

## DEBT BULLETIN- GOVT. OF THE PUNJAB

Period: as at 30-06-2018

### DEBT STOCK

Domestic vs External (as at Jun`18)							
Type of Loan	Outstanding (mln PKR) as at Dec`17	Outstanding (mln PKR) as at Jun`18	Outstanding (mln US\$) as at Jun`18	% Growth	% of total as at Jun`18	Variable	Fixed
Domestic Loans	12,523	10,899	89.6	-13.0%	1.6%	0.0%	100.0%
External Loans	597,232	681,855	5,606	14.2%	98.4%	22.8%	77.2%
<b>Total</b>	<b>609,755</b>	<b>692,754</b>	<b>5,695</b>	<b>13.6%</b>	<b>100%</b>	<b>22.4%</b>	<b>77.6%</b>

**Note:**

1- Outstanding debt stock as at Jun`18 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 Jun`18 is PKR 95 billion approximately.

2- Debt Stock as on 30th June`18 has shown a net growth of 13.6% from Dec`17 outstanding debt stock, out of which 10.3% is due to rupee depreciation against foreign currencies and 3.29% is attributed to net loan amount received over a period of six months i.e. Jan`18 to Jun`18.

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

Currency wise Composition of Debt Stock (as at Jun`18)					
Currency	Outstanding Original Currency (million)	Outstanding (million PKR)	% of total	Variable	Fixed
USD	4,849	589,791	85%	19%	81%
JPY	59,673	65,563	9%	63%	37%
Euro	30	4,256	1%	0%	100%
RMB	1,200	22,066	3%	0%	100%
ID	1	179	0%	0%	100%
PKR	10,899	10,899	2%	0%	100%
<b>Total</b>		<b>692,754</b>	<b>100%</b>	<b>22%</b>	<b>78%</b>

Creditor wise Composition of outstanding debt stock (as at Jun'18)		
Creditor	Outstanding (million PKR)	% of total
ADB	219,908	32%
IBRD	69,415	10%
IDA	232,549	34%
JICA	23,960	3%
France	4,256	1%
IFAD	6,381	1%
IDB	179	0%
China	125,208	18%
Federal Govt.	10,899	2%
<b>Total</b>	<b>692,754</b>	<b>100%</b>

Sector wise Composition of outstanding debt stock (as at Jun'18)		
Creditor	Outstanding (million PKR)	% of total
Agriculture & Livestock	55,339	8%
Irrigation	149,054	22%
Energy	8,870	1%
Urban & Community Development	67,386	10%
Education	158,171	23%
Health	9,091	1%
Transport & Communication	129,781	19%
Industries	5,865	1%
Governance	44,422	6%
Tourism	77	0%
Others & CDL	64,699	9%
<b>Total</b>	<b>692,754</b>	<b>100%</b>

**Notes:**

1- PKR figures have been computed by using the FX rate of 30th Jun` 2018

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

## **DEBT SERVICING ESTIMATES**

Creditor	Debt Servicing for Previous six months (Jan'18 to Jun'18)			Projected Debt Servicing for the following 12 months (Jan` 18 to Dec`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	9,012	1,327	10,339	19,495	3,074	22,570
IBRD	2,144	485	2,628	4,447	1,371	5,818
IDA	3,358	1,407	4,765	7,090	2,931	10,021
JICA	676	161	837	1,399	331	1,730
France	133	21	154	275	43	318
IFAD	124	24	148	256	48	305
IDB	15	2	17	31	4	35
China	-	1,023	1,023	-	2,277	2,277
Federal Govt.	1,624	846	2,470	2,748	1,464	4,212
<b>Total</b>	<b>17,086</b>	<b>5,295</b>	<b>22,381</b>	<b>35,741</b>	<b>11,543</b>	<b>47,284</b>

**Note:**

1- LIBOR Rate of 30th Jun` 18 is considered as base rate for LIBOR based loans.

2- Exchange Rate Average of Six months is used for Debt Servicing of the period Jan` 18 to Jun` 18; and Exchange Rate of 30th Jun` 18 is used for Debt Servicing of the period July` 18 to Dec` 18.

## RISK INDICATORS

Risk Indicators		As on 31-Dec-2017	As on 30-Jun-2018	Federal Debt Policy Statement
Outstanding debt as % of Punjab's GDP		3.09%	3.66%	67%
Interest payment as % of Punjab's GDP		0.05%	0.06%	
Actual Outstanding Debt to Avg. Revenue of Last 3 Financial Years		54.43%	61.84%	398%
Debt Service (Prin+Int) as % of Avg. Revenue of Last 3 Financial Years		3.82%	4.22%	38%
Interest payment as % of Avg. Revenue of Last 3 Financial Years		0.88%	1.03%	27%
Share of External/FX debt		97.95%	98.43%	28%
<b>Refinancing Risk</b>	Debt maturing in 1yr (% of total)	5.50%	5.20%	42%
	Debt maturing in 1yr (% of Punjab's GDP)	0.17%	0.19%	
	Avg. Time to Maturity (ATM) External Portfolio (years)	10.2	10.1	
	Avg. Time to Maturity (ATM) Domestic Portfolio (years)	3.6	3.6	
	<b>ATM Total Portfolio (years)</b>	<b>10.0</b>	<b>10.0</b>	3.8 Years
<b>Interest Rate Risk</b>	Fixed rate debt (% of total)	78.4%	77.6%	
	<b>Avg. Time to Refixing Portfolio (years)</b>	<b>8.6</b>	<b>8.4</b>	3.5 Years
	Debt Refixing in 1yr (% of total)	24.7%	25.5%	48%

### Commentary (based on debt stock as on 30-Jun-18):

Punjab's debt stock as at close of Jun'18 is 62% of the Average Total Revenue of the last three financial years. With respect to Punjab's GDP, ratio of outstanding debt stock stands at 3.66%.

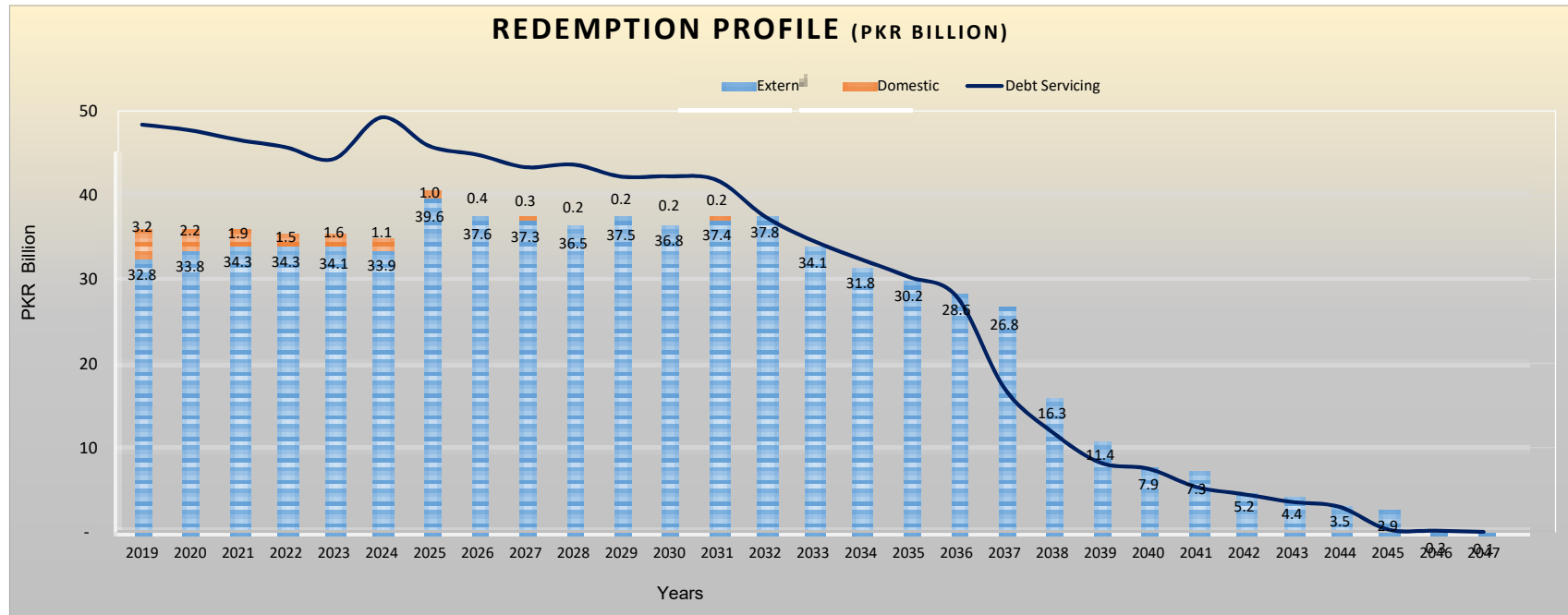
Redemption Profile (i.e. trend of principal repayments) shows a smooth declining trend with a surge in FY2024 which is due to the new loans added in the portfolio and having Grace Period ended in 2023. Redemption profile can be seen in Graph # 1.

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 risk 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 years showing that on average GoPb's total debt will retire after 10 years. Whereas ATR shows the average time by which debt stock will be exposed to change in interest rate, which is 8.4 years.

### 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	27,443	29,076	31,963	34,396	GDP number is obtained from Pakistan Bureau of Statistics for FY2017-18.
Punjab's GDP	12,312.30	13,842.95	15,093.66	15,991.60	17,579.44	18,917.80	Estimated @55% of the Pakistan's GDP
Total Revenue w/o loan receipts	703	815	902	1,108	1,351	1,503	FY2018 number is based on revised estimates

## REDEMPTION PROFILE (Graph #1)



**Note:**

- 1- Redemption profile is based on outstanding debt of the GoPb as on 30-Jun-2018.
- 2- Redemption profile shows the trend of cumulative principal repayments spread over the maturity of complete loan portfolio.