5
derivatives	-301.2	-483.2	-1,080.7	-880.3	-283.4	-249.1	-239.5	-16.6	-481.0	-303.9
General government debt	867,345.1	923,205.4	1,009,215.9	1,016,016.5	1,018,978.9	1,013,663.0	1,005,688.2	1,031,392.7	1,031,985.1	1,028,007.8

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

ITEM	Q4 2017	structure Q4 2017	Q2 2018	structure Q2 2018	Q3 2018	structure Q3 2018	change Q3 2018 - Q2 2018		change Q3 2018 - Q4 2017	
							m PLN	%	m PLN	%
Public debt	1,011,542.5	100.0%	1,030,385.9	100.0%	1,025,489.8	100.0%	-4,896.1	-0.5%	13,947.3	1.4%
1. Central government sector debt	930,145.6	92.0%	957,933.8	93.0%	951,492.8	92.8%	-6,441.0	-0.7%	21,347.2	2.3%
1.1. State Treasury	928,473.0	91.8%	956,144.6	92.8%	949,654.5	92.6%	-6,490.1	-0.7%	21,181.5	2.3%
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	371.4	0.0%	352.3	0.0%	345.2	0.0%	-7.1	-2.0%	-26.2	-7.1%
1.4. Independent public healthcare units	1,288.1	0.1%	1,338.6	0.1%	1,407.7	0.1%	69.0	5.2%	119.6	9.3%
1.5. State institutions of culture	5.7	0.0%	4.9	0.0%	4.6	0.0%	-0.2	-4.6%	-1.0	-18.3%
1.6. Polish Academy of Science and units established by it	1.2	0.0%	1.2	0.0%	1.1	0.0%	-0.1	-7.7%	-0.2	-12.7%
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	6.3	0.0%	92.3	0.0%	79.7	0.0%	-12.6	-13.6%	73.4	1170.6%
2. Local government sector debt	74,157.6	7.3%	72,388.4	7.0%	73,931.8	7.2%	1,543.4	2.1%	-225.8	-0.3%
2.1. Local government units	69,281.3	6.8%	67,301.4	6.5%	68,658.4	6.7%	1,357.1	2.0%	-622.9	-0.9%
2.2. Independent public health units	4,236.8	0.4%	4,512.5	0.4%	4,738.6	0.5%	226.1	5.0%	501.8	11.8%
2.3. Local institutions of culture	61.8	0.0%	63.0	0.0%	70.1	0.0%	7.1	11.2%	8.3	13.4%
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	577.7	0.1%	511.5	0.0%	464.7	0.0%	-46.8	-9.2%	-113.0	-19.6%
3. Social Security Sector debt	7,239.2	0.7%	63.6	0.0%	65.2	0.0%	1.5	2.4%	-7,174.1	-99.1%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-1.0%
3.2. Funds managed by Social Insurance Institution	7,239.2	0.7%	63.6	0.0%	65.2	0.0%	1.5	2.4%	-7,174.1	-99.1%
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 2017	structure Q4 2017	Q2 2018	structure Q2 2018	Q3 2018	structure Q3 2018	change Q3 2018 - Q2 2018		change Q3 2018 - Q4 2017	
							m PLN	%	m PLN	%
Public debt	961,841.5	100.0%	985,139.3	100.0%	977,948.5	100.0%	-7,190.8	-0.7%	16,107.0	1.7%
1. Central government sector debt	892,272.2	92.8%	917,130.4	93.1%	908,521.2	92.9%	-8,609.2	-0.9%	16,248.9	1.8%
1.1. State Treasury	890,687.1	92.6%	915,500.6	92.9%	906,840.3	92.7%	-8,660.3	-0.9%	16,153.3	1.8%
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	339.4	0.0%	321.9	0.0%	317.5	0.0%	-4.4	-1.4%	-21.9	-6.4%
1.4. Independent public health units	1,240.0	0.1%	1,291.6	0.1%	1,358.1	0.1%	66.5	5.2%	118.1	9.5%
1.5. State institutions of culture	1.3	0.0%	1.4	0.0%	1.6	0.0%	0.2	11.8%	0.3	22.1%
1.6. Polish Academy of Science and units established by it	0.8	0.0%	0.8	0.0%	0.7	0.0%	-0.1	-11.4%	-0.2	-18.4%
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	3.7	0.0%	14.1	0.0%	3.0	0.0%	-11.1	-78.6%	-0.7	-19.3%
2. Local government sector debt	69,504.2	7.2%	67,945.3	6.9%	69,362.2	7.1%	1,416.8	2.1%	-142.0	-0.2%
2.1. Local government units	65,779.6	6.8%	63,967.5	6.5%	65,184.0	6.7%	1,216.5	1.9%	-595.5	-0.9%
2.2. Independent public health units	3,661.9	0.4%	3,920.7	0.4%	4,122.9	0.4%	202.2	5.2%	461.0	12.6%
2.3. Local institutions of culture	43.7	0.0%	42.6	0.0%	45.9	0.0%	3.3	7.7%	2.2	5.0%
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	18.9	0.0%	14.5	0.0%	9.3	0.0%	-5.1	-35.6%	-9.6	-50.8%
3. Social Security Sector debt	65.1	0.0%	63.6	0.0%	65.2	0.0%	1.5	2.4%	0.1	0.1%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-1.0%
3.2. Funds managed by Social Insurance Institution	65.1	0.0%	63.6	0.0%	65.2	0.0%	1.5	2.4%	0.1	0.1%
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	-