

01 June 2020 | 1100 hrs | 092/2020

At the end of 2019, General Government debt amounted to €5,695.6 million, or 43.1 per cent of GDP, an increase of €51.5 million over 2018.

## Structure of General Government Debt: 2019

In 2019, the Financial Corporations sector held the biggest share of debt with 59.2 per cent, followed by Households and Non-Profit Institutions Serving Households (NPISH) with 23.5 per cent. The share of the Rest of the World was 15.2 per cent, an increase of 4.6 percentage points over the debt held in 2016. The Non-Financial Corporations sector held 2.1 per cent of the debt (Table 1).

Debt Securities, which include Malta Government Stocks and Treasury Bills, are by far the preferred debt instrument for General Government, with €4,915.5 million or 86.3 per cent of the total debt in 2019. Other debt instruments consist of Loans and Currency, with 7.0 per cent and 6.7 per cent respectively. The increases reported under Currency in 2017, 2018 and 2019 relate to the introduction of the 62+ Malta Government Savings Bonds (Table 2).

Almost all the debt owed by the General Government Sector is in national currency. The stock of debt in foreign currencies has decreased considerably over the years and in 2019 it amounted to €0.1 million (Table 3).

The apparent cost of debt, which is the interest rate applicable to the whole nominal debt, was 3.2 per cent in 2019 compared to 3.8 per cent for 2016. This measure of the cost of debt reflects the interest rates prevailing at the issuance date and given that the composition of debt is predominantly long-term, the indicator is not very sensitive to the most recent low interest rate scenario (Table 4).

For 2019, the market value of the total General Government debt is estimated at €6,940.8 million compared to the nominal value of €5,695.6 million. On account of the positive performance of the Debt Securities in the local financial market, the market debt increased by €388.1 million over 2018, as compared to an increase of €51.5 million in nominal debt (Table 5).

For the year under review, the time structure of the debt by initial maturity shows that €3,036.4 million, or 53.3 per cent, was issued with a maturity of 15 to 30 years. This was followed by debt issued for 5 to 7 years (12.6 per cent), 10 to 15 years (10.3 per cent), 1 to 5 years (7.8 per cent) and 7 to 10 years and less than 1 year (both at 7.3 per cent) (Table 6). The average remaining maturity of total debt for 2019 was 8 years 10 months, the same level as in 2018 but 10 months shorter than in 2016. In 2019, the biggest share of debt by remaining maturity was in the 1 to 5-year category with €1,605.4 million, followed by the 10 to 15-year (€1,303.9 million) and the less than 1-year (€873.7 million) categories (Table 7).

Government guarantees on borrowing amounted to €990.3 million in 2019, or 7.5 per cent of GDP, a decrease of €80.8 million over 2018. The majority of Government guarantees are issued to the Non-Financial Corporations sector, which accounts for 73.3 per cent of the total guarantees. The Financial Corporations and NPISH sectors benefitted from 25.7 and 1.0 per cent, respectively, of Government guarantees. The Government guarantees are contingent liabilities, contingent on the actual call of the guarantee, and therefore these do not form part of General Government debt (Table 8).

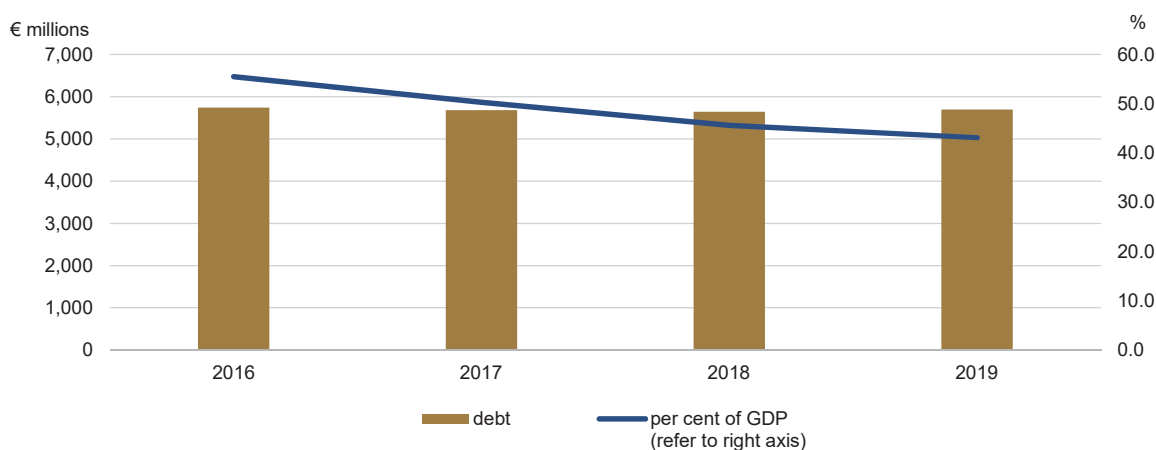
The General Government debt data reported in this release are consistent with the April 2020 Excessive Deficit Procedure (EDP) notification, as published in news release 065/2020 dated 22 April ■

**Table 1. Structure of General Government Debt by sector, year and debt holder**

		€ 000			
	Sector	2016	2017	2018	2019
Non-Financial Corporations	S11	65,876	57,566	77,501	118,926
Financial Corporations	S12	3,529,561	3,532,373	3,464,985	3,373,263
Households and NPISHs	S14+S15	1,536,272	1,401,372	1,365,292	1,340,029
Rest of the World	S2	608,006	687,094	736,292	863,339
<b>Total General Government Debt</b>		<b>5,739,715</b>	<b>5,678,404</b>	<b>5,644,070</b>	<b>5,695,557</b>
as a % of GDP		55.5%	50.3%	45.6%	43.1%

Source of GDP data: News Release 034/2020 dated 28 February 2020.

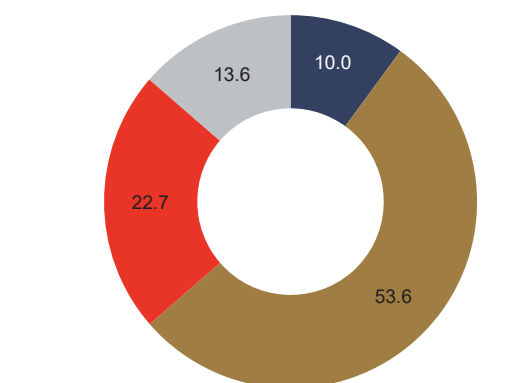
**Chart 1. General Government debt**



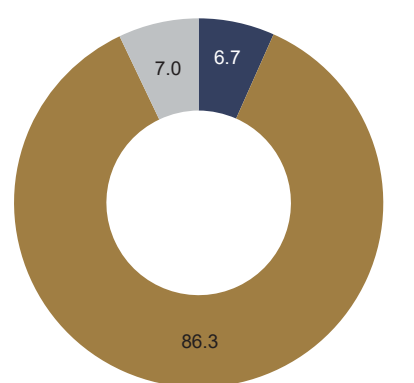
**Table 2. Structure of General Government Debt by ESA code, year and instrument**

		€ 000			
	ESA code	2016	2017	2018	2019
Currency	AF29	72,832	177,826	277,013	379,020
Debt Securities	AF3	5,338,012	5,153,961	4,999,421	4,915,450
Loans	AF4	328,871	346,618	367,636	401,088
<b>Total General Government Debt</b>		<b>5,739,715</b>	<b>5,678,404</b>	<b>5,644,070</b>	<b>5,695,557</b>

**Chart 2. Debt holders by institutional sector (%): 2019**



**Chart 3. Debt by financial instrument (%): 2019**



■ Non-Financial Corporations ■ Financial Corporations  
 ■ Households and NPISHs ■ Rest of the World

■ Currency ■ Debt Securities ■ Loans

**Table 3. Structure of General Government Debt by year and currency of issuance**

	€ 000			
	2016	2017	2018	2019
Debt in national currency	5,739,583	5,678,296	5,643,982	5,695,480
Debt in foreign currencies	132	108	88	77
of which: US Dollar	0	0	0	0
Canadian Dollar	132	108	88	77

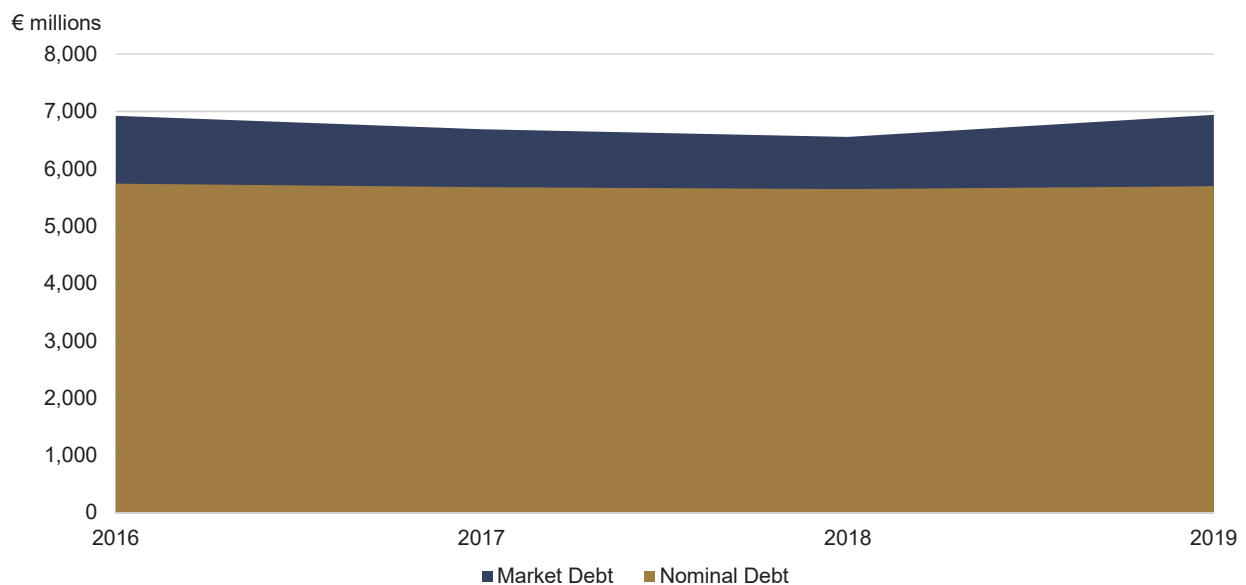
**Table 4. Apparent cost of debt by year**  
(%)

	2016	2017	2018	2019
Apparent cost of debt *	3.8	3.6	3.3	3.2

\* The apparent cost of debt may be defined as the interest rate applicable to the whole nominal debt

**Table 5. Market value of debt by year**

	€ 000			
	2016	2017	2018	2019
Market value of total debt	6,920,517	6,688,725	6,552,662	6,940,792

**Chart 4. Nominal debt compared to market debt**

Maastricht debt is in nominal value, which is considered equivalent to the face value, and represents in some cases the value of right/commitment on principal resulting from a financial instrument i.e. the undiscounted amount of the principal that the government will have to pay to creditors at maturity. ESA2010 debt is in market value, based on the price of a security as determined dynamically by buyers and sellers in an open market and includes also accrued interest.

**Table 6. Structure of General Government Debt by year and initial maturity**

€ 000

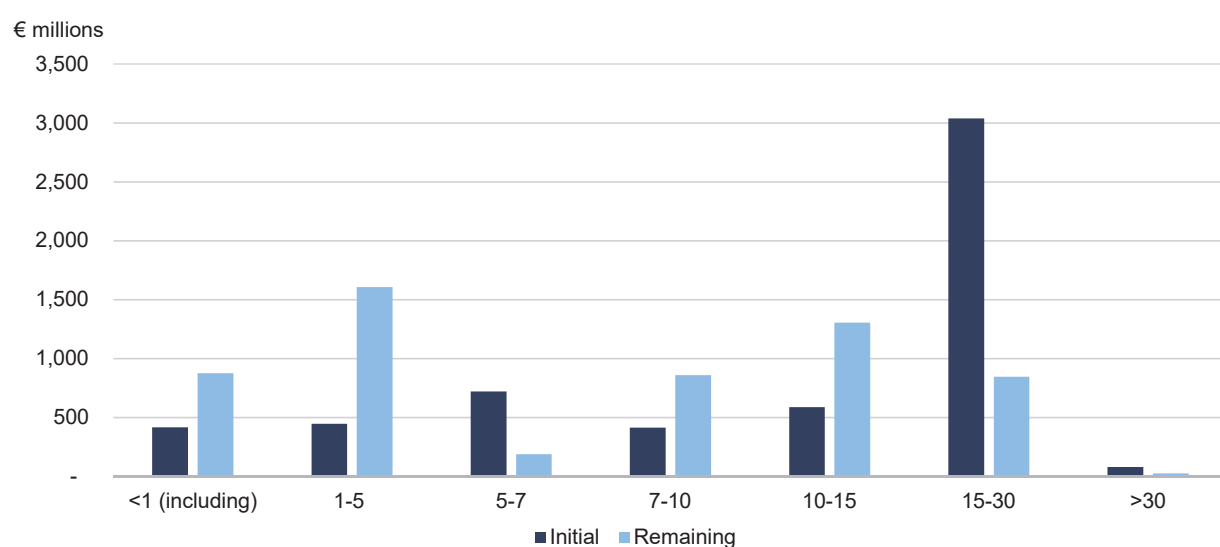
	2016	2017	2018	2019
Initial maturity in years:				
<1 (including)	354,460	286,195	405,345	415,692
1-5	429,129	395,894	420,561	445,160
5-7	809,302	755,729	730,698	720,010
7-10	197,789	274,043	267,614	412,930
10-15	609,346	604,977	616,369	585,584
15-30	3,259,954	3,281,833	3,123,749	3,036,447
>30	79,734	79,734	79,734	79,734
<b>Total General Government Debt</b>	<b>5,739,715</b>	<b>5,678,404</b>	<b>5,644,070</b>	<b>5,695,557</b>

**Table 7. Structure of General Government Debt by year and remaining maturity**

€ 000

	2016	2017	2018	2019
Average remaining maturity of total debt, in years and months	9 years; 8 months	9 years; 5 months	8 years; 10 months	8 years; 10 months
Remaining maturity in years:				
<1 (including)	716,757	691,160	984,223	873,730
1-5	1,767,984	1,839,871	1,743,785	1,605,380
5-7	449,068	252,786	488,431	187,872
7-10	82,200	161,706	280,766	858,039
10-15	1,253,959	1,545,121	1,527,023	1,303,876
15-30	1,407,566	1,156,619	594,426	843,673
>30	62,180	31,140	25,417	22,987
<b>Total General Government Debt</b>	<b>5,739,715</b>	<b>5,678,404</b>	<b>5,644,070</b>	<b>5,695,557</b>

**Chart 5. Debt by initial and remaining maturity: 2019**



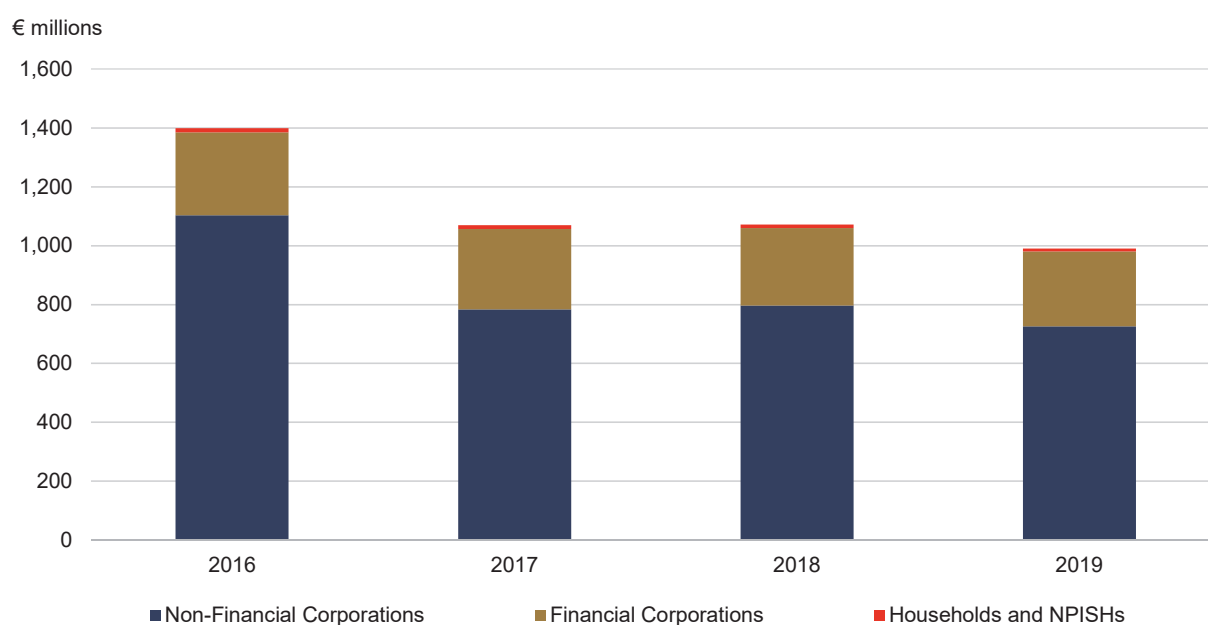
The initial maturity is the final payment date of a loan or a financial instrument as announced at the date of issuance, while the remaining maturity is the remaining time until the expiration or repayment of the loan or financial instrument.

**Table 8. Government guarantees by sector, year and holder**

		€ 000			
	Sector	2016	2017	2018	2019
Non-Financial Corporations	S11	1,102,546	783,341	796,683	725,864
Financial Corporations	S12	282,026	273,167	262,855	254,381
Households and NPISHs	S14+S15	14,642	12,784	11,523	10,011
Rest of the World	S2	0	0	0	0
<b>Total Government Guarantees</b>		<b>1,399,215</b>	<b>1,069,292</b>	<b>1,071,062</b>	<b>990,256</b>
as a % of GDP		13.5%	9.5%	8.7%	7.5%

Source of GDP data: News Release 034/2020 dated 28 February 2020.

**Chart 6. Government Guarantees beneficiaries by Institutional Sector: 2019**



Guarantees are arrangements whereby the guarantor undertakes to a lender that if a borrower defaults, the guarantor will make good the loss the lender would otherwise suffer (ESA 2010 B5.1.1). Government guarantees include guarantees granted by EBUs but exclude government guarantees provided to EBUs.

## Methodological Notes

1. This release presents Government debt in line with the methodology defined in the Maastricht Treaty (Article 104). The basic conceptual reference framework for this exercise is the ESA 2010 Manual on Government Deficit and Debt (2019 edition) which is in turn based on the European System of National and Regional Accounts (ESA 2010). This compliance with the reference framework allows for the international comparability of the data.
2. General Government Sector (S.13 sector according to the ESA 2010 definitions) is made up of the Central Government Sector (S.1311) and the Local Government Sector (S.1313). The Central Government Sector includes the Budgetary Central Government, made up of Government Ministries and Departments and the Extra Budgetary Units (EBUs).
3. Figures in the tables presented may not add up due to rounding.
4. Data may be subject to revision.
5. More information relating to this news release may be accessed at:  
Statistical Concepts: <http://nso.gov.mt/metadata/concepts.aspx>  
Metadata: <http://nso.gov.mt/metadata/reports.aspx?id=95>  
Glossary: [http://nso.gov.mt/en/nso/Sources\\_and\\_Methods/Unit\\_A2/Public\\_Finance/Pages/Quarterly-Accounts-for-General-Government.aspx](http://nso.gov.mt/en/nso/Sources_and_Methods/Unit_A2/Public_Finance/Pages/Quarterly-Accounts-for-General-Government.aspx)  
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