

DEBT BULLETIN- GOVT. OF THE PUNJAB

Period: as at 31-12-2017

DEBT STOCK

Domestic vs External (as at Dec`17)

Type of Loan	Outstanding (mln PKR) as at Jun`17	Outstanding (mln PKR) as at Dec`17	Outstanding (mln US\$) as at Dec`17	% Growth	% of total as at Jun`17	Variable	Fixed
Domestic Loans	14,146	12,523	113.3	-11.5%	2.1%	0.0%	100.0%
External Loans	544,562	597,232	5,404	9.7%	97.9%	22.1%	77.9%
Total	558,708	609,755	5,517	9.1%	100%	21.6%	78.4%

Note:

1- Outstanding debt stock as at Dec`17 is exclusive of Guarantees amount awarded to various projects/entities by 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 Dec`17 is PKR 66 billion approximately.

2- Debt Stock as on 31st Dec`17 has shown a growth of 9.1% from Jun`17 outstanding stock, out of which 5.5% is due to rupee depreciation against foreign currencies and 3.6% is attributed to new disbursements against already approved loans as well as new loans.

3- Debt stock is reconciled with lender`s debt records mainly, however reported number may change subject to reconciliation with Federal Government.

Currency wise Composition (as at Dec`17)

Currency	Outstanding Original Currency (million)	Outstanding (million PKR)	% of total	Variable	Fixed
USD	4,618	510,399	84%	18%	82%
JPY	63,467	62,210	10%	65%	35%
Euro	31	4,101	1%	0%	100%
RMB	1,200	20,355	3%	0%	100%
ID	1	168	0%	0%	100%
PKR	12,523	12,523	2%	0%	100%
Total		609,755	100%	22%	78%

Creditor wise Composition

Creditor	Outstanding (million PKR)	% of total
ADB	205,823	34%
IBRD	49,771	8%
IDA	210,434	35%
JICA	21,975	4%
France	4,101	1%
IFAD	5,918	1%
IDB	168	0%
China	99,042	16%
Federal Govt.	12,523	2%
Total	609,755	100%

Sector wise Composition

Creditor	Outstanding (million PKR)	% of total
Agriculture & Livestock	44,498	7%
Irrigation	135,970	22%
Energy	7,793	1%
Urban & Community Development	63,208	10%
Education	138,705	23%
Health	8,262	1%
Transport & Communication	103,416	17%
Industries	3,144	1%
Governance	42,516	7%
Others & CDL	62,243	10%
Total	609,755	100%

Notes:

1- PKR figures have been computed by using the FX rate of 29th Dec` 2017

2- Borrowing from Federal Government/domestic is in PKR and all other creditors lend in FX.

RISK INDICATORS

Risk Indicators		As on 31-Dec-2017
Outstanding debt as % of Punjab's GDP		3.09%
Interest payment as % of Punjab's GDP		0.05%
Actual Outstanding Debt to Avg. Revenue of Last 3 Financial Years		54.43%
Debt Service (Prin+Int) as % of Avg. Revenue of Last 3 Financial Years		3.82%
Interest payment as % of Avg. Revenue of Last 3 Financial Years		0.88%
Share of External/FX debt		97.95%
Refinancing Risk	Debt maturing in 1yr (% of total)	5.50%
	Debt maturing in 1yr (% of Punjab's GDP)	0.17%
	Avg. Time to Maturity (ATM) External Portfolio (years)	10.2
	Avg. Time to Maturity (ATM) Domestic Portfolio (years)	3.6
	ATM Total Portfolio (years)	10.04
Interest Rate Risk	Fixed rate debt (% of total)	78.4%
	Avg. Time to Refixing Portfolio (years)	8.63
	Debt Refixing in 1yr (% of total)	24.7%

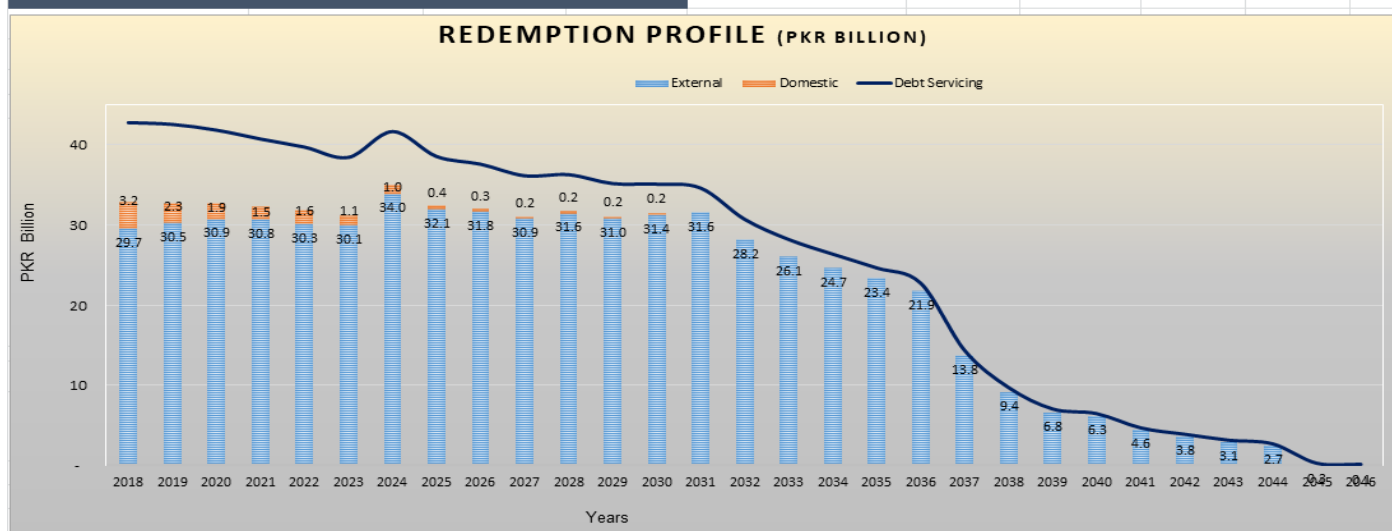
Commentary (based on debt stock as on 31-Dec-17):

Punjab's debt stock as at close of Dec'17 is 54% of the Average Total Revenue of the last three financial years. With respect to Punjab's GDP, ratio of outstanding debt stock stands at 3.09% (Budget Estimates of Country's GDP for FY 2017-18 is used to calculate the GDP of Punjab, assuming 55% of the GDP is attributed to Punjab).

Debt experts describe the debt stock as risky portfolio if the redemption profile (i.e. trend of principal repayments) follows an uneven trend and experiences more volatility in terms of repayments. Redemption profile of GoPb's debt stock (Graph # 1) follows a smooth declining trend showing that higher amount of principal to be repaid in early years and smaller in later periods.

From Risk Indicators perspective, GoPb's portfolio is largely exposed to FX risk as 98% of the total outstanding debt stock is denominated in foreign currency. Other critical indicators like ATM (Average Time to Maturity) and ATR (Average Time to Re-fixing) are in good shape. ATM of total loan portfolio is 10.04 years showing that GoPb's has approximately 10 years on average to repay its total debt stock. ATR shows the average time by which debt stock will be exposed to change in interest rate, which is 8.63 years in case of GoPb.

REDEMPTION PROFILE (Graph #1)



Note:

- 1- Redemption profile is based on outstanding debt of the GoPb as on 31-Dec-2017.
- 2- Redemption profile shows the trend of cumulative principal repayments spread over the maturity of complete loan portfolio.

DEBT SERVICING ESTIMATES

Creditor	Debt Servicing for Previous six months (Jul'17 to Dec'17)			Projected Debt Servicing for the following 12 months (Jan'18 to Jun'18)		
	Principal Repayment (million PKR)	Interest Payment (million PKR)	Total Debt Service (million PKR)	Principal Repayment (million PKR)	Interest Payment (million PKR)	Total Debt Service (million PKR)
ADB	9,071	1,151	10,222	17,765	2,438	20,203
IBRD	2,058	412	2,470	4,129	880	5,009
IDA	3,006	1,368	4,374	6,249	2,731	8,980
JICA	415	160	575	1,059	316	1,375
France	132	21	153	265	41	306
IFAD	48	23	71	169	46	214
IDB	14	2	16	28	4	32
China	-	737	737	-	1,729	1,729
Federal Govt.	1,624	846	2,470	3,247	1,692	4,939
Total	16,368	4,720	21,088	32,910	9,878	42,788

Note:

- 1- LIBOR Rate of 29th Dec'17 is considered as base rate for LIBOR based loans.
- 2- Exchange Rates of 29th Dec'17 is used for conversion into PKR.

Economic Data used in Risk indicators:

Description	Amounts in PKR (bln)						Remarks
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
GDP Pakistan	22,386	25,169	27,493	29,598	31,862	35,919	FY2018 GDP number is obtained from consolidated fiscal projections provided in Federal Budget FY2017-18.
Punjab's GDP	12,312.30	13,842.95	15,121.15	16,278.90	17,524.21	19,755.45	Estimated @55% of the Pakistan's GDP
Total Revenue w/o loan receipts	703	815	902	1,108	1,351	1,438	FY 2018 revenue is an estimated amount which may revise subject to increase/decrease in actual revenue collection.