

Report on Provincial Debt

Province Of Buenos Aires

AS OF JUNE 30, 2017

October 6, 2017



Officials

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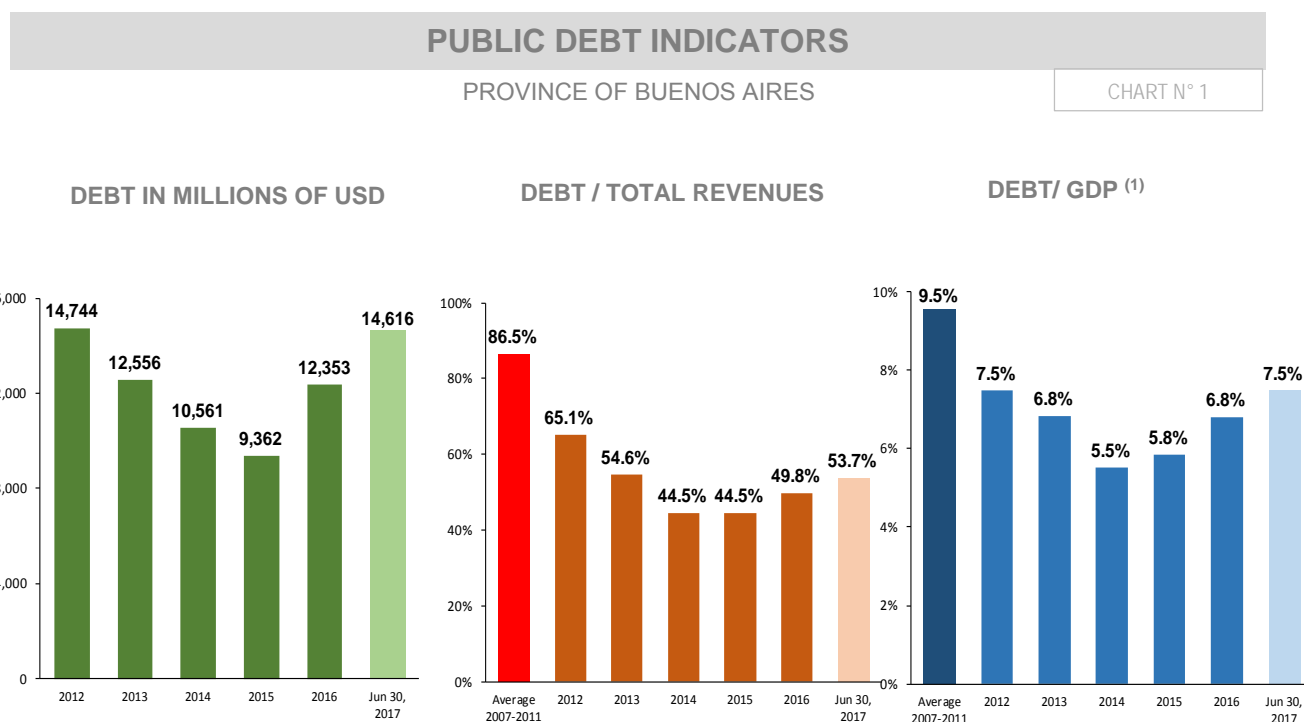
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Abbreviations used in the Report

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 June 30, 2017, the debt of the Province of Buenos Aires amounted to ARS243.1 billion, equivalent to USD14.6 billion at the exchange rate as of the end of the second quarter.



(1) **Total revenues for 2017:** Estimated from the total revenue average included in the budget execution for the last four quarters, 3Q 16, 4Q 16, 1Q 17 and 2Q 17.

(2) GDP data:

2012 GDP Estimate: The share of the Provincial GDP over the federal GDP (36.8%) was calculated under the previous methodology, with the Argentine GDP data calculated under the new methodology released by INDEC

GDP for the period of 2013-2016 GDP: the provincial GDP was estimated under the average share of the provincial GDP over the federal GDP 2009-2012 of 35.8%, calculated under the previous methodology, based on the Argentine GDP, calculated by the new methodology released by INDEC.

2017 GDP: Estimate of the provincial GDP based on the average share for the provincial GDP over the federal GDP for the period of 2009-2012 (35.8%) over the estimate of the Argentine GDP, calculated by the average of last four quarters released by the Under-secretariat of Macroeconomic Planning of the Federal Ministry of Economy "Updated Economic Information-Activity Level"

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

As of June 30, 2017, approximately 61.2% of PBA's debt was constituted by bonds in international law whereas 19.8% was owned by the Federal Government. In turn, bonds in domestic law accounted for 14.0%. Together, these three categories accounted for 95.0% of the total debt. The remainder was explained by debts with multilateral credit agencies (4.1%) and bilateral loans (0.9%).

PBA's public debt denominated in foreign currency accounted for 66.2% of the total (56.5% in USD, 9.3% in EUR and 0.4% in other currencies), whereas the remaining 33.8% was denominated in ARS including a small portion in ARS+CER (0.2%).

In terms of the debt maturity profile, as of June 30, 2017, the bulk of PBA's debt services was concentrated in the medium term (60.3%), followed by long term (29.2%) and short term (10.5%).

1. Public debt of the Province of Buenos Aires as of June 30, 2017

As of June 30, 2017 the public debt stock amounted to ARS243.1 billion, equal to USD14.6 billion at the exchange rate of USD1=ARS16.63. During the second quarter, PBA's public debt rose by ARS 24.2 billion. Table N°1 shows the items comprising the debt stock at the end of the second quarter as compared with the previous quarter:

PUBLIC DEBT STOCK as of June 30, 2017			
PROVINCE OF BUENOS AIRES In millions of current pesos			TABLE N° 1
	03/31/17 (a)	06/30/17 (b)	ARS (b)-(a)
1. Debt in foreign currency	148,992.3	160,962.1	11,969.8
Multilateral Credit Agencies' Loans	9,762.9	9,853.0	90.1
Bilateral Loans ⁽¹⁾	2,093.7	2,267.5	173.7
Bonds in International Law denominated in EUR	19,138.9	21,837.1	2,698.2
Euro - denominated Long Term Par Bond	9,503.4	10,973.8	1,470.4
Euro - denominated Medium Term Par Bond	9,407.7	10,863.3	1,455.6
Euro - denominated Discount Bond	227.7	-	-227.7
Bonds in International Law denominated in USD	117,106.5	125,986.8	8,880.2
Dollar - denominated Long Term Par Bond	7,505.7	8,110.4	604.7
Dollar - denominated Medium Term Par Bond	980.3	1,059.3	79.0
Dollar - denominated Discount Bond	513.9	-	-513.9
USD 475 M Bond – 9.375% due 2018-	7,310.3	7,899.3	589.0
USD 750 M Bond – 5.75% due 2019-	11,542.5	12,472.5	930.0
USD 750 M Bond – 10.875% due 2021-	11,542.5	12,472.5	930.0
USD 899 M Bond – 9.95% due 2021-	13,842.9	14,958.3	1,115.4
USD 750 M Bond – 6.50% due 2023-	11,542.5	12,472.5	930.0
USD 1,250 M Bond – 9.125% due 2024-	19,237.5	20,787.5	1,550.0
USD 1,750 M Bond – 7.875% due 2027-	26,932.5	29,102.5	2,170.0
USD 400 M Bond – 9.625% due 2028-	6,156.0	6,652.0	496.0
Bonds in International Law (Untendered Holdings) ⁽¹⁾	890.2	1,017.8	127.6
2. Debt in Pesos	69,353.2	81,524.4	12,171.2
<i>Federal Government Loans</i>	<i>48,760.3</i>	<i>48,448.2</i>	<i>-312.2</i>
P.D.F. + 2015 Financial Assistance	37,541.7	36,865.3	-676.5
Trust Funds and other loans	11,218.6	11,582.9	364.3
<i>Bonds in Domestic Bonds</i>	<i>20,592.9</i>	<i>33,076.3</i>	<i>12,483.4</i>
Debt Cancellation Bonds Issued February 5, 2016 (Suppliers' Bond)	7,997.3	5,998.0	-1,999.3
Treasury Bills	998.9	465.7	-533.1
Bonds of the Province of Buenos Aires – Due March 14, 2023	7,374.3	7,374.3	-
Law N° 14,315	343.8	222.9	-121.0
2015 and 2016 Local Program	3,782.6	3,740.4	-42.2
Others	-	15,182.4	15,182.4
	96.0	92.5	-3.5
3. Debt in pesos - adjusted by CER	539.1	573.3	34.2
Pymes Bond (Law N° 12,421)	539.1	573.3	34.2
TOTAL (1 + 2 + 3)	218,884.7	243,059.9	24,175.3

(1) Excluding past and due interest as of December 2001.

(2) The 2017 Debt Refinancing Agreement signed between the Province of Buenos Aires and the federal government establishes that the debt services that were made in 2017 will be refunded. Therefore, once the installments as of January and May are refunded, this item will increase in ARS 2,045.9 million.

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

EXCHANGE RATES	03/31/2017	06/30/17
ARS / USD	15.39	16.63
ARS / JPY	0.14	0.15
ARS / CHF	15.37	17.33
ARS / EUR	16.44	18.98
CER	7.16	7.66

1.1. Causes of public debt variation – Second Quarter 2017-

As of June 30, 2017, PBA's debt increased to ARS24.2 billion, which accounts for a 11.0% increase with respect to the consolidated debt stock as of March 31, 2017.

The following table breaks down the set of effects that, with increases and reductions, generated such net increase in the provincial debt stock between March 31 and June 30, 2017.

CAUSES OF PUBLIC DEBT VARIATION, SECOND QUARTER 2017	
PROVINCE OF BUENOS AIRES In millions of current pesos	
TABLE N° 2	
CONCEPT	VARIATION Jun 17 vs Mar 17
Debt Increases	28,994.3
Debt Issues in the domestic capital markets	15,182.4
Exchange rate effect ⁽¹⁾	13,350.3
2017 Debt service refinancing with the federal government	403.5
CER	57.9
Loan disbursement with multilateral credit agencies	0.1
Debt Reduction	-4,819.0
Amortization in domestic capital markets	-2,707.1
Amortization of debts issued in the international capital markets	-732.6
Debt amortizations with the federal government	-731.4
Amortization of multilateral credit agencies' loans	-648.0
Debt Stock Variation	24,175.3

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

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

The following items led to the provincial debt stock increase:

- The local capital market issuance of "Debt Securities of the Province of Buenos Aires at a variable rate due on May 31, 2022" for an amount of ARS 15,182.4 million, accounted for 52.4% of the gross increase in the second quarter 2017;
- The exchange rate effect caused an increase in debt of ARS 13,350.3 million, as the ARS depreciated against the USD, EUR and CHF, which accounted for a 46.0% of the total increase;
- The 2017 debt service refinancing with the federal government, which as of June 30, 2017 represented a debt increase for ARS 403.5 million, accounting for 1.4% of the total increase;
- The rest of the increase (0.2%) accounts for the impact of inflation on ARS-CER-denominated debt and new disbursements by Multilateral Credit Agencies.

These increases were partially offset by:

- Debt amortizations that were issued in the local capital market accounted for 56.2% of the decreases, explained by a (i) ARS 1,999.3 million amortization in May of the first installment of the Debt Cancellation Bank of the Province of Buenos Aires - issue date February 5, 2016, a (ii) ARS 533.1 million Treasury Bills' amortization, a (iii) ARS 121.0 million amortization of bonds Law No. 14,315 -

Series D and E, (iv) ARS 42.2 million amortizations of the bonds issued under the Local 2015 Program, and (iv) ARS 11.5 million in repayments of other debts;

- Debt amortizations which were issued in the international capital market accounted for 15.2% of the decreases;
- Debt amortizations with the federal government, which amounted to ARS 731.4 million, mainly explained by the cancellation of the debts entered into the PFD and AF 2015 for a total of ARS676.5 million, and the remaining amortizations of the FFFIR and Loan FFDP-2011, which in total represented 15.2% of the decreases; and,
- Debt depreciation with Multilateral Credit Agencies for ARS 648.0 million, which accounted for 13.4% of the total gross reduction.

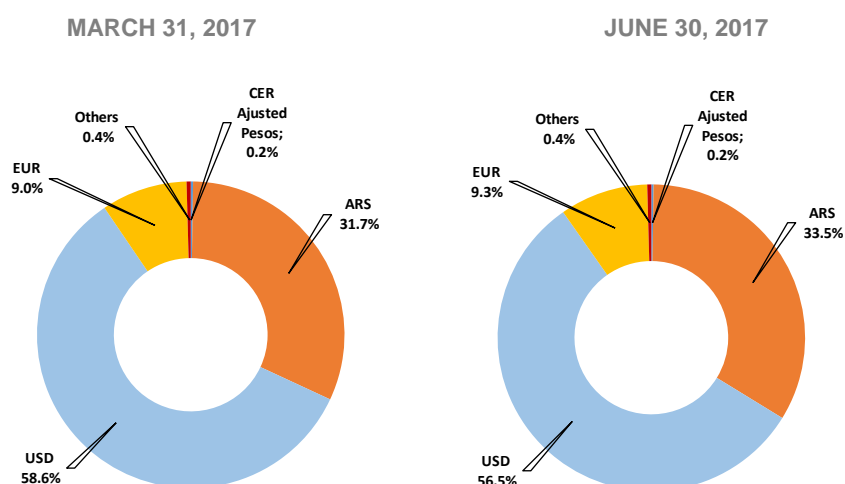
1.2. Public debt composition by currency as of June 30, 2017

At the end of the second quarter in 2017, the portion of the debt denominated in ARS increased due to the local capital market issuance of "Debt Securities of the Province of Buenos Aires at a variable rate due on May 31, 2022" for an amount of ARS 15,182.4 million.

PUBLIC DEBT COMPOSITION BY CURRENCY AS OF JUNE 30, 2017

PROVINCE OF BUENOS AIRES

CHART N° 2



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

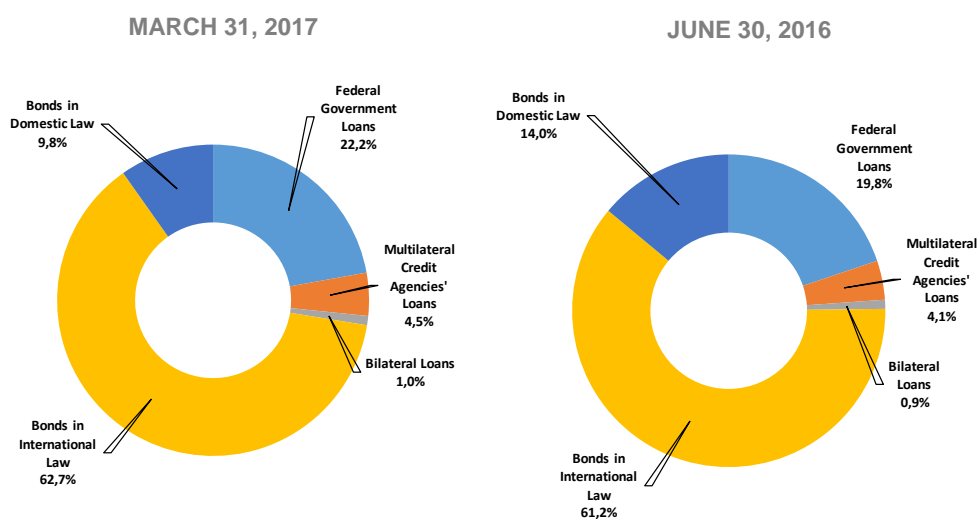
1.3. Public debt composition by instrument type as of June 30, 2017

As the result of the local market debt issuance, the share of the local bondholders on the debt stock has risen which was then offset by the share reduction of the remaining instruments .

PUBLIC DEBT COMPOSITION BY INSTRUMENT TYPE AS OF JUNE 30, 2017

PROVINCE OF BUENOS AIRES

CHART N° 3



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

2. Public debt services -Second Quarter 2017-

As of the second quarter in 2017, the total debt services amounted to ARS 8,891.8 million, which were explained, to a larger extent, by amortization services (51.7%) rather than interest services (48.3%). The main debt services corresponded to debt service payments of bonds issued in the local and international capital market, which account for 81.8% of the services.

PUBLIC DEBT SERVICES –Second Quarter 2017-

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

TABLE N°3

ITEM	AMORTIZATION ⁽²⁾	INTEREST	TOTAL
Bonds in Domestic Law and other debts	2,710.7	844.4	3,555.1
Bonds in International Law	732.6	2,985.8	3,718.3
Federal Government Loans ⁽³⁾	505.9	374.5	880.3
Multilateral Credit Agencies' Loans	648.0	90.0	738.0
TOTAL	4,597.2	4,294.6	8,891.8

- (1) The debt services denominated in foreign currency were converted into ARS at the exchange rate corresponding to the payment date of the obligation.
- (2) Includes ARS 3.7 million corresponding to the cash payment under Consolidation Law N° 12,836.
- (3) Includes interest and amortization services as of April and May from the debts included in the 2017 Debt Service Refinancing Agreement signed between the province of Buenos Aires and the federal government, which are currently in the process of being transferred as provided by the before mentioned agreement.

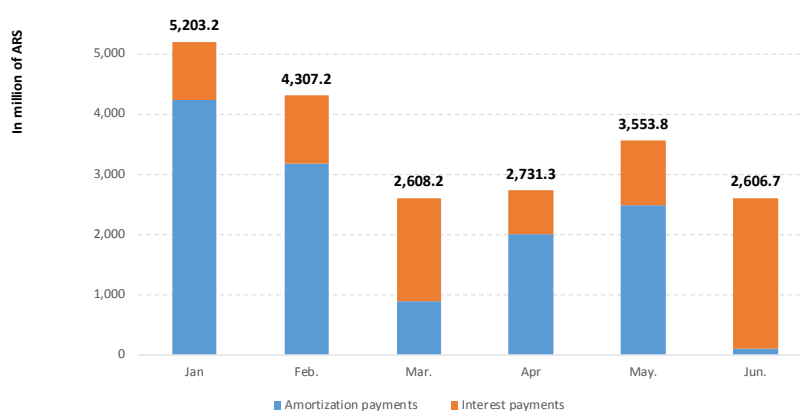
Source: Own elaboration based on Data from DMFAS. Provincial Office of Debt and Public Credit, Under-secretariat of Finance.

As for the monthly debt service distribution in the second quarter, the largest payments were made in January due to: the cancellation of treasury Bills ARS 2,947.8 million and the amortization a bond issued under the Series III of the 2015 Local Program for ARS 995.3 million. As of February, ARS 2,511.0 million in Treasury Bills have been cancelled. In May, we made the first amortization on the Bond to cancel debt obligations due February 2016 for ARS 2,386.9 billion.

PUBLIC DEBT SERVICES MONTHLY DISTRIBUTION as of June 30, 2017

PROVINCE OF BUENOS AIRES

CHART N°4



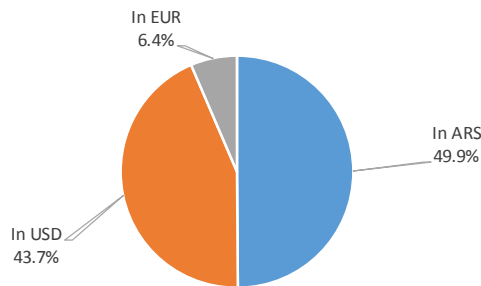
- (1) The debt services corresponding to January, February and March 2017 differ in ARS 3.8 million, ARS 1.3 million and ARS 2.5 million, respectively, from those released in the Debt Report on March 2017 as the payments were made in cash pursuant to the Consolidation Law N° 12,836.

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

PUBLIC DEBT SERVICE COMPOSITION BY CURRENCY as of June 30, 2017

PROVINCE OF BUENOS AIRES

CHART N°5



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

3. Maturity Profile

As of June 30, 2017, the bulk of PBA's debt services was concentrated in the medium term (60.3%), followed by long term (29.2%) and short term (10.5%).

As for short-term maturities, those that fall due between July 2017 and June 2018, 53.2% corresponds to obligations in ARS and 34.6% to obligations in USD and 12.2% in EUR.

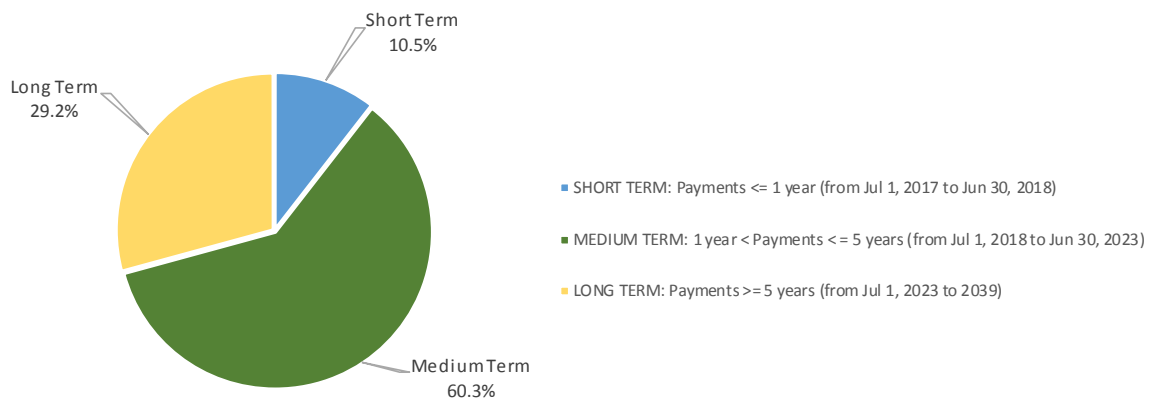
As for payments on medium-term debt services, those debt services due between July 2018 and June 2023, 65.2% consists of obligations in foreign currency and the remainder in ARS.

As for long-term debt services (over 5 years), 83.0% is denominated in foreign currency whereas the remainder is mainly denominated in ARS and a small amount in ARS+CER.

PUBLIC DEBT MATURITY PROFILE COMPOSITION BY TERM as of June 30, 2017

PROVINCE OF BUENOS AIRES

CHART N°6



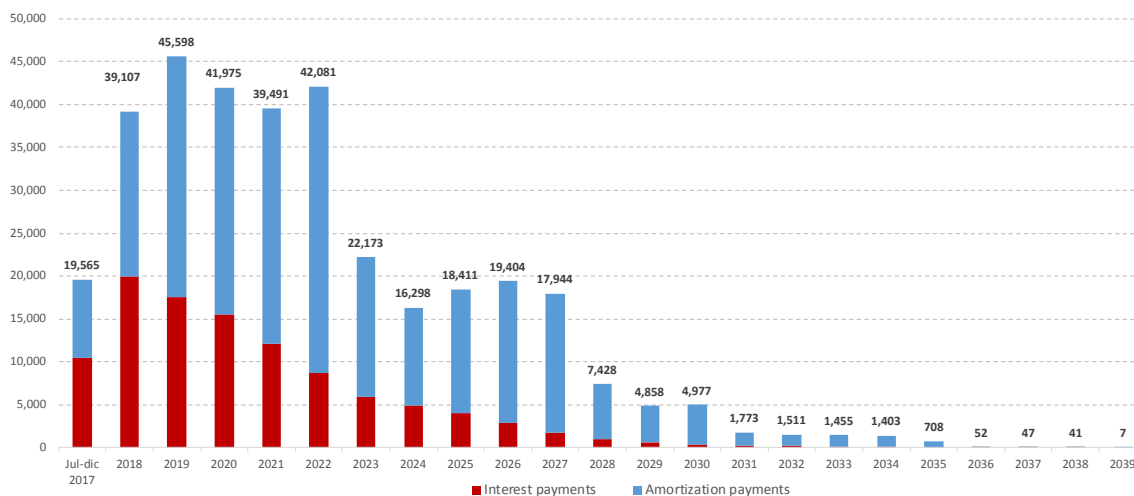
Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

PUBLIC DEBT MATURITY PROFILE as of June 30, 2017

PROVINCE OF BUENOS AIRES | In millions of ARS

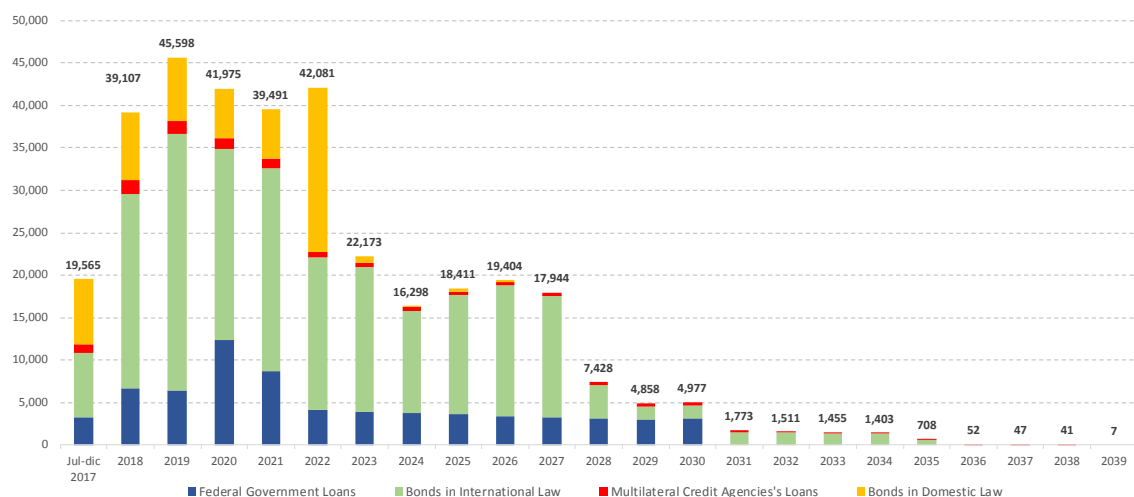
BY SERVICE TYPE

CHART N°7



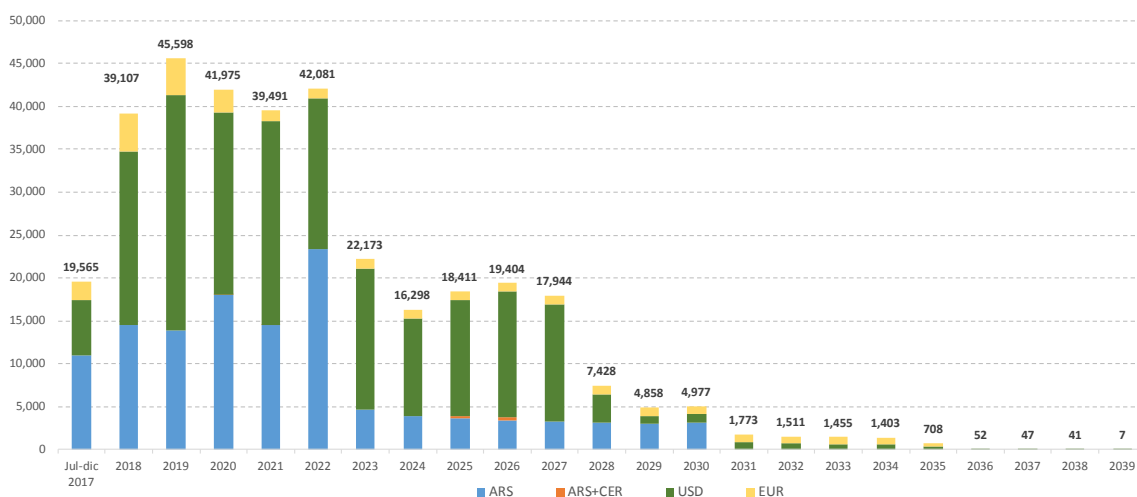
BY INSTRUMENT TYPE

CHART N°8



BY CURRENCY

CHART N°9



(1) Calculated with the exchange rate as of June 30, 2017 ARS/USD =16.63 and ARS/EUR=18.98.
Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

APPENDIX Debt Indicators

	Average 2007-2011	2012	2013	2014	2015	2016
Debt Indicators						
Total Public Debt / Total Revenues	86.5%	65.1%	54.6%	44.5%	44.5%	49.8%
Total Public Debt / GDP	9.5%	7.5%	6.8%	5.5%	5.8%	6.8%
Average Life -including interest- (in years)	-	6.6	6.0	5.5	5.4	4.7
Roll-over -Amortization Indicator (t+1) / Total Public Debt (t)	9.6%	10.8%	13.0%	22.0%	13.4%	11.4%
Debt in Foreign Currency / Exports	22.9%	25.8%	30.0%	27.5%	40.2%	47.5%
Debt Services Indicators						
Total Paid Services / Total Revenues	10.4%	6.1%	8.1%	8.6%	10.9%	8.2%
Paid Interest / Total Revenues	2.6%	3.2%	2.9%	3.3%	3.6%	4.1%
Public Debt Services in Foreign Currency / Exports	1.5%	2.1%	2.4%	2.7%	6.8%	3.7%
Interest Rate Composition						
% Fixed Rate Debt	91.3%	85.9%	87.3%	86.7%	83.2%	83.5%
% Variable Rate Debt	8.7%	14.1%	12.7%	13.3%	16.8%	16.5%
Composition by Currency						
<u>PUBLIC DEBT</u>						
% in ARS -includes ARS+CER-	60.1%	55.5%	48.7%	42.4%	42.1%	33.8%
% in USD	24.6%	32.2%	36.7%	42.6%	43.0%	55.4%
% in EUR	14.7%	11.7%	14.0%	14.4%	14.3%	10.3%
% in other currency	0.6%	0.5%	0.5%	0.6%	0.6%	0.5%
<u>DEBT SERVICES</u>						
% in ARS	76.3%	62.4%	71.9%	70.9%	58.4%	69.1%
% in USD	20.0%	32.4%	23.7%	24.3%	39.0%	27.3%
% in EUR	3.8%	5.2%	4.4%	4.8%	2.6%	3.6%
Composition by Creditor						
% Federal Government Loans	51.8%	47.9%	43.5%	37.5%	34.5%	23.0%
% Bonds in International Law	36.8%	35.7%	41.6%	46.5%	48.4%	59.9%
% Bonds in Domestic Law	4.1%	9.5%	7.0%	6.9%	7.6%	10.9%
% Multilateral Credit Agencies' Loans	6.2%	5.9%	6.9%	7.8%	8.0%	5.2%
% Bilateral Loans	1.1%	1.0%	1.1%	1.3%	1.4%	1.1%
Debt adjusted by inflation (% over Total Debt)	22.4%	0.4%	0.4%	0.4%	0.3%	0.3%
Composition by Type of Debt						
Loans	65.9%	54.8%	51.5%	46.5%	44.0%	29.3%
Bonds	34.1%	45.2%	48.5%	53.5%	56.0%	70.7%
Composition by Applicable Law						
Local Law	60.6%	57.4%	50.4%	44.4%	42.2%	33.8%
Foreign Law	39.4%	42.6%	49.6%	55.6%	57.8%	66.2%
Weighted Average Interest Rate (annual % broken down by currency)						
USD	-	8.0%	7.7%	7.4%	7.5%	7.8%
ARS	-	7.6%	7.3%	8.0%	12.5%	12.3%
EUR	-	4.4%	3.4%	3.8%	3.7%	3.6%

Public Debt Stock Annual Variation Rate	12.8%	19.2%	12.9%	10.3%	35.2%	60.8%
Total Revenues Annual Variation Rate	27.4%	23.4%	34.7%	35.3%	35.1%	43.7%
Nominal Provincial GDP Variation Rate	24.5%	24.1%	23.5%	36.8%	27.6%	35.0%
Exchange Rate ARS/USD	3.74	4.92	6.52	8.55	13.04	15.89
Exchange Rate ARS/EUR	5.16	6.49	8.98	10.40	14.16	16.75
CER Annual Increase Rate	8.8%	10.5%	10.5%	24.3%	15.0%	35.8%

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

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