



# DEBT BULLETIN

## FINANCE DEPARTMENT PUNJAB

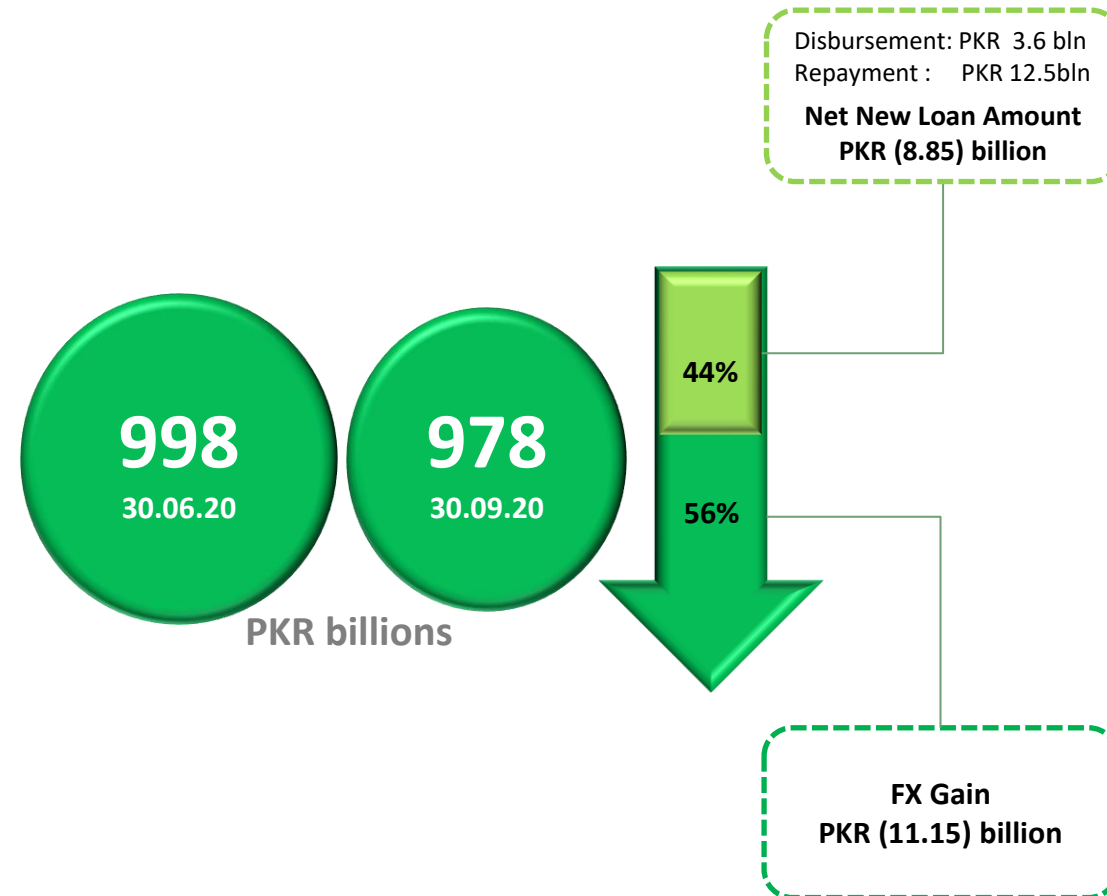
30<sup>th</sup> September 2020

# DEBT STOCK- PUNJAB

## Domestic vs External (as at 30.09.2020)

Type of Loan	Outstanding (mln PKR) 30.06.2020	Outstanding (mln PKR) 30.09.2020	% Growth	% of total as at 30.09.20
Domestic Loans	6,738	6,351	-6%	1%
External Loans	990,998	971,362	-2%	99%
<b>Total</b>	<b>997,735</b>	<b>977,714</b>	<b>-2%</b>	<b>100%</b>

Type of Loan	Outstanding (mln US\$) 30.09.2020	Outstanding (mln PKR) 30.09.2020	Variable Rate Debt	Fixed Rate Debt
Domestic Loans	38	6,351	0%	100%
External Loans	5,853	971,362	23%	77%
<b>Total</b>	<b>5,891</b>	<b>977,714</b>	<b>23%</b>	<b>77%</b>



☐ Debt stock is reconciled with lender's debt records mainly, however numbers may change subject to reconciliation with Federal Government.

☐ PKR figures have been computed by using the FX rate of 30.09.2020

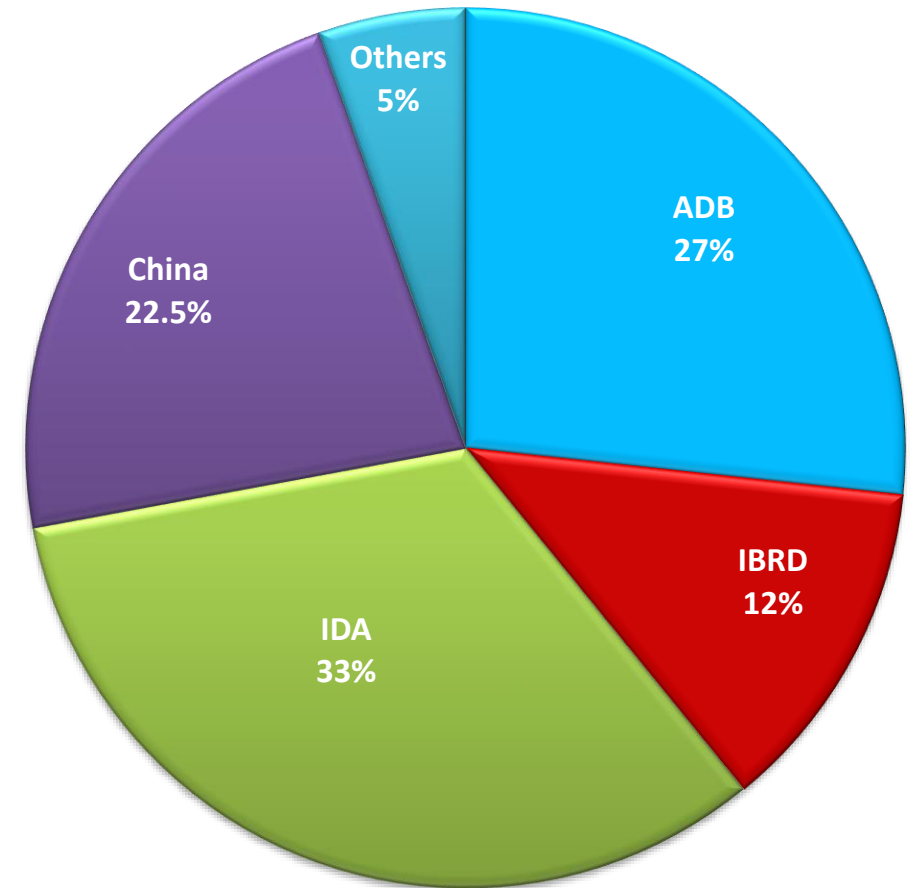
# COMMENTARY ON DEBT STOCK

- Outstanding Debt Stock as on 30.09.2020 is exclusive of Guarantees amount awarded to various projects/entities of Government of the Punjab. Domestic borrowing limit awarded by National Economic Council (NEC) to Punjab is utilized to offer such Guarantees. Total amount of Guarantees outstanding as at Sep'20 is Rs 77 billion approximately.
- Debt Stock of Sep'20 has shown negative growth (decline in debt stock) of 2% i.e. Rs 20 billion from the debt Stock of Jun'20. Out of this reduction, debt decrease of Rs.11 billion is due to Rupee appreciation (FX Impact) against foreign currencies while the remaining reduction of Rs.9 billion is attributed to more repayments than the loan receipts during the quarter i.e. July-Sep`20.
- Commodity Financing Debt Stock amounting Rs.428 billion on 30.09.2020 is not included in above given debt stock of Rs.977 billion. Commodity Financing is raised on the security of wheat stocks and the Guarantee of Federal Government. Repayment of this loan along with incidentals (including markup) is made from sale proceeds of the purchased wheat stock. Provincial Government is supposed to pay subsidy amount only which is the gap of purchasing cost and the sale price.

# CREDITOR WISE COMPOSITION OF DEBT STOCK

**Creditor wise Composition of outstanding debt stock  
(as at 30.09.2020)**

Creditor	Outstanding (million PKR)	% of total
IDA	322,628	33%
ADB	261,059	27%
China	219,925	22.5%
IBRD	121,225	12%
JICA	30,299	3%
IFAD	11,737	1%
Federal Govt.	6,351	1%
France	4,335	0.4%
IDB	155	0.02%
<b>Total</b>	<b>977,714</b>	<b>100%</b>



- ❑ PKR figures have been computed by using the FX rate of 30.09.2020.
- ❑ Borrowing from Federal Government is in PKR while all other creditors lend in FX.

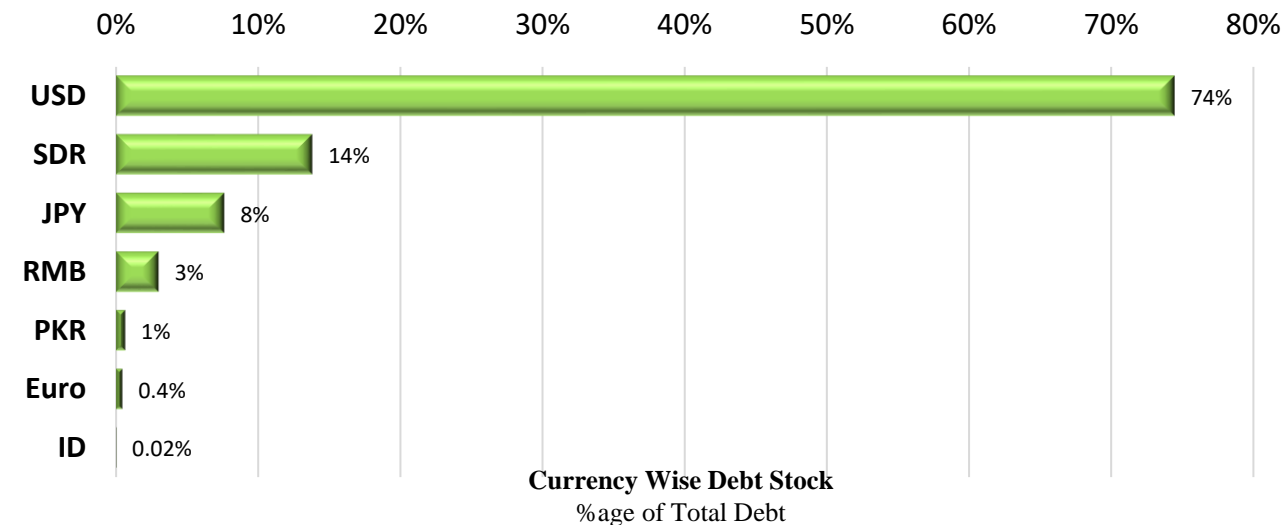
**Creditor Wise Debt Stock**  
% age of Total Debt

# CURRENCY WISE COMPOSITION OF DEBT STOCK

Currency wise Composition of outstanding Debt Stock  
(as at 30.09.2020)

Currency	No. of Loans	Outstanding Foreign Currency (million)	Exchange Rate (PKR/FC)	Outstanding (million PKR)	% of total
USD	120	4,387	165.97	728,072	74%
SDR	11	578	233.79	135,020	14%
JPY	9	47,349	1.57	74,488	8%
RMB	1	1,200	24.41	29,292	3%
PKR	1	6,351	1.00	6,351	1%
Euro	2	22	194.66	4,335	0.4%
ID	1	1	233.79	155	0.02%
<b>Total</b>	<b>145</b>			<b>977,714</b>	<b>100%</b>

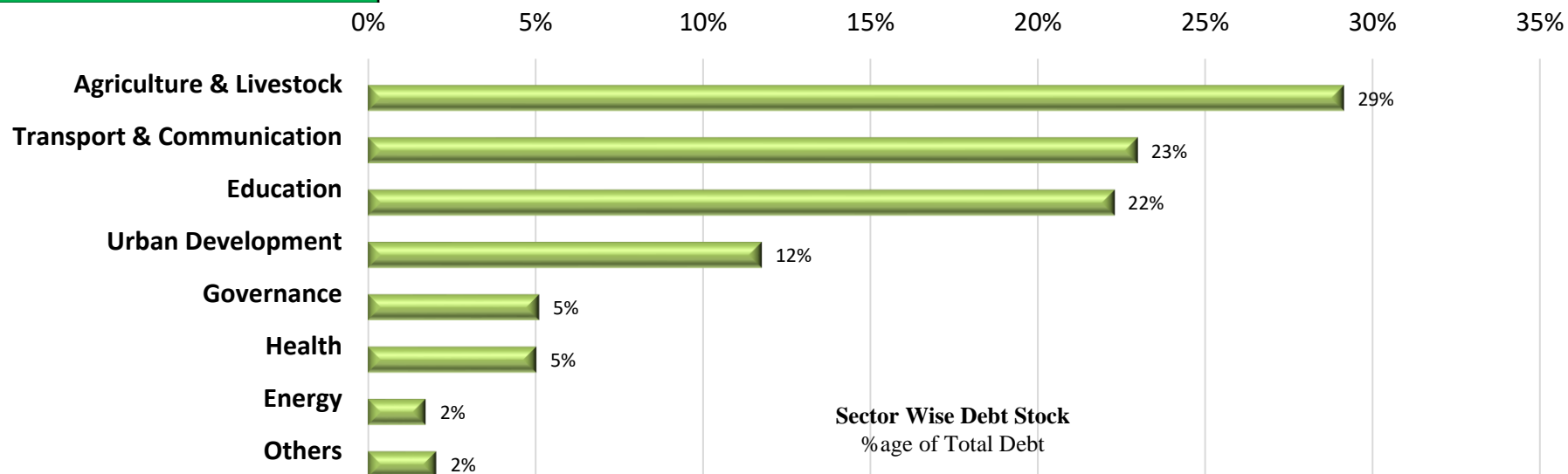
☐ Out of total 145 loans, 20 loans are active for loan receipts/ withdrawal while the remaining 125 are being repaid only.



# SECTOR WISE COMPOSITION OF DEBT STOCK

## Sector wise Composition of outstanding debt stock (as at 30.09.2020)

Creditor	Outstanding (million PKR)	% of total debt
Agriculture & Livestock	284,905	29%
Transport & Communication	224,523	23%
Education	217,777	22%
Urban & Community Development	114,798	12%
Governance	49,892	5%
Health	49,084	5%
Energy	16,837	2%
Industries & Infrastructure	16,482	2%
Tourism	1,486	0.2%
Environment	1,928	0.2%
<b>Total</b>	<b>977,714</b>	<b>100%</b>



# DEBT SERVICING FY 2020-21

Creditor	Projected Debt Servicing for the period (Oct`20 to Dec`20)			Projected Debt Servicing for the period (Jan`21 to Jun`21)		
	Principal Repayment (million PKR)	Interest Payment (million PKR)	Total Debt Servicing (million PKR)	Principal Repayment (million PKR)	Interest Payment (million PKR)	Total Debt Servicing (million PKR)
ADB	7,529	871	8,400	11,759	1,348	13,107
IBRD	-	140	140	3,789	620	4,409
IDA	1,949	795	2,744	6,407	2,229	8,636
JICA	389	92	481	1,058	209	1,267
France	189	22	211	189	21	210
IFAD	27	38	65	149	45	193
IDB	22	2	24	22	2	24
China	-	-	-	-	2,366	2,366
Federal Govt.	386	180	566	773	359	1,132
<b>Total</b>	<b>10,491</b>	<b>2,140</b>	<b>12,631</b>	<b>24,145</b>	<b>7,198</b>	<b>31,342</b>

- *Libor Rate of 30.09.2020 is considered for projected Debt Servicing of variable rate loans*

- *Amount of Debt Servicing paid for the period of 03 (three) months (Jul'20 to Sep'20):*

Principal Repayment:                      PKR 12,496 million

Interest Payment:                              PKR 4,004 million

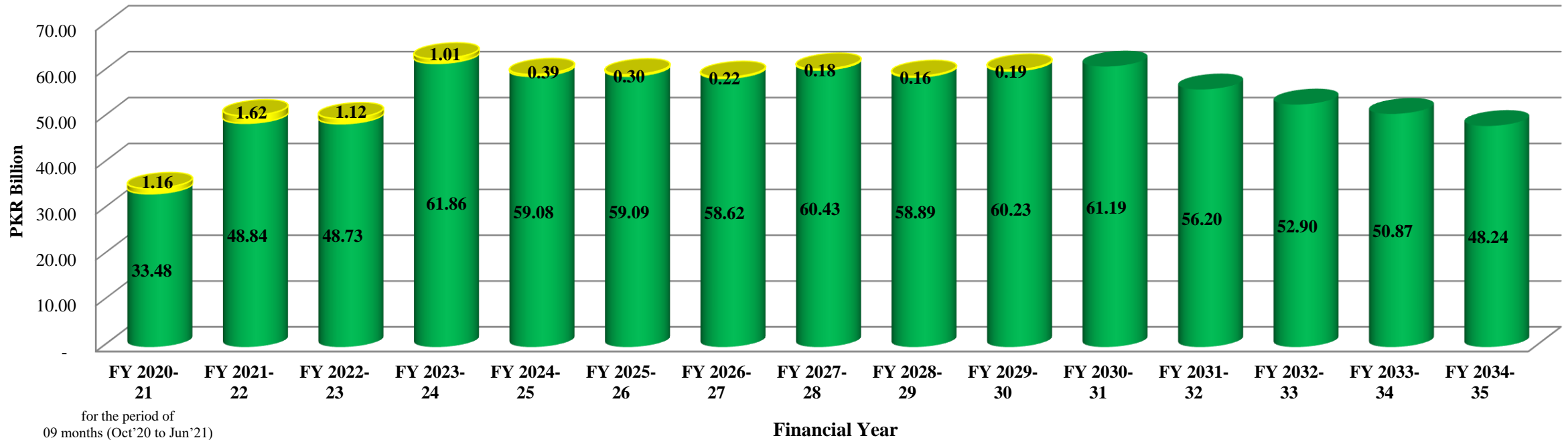
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**Total Debt Servicing:                      PKR 16,500 million**

# PROJECT DEBT RETIREMENT

## Redemption Profile of Principal Amount (PKR Billion)

■ External Loans Rep. ■ Domestic Loans Rep.



- Above Redemption Profile shows retirement trend of principal amount for the next 15 years, however the total loan portfolio of Punjab retires on Jun'2057.
- Redemption Profile is smooth till FY2023. A sudden spike/increase in repayment is evident from FY-2024 onward which is mainly due to start of repayment of Orange line loan, expiring by FY2036.
- Orange line repayment amount FY 2023-24: PKR 17 billion approx. (by using FX rate of 30.09.20).



# DEBT STOCK & SERVICING RELATED INDICATORS

Risk Indicators	As on 30.09.2020
Outstanding debt as % of Punjab`s GDP	4.26%
Interest payment as % of Punjab`s GDP	0.06%
Actual Outstanding Debt to Avg. Revenue of Last 3 Financial Years	69%
Debt Service (Principal + Interest) as % of Avg. Revenue of Last 3 Financial Years	4.3%
Interest payment as % of Avg. Revenue of Last 3 Financial Years	0.9%
Share of External/FX debt	99.4%

- FY19-20: Pakistan`s GDP is Rs. 41,727 billion and Punjab GDP is estimated at 55% of Pakistan`s GDP i.e. Rs. 22,950 billion.
- Foreign exchange risk refers to the exposure of the debt portfolio to changes in exchange rate. Government of Punjab debt is highly exposed to FX Risk as 99.4% of the total outstanding stock is denominated in foreign currency.

# RISK INDICATORS

## Average Time to Maturity (ATM):

Average Time to Maturity (ATM) is an indicator of re-financing/ roll over risk i.e. the risk of re-financing retired portion of the debt at the higher interest rate, ATM shows the weighted average time to retirement of the debt stock. Shorter ATM implies higher re-financing risk.

## Average Time to Refixing (ATR)

Fix rate debt is less risky as it is not exposed to interest rate fluctuations during its life. Average Time to Refixing (ATR) indicates the average time period after which the interest rate for entire debt portfolio is required to reset.

Risk Indicators		As on 30.09.2020
Refinancing Risk	Debt maturing in 1yr (% of total)	5.0%
	Avg. Time to Maturity (ATM) External Portfolio (years)	9.1
	Avg. Time to Maturity (ATM) Domestic Portfolio (years)	2.8
	<b>ATM Total Portfolio (years)</b>	<b>9.04</b>
Interest Rate Risk	Fixed rate debt (% of total)	77.2%
	<b>ATR (Avg. Time to Refixing) of Total Portfolio (years)</b>	<b>7.3</b>
	Debt Refixing in 1yr (% of total)	26%