

# Report on Provincial Debt

## Province Of Buenos Aires

AS OF MARCH 31, 2017

July 26, 2017

# Officials

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# Index

## Page

Table and chart index	3
Abbreviations and terms used in the Report	4
<b>Executive Summary</b>	<b>5</b>
<b>1. Public debt of the Province of Buenos Aires as of March 31, 2017</b>	<b>6</b>
1.1 Causes of public debt variation –first quarter 2017-	7
1.2. Public debt composition by currency as of March 31, 2017	9
1.3. Public debt composition by instrument type as of March 31, 2017	9
<b>2. Public debt services as of March 31, 2017</b>	<b>10</b>
<b>3. Maturity Profile</b>	<b>11</b>
<b>4. Appendix: Debt Indicators</b>	<b>13</b>

# Table and chart index

## Page

<b>TABLE N°1:</b> Public debt stock as of March 31, 2017	6
<b>TABLE N°2:</b> Causes of public debt variation, first quarter 2017	7
<b>TABLE N°3:</b> Public debt services –first quarter 2017-	10
<b>CHART N°1:</b> Public debt indicators	5
<b>CHART N°2:</b> Public debt composition by currency as of March 31, 2017	9
<b>CHART N°3:</b> Public debt composition by instrument type as of March 31, 2017	9
<b>CHART N°4:</b> Public debt service monthly distribution as of March 31, 2017	10
<b>CHART N°5:</b> Public debt service distribution by currency as of March 31, 2017	11
<b>CHART N°6:</b> Public debt maturity profile composition by term as of March 31, 2017	11
<b>CHART N°7:</b> Public debt maturity profile by service type as of March 31, 2017	12
<b>CHART N°8:</b> Public debt maturity profile by instrument type as of March 31, 2017	12
<b>CHART N°9:</b> Public debt maturity profile by currency as of March 31, 2017	12
<b>APPENDIX – Debt Indicators</b>	13

# Abbreviations used in the Report

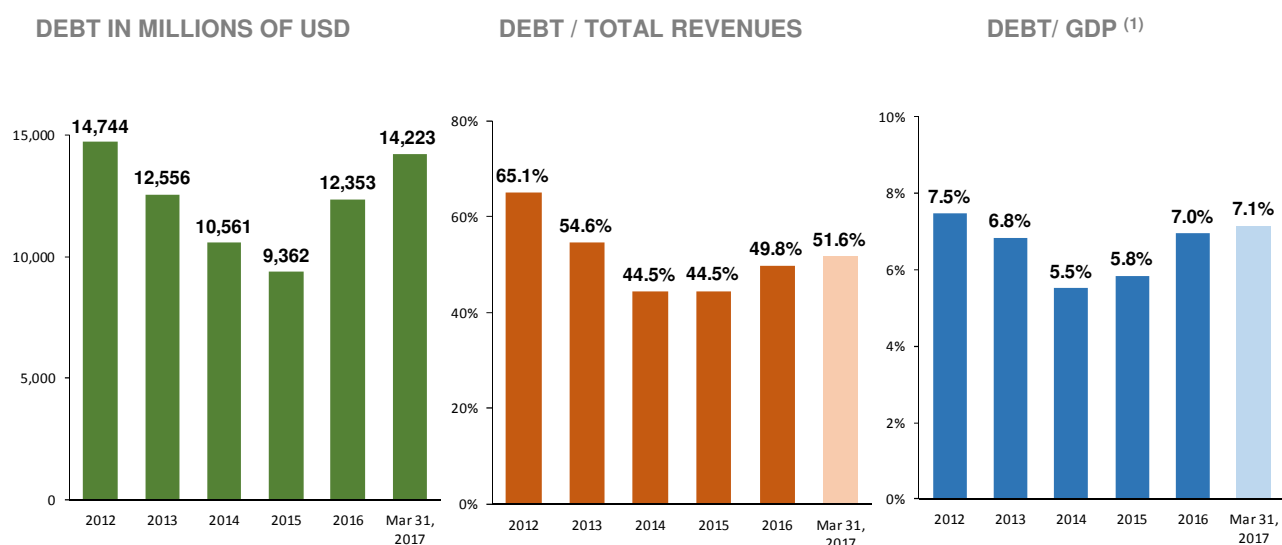
<b>AF</b>	Financial Assistance from the Federal Government
<b>BP27</b>	USD 1,750 million Bond 7.875% due 2027
<b>BP23</b>	USD 750 million Bond 6.50% due 2023
<b>CER</b>	Reference Stabilization Coefficient
<b>FFFIR</b>	Federal Fiduciary Fund for Regional Infrastructure
<b>FFDP</b>	Provincial Development Fiduciary Fund
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PBA</b>	Province of Buenos Aires
<b>Provincial GDP</b>	Provincial Gross Domestic Product
<b>ARS</b>	Pesos (National Argentine Currency)
<b>USD</b>	American Dollars
<b>CHF</b>	Swiss Francs
<b>JPY</b>	Japanese Yen
<b>EUR</b>	Euros
<b>DMFAS</b>	Debt Management and Financial Analysis System

# Executive Summary

As of the first quarter in 2017, the debt of the Province of Buenos Aires amounted to ARS218.9 billion, equivalent to USD14.2 billion at the exchange rate as of the end of the first quarter.

## PUBLIC DEBT INDICATORS

PROVINCE OF BUENOS AIRES CHART N° 1



**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** 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.  
**GDP for 2017.** 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 March 31, 2017, approximately 62.7% of PBA's debt was held by international bondholders whereas 22.2% was owned by the Federal Government. In turn, local bondholders accounted for 9.8%. Together, these three categories accounted for 94.7% of the total debt. The remainder was explained by debts with multilateral credit agencies (4.5%) and OECD loans (1.0%).

PBA's public debt denominated in foreign currency accounted for 68.0% of the total (58.6% in USD, 9.0% in EUR and 0.4% in other currencies), whereas the remaining 31.7% was denominated in ARS including a small portion in ARS+CER (0.2%).

In terms of the debt maturity profile, as of March 31, 2017, the bulk of PBA's debt services was concentrated in the medium term (55.1%), followed by long term (31.6%) and short term (13.3%).

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

As of March 31, 2017 the public debt stock amounted to ARS218.9 billion, equal to USD14.2 billion at the exchange rate of USD1=ARS15.39. During the first quarter, PBA's public debt rose by ARS 22.6 billion which accounted for an increase of USD 1.9 billion. Table N°1 shows the items comprising the debt stock at the end of the first quarter as compared with the previous quarter:

PUBLIC DEBT STOCK as of March 31, 2017			
PROVINCE OF BUENOS AIRES   In millions of current pesos			TABLE N° 1
CONCEPT	12/31/16 (a)	03/31/17 (b)	ARS (b)-(a)
<b>1. Debt in pesos - adjusted by CER</b>	<b>520.3</b>	<b>539.1</b>	<b>18.8</b>
Pymes Bond (Law N° 12,421)	520.3	539.1	18.8
<b>2. Debt in foreign currency</b>	<b>129,914.5</b>	<b>148,992.3</b>	<b>19,077.8</b>
Multilateral Credit Agencies	10,301.6	9,762.9	-538.6
OECD Loans <sup>(1)</sup>	2,129.1	2,093.7	-35.4
Dollar - denominated Long Term Par Bond	7,749.5	7,505.7	-243.8
Euro - denominated Long Term Par Bond	9,682.6	9,503.4	-179.2
Dollar - denominated Medium Term Par Bond	1,012.2	980.3	-31.8
Euro - denominated Medium Term Par Bond	9,585.2	9,407.7	-177.4
Dollar - denominated Discount Bond	530.6	513.9	-16.7
Euro - denominated Discount Bond	232.0	227.7	-4.3
Eurobonds (Untendered Holdings) <sup>(1)</sup>	907.7	890.2	-17.5
USD 475 M Bond – 9.375% due 2018-	7,547.8	7,310.3	-237.5
USD 400 M Bond – 9.625% due 2028-	6,356.0	6,156.0	-200.0
USD 750 M Bond – 10.875% due 2021-	11,917.5	11,542.5	-375.0
USD 899 M Bond – 9.95% due 2021-	14,292.7	13,842.9	-449.7
USD 1,250 M Bond – 9.125% due 2024-	19,862.5	19,237.5	-625.0
USD 750 M Bond – 5.75% due 2019-	11,917.5	11,542.5	-375.0
USD 1,750 M Bond – 7.875% due 2027-	15,890.0	26,932.5	11,042.5
USD 750 M Bond – 6.50% due 2023-	-	11,542.5	11,542.5
<b>3. Debt in Pesos</b>	<b>65,859.6</b>	<b>69,353.2</b>	<b>3,493.6</b>
<i>Federal Government</i>	45,342.1	48,760.3	3,418.2
P.D.F. + 2015 Financial Assistance	38,218.2	37,541.7	-676.5
Trust Funds and other loans	7,123.9	11,216.6	4,094.7
<i>Domestics Bonds</i>	20,517.5	20,592.9	75.4
Debt Cancellation Bonds Issued February 5, 2016 (Suppliers' Bond)	7,997.3	7,997.3	-
Treasury Bills	6,986.2	998.9	-5,987.3
Bonds of the Province of Buenos Aires – Due March 14, 2023		7,374.3	7,374.3
Law N° 14,315	508.8	343.8	-165.0
2015 and 2016 Local Program	4,925.3	3,782.6	-1,142.7
Others	99.9	96.0	-3.9
<b>TOTAL (1 + 2 + 3)</b>	<b>196,294.3</b>	<b>218,884.7</b>	<b>22,590.3</b>

EXCHANGE RATES	12/31/2016	03/31/2017
ARS / USD	15.89	15.39
ARS / JPY	0.14	0.14
ARS / CHF	15.02	15.37
ARS / EUR	16.75	16.44
CER	6.84	7.16

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

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

## 1.1. Causes of public debt variation – first quarter 2017-

As of March 31, 2017, PBA's debt increased to ARS22.6 billion, which accounts for an 11.5% higher than the consolidated debt stock as of December 31, 2016.

The following table breaks down the set of effects that, with increases and reductions, generated such net increase in the provincial debt stock between December 31, 2016 and March 31, 2017.

<b>CAUSES OF PUBLIC DEBT VARIATION, FIRST QUARTER 2017</b>	
PROVINCE OF BUENOS AIRES   In millions of current pesos	
TABLE N° 2	
CONCEPT	VARIATION 03/31/17 vs 12/31/16
<b>Debt Increases</b>	<b>34,784.5</b>
Debt Issues in the international capital markets	23,188.1
Debt Issues in domestic capital markets	7,374.3
Loan Disbursements	4,189.9
Inflation effect	32.0
<b>Debt Reduction</b>	<b>-12,194.0</b>
Amortization in domestic capital markets	-7,303.3
Exchange rate effect <sup>(1)</sup>	-3,889.5
Amortization of federal government's loans	-729.9
Amortization of multilateral credit agencies	-271.3
<b>Debt Stock Variation</b>	<b>22,590.3</b>

Note: (1) Includes the ARS appreciation 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 reopening of the 7.875% Bond due 2027 (BP27) for USD 750 million in the international capital markets and the issuance of the 6.50% Bond due 2023 for USD 750 million both account for 66.7% of the total gross increase during first quarter in 2017;
- The issuance of the “Bono de la Provincia de Buenos Aires due March 14, 2023” to the Banco Provincia’s Pension Fund, counted for a debt increase of 21.2% during the first quarter of 2017;
- New disbursements from Federal Government and Multilateral Credit Agencies for ARS 4.2 billion, which accounts for 12.0% of the total gross increase;
- The inflation effect on debts denominated in ARS and adjusted by CER, which accounts for 0.1% of the total gross increase.

### These increases were partially offset by:

- The amortizations of the debt issued in the local capital market accounted for 59.9% of the reductions, explained by (i) ARS 6.0 billion in Treasury bill amortizations, (ii) ARS 1.1 billion in amortizations of



the bonds under the 2015 Local Issuance Program, (iii) ARS 165.0 million in amortizations of the Bond Law N° 14.315 -Series C, D and E, and (iv) ARS 8.3 million in other debt reimbursements;

- The exchange rate effect led to a debt reduction of ARS 3.9 billion as the ARS appreciated against USD, EUR and CHF accounting for 31.9% of these reductions,
- Amortization of the debt held with the Federal Government which accounted for ARS 729.9 million, mainly explained by debt payments under PFD and 2015 FA programs which started to be amortized in January 2017 for a total amount of ARS 676.5 million and the remaining amortizations under the FFFIR and Loan FFDP-2011 which accounted for 6.0% of the reductions; and
- Payment of the debts held with the Multilateral Organisms ARS 271.3 million, which accounted for 2.2% of the total gross reduction.

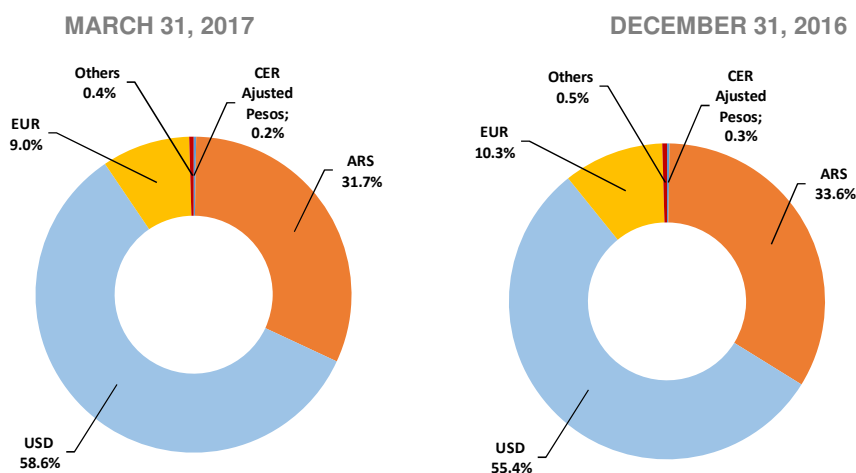
## 1.2. Public debt composition by currency as of March 31, 2017

At the end of the first quarter in 2017, the portion of the debt denominated in USD increased due to the reopening of the 7.875% Bond due 2027 (BP27) for USD 750 million and the issuance of the 6.50% Bond due 2023 (BP23) for USD 750 million. In addition, the debts denominated in ARS for ARS 8.0 billion were cancelled. The share of these debts, as a result, decreased. On the other hand, the relative share of the debts denominated in EUR was reduced due to the exchange rate effect.

### PUBLIC DEBT COMPOSITION BY CURRENCY AS OF MARCH 31, 2017

PROVINCE OF BUENOS AIRES

CHART N° 2



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

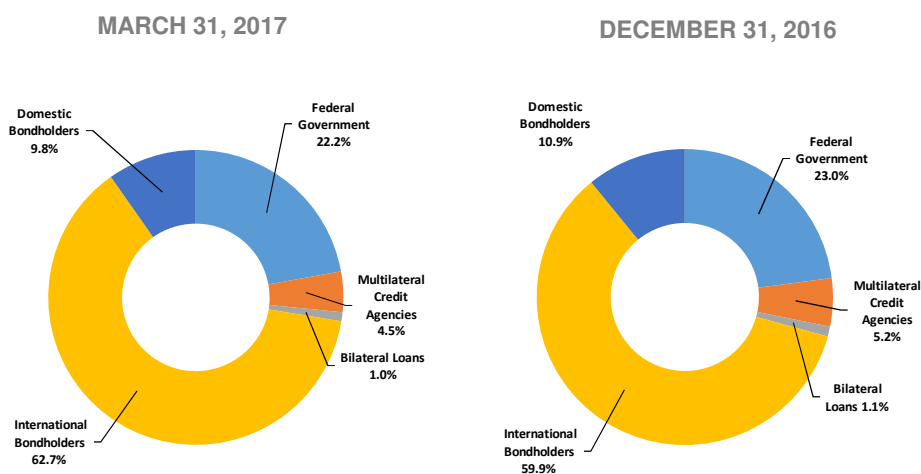
## 1.3. Public debt composition by instrument type as of March 31, 2017

As the BP27 reopened and the issuance of BP23, the share of the international bondholders on the debt stock rose by 2.8 percentage points, this was offset by the share reduction of the remaining instruments .

### PUBLIC DEBT COMPOSITION BY INSTRUMENT TYPE AS OF MARCH 31, 2017

PROVINCE OF BUENOS AIRES

CHART N°3



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

## 2. Public debt services first quarter 2017

As of the first quarter in 2017, the total debt services amounted to ARS 12.1 billion, which were explained, to a larger extent, by amortization services (68.6%) rather than interest services (31.4%). The main debt services corresponded to debt service payments of bonds issued in the local capital market and other minor debts (67.4%) followed by the payment of the bonds issued in the international capital markets (15.5%), payments of the debts held with the Federal Government (14.5%) and the payment of multilateral credit lines (2.5%).

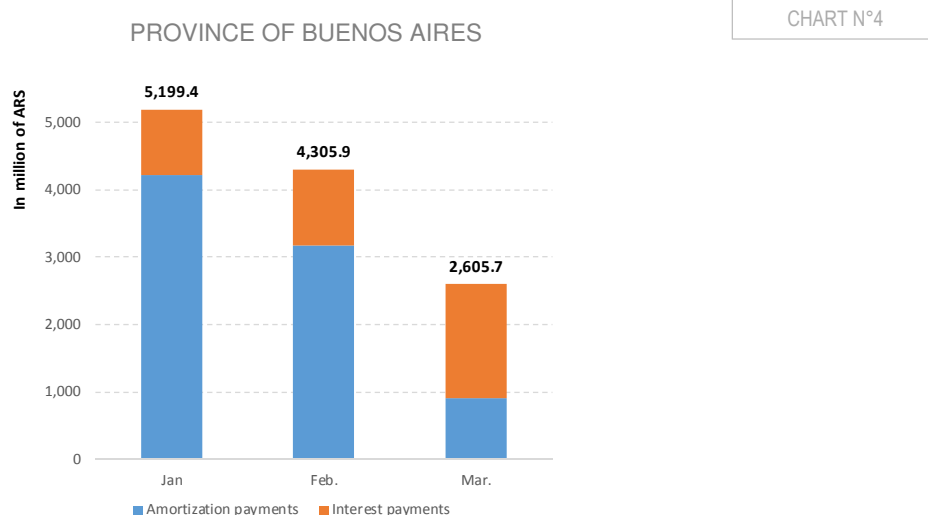
### PUBLIC DEBT SERVICES –First quarter 2017-

PROVINCE OF BUENOS AIRES   In millions of current pesos <sup>(1)</sup>			TABLE N°3
ITEM	AMORTIZATION	INTEREST	TOTAL
Domestic Bondholders and others debts	7,303.3	862.9	<b>8,166.3</b>
International Bondholders	0.0	1,880.7	<b>1,880.7</b>
Federal Government	729.9	1,028.4	<b>1,758.3</b>
Multilateral Credits Agencies	271.3	34.4	<b>305.7</b>
<b>TOTAL</b>	<b>8,304.6</b>	<b>3,806.4</b>	<b>12,111.0</b>

(1) Debt services denominated in foreign currency were converted into ARS using the exchange rate of the payment date.  
 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 first quarter, the largest payments were made in January due to: the cancelation of treasury Bills ARS 2.9 billion and the amortization a bond issued under the Series III of the 2015 Local Program for ARS 995.3 million. As of February, ARS 2.5 billion in Treasury Bills were cancelled which represents more than half of the services paid during this month.

### PUBLIC DEBT SERVICES MONTHLY DISTRIBUTION as of March 31, 2017

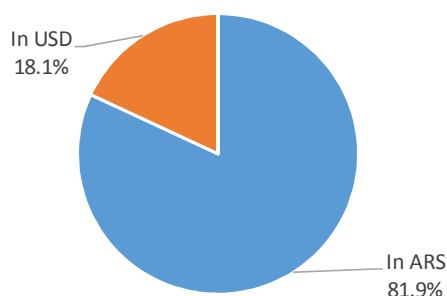


Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

## DEBT SERVICE COMPOSITION BY CURRENCY as of March 31, 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 March 31, 2017, the bulk of PBA's debt services was concentrated in the medium term (55.1%), followed by long term (31.6%) and short term (13.3%).

As for short-term maturities, those that fall due between April 2017 and March 2018, 43.4% corresponds to obligations in ARS and 51.8% to obligations in USD and 4.8% in EUR.

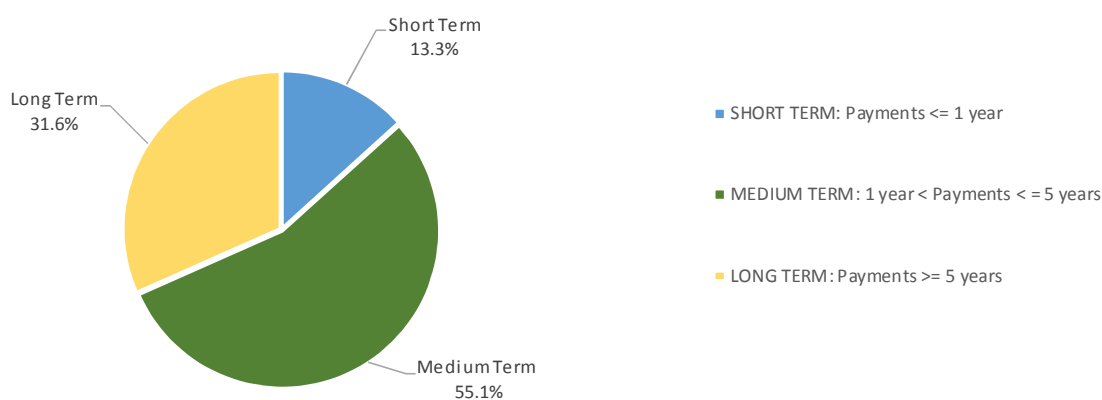
As for payments on medium-term debt services, those debt services due between April 2018 and March 2023, 68.6% consists of obligations in foreign currency and the remainder in ARS.

As for long-term debt services (over 5 years), 80.9% 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 Mar 31, 2017

PROVINCE OF BUENOS AIRES

CHART N°6



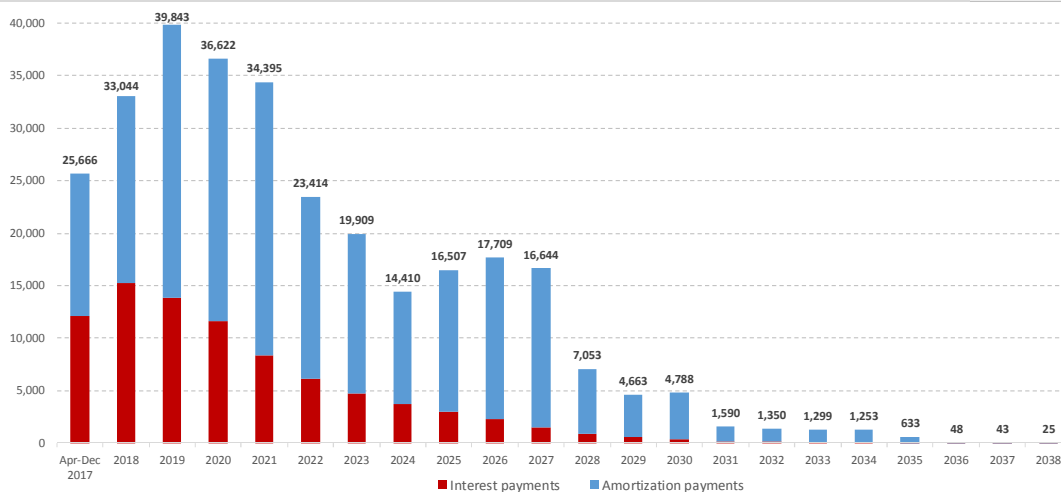
Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

# PUBLIC DEBT MATURITY PROFILE as of Mar 31, 2017

PROVINCE OF BUENOS AIRES | In millions of ARS

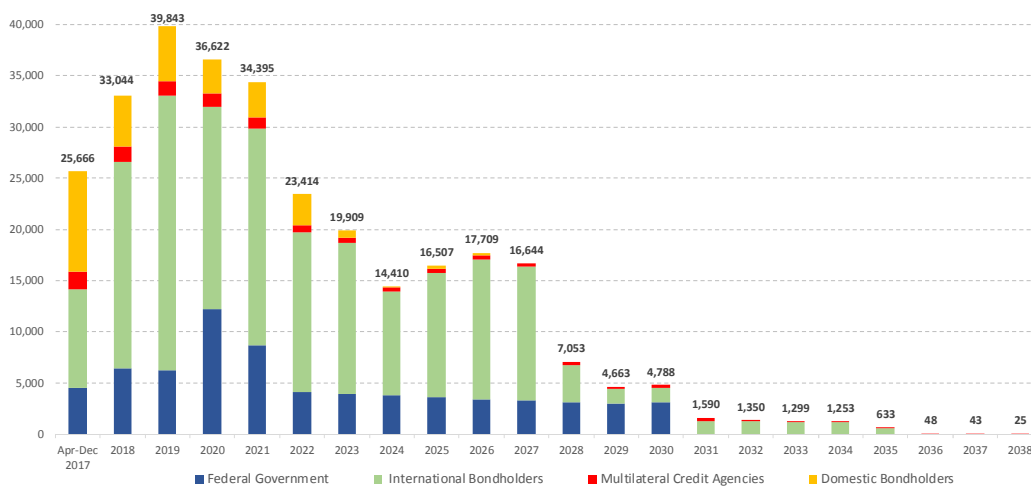
## BY SERVICE TYPE

CHART N°7



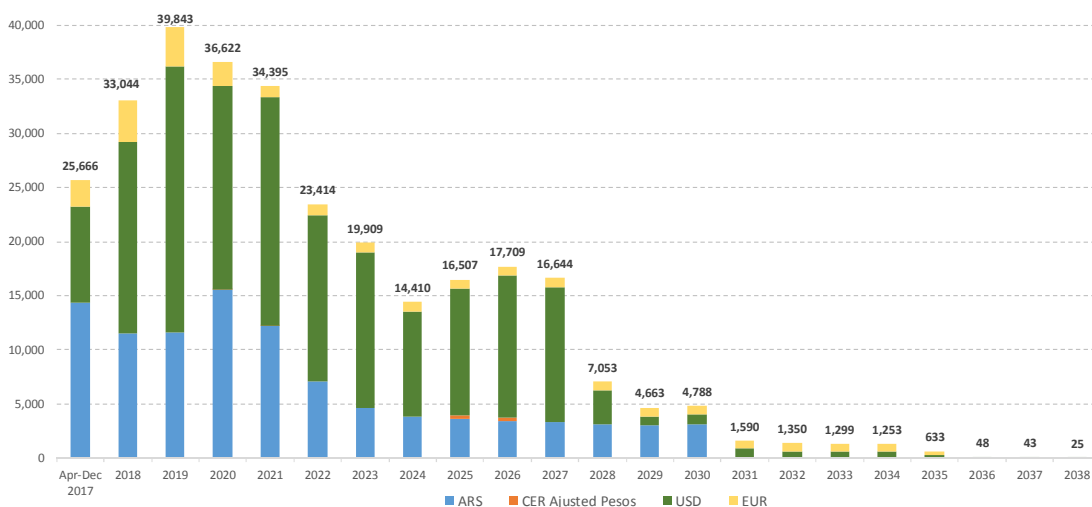
## BY INSTRUMENT TYPE

CHART N°8



## BY CURRENCY

CHART N°9



Note: calculated with the exchange rate as of March 31, 2017 ARS/USD =15.39 and ARS/EUR=16.44.  
Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

## APPENDIX Debt Indicators

	Average 2007-2011	2012	2013	2014	2015	2016
<b>Debt Indicators</b>						
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%	7.0%
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%	11.3%
Debt in Foreign Currency / Exports	22.9%	25.9%	30.2%	28.1%	40.2%	47.5%
<b>Debt Services Indicators</b>						
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%
<b>Interest Rate Composition</b>						
% 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%
<b>Composition by Currency</b>						
<b><u>PUBLIC DEBT</u></b>						
% 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%
<b><u>DEBT SERVICES</u></b>						
% 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%
<b>Composition by Creditor</b>						
% Federal Government	58.3%	47.9%	43.5%	37.5%	34.5%	23.0%
% International Bonds	31.8%	35.7%	41.6%	46.5%	48.4%	59.9%
% Domestic Bonds	2.3%	9.5%	7.0%	6.9%	7.6%	10.9%
% Multilateral Credit Agencies	6.4%	5.9%	6.9%	7.8%	8.0%	5.2%
% Bilateral Loans	1.2%	1.0%	1.1%	1.3%	1.4%	1.1%
<b>Debt adjusted by inflation (% over Total Debt)</b>						
	22.4%	0.4%	0.4%	0.4%	0.3%	0.3%
<b>Composition by Type of Debt</b>						
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%
<b>Composition by Applicable Law</b>						
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%
<b>Weighted Average Interest Rate (annual % broken down by currency)</b>						
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	13.04	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](http://www.ec.gba.gov.ar/areas/finanzas/deuda/reporte_trimestral.php)