The PBA is home to 39% of Argentina’s population

- The PBA is the most populous province in Argentina (Population: 15,625,084)
- It is where the Pampas, Argentina’s agricultural hinterland, begins
- It is home to the Greater Buenos Aires (districts surrounding the City of Buenos Aires), the most densely populate area in the country (home to 63.5% of PBA’s population)

Source: National Census of Households and Population conducted in October 2010
It is the productive engine of the country

The PBA produces 35.8% of Argentina’s total output and 54.5% of total manufactures*.

**COMPOSITION OF PROVINCIAL REAL GDP BY SECTOR IN 2013**

- Real Estate & Business Services: 12.5%
- Construction: 5.4%
- Manufacturing: 27.6%
- Others: 9.7%
- Education, Social and Health Services & Public Administration: 7.9%
- Retail and Wholesale Commerce: 13.2%
- Agriculture, Livestock, Hunting, Forestry & Fishing: 4.3%
- Transportation, Storage and Communications: 17.4%
- Electricity, Gas and Water: 1.9%

*Annual average for 2009-2012 period.

PBA exports are well-diversified

PBA exported USD 14.4 billion between January and September 30, 2015

<table>
<thead>
<tr>
<th>BY CATEGORY</th>
<th>BY DESTINATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufactured Goods of Industrial Origin 50.0%</td>
<td>Brazil 35.7%</td>
</tr>
<tr>
<td>Manufactured Goods of Agricultural Origin 24.9%</td>
<td>Others 34.3%</td>
</tr>
<tr>
<td>Fuel and Energy 2.7%</td>
<td>China 9.4%</td>
</tr>
<tr>
<td>Primary Products 22.5%</td>
<td>Mexico 2.4%</td>
</tr>
</tbody>
</table>

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- The Province of Buenos Aires (PBA) in a nutshell
- Building a better future
- Fiscal and financial situation
A political earthquake

• After 14 years in power in Argentina and 28 years in the Province of Buenos Aires, the Peronist Party was defeated in the 2015 elections

• In October, María Eugenia Vidal, from Cambiemos, the PRO led coalition, shocked pollsters and pundits winning the PBA elections

• A month later, Mauricio Macri, the leader of Cambiemos, won a tight run-off and was elected President of Argentina
Years of mistrust between the Federal and PBA governments come to an end

- Although Cristina Kirchner and Daniel Scioli were both Peronists, they were often at odds with each other.
- During their tenure there was a decrease in transfers from the Federal government to the PBA and severe constraints to borrowing.
The inheritance: a significant social and infrastructure deficit

• Forced by the Federal government to balance its budget, Scioli’s administration raised taxes and cut capital expenditures (CapEx) to historical minimum levels

• The result: deteriorating roads, a broken health care system, low quality education, recurrent flooding and insecurity
CapEx has been very low

CapEx was 4.4% of total expenditures on average over the last eight years

<table>
<thead>
<tr>
<th>Year</th>
<th>Current Expenditures</th>
<th>Capital Expenditures</th>
<th>Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>14.7</td>
<td>0.0</td>
<td>14.7</td>
</tr>
<tr>
<td>2009</td>
<td>15.8</td>
<td>0.0</td>
<td>15.8</td>
</tr>
<tr>
<td>2010</td>
<td>18.4</td>
<td>0.0</td>
<td>18.4</td>
</tr>
<tr>
<td>2011</td>
<td>23.8</td>
<td>0.0</td>
<td>23.8</td>
</tr>
<tr>
<td>2012</td>
<td>26.4</td>
<td>0.0</td>
<td>26.4</td>
</tr>
<tr>
<td>2013</td>
<td>27.6</td>
<td>0.0</td>
<td>27.6</td>
</tr>
<tr>
<td>2014</td>
<td>24.9</td>
<td>0.0</td>
<td>24.9</td>
</tr>
<tr>
<td>2015*</td>
<td>31.3</td>
<td>0.0</td>
<td>31.3</td>
</tr>
</tbody>
</table>

*2015 projected figures included in 2016 Budget.

Note: Data for 2008 and 2009 was published in Province’s Prospectus dated July 14, 2011. Source: General Accounting Office of the Province of Buenos Aires; Central Bank of Argentina (Communication A 3500).
CapEx: PBA and City of Buenos Aires

### PER CAPITA CAPEX

<table>
<thead>
<tr>
<th>Year</th>
<th>City of Buenos Aires</th>
<th>PBA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>273.5 USD</td>
<td>54.2</td>
</tr>
<tr>
<td>2011</td>
<td>343.7 USD</td>
<td>86.8</td>
</tr>
<tr>
<td>2012</td>
<td>377.8 USD</td>
<td>56.3</td>
</tr>
<tr>
<td>2013</td>
<td>595.2 USD</td>
<td>52.5</td>
</tr>
<tr>
<td>2014</td>
<td>552.8 USD</td>
<td>56.3</td>
</tr>
<tr>
<td>2015*</td>
<td>514.1 USD</td>
<td>64.1</td>
</tr>
</tbody>
</table>

*2015 projected figures included in 2016 Budget.

Note: Data for 2009 was published in Province’s Prospectus dated July 14, 2011 and conversions to USD are made at annual average exchange rate (shown in slide 13).

Source: General Accounting Office of the Province of Buenos Aires and of the City of Buenos Aires; “Provincial Population Projections by sex and age group: 2010-2040” and “Estimates of total population by department and calendar year: 2001-2010” as published by INDEC.
Over the next four years we plan to increase investment in public infrastructure

- Better roads, emphasizing access to ports
- Extension of the potable water and sewage network, mainly in GBA
- Salado River and Luján River works to prevent floods
- Better schools and hospitals
- The 2016 Budget is a first step
Federal vs Provincial tax revenues

*Data provided for City of Buenos Aires is an own estimation. It includes the transfers from the Federal Government under the Decree N° 194/16.

Note: All data corresponds to 2014.

There is little scope to increase provincial taxes...

PROVINCIAL TAX COLLECTION IN 2014

TAX BURDEN

*The Provincial Office of Statistics has not produced an official GDP figure for 2014. We estimate this number assuming that the PBA. share of Argentina’s GDP in that year is equal to average share registered during the 2009-2012 period, which is equal to 35.8%. Note: The tax burden is defined as Provincial Tax revenues/Provincial GDP (at current prices). Provincial Tax revenues for 2008 and 2009 were published in Province’s Prospectus dated July 14, 2011 and Provincial GDP is published by the Provincial Office of Statistics, Ministry of Economy. Source: General Accounting Office of the Province of Buenos Aires.
...but federal tax revenue transfers have declined

PBA generated approximately 37% of national tax revenues, but received 18.9% in 2014

EFFECTIVE CO-PARTICIPATION COEFFICIENT

Note: This coefficient is calculated by adding the federal transfers pursuant to the Co-participation Law No.23,548 and the federal transfers pursuant to special co-participation laws that correspond to each province, divided by total annual co-participable revenues that will be shared among the provinces.
Source: Provincial Office of Tributary Policy, Ministry of Economy of the Province on the basis of information of the Secretariat of Treasury, Ministry of Treasury and Public Finances of Argentina.
We intend to seek an increase in the amount of transfers from the Federal government...

PER CAPITA EFFECTIVE CO-PARTICIPATION IN 2016*

*Estimated. **Data provided for City of Buenos Aires is an own estimation. It includes the transfers from the Federal Government under the Decree N° 194/16.

Note: Exchange rate as of February 17, 2016 (ARS/USD = 15). All data corresponds to 2016.

Source: 2016 National Budget; "Provincial Population Projections by sex and age group: 2010-2040" as published by INDEC.
...and the new relationship between the Federal and PBA’s government can help

- Mauricio Macri has been a mentor for María Eugenia Vidal
- Incentives are aligned, doing well in the PBA is crucial for the success of Cambiemos
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The Province of Buenos Aires (PBA) in a nutshell

Building a better future

Fiscal and financial situation
After two years of balanced budgets, the fiscal deficit reappeared in 2015...

**Primary balance/Provincial GDP**
- 2008: -0.5%
- 2009: -1.1%
- 2010: -0.2%
- 2011: -0.8%
- 2012: -0.7%
- 2013: 0.3%
- 2014*: 0.6%
- 2015**: -
- 2016***: -

**Financial balance/Provincial GDP**
- 2008: -0.8%
- 2009: -1.4%
- 2010: -0.5%
- 2011: -1.2%
- 2012: -1.1%
- 2013: -0.1%
- 2014*: 0.1%
- 2015**: -
- 2016***: -

* For 2014 Provincial GDP, see note in slide 17. ** 2015 projected figures included in 2016 Budget. *** 2016 Budget.

Note: Data for 2008 and 2009 was published in Province’s Prospectus dated July 14, 2011. Conversions to USD are made at annual average exchange rate (shown in slide 13) and for 2016 we used the exchange rate as of February 17, 2016 (ARS/USD = 15).

...but public debt to GDP ratio remains below 7%
Debt composition

**BY CREDITOR**

- Multilateral Credit Agencies: 7.7%
- Bilateral Credit Agencies: 1.3%
- Federal Government: 32.0%
- Bondholders: 59.0%

**BY CURRENCY**

- ARS: 38.8%
- USD: 46.7%
- EUR: 13.6%
- Others: 0.6%
- ARS adjusted by CER: 0.4%

Note: As of September 30, 2015.

## 2015 Fiscal results vs 2016 Budget

<table>
<thead>
<tr>
<th></th>
<th>USD Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015*</td>
</tr>
<tr>
<td>Current Revenues</td>
<td>28.7</td>
</tr>
<tr>
<td>Capital Revenues</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>29.3</td>
</tr>
<tr>
<td>Current Expenditures</td>
<td>30.3</td>
</tr>
<tr>
<td>Of which Personnel</td>
<td>15.8</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>31.4</td>
</tr>
<tr>
<td><strong>PRIMARY BALANCE</strong></td>
<td><strong>-1.1</strong></td>
</tr>
<tr>
<td><strong>FINANCIAL BALANCE</strong></td>
<td><strong>-2.1</strong></td>
</tr>
</tbody>
</table>

*2015 projected figures included in 2016 Budget.

Note: For 2015 we used the 2015 annual average exchange rate (ARS/USD = 9.27) and for 2016, the exchange rate as of February 17, 2016 (ARS/USD = 15).

Source: Ministry of Economy of the Province of Buenos Aires.
Financial requirements for 2016

- Fiscal Deficit: 1.7 USD billion
- Amortization: 1.0 USD billion
- Others: 1.3 USD billion

**Note**: Exchange rate as of February 17, 2016 (ARS/USD = 15).
Source: Article 32, 2016 Budget.
## Expected financing strategy

<table>
<thead>
<tr>
<th>Sources of funding</th>
<th>ARS Billion</th>
<th>USD Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>International capital markets</td>
<td>20.0 to 30.0</td>
<td>1.33 to 2.00</td>
</tr>
<tr>
<td>Domestic capital markets</td>
<td>15.0 to 25.0</td>
<td>1.00 to 1.67</td>
</tr>
<tr>
<td>Other domestic markets</td>
<td>14.3</td>
<td>0.95</td>
</tr>
<tr>
<td>Multilateral organisms</td>
<td>0.7</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>60.0</strong></td>
<td><strong>4.00</strong></td>
</tr>
</tbody>
</table>

Note: Exchange rate as of February 17, 2016 (ARS/USD = 15)
Maturity profile by creditor

Note: Calculated on the basis of debt stock, exchange rate and interest rates as of September 30, 2015. Does not include any adjustment for inflation with respect to the debt denominated in CER-adjusted or ICC-adjusted ARS or any other debt. The debt services between October 1, 2015 and December 30, 2015, that were equal to USD 1.4 billion, have already been canceled.

Source: Provincial Office of Public Debt and Credit, Ministry of Economy of the Province of Buenos Aires
MATURITY PROFILE

Note: Calculated on the basis of debt stock, exchange rate and interest rates as of September 30, 2015. Does not include any adjustment for inflation with respect to the debt denominated in CER-adjusted or ICC-adjusted ARS or any other debt. The debt services between October 1, 2015 and December 30, 2015, that were equal to USD 1.4 billion, have already been canceled.

Source: Provincial Office of Public Debt and Credit, Ministry of Economy of the Province of Buenos Aires
Thank you!