

- At the end of 2018 consolidated public debt (according to domestic definition) stood at **PLN 984,284.7 million*** and compared with:
 - the previous quarter rose by PLN 7,004.7 million (+0.7%),
 - the end of 2017 rose by PLN 22,443.1 million (+2.3%).
- The increase of public debt in the fourth quarter of 2018 was resultant of:
 - decrease in central government sector debt of PLN 551.0 million (-0.1%), including consolidated State Treasury (ST) debt decrease of PLN 600.0 million (-0.1%),
 - increase in local government sector debt of PLN 7,551.8 million (+10.9%), including local government units (LGUs) debt increase of PLN 7,435.2 million (+11.4%),
 - increase in social security sector debt of PLN 3.9 million (+6.0%).
- Increase of public debt in 2018 resulted from:
 - increase in central government sector debt of PLN 15,029.2 million (+1.7%), including consolidated ST debt increase of PLN 14,884.6 million (+1.7%),
 - increase in local government sector debt of PLN 7,0409.9 million (+10.7%), including local government units debt increase of PLN 6,839.6 million (+10.4%),
 - increase in social security sector debt of PLN 4.0 million (+6.1%).
- Public debt to GDP ratio in 2018 amounted to **46.5%** (based on the first GDP estimate of the Central Statistical Office from 28 February 2019)**, down by **1.9 percentage points compared with 2017**.
- At the end of 2018 general government debt (EDP debt, part of the government finance Maastricht criterion) was at **PLN 1,033,641.5 million*** and:
 - rose by PLN 5,465.3 million (+0.5%) in the fourth quarter of 2018,
 - rose by PLN 27,919.9 million (+2.8%) compared with the end of 2017.

- Changes in EDP debt in the fourth quarter of 2018 were similar to those in public debt measured according to domestic definition. Additionally EDP debt was influenced by:
 - decrease in debt of National Road Fund (NRF) by PLN 1,574.3 million,
 - decrease in T-securities held by Bank Guarantee Fund (incl. funds for protection of the guaranteed assets) and funds managed by BGK (incl. NRF) by PLN 357.8 million in total which increased 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 2018 resulted predominantly from changes in State Treasury and LGUs debt. Moreover EDP debt was influenced mainly by:
 - increase in debt of NRF by PLN 6,864.5 million,
 - increase in T-securities held by Bank Guarantee Fund (incl. funds for protection of the guaranteed assets) and funds managed by BGK (incl. NRF) which decreased EDP debt by PLN 1,469.8 million in total,
 - decrease in matured payables by PLN 385.2 million
 - decrease in liabilities resulting from infrastructure investments (motorways) by PLN 380.1 million,
 - increase in debt of corporations included in general government sector by PLN 265.7 million.
 - EDP debt to GDP ratio in 2018 amounted to **48.8%** (based on the first GDP estimate of the Central Statistical Office from 28 February 2019)**, down by **1.7 percentage points compared with 2017**.
- 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 2018 are preliminary. Data regarding previous periods were updated if necessary.

** According to the first estimate of the Central Statistical Office from 28 February 2019 GDP in 2018 amounted to PLN 2,116.4 billion.

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	Q3 2018	structure Q3 2018	Q4 2018	structure Q4 2018	change Q4 2018 - Q3 2018		change Q4 2018 - Q4 2017	
							PLN m	%	PLN m	%
Public debt	961,841.5	100.0%	977,280.0	100.0%	984,284.7	100.0%	7,004.7	0.7%	22,443.1	2.3%
Domestic debt	662,517.5	68.9%	678,590.4	69.4%	688,219.2	69.9%	9,628.8	1.4%	25,701.7	3.9%
1. Debt securities	605,562.8	63.0%	620,882.3	63.5%	623,455.1	63.3%	2,572.8	0.4%	17,892.4	3.0%
2. Loans	50,638.0	5.3%	50,352.3	5.2%	57,229.3	5.8%	6,877.0	13.7%	6,591.3	13.0%
3. Other domestic liabilities	6,316.7	0.7%	7,355.8	0.8%	7,534.8	0.8%	179.0	2.4%	1,218.1	19.3%
Foreign debt	299,324.1	31.1%	298,689.5	30.6%	296,065.5	30.1%	-2,624.1	-0.9%	-3,258.6	-1.1%
1. Debt securities	213,330.4	22.2%	212,249.3	21.7%	211,245.9	21.5%	-1,003.4	-0.5%	-2,084.5	-1.0%
2. Loans	85,973.0	8.9%	86,431.1	8.8%	84,810.0	8.6%	-1,621.2	-1.9%	-1,163.0	-1.4%
3. Other foreign liabilities	20.7	0.0%	9.1	0.0%	9.6	0.0%	0.5	5.8%	-11.1	-53.6%

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

Item	Q4 2017	structure Q4 2017	Q3 2018	structure Q3 2018	Q4 2018	structure Q4 2018	change Q4 2018 - Q3 2018		change Q4 2018 - Q4 2017	
							PLN m	%	PLN m	%
Public debt	961,841.5	100.0%	977,280.0	100.0%	984,284.7	100.0%	7,004.7	0.7%	22,443.1	2.3%
Domestic debt	474,094.9	49.3%	507,226.0	51.9%	516,754.0	52.5%	9,528.0	1.9%	42,659.0	9.0%
1. Debt securities	417,806.5	43.4%	449,526.7	46.0%	451,998.3	45.9%	2,471.7	0.5%	34,191.8	8.2%
2. Loans	50,638.0	5.3%	50,352.3	5.2%	57,229.3	5.8%	6,877.0	13.7%	6,591.3	13.0%
3. Other domestic liabilities	5,650.4	0.6%	7,347.0	0.8%	7,526.3	0.8%	179.3	2.4%	1,875.9	33.2%
Foreign debt	487,746.6	50.7%	470,054.0	48.1%	467,530.7	47.5%	-2,523.3	-0.5%	-20,215.9	-4.1%
1. Debt securities	401,086.6	41.7%	383,604.9	39.3%	382,702.7	38.9%	-902.3	-0.2%	-18,383.9	-4.6%
2. Loans	85,973.0	8.9%	86,431.1	8.8%	84,810.0	8.6%	-1,621.2	-1.9%	-1,163.0	-1.4%
3. Other foreign liabilities	687.0	0.1%	17.9	0.0%	18.1	0.0%	0.2	1.0%	-669.0	-97.4%

Chart 1. Public debt

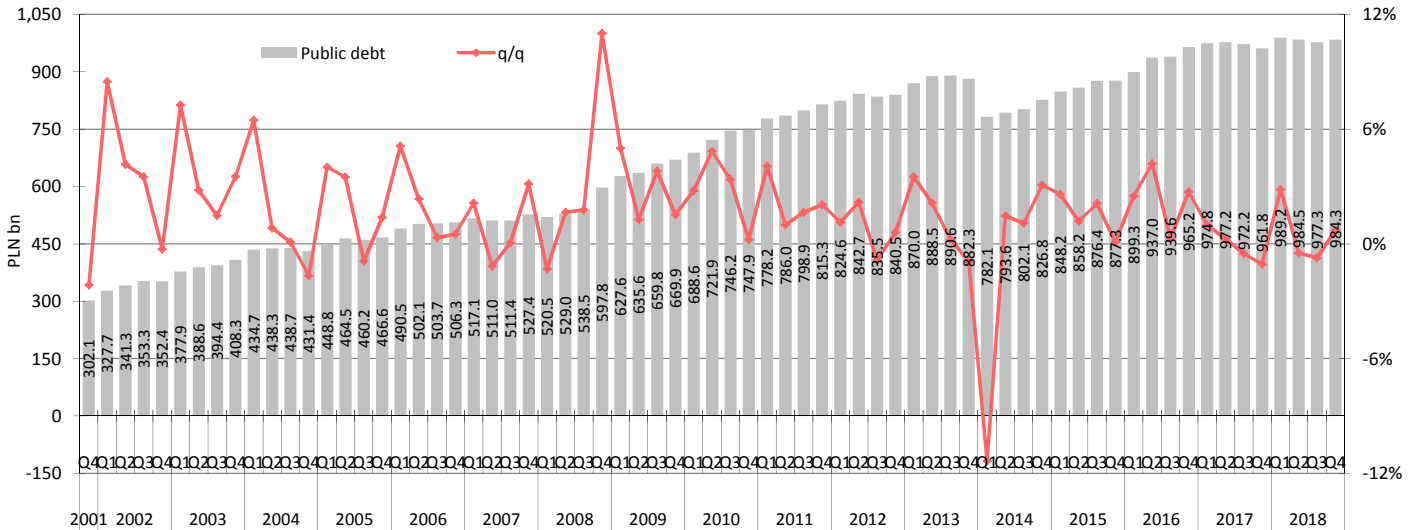


Chart 2. EDP debt

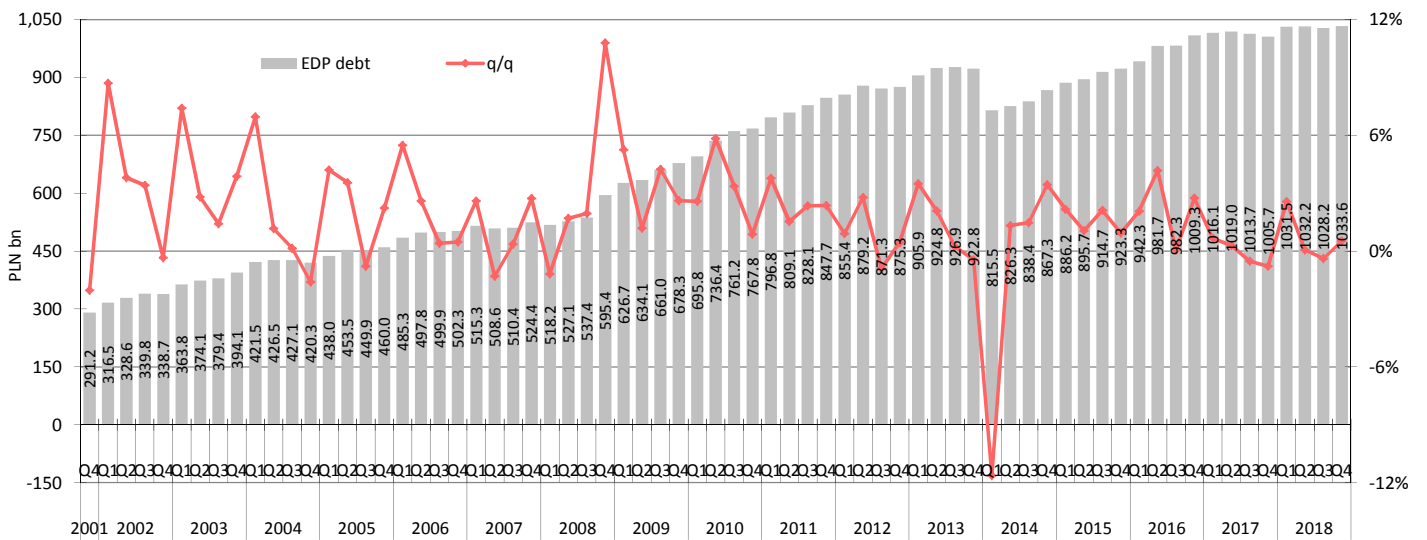


Chart 3. Differences between public debt and general government debt

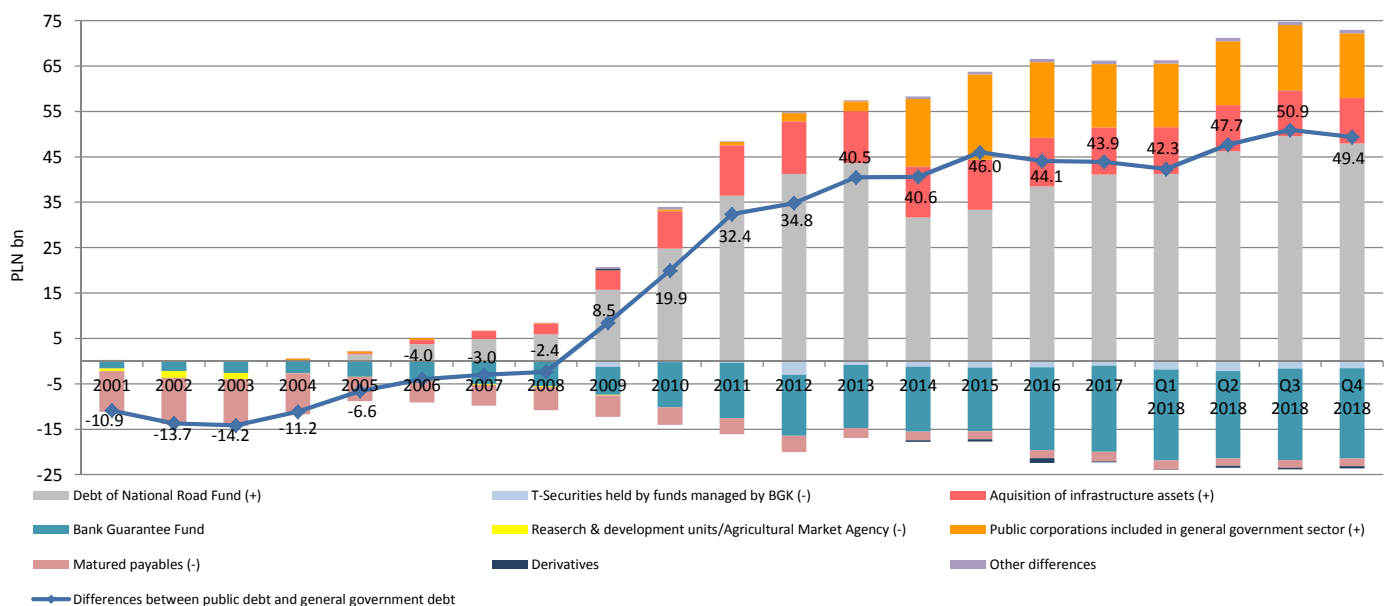


Chart 4. Public debt according to the place of issue criterion

At the end of 2018 domestic debt stood at PLN 688.2 bn, up by PLN 9.6 bn (+1.4%) compared with the third quarter and by PLN 25.7 bn (+3.9%) compared with the previous year.

Foreign debt stood at PLN 296.1 bn, down by PLN 2.6 bn (-0.9%) compared with the third quarter and by PLN 3.3 bn (-1.1%) compared with 2017 mainly due to changes in ST foreign debt resulting from:

- decrease in debt denominated in EUR (EUR -2.2 bn), USD (USD -0.3 bn), CHF (CHF -1.0 bn) and JPY (JPY -50.0 bn),
- depreciation of zloty - an increase in debt of PLN 12.0 bn in 2018 and PLN 3.2 bn in the fourth quarter.

At the end of 2018, the share of foreign debt in PDP was 30.1%, down by 0.5 percentage points compared to the end of the third quarter of 2018 and by 1.0 pp compared to the end of 2017.

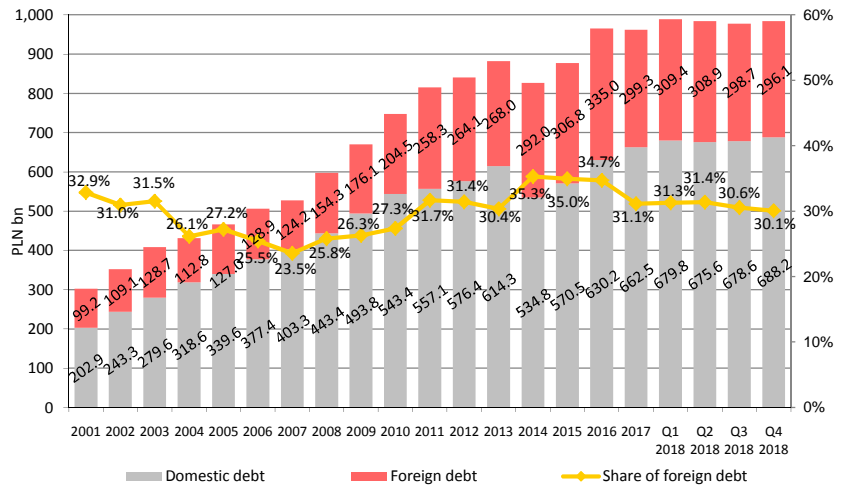


Chart 5. Currency structure of public debt

At the end of 2018 liabilities denominated in PLN accounted for 70.9% of public debt, up by 1.2 percentage points compared with the previous year. Foreign liabilities denominated in PLN accounted for 1.0% of PDP, therefore the share of foreign currencies in public debt (29.1%) was lower than the share of foreign debt (30.1%). The share of debt denominated in EUR amounted to 22.5%.

The debt of units other than State Treasury consisted of liabilities denominated in PLN (91.9%, up by 2.2 percentage points compared with the previous year) and EUR (8.1%).

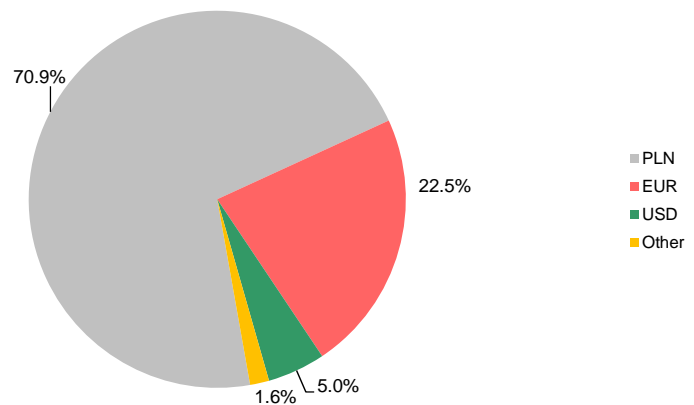


Chart 6. Public debt by holder

In the fourth quarter of 2018 public debt towards:

- domestic banking sector rose by PLN 8.7 bn (+2.7%),
- domestic non-banking sector rose by PLN 0.8 bn (+0.4%),
- foreign investors (non-residents) fell by PLN 2.5 bn (-0.5%).

Compared with the end of 2017 public debt towards:

- domestic banking sector rose by PLN 26.1 bn (+8.5%),
- domestic non-banking sector rose by PLN 16.5 bn (+10.0%),
- foreign investors (non-residents) fell by PLN 20.2 bn (-4.1%).

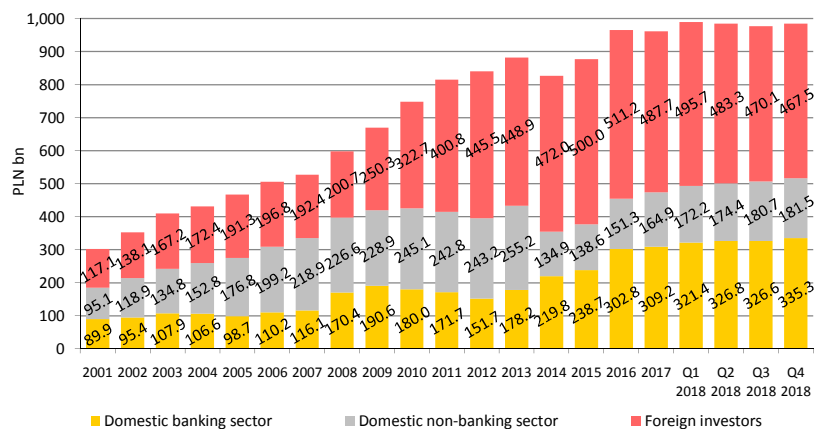


Chart 7. Structure of public debt by holder

The share of public debt towards foreign investors has been steadily decreasing. **It fell further by 0.6 percentage points in the fourth quarter of 2018 and amounted to 47.5%. The share of foreign investors fell by 3.1 percentage points compared with the end of 2011. It is the lowest level since the second quarter of 2011.**

The share of public debt towards domestic banking sector rose by 0.7 percentage points in the fourth quarter of 2018 and by 2.0 percentage points compared with the end of 2017. The share of public debt towards domestic non-banking sector fell by 0.1 in the fourth quarter and rose by 1.3 percentage points in 2018.

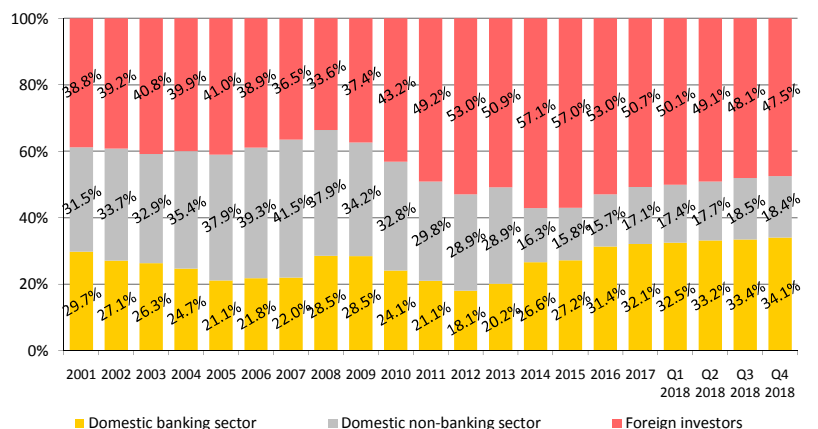


Chart 8. Consolidated public debt by subsector

At the end of 2018 public debt consisted of:
 - central government debt - PLN 907.3 bn,
 - local government debt - PLN 76.9 bn,
 - social security funds debt - PLN 0.1 bn.

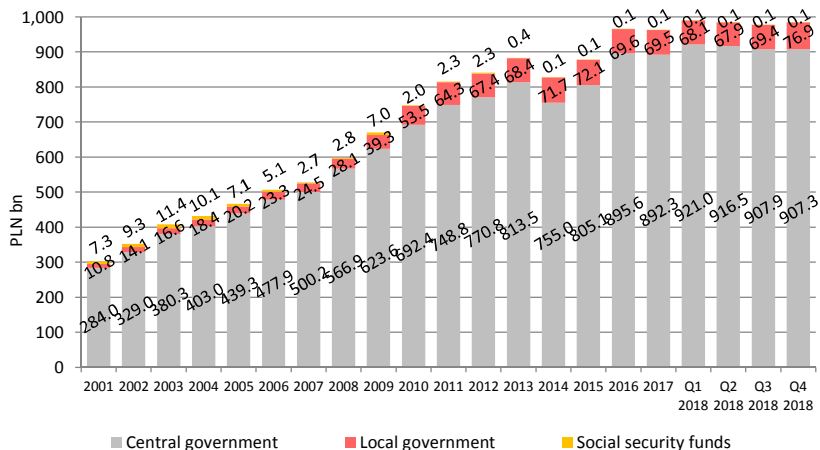


Chart 9. Structure of consolidated public debt by subsector

At the end of 2018 share of subsectors in total public debt amounted to:
 - central government subsector - 92.2% (down by 0.6 percentage points compared with the end of 2017),
 - local government subsector - 7.8% (up by 0.6 percentage points compared with the end of 2017), of which 7.4% represented debt of local government units and their unions,
 - social security funds - 0.01% (no change).

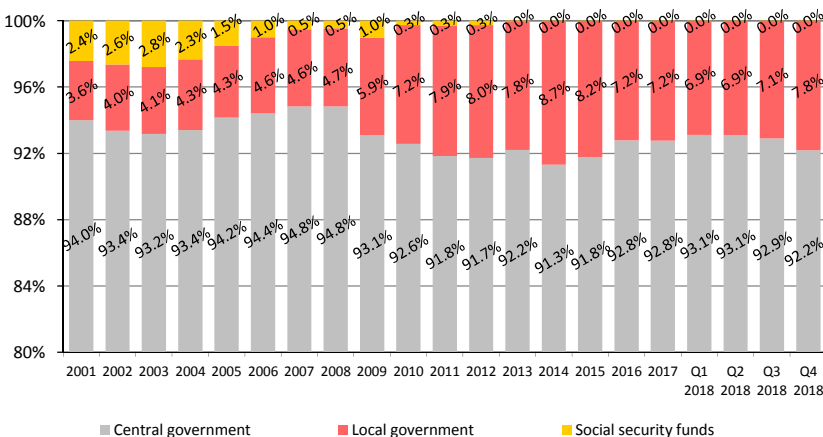


Chart 10. Changes in consolidated public debt by subsector

The change of public debt in 2018 was mainly a result of central government debt increase, in particular of ST debt. In 2018 public debt rose by PLN 22.4 bn (+2.3%) while central government debt rose by PLN 15.0 bn (+1.7%) and consolidated ST debt rose by PLN 14.9 bn (+1.7%). In the fourth quarter of 2018 public debt increased by PLN 7.0 bn (+0.7%) while central government debt fell by PLN 0.6 bn (-0.1%) and consolidated ST debt decreased by PLN 0.6 bn (-0.1%).
 Local government debt rose in 2018 by PLN 7.4 bn (+10.7%), mainly as a result of an increase in local government units debt by PLN 6.8 bn (+10.4%), and in the fourth quarter alone by PLN 7.6 bn (+10.9%).
 In 2018 social security funds debt rose slightly by PLN 4.0 m (+6.1%).

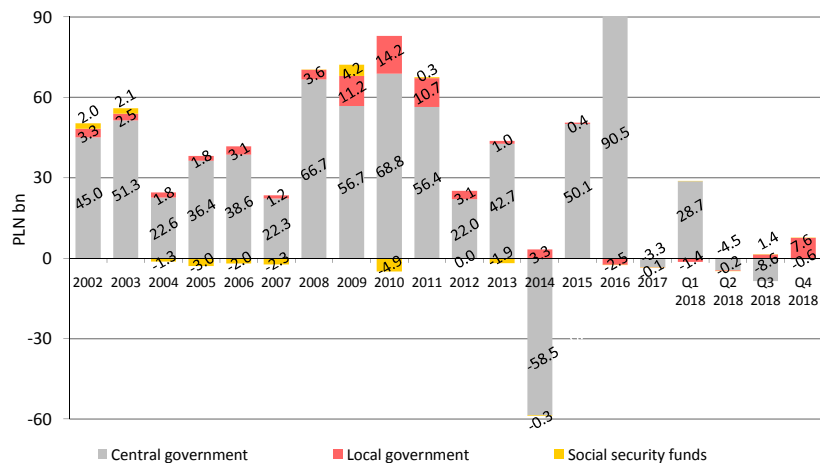


Chart 11. Structure of public debt by instrument

At the end of the fourth quarter of 2018 marketable instruments comprised 85.4% of public debt, including instruments issued on the domestic market - 63.8%. The share of marketable instruments in public debt rose in the fourth quarter of 2018 by 0.2 percentage points and by 0.1 percentage points compared with the end of 2017.

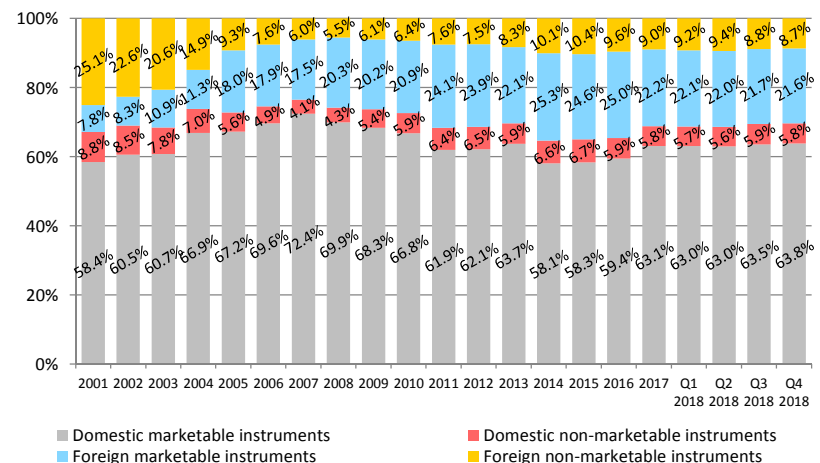


Chart 12. Unconsolidated debt of public finance sector units other than ST

At the end of the fourth quarter of 2018, the unconsolidated debt of units other than ST amounted to 8.1% of public debt, up from 7.4% 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 (7.4%, up by 0.6 percentage points in 2018). 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%.

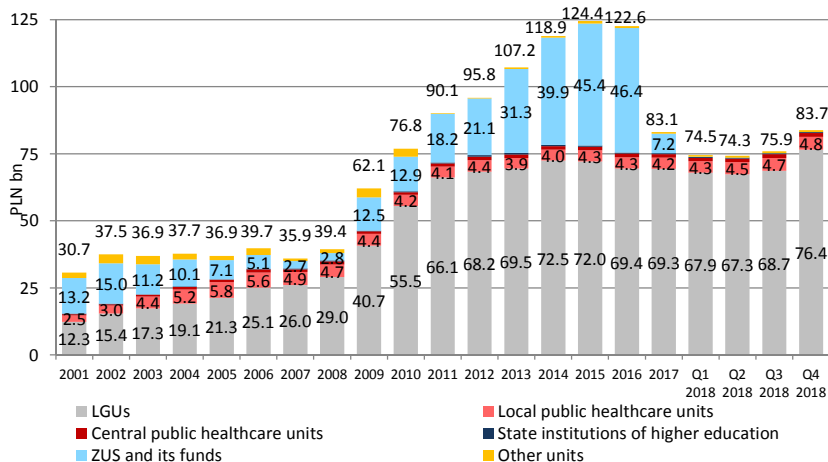


Chart 13. Consolidated debt of public finance sector units other than ST

At the end of the fourth quarter of 2018 the difference between consolidated and unconsolidated debt of public finance sector units other than ST amounted to PLN 5.0 bn. The reason is that 6.0% of their debt are liabilities towards other public finance sector units.

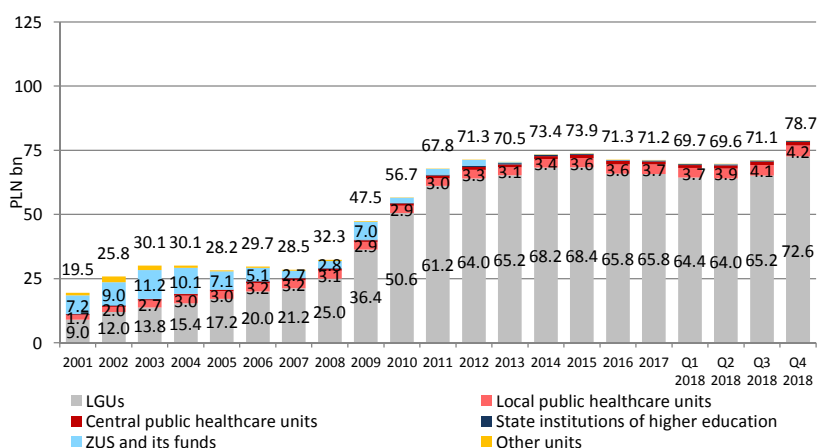


Chart 14. Structure of unconsolidated debt of LGUs and their associations according to place of issue criterion

The structure of local government liabilities and their unions was dominated by domestic debt. The share of foreign debt amounted to 21.2% at the end of the fourth quarter of 2018, down by 1.3 percentage points in the fourth quarter and by 1.0 percentage points compared with the end of 2017.

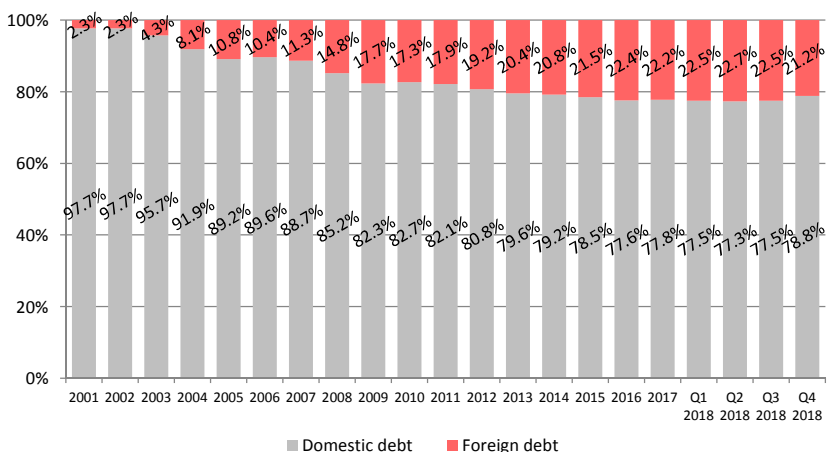


Chart 15. Structure of unconsolidated debt of LGUs and their associations by instrument

Loans prevailed in the structure of liabilities of LGUs and their unions with share of 95.0%. The role of loans in LGUs debt has been gradually growing (with a slight decrease in 2016) and rose by 0.8 percentage points as compared with the end of 2017 and by 0.7 percentage points in the fourth quarter of 2018.

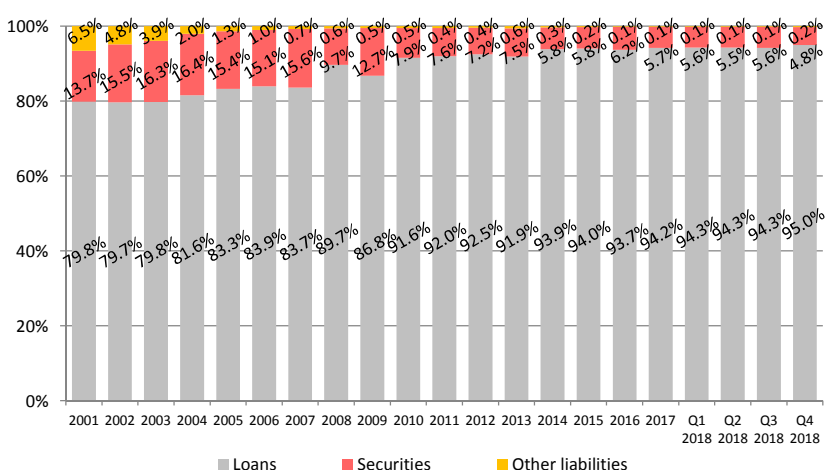
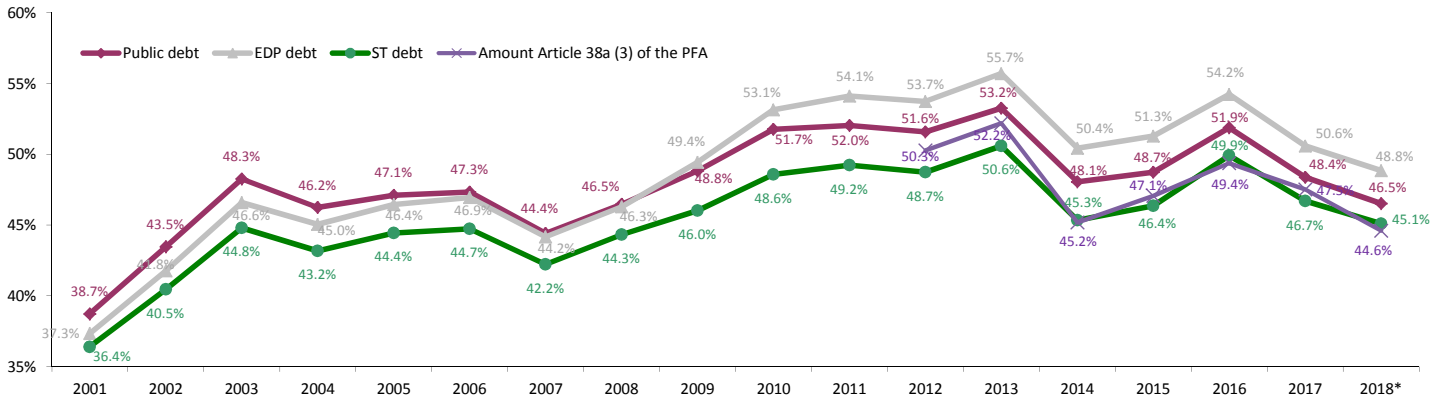


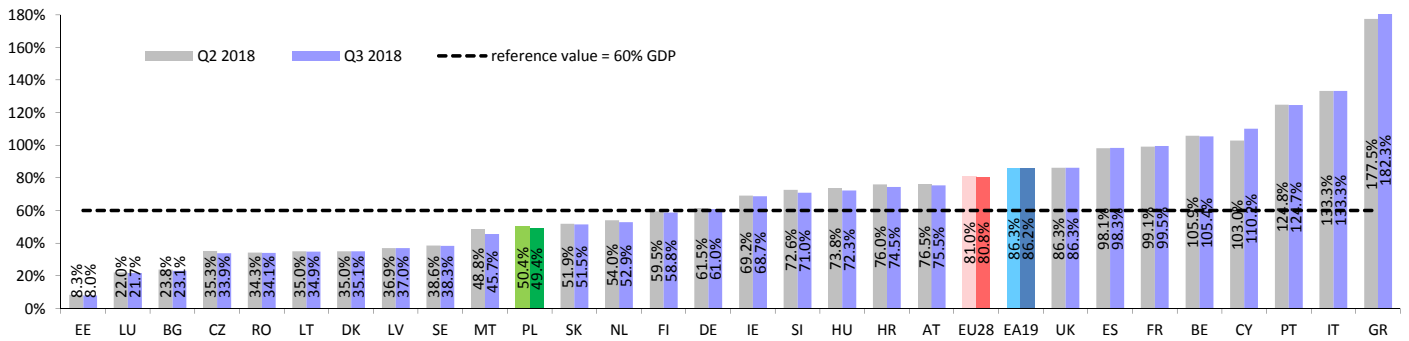
Chart 16. Public debt, EDP debt and State Treasury debt to GDP ratios (eop)



Source: Ministry of Finance

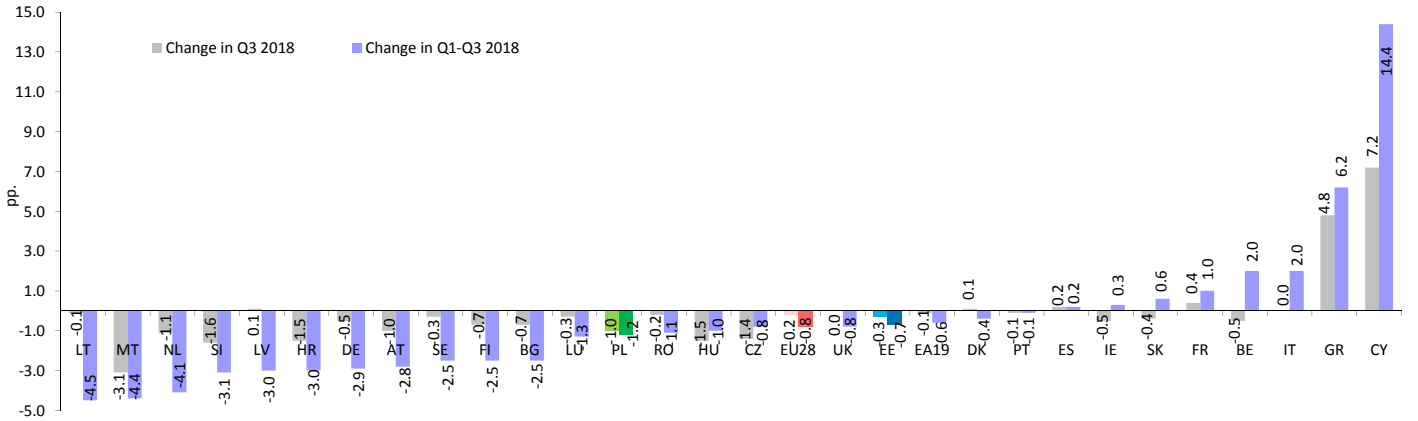
* According to the first estimate of the Central Statistical Office from 28 February 2019 GDP in 2018 amounted to PLN 2,116.4 billion.

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



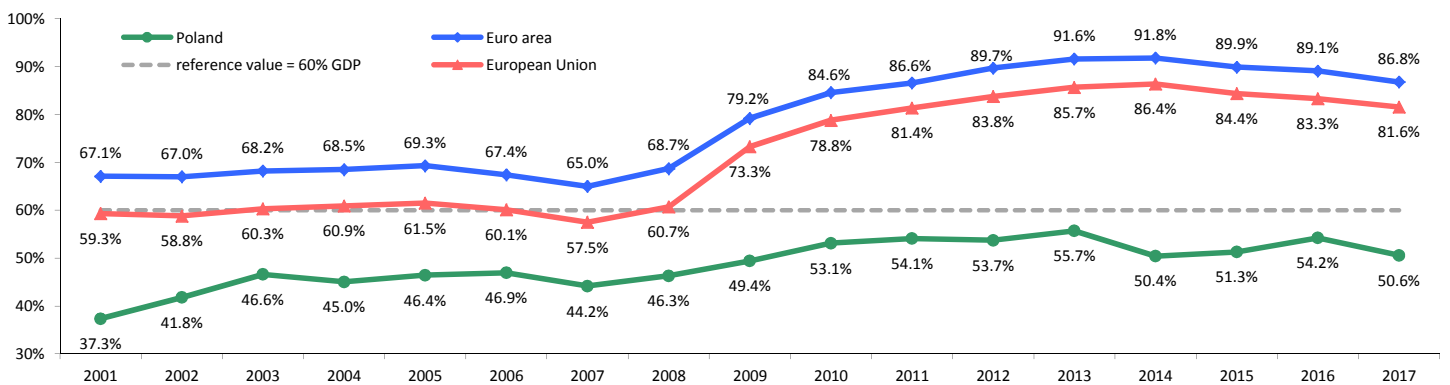
Source: Eurostat - <http://ec.europa.eu/eurostat/data/database>, Ministry of Finance

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 2012	Q4 2013	Q4 2014	Q4 2015	Q4 2016	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Public debt	840,476.8	882,293.0	826,774.7	877,282.4	965,199.0	961,841.5	989,195.9	984,470.4	977,280.0	984,284.7
<i>1) Adjustments concerning the scope of the sector</i>	38,220.7	42,468.0	42,208.4	47,684.9	46,178.4	45,497.7	43,696.3	48,920.9	52,246.7	50,764.2
Debt of National Road Fund	41,197.4	43,644.7	31,626.3	33,312.4	38,467.0	41,087.8	41,209.3	46,251.8	49,526.6	47,952.3
T-Securities held by funds managed by Bank Gospodarstwa Krajowego	-3,038.9	-895.2	-1,210.9	-1,410.9	-1,384.1	-1,023.1	-1,837.1	-2,184.2	-1,628.8	-1,588.8
Aquisition of infrastructure assets (motorways)	11,571.9	11,423.8	11,261.6	11,023.2	10,699.0	10,341.9	10,341.9	10,165.7	10,123.8	9,961.8
Bank Guarantee Fund	-13,396.5	-13,862.9	-14,296.0	-14,039.8	-18,255.0	-18,930.5	-20,008.0	-19,295.4	-20,164.4	-19,848.4
Public corporations included in general government sector	1,886.8	2,157.5	14,827.5	18,800.0	16,651.5	14,021.6	13,990.1	13,983.1	14,389.5	14,287.3
<i>2) Differences concerning debt instruments</i>	-3,437.9	-2,005.8	-1,638.9	-1,708.8	-2,120.3	-1,617.7	-1,402.3	-1,232.6	-1,350.4	-1,407.4
matured payables	-3,616.5	-2,202.1	-1,947.0	-1,795.0	-1,733.0	-2,106.1	-2,076.1	-1,566.2	-1,725.2	-1,720.9
debt assumption - activation of a guarantee	20.0	1.6	0.2	0.0	0.1	2.3	2.3	136.7	0.2	0.4
restructured/refinanced trade credits and sell-lease-back operations	158.6	194.8	609.2	569.4	693.2	725.5	688.1	677.8	678.4	763.3
derivatives	0.0	0.0	-301.2	-483.2	-1,080.7	-239.5	-16.6	-481.0	-303.9	-450.2
General government debt	875,259.6	922,755.2	867,344.2	923,258.5	1,009,257.1	1,005,721.6	1,031,489.9	1,032,158.7	1,028,176.2	1,033,641.5

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

ITEM	Q4 2017	structure		structure		change		change		
		Q4 2017	Q3 2018	Q3 2018	Q4 2018	Q4 2018	Q4 2018 - Q3 2018	Q4 2018 - Q3 2018	Q4 2018 - Q4 2017	
							m PLN	%	m PLN	%
Public debt	1,011,565.2	100.0%	1,024,847.5	100.0%	1,037,993.8	100.0%	13,146.3	1.3%	26,428.6	2.6%
1. Central government sector debt	930,145.6	92.0%	950,824.1	92.8%	956,129.9	92.1%	5,305.8	0.6%	25,984.2	2.8%
1.1. State Treasury	928,473.0	91.8%	948,985.8	92.6%	954,247.3	91.9%	5,261.5	0.6%	25,774.3	2.8%
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	371.4	0.0%	345.2	0.0%	375.5	0.0%	30.3	8.8%	4.1	1.1%
1.4. Independent public healthcare units	1,288.1	0.1%	1,407.7	0.1%	1,417.3	0.1%	9.7	0.7%	129.3	10.0%
1.5. State institutions of culture	5.7	0.0%	4.6	0.0%	8.3	0.0%	3.7	79.3%	2.6	46.6%
1.6. Polish Academy of Science and units established by it	1.2	0.0%	1.1	0.0%	1.1	0.0%	0.0	2.1%	-0.1	-10.9%
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	6.3	0.0%	79.7	0.0%	80.3	0.0%	0.6	0.8%	74.1	1180.5%
2. Local government sector debt	74,180.3	7.3%	73,958.2	7.2%	81,794.8	7.9%	7,836.6	10.6%	7,614.5	10.3%
2.1. Local government units	69,281.3	6.8%	68,658.4	6.7%	76,440.5	7.4%	7,782.1	11.3%	7,159.2	10.3%
2.2. Independent public health units	4,236.8	0.4%	4,738.6	0.5%	4,816.8	0.5%	78.3	1.7%	580.1	13.7%
2.3. Local institutions of culture	61.8	0.0%	70.1	0.0%	83.8	0.0%	13.7	19.6%	22.0	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	600.4	0.1%	491.1	0.0%	453.6	0.0%	-37.5	-7.6%	-146.8	-24.4%
3. Social Security Sector debt	7,239.2	0.7%	65.2	0.0%	69.1	0.0%	3.9	6.0%	-7,170.1	-99.0%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	10.8%	0.0	9.7%
3.2. Funds managed by Social Insurance Institution	7,239.2	0.7%	65.2	0.0%	69.1	0.0%	3.9	6.0%	-7,170.1	-99.0%
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		structure		change		change		
		Q4 2017	Q3 2018	Q3 2018	Q4 2018	Q4 2018	Q4 2018 - Q3 2018	Q4 2018 - Q3 2018	Q4 2018 - Q4 2017	
							m PLN	%	m PLN	%
Public debt	961,841.5	100.0%	977,280.0	100.0%	984,284.7	100.0%	7,004.7	0.7%	22,443.1	2.3%
1. Central government sector debt	892,272.2	92.8%	907,852.5	92.9%	907,301.5	92.2%	-551.0	-0.1%	15,029.2	1.7%
1.1. State Treasury	890,687.1	92.6%	906,171.7	92.7%	905,571.7	92.0%	-600.0	-0.1%	14,884.6	1.7%
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%	317.5	0.0%	346.5	0.0%	29.1	9.2%	7.2	2.1%
1.4. Independent public health units	1,240.0	0.1%	1,358.1	0.1%	1,374.2	0.1%	16.1	1.2%	134.2	10.8%
1.5. State institutions of culture	1.3	0.0%	1.6	0.0%	6.0	0.0%	4.4	280.0%	4.7	364.0%
1.6. Polish Academy of Science and units established by it	0.8	0.0%	0.7	0.0%	0.7	0.0%	0.0	1.8%	-0.1	-16.9%
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	3.7	0.0%	3.0	0.0%	2.4	0.0%	-0.6	-20.0%	-1.3	-35.5%
2. Local government sector debt	69,504.2	7.2%	69,362.3	7.1%	76,914.1	7.8%	7,551.8	10.9%	7,409.9	10.7%
2.1. Local government units	65,779.6	6.8%	65,184.0	6.7%	72,619.2	7.4%	7,435.2	11.4%	6,839.6	10.4%
2.2. Independent public health units	3,661.9	0.4%	4,122.9	0.4%	4,233.0	0.4%	110.1	2.7%	571.1	15.6%
2.3. Local institutions of culture	43.7	0.0%	45.9	0.0%	58.0	0.0%	12.1	26.2%	14.3	32.6%
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	19.0	0.0%	9.4	0.0%	3.9	0.0%	-5.5	-58.5%	-15.1	-79.4%
3. Social Security Sector debt	65.1	0.0%	65.2	0.0%	69.1	0.0%	3.9	6.0%	4.0	6.1%
3.1. Social Insurance Institution	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	10.5%	0.0	9.5%
3.2. Funds managed by Social Insurance Institution	65.1	0.0%	65.2	0.0%	69.1	0.0%	3.9	6.0%	4.0	6.1%
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	-