

Report on Provincial Debt

Province Of Buenos Aires

AS OF DECEMBER 31, 2017

June, 2018



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Abbreviations used in the Report

AF	Financial Assistance from the Federal Government
CER	Reference Stabilization Coefficient
FFFIR	Federal Fiduciary Fund for Regional Infrastructure
FFDP	Provincial Development Fiduciary Fund
OECD	Organization for Economic Co-operation and Development
PBA	Province of Buenos Aires
Provincial GDP	Provincial Gross Domestic Product
ARS	Pesos (National Argentine Currency)
USD	American Dollars
CHF	Swiss Francs
JPY	Japanese Yen
EUR	Euros
DMFAS	Debt Management and Financial Analysis System

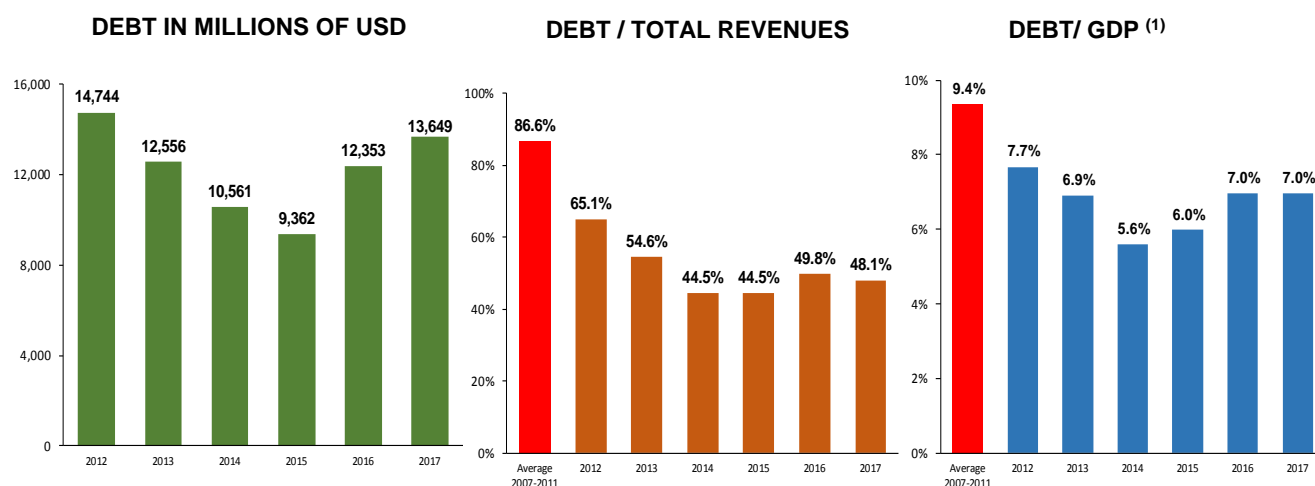
Executive Summary

As of December 31, 2017, the debt of the Province of Buenos Aires amounted to ARS 254.5 billion, equivalent to USD 13.6 billion at the exchange rate as of the end of 2017.

PUBLIC DEBT INDICATORS

PROVINCE OF BUENOS AIRES

CHART N° 1



(1) **GDP 2007-2016:** GDP at constant numbers 2004 base (calculated with the new methodology from INDEC) released by the Provincial Bureau of Statistics.
GDP 2017: Own estimate.

Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance.

As of December 31, 2017, 69.6% of PBA's debt was constituted by bonds in international law, whereas 10.5% was owned by the Federal Government. In addition, Bonds in local law accounted for 14.7%. Altogether, these three categories accounted for 94.8% of the total debt. The remainder was explained by debts with multilateral credit agencies (4.2%) and OECD loans (1.0%).

PBA's public debt denominated in foreign currency amounted to 74.8% of the total (60.3% in USD, 14.0% in EUR and 0.5% in other currencies), whereas the remaining 25.2% was denominated in ARS, including a small portion in ARS+CER (0.2%).

In terms of the debt maturity profile, as of December 31, 2017, the bulk of PBA's debt services were concentrated in the medium term (57.1%), followed by long term (23.7%) and short term (19.1%).

1. Public debt of the Province of Buenos Aires as of December 31, 2017

As of December 31, 2017 the public debt stock amounted to ARS254.5 billion, equivalent to USD13.6 billion at the exchange rate of USD1=ARS18.65. During the fourth quarter, PBA's public debt decreased by ARS 5.2 billion. Table N°1 shows the items comprising the debt stock at the end of the fourth quarter as compared with the previous quarter:

PUBLIC DEBT STOCK as of December 31, 2017				
PROVINCE OF BUENOS AIRES In millions of current pesos				TABLE N° 1
CONCEPT	Debt Stock			Quarterly Variation
	12/31/16 (a)	09/30/17 (b)	12/31/17 (c)	ARS (c)-(b)
1. Debt in foreign currency	129,914.5	178,463.6	190,306.7	11,843.1
Multilateral Credit Agencies´ Loans	10,301.6	10,154.4	10,627.6	473.2
OECD Loans ⁽¹⁾	2,129.1	2,365.3	2,551.7	186.4
Bonds in international law denominated in EUR	19,499.8	33,720.9	34,859.1	1,138.2
Long Par in EUR	9,682.6	11,811.7	12,959.3	1,147.6
Medium Par in EUR	9,585.2	11,692.9	10,690.8	(1,002.1)
Discount in EUR	232.0	-	-	-
EUR 500 M Bond – 5.375% due 2023	-	10,216.4	11,209.0	992.6
Bonds in international law denominated in USD	97,076.2	131,138.4	141,084.5	9,946.1
Long Par in USD	7,749.5	8,442.0	9,095.1	653.0
Medium Par in USD	1,012.2	1,102.6	989.9	(112.7)
Discount in USD	530.6	-	-	-
USD 475 M Bond – 9.375% due 2018	7,547.8	8,222.3	8,858.3	636.0
USD 750 M Bond – 5.75% due 2019	11,917.5	12,982.5	13,986.8	1,004.3
USD 750 M Bond – 10.875% due 2021	11,917.5	12,982.5	13,986.8	1,004.3
USD 899 M Bond – 9.95% due 2021	14,292.7	15,569.9	16,774.3	1,204.4
USD 750 M Bond – 6.50% due 2023	-	12,982.5	13,986.8	1,004.3
USD 1,250 M Bond – 9.125% due 2024	19,862.5	21,637.5	23,311.3	1,673.8
USD 1,750 M Bond – 7.875% due 2027	15,890.0	30,292.5	32,635.8	2,343.3
USD 400 M Bond – 9.625% due 2028	6,356.0	6,924.0	7,459.6	535.6
Untendered holdings ⁽¹⁾	907.7	1,084.6	1,183.8	99.2
2. Debt in Pesos	65,859.6	80,630.0	63,598.7	(17,031.3)
Federal Government	45,342.1	49,060.1	26,682.9	(22,377.1)
Federal Refinancing Program + 2015 Financial Assistance	38,218.2	36,188.8	10,512.3	(25,676.5)
Trust Funds and other loans	7,123.9	12,871.3	16,170.6	3,229.4
Bonds in local law	20,517.5	31,569.9	36,915.7	5,345.8
Debt Cancellation Bonds Issued February 5, 2016	7,997.3	3,998.7	1,999.3	(1,999.3)
Treasury Bills	6,986.2	1,084.4	8,486.0	7,401.6
Bonds of the Province of Buenos Aires – due March 14, 2023	-	7,374.3	7,374.3	-
Law N° 14,315 Bonds	508.8	101.9	51.0	(51.0)
2015 and 2016 Local Program	4,925.3	3,740.4	3,740.4	-
Local Bond due 2022	-	15,182.4	15,812.4	-
Others	99.9	87.8	82.3	(5.5)
3. Debts in Pesos, adjusted by CER	520.3	596.8	626.2	29.5
Bonos PyMES (law N°12,421)	520.3	596.8	626.2	29.5
TOTAL (1 + 2 + 3)	196,294.3	259,690.4	254,531.6	(5,158.8)

(1) Excluding past and due interest as of December 2001. Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance	EXCHANGE RATES	12/31/2016	09/30/2017	12/31/2017
	ARS / USD	15.89	17.31	18.65
	ARS / JPY	0.14	0.15	0.17
	ARS / CHF	15.62	17.86	19.15
	ARS / EUR	16.75	20.43	22.42
	CER	6.84	7.99	8.38

1.1 Causes of public debt variation – fourth quarter 2017

As of December 31, 2017, PBA's debt decreased by ARS 5.2 billion, 2.0% lower than the consolidated debt stock as of September 30, 2017.

The following table breaks down the set of effects that, with increases and reductions, generated a net decrease in the provincial debt stock between September 30, 2017 and December 31, 2017.

CAUSES OF PUBLIC DEBT VARIATION, FOURTH QUARTER 2017	
PROVINCE OF BUENOS AIRES In millions of current pesos ⁽¹⁾	
TABLE N° 2	
CONCEPT	VARIATION Dec 17 vs Sep 17
Debt Increases	25,858.5
Exchange rate effect ⁽¹⁾	14,290.2
Debt Issues in the local capital markets	7,472.1
2017 Debt Refinancing with the federal government	3,560.2
Loan disbursements with Multilateral Credit Agencies	443.0
CER effect	93.0
Debt Reduction	(31,017.4)
Debt amortizations with the federal government	(25,734.9)
Amortization of debts issued in the local capital markets	(2,392.3)
Amortization of debts issued in the international capital markets	(2,146.7)
Amortization of debts under multilateral credit agencies	(743.5)
Debt Stock Variation	(5,158.8)

Note: (1) Includes the ARS depreciation against the USD, EUR, JPY and CHF.

Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance.

The following items led to the provincial debt stock increase:

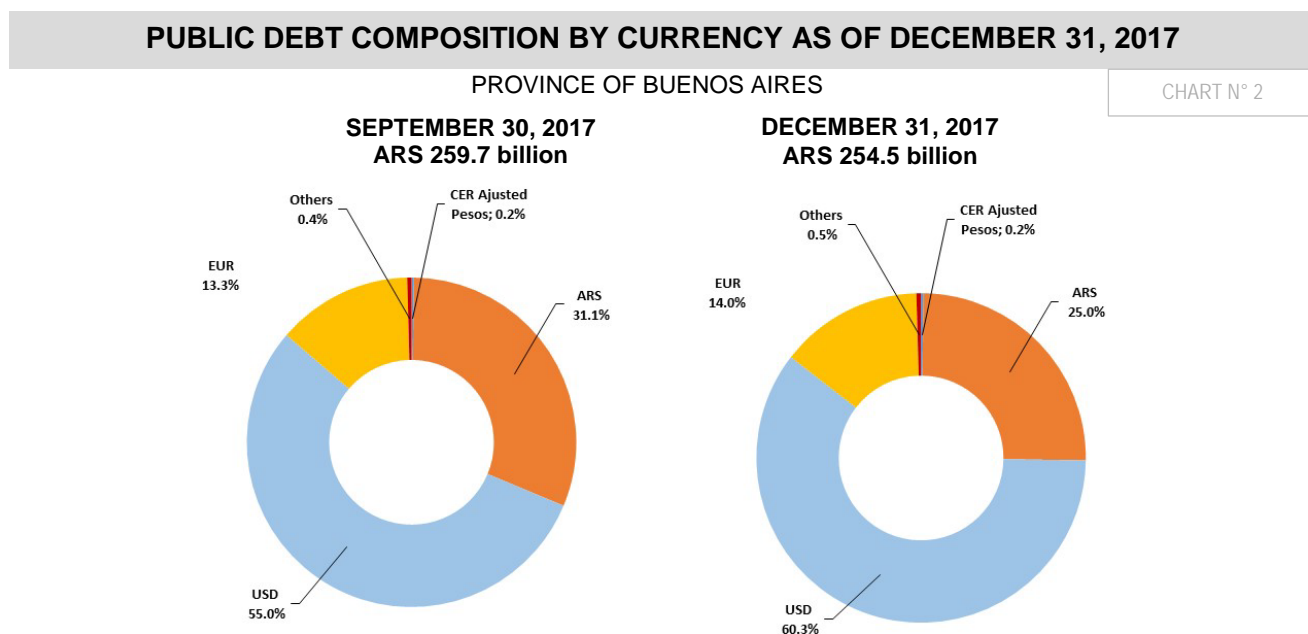
- Peso depreciation against the USD, EUR, CHF and JPY, the exchange rate effect, which accounted for 55.3% of the total increase;
- Treasury Bills issued in the local capital market for ARS 7,472.1 million accounted for 28.9% of the gross increase in the fourth quarter of 2017;
- Debt service refinancing in 2017 with the federal government, which includes a reimbursement of the debt services withheld from January to May in 2017, the debt services refinanced from October to December in 2017 and the interest capitalization as of December 29, 2017 for ARS 3,560.2 million, accounting for 13.8% of the total increase; and
- The rest of the increase (2.1%) is explained by new loan disbursements with Multilateral Credit Agencies (1.7%) and the impact of inflation on the debt denominated in ARS + CER (0.4%).

These increases were more than offset by:

- Debt amortizations with the federal government accounted for 83.0% of the total decreases mainly explained by allocating the National Treasury Contributions received in December 2017 to the partial and advanced debt repayment which was incurred under the Federal Refinancing Program (*Programa Federal de Desendeudamiento de las provincias argentinas*);
- Amortizations of debts issued in the local capital market, which accounted for 7.7% of the decreases, explained by (i) ARS 1,999.3 million of the amortization of the third instalment of the Debt Cancellation Bond issue date February 5, 2016, (ii) ARS 265.9 million of the advanced debt cancellation of the total debt under the ANSES Housing Trust Agreement, (iii) ARS 70.6 million amortization of Treasury Bills, (iv) ARS 51.0 million amortization of bonds Law No. 14,315 - Series E, and (v) ARS 5.6 million in amortization of other minor debts;
- Amortizations of debts issued in the international capital market, for ARS 2,146.7 million, under the payment of the first installment of the Medium Par Restructuring Bonds in USD and EUR, which together accounted for 6.9% of the total decreases; and
- Debt amortizations with Multilateral Credit Agencies for ARS 743.5 million, which accounted 2.4% of the total gross reduction.

1.2. Public debt composition by currency as of December 31, 2017

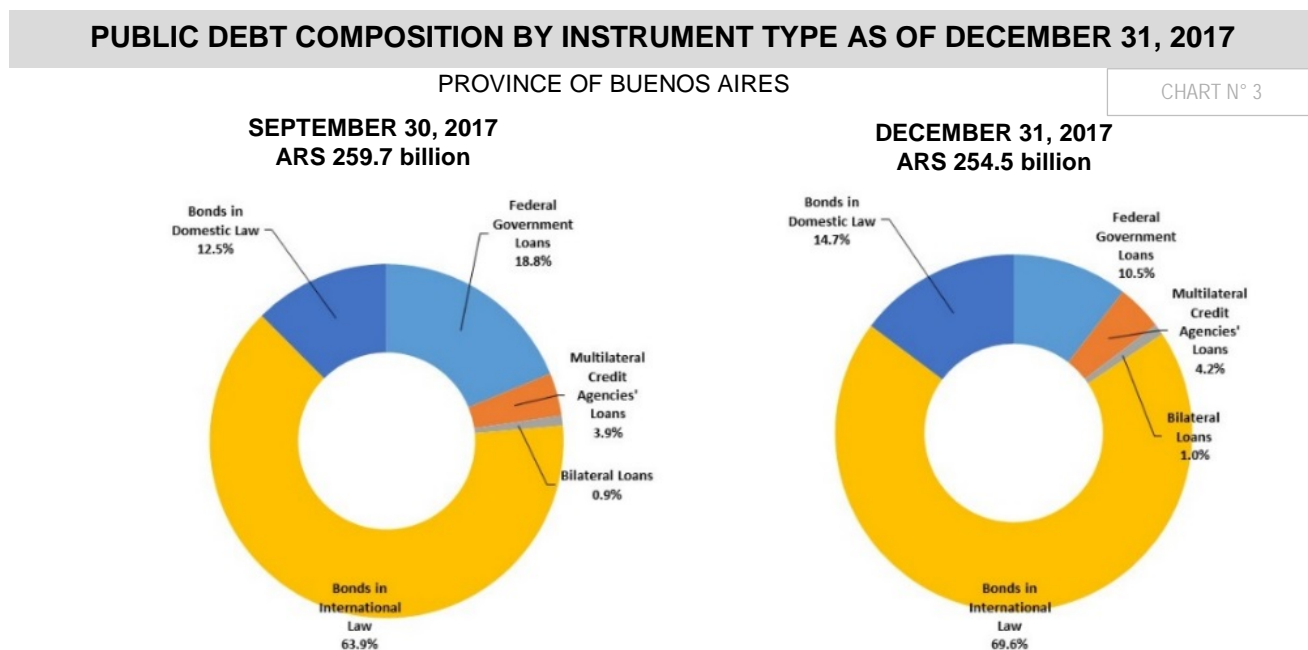
At the end of 2017, the total debt presented a 2.0% net decrease as compared with the stock recorded in the previous quarter. On the one hand, the portion of debt denominated in ARS decreased by 6.1% as a result of the advanced debt repayment with federal government. This reduction, together with with the ARS devaluation against the most important currencies, caused the protion of debt denominated in foreing currecnry to increase.



Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

1.3. Public debt composition by instrument type as of December 31, 2017

The partial and advanced repayment of debts held with the federal government helped reduce, by more than 8 percentage points, the portion of the "Federal Government's Loans" at the end of 2017. While the portion of the "bonds in International Law" rose due to the ARS devaluation against the most relevant foreign currencies.



Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

2. Public debt services fourth quarter 2017

The total debt services as of the fourth quarter in 2017 amounted to ARS 37.6 billion, 80.7% of which accounted for amortization services and 19.3% in debt interest services. The quarter's main debt services were: debt repayment with the federal government accounting for 66.7% of the services, followed by service payments on the bonds issued in the local capital market (16.7%), payment of bonds issued in the international capital markets (14.4%) and payment to Multilateral Credit Organisms (2.2%).

PUBLIC DEBT SERVICES (cash basis)–Fourth Quarter 2017-

PROVINCE OF BUENOS AIRES – In millions of current pesos ⁽¹⁾

TABLE N° 3

ITEM	AMORTIZATION ⁽²⁾	INTEREST	TOTAL
Federal Government' Loans ⁽³⁾	25,058.4	9.9	25,068.3
Bonds in local law and other debts	2,395.8	3,876.0	6,271.9
Bonds in international law	2,146.7	3,277.5	5,424.2
Multilateral Credits Agencies' loans	743.5	97.4	840.9
TOTAL	30,343.8	7,260.7	37,604.5

(1) ARS debt services were converted into foreign currency using the exchange rate of the payment date.

(2) Includes ARS 2.8 million that corresponds to the cash payments pursuant to Consolidation Law N° 12.836.

(3) Does not include debt interest and amortization of the debts from October to December included in the 2017 Debt refinancing Agreement entered into between the province of Buenos Aires and the federal government. Interest Amortization from October to December meant refinancing ARS 1,200 million.

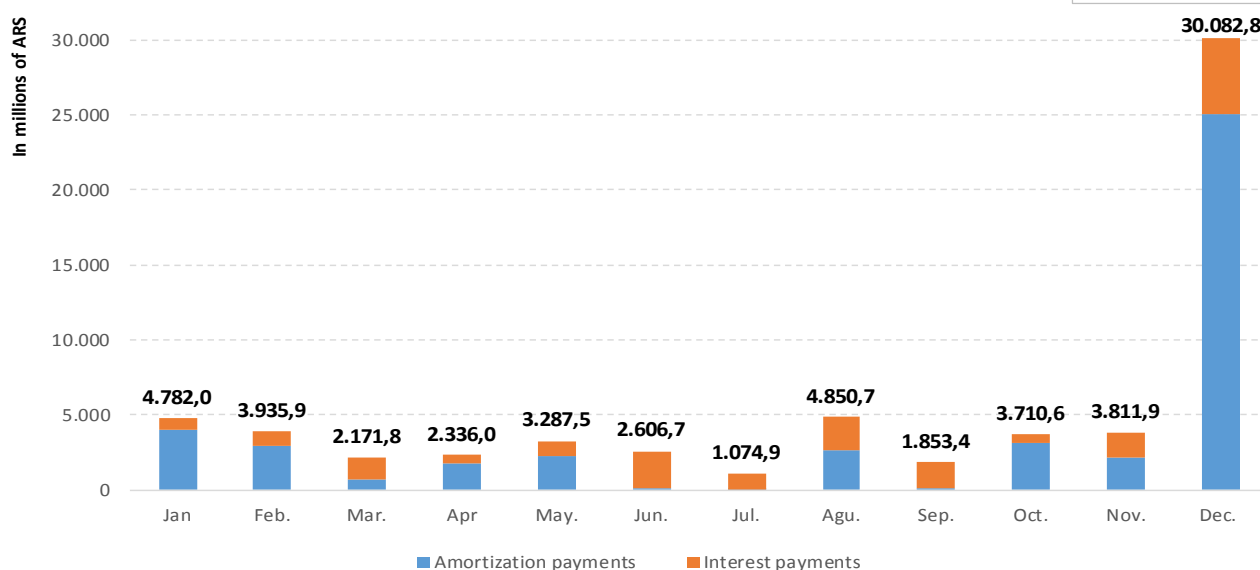
Source: Own elaboration based on Data from DMFAS. Provincial Office of Debt and Public Credit, Under-secretariat of Finance.

As for the monthly debt total service distribution as of December 31, 2017 YTD, the largest payments were made in December as PBA received National Treasury Contributions, which were allocated to partially cancel debts with the federal government in advance.

PUBLIC DEBT SERVICES MONTHLY DISTRIBUTION as of December 31, 2017 YTD

PROVINCE OF BUENOS AIRES

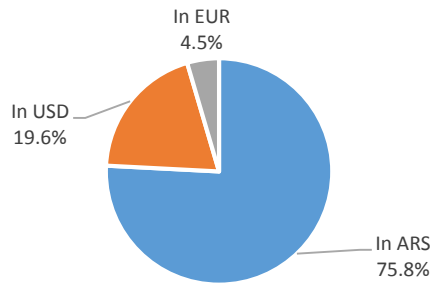
CHART N° 4



DEBT SERVICE COMPOSITION BY CURRENCY December 31, 2017 YTD

PROVINCE OF BUENOS AIRES

CHART N°5



Source: Own elaboration based on the data from DMFAS. Provincial Office of Debt and Public Credit, Under-secretariat of Finance

3. Maturity Profile

As of December 31, 2017, the bulk of PBA's debt services was concentrated in the medium term (57.1%), followed by long term (23.7%) and short term (19.1%).

As for short-term maturities, those that come due in 2018, as of December 31, 2017, 57.9% corresponded to obligations in ARS, 34.0% to obligations in USD and 8.2% in EUR.

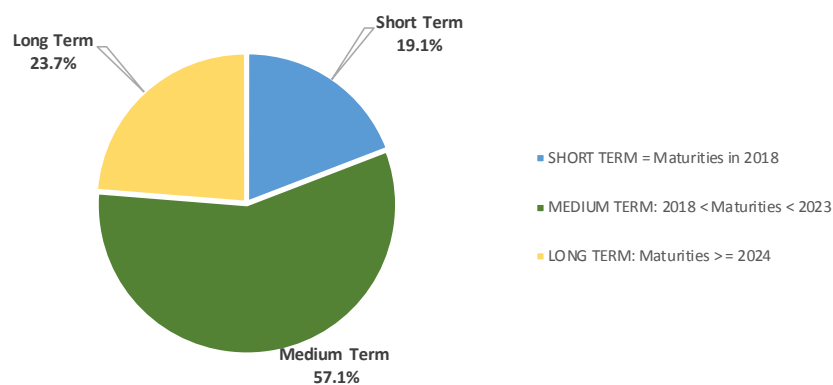
As for payments on medium-term debt services, those due between 2019 and 2023, 73.0% corresponded to obligations in foreign currency and, the remainder, in ARS.

Long-term debt services (over 5 years) denominated in foreign currency account for 99.0%. The remainder obligations are denominated in ARS and in ARS+CER.

PUBLIC DEBT MATURITY PROFILE COMPOSITION BY TERM as of Dec 31, 2017

PROVINCE OF BUENOS AIRES | as a percentage

CHART N°6



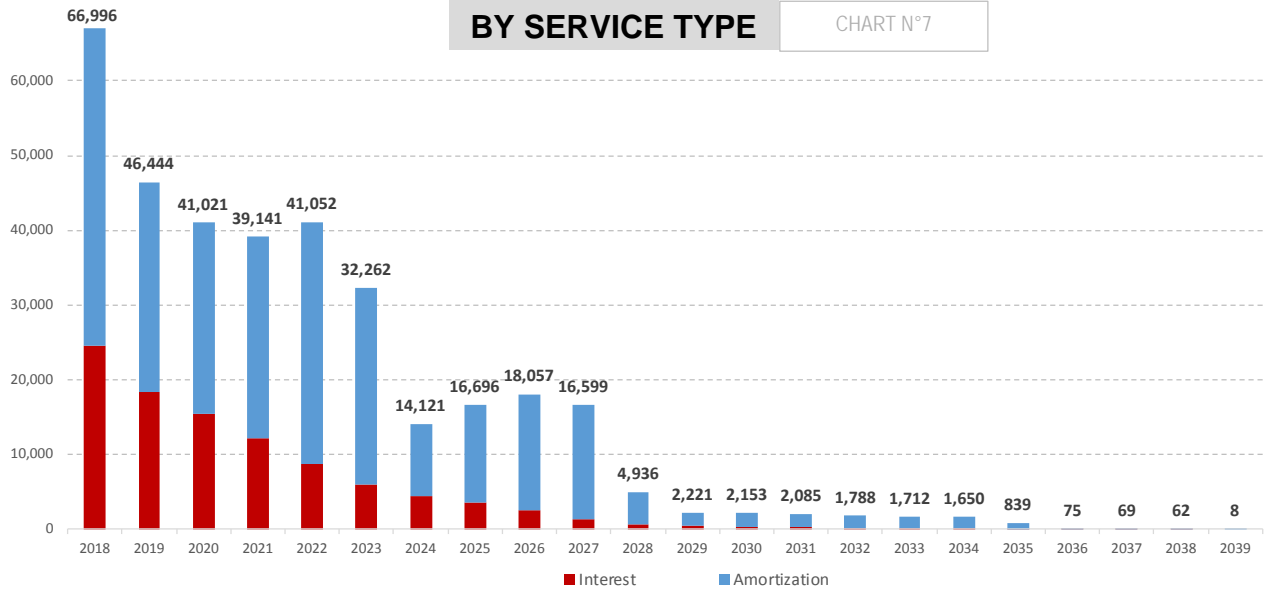
Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

PUBLIC DEBT MATURITY PROFILE as of Dec 31, 2017 ⁽¹⁾

PROVINCE OF BUENOS AIRES | In millions of ARS

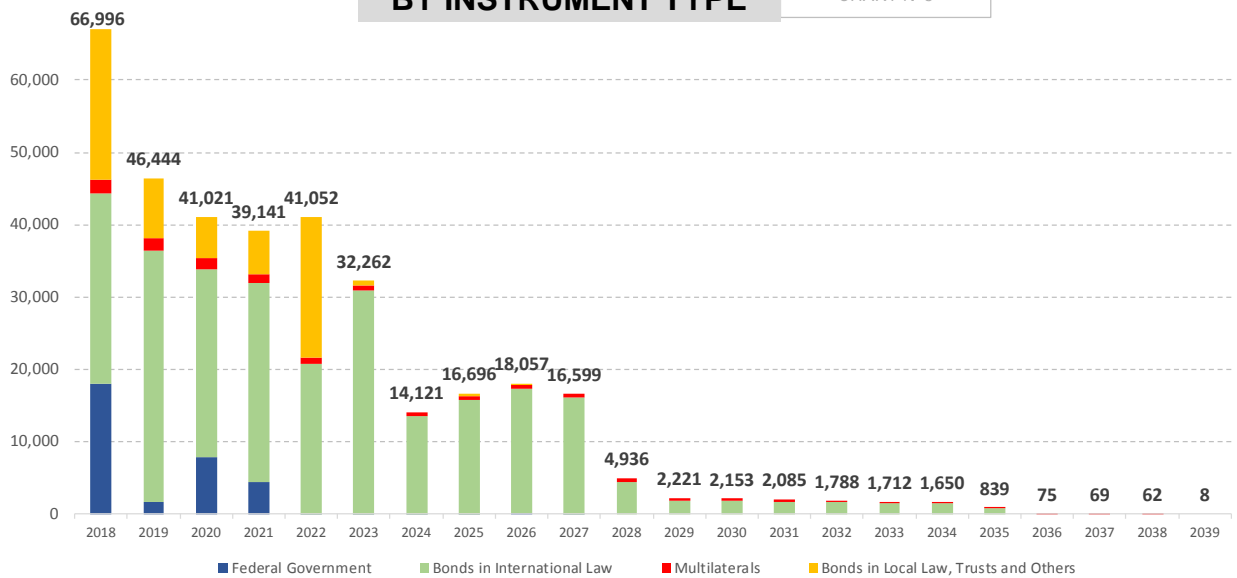
BY SERVICE TYPE

CHART N°7



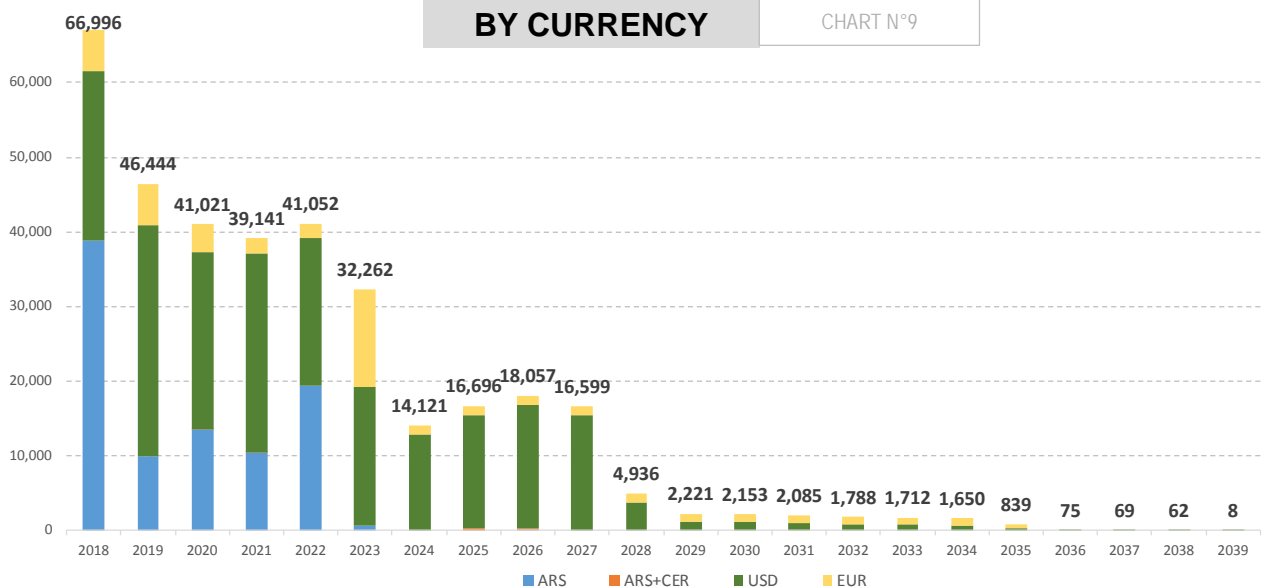
BY INSTRUMENT TYPE

CHART N°8



BY CURRENCY

CHART N°9



Note: (1) calculated with the exchange rate as of Dec 31, 2017 ARS/USD =18.65 and ARS/EUR=22.42.
Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

APPENDIX Debt Indicators

	Average 2007-2011	2012	2013	2014	2015	2016	2017
Debt Indicators							
Total Public Debt / Total Revenues	86.6%	65.1%	54.6%	44.5%	44.5%	49.8%	48.1%
Total Public Debt / GDP	9.4%	7.7%	6.9%	5.6%	6.0%	7.0%	7.0%
Average Life -including interest- (in years)	-	6.6	6.0	5.5	5.4	4.7	3.9
Roll-over -Amortization Indicator (t+1) / Total Public Debt (t)	9.6%	10.8%	13.0%	22.0%	13.4%	23.0%	16.7%
Debt in Foreign Currency / Exports	22.9%	25.8%	30.0%	27.5%	40.2%	47.4%	59.2%
Debt Services Indicators							
Total Paid Services / Total Revenues	10.4%	6.1%	8.1%	8.6%	10.9%	8.2%	12.5%
Paid Interest / Total Revenues	2.6%	3.2%	2.9%	3.3%	3.6%	4.1%	4.0%
Public Debt Services in Foreign Currency / Exports	1.5%	2.1%	2.4%	2.7%	6.8%	3.6%	4.9%
Interest Rate Composition							
% Fixed Rate Debt	91.3%	85.9%	87.3%	86.7%	83.2%	83.5%	79.7%
% Variable Rate Debt	8.7%	14.1%	12.7%	13.3%	16.8%	16.5%	20.3%
Composition by Currency							
<u>PUBLIC DEBT</u>							
% in ARS -includes ARS+CER-	60.1%	55.5%	48.7%	42.4%	42.1%	33.8%	25.2%
% in USD	24.6%	32.2%	36.7%	42.6%	43.0%	55.4%	60.3%
% in EUR	14.6%	11.7%	14.0%	14.4%	14.3%	10.3%	14.0%
% in other currency	0.6%	0.5%	0.5%	0.6%	0.6%	0.5%	0.5%
<u>DEBT SERVICES</u>							
% in ARS	76.3%	62.4%	71.9%	70.9%	58.4%	69.1%	75.7%
% in USD	20.0%	32.4%	23.7%	24.3%	39.0%	27.3%	19.7%
% in EUR	3.8%	5.2%	4.4%	4.8%	2.6%	3.6%	4.6%
Composition by Creditor							
% Federal Government Loans	51.8%	47.9%	43.5%	37.5%	34.5%	23.0%	10.5%
% Bonds in International Law	36.8%	35.7%	41.6%	46.5%	48.4%	59.9%	69.6%
% Bonds in Domestic Law	4.1%	9.5%	7.0%	6.9%	7.6%	10.9%	14.7%
% Multilateral Credit Agencies' Loans	6.2%	5.9%	6.9%	7.8%	8.0%	5.2%	4.2%
% OCDE Loans	1.1%	1.0%	1.1%	1.3%	1.4%	1.1%	1.0%
Debt adjusted by inflation (% over Total Debt)	22.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.2%
Composition by Type of Debt							
Loans	65.9%	54.8%	51.5%	46.5%	44.0%	29.3%	15.7%
Bonds	34.1%	45.2%	48.5%	53.5%	56.0%	70.7%	84.3%
Composition by Applicable Law							
Local Law	60.6%	57.4%	50.4%	44.4%	42.2%	33.8%	25.2%
Foreign Law	39.4%	42.6%	49.6%	55.6%	57.8%	66.2%	74.8%
Weighted Average Interest Rate (annual % TOTAL DEBT)							
USD	-	8.0%	7.7%	7.4%	7.5%	7.8%	7.7%
ARS	-	7.6%	7.3%	8.0%	12.5%	12.3%	19.2%
EUR	-	4.4%	3.4%	3.8%	3.7%	3.6%	4.1%
Weighted Average Interest Rate (annual % MARKET FINANCING)							
USD	-	12.3%	10.3%	10.3%	10.1%	8.9%	8.5%
ARS	-	18.6%	22.4%	25.8%	30.0%	24.7%	26.2%
EUR	-	-	-	-	-	-	5.4%
Memorandum items							
Public Debt Stock Annual Variation Rate	12.8%	19.2%	12.9%	10.3%	35.2%	60.8%	29.7%
Total Revenues Annual Variation Rate	27.4%	23.4%	34.7%	35.3%	35.1%	43.7%	34.3%
Nominal Provincial GDP Variation Rate	25.4%	21.3%	25.3%	36.0%	26.7%	38.1%	29.6%
Exchange Rate ARS/USD	3.74	4.92	6.52	8.55	13.04	15.89	18.65
Exchange Rate ARS/EUR	5.16	6.49	8.98	10.40	14.16	16.75	22.42
CER Annual Increase Rate	8.8%	10.5%	10.5%	24.3%	15.0%	35.8%	22.6%

Source: Provincial Office of Debt and Public Credit. Under-secretariat of Finance.

http://www.ec.gba.gov.ar/areas/finanzas/deuda/reporte_trimestral.php