

# Report on Provincial Debt

## Province Of Buenos Aires

AS OF SEPTEMBER 30, 2017

January 31, 2018

# Officials

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# Abbreviations used in the Report

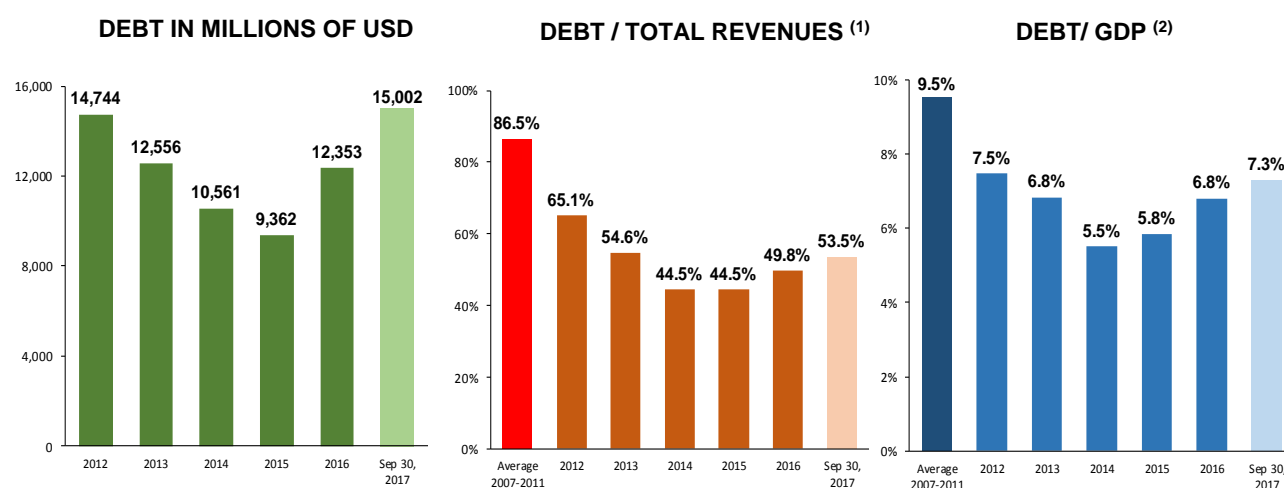
<b>AF</b>	Financial Assistance from the Federal Government
<b>CER</b>	Reference Stabilization Coefficient
<b>FFFIR</b>	Federal Fiduciary Fund for Regional Infrastructure
<b>FFDP</b>	Provincial Development Fiduciary Fund
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PBA</b>	Province 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 September 30, 2017, the debt of the Province of Buenos Aires amounted to ARS259.7 billion, equivalent to USD15.0 billion at the exchange rate as of the end of the third quarter.

## PUBLIC DEBT INDICATORS

PROVINCE OF BUENOS AIRES CHART N° 1



(1) **2017 Total Revenues:** estimated on total revenue average included in the budget execution of the last quarters 4Q2016, 1Q2017, 2Q2017 and 3Q2017.

(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.

**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 September 30, 2017, 63.9% of PBA's debt was constituted by bonds in international law whereas 18.8% was owned by the Federal Government. In addition, bonds in domestic law accounted for 12.5%. Together, these three categories accounted for 95.2% of the total debt. The remainder was explained by debts with multilateral credit agencies (3.9%) and OECD loans (0.9%).

PBA's public debt denominated in foreign currency accounted for 68.7% of the total (55.0% in USD, 13.3% in EUR and 0.4% in other currencies), whereas the remaining 31.3% was denominated in ARS including a small portion in ARS+CER (0.2%).

In terms of the debt maturity profile, as of September 30, 2017, the bulk of PBA's debt services was concentrated in the medium term (59.1%), followed by long term (28.6%) and short term (12.3%).

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

As of September 30, 2017 the public debt stock amounted to ARS259.7 billion, equivalent to USD15.0 billion at the exchange rate of USD1=ARS17.31. During the third quarter, PBA's public debt rose by ARS 16.6 billion. Table N°1 shows the items comprising the debt stock at the end of the third quarter as compared with the previous quarter:

<b>PUBLIC DEBT STOCK as of September 30, 2017</b>			
PROVINCE OF BUENOS AIRES   In millions of current pesos			TABLE N° 1
CONCEPT	06/30/17 (a)	09/30/17 (b)	ARS (b)-(a)
<b>1. Debt in foreign currency</b>	<b>160,962.1</b>	<b>178,463.6</b>	<b>17,501.5</b>
Multilateral Credit Agencies	9,853.0	10,154.4	301.4
OECD Loans <sup>(1)</sup>	2,267.5	2,365.3	97.8
Bonds in international law denominated in EUR	21,837.1	33,720.9	11,883.9
Long Par in EUR	10,973.8	11,811.7	838.0
Medium Par in EUR	10,863.3	11,692.9	829.5
EUR 500 M Bond – 5.375% due 2023		10,216.4	10,216.4
Bonds in international law denominated in USD	125,986.8	131,138.4	5,151.6
Long Par in USD	8,110.4	8,442.0	331.6
Medium Par in USD	1,059.3	1,102.6	43.3
USD 475 M Bond – 9.375% due 2018	7,899.3	8,222.3	323.0
USD 750 M Bond – 5.75% due 2019	12,472.5	12,982.5	510.0
USD 750 M Bond – 10.875% due 2021	12,472.5	12,982.5	510.0
USD 899 M Bond – 9.95% due 2021	14,958.3	15,569.9	611.6
USD 750 M Bond – 6.50% due 2023	12,472.5	12,982.5	510.0
USD 1,250 M Bond – 9.125% due 2024	20,787.5	21,637.5	850.0
USD 1,750 M Bond – 7.875% due 2027	29,102.5	30,292.5	1,190.0
USD 400 M Bond – 9.625% due 2028	6,652.0	6,924.0	272.0
Untendered holdings <sup>(1)</sup>	1,017.8	1,064.6	66.8
<b>3. Debt in Pesos</b>	<b>81,524.4</b>	<b>80,630.0</b>	<b>(894.5)</b>
<b>Federal Government</b>	<b>48,448.2</b>	<b>49,060.1</b>	<b>611.9</b>
P.D.F. + 2015 Financial Assistance	36,865.3	36,188.8	(676.5)
Trust Funds and other loans <sup>(2)</sup>	11,582.9	12,871.3	1,288.4
<b>Domestics Bonds</b>	<b>33,076.3</b>	<b>31,569.9</b>	<b>(1,506.4)</b>
Debt Cancellation Bonds Issued February 5, 2016 (Suppliers' Bond)	5,998.0	3,998.7	(1,999.3)
Treasury Bills	465.7	1,084.4	618.7
Bonds of the Province of Buenos Aires – due March 14, 2023	7,374.3	7,374.3	-
Law N° 14,315 Bonds	222.9	101.9	(121.0)
2015 and 2016 Local Program	3,740.4	3,740.4	-
Local Bond due 2022	15,182.4	15,812.4	-
Others	92.5	87.8	(4.8)
<b>3. Debts in Pesos, adjusted by CER</b>	<b>573.3</b>	<b>596.8</b>	<b>23.4</b>
Bonos PyMES (law N°12.421)	573.3	596.8	23.4
<b>TOTAL (1 + 2 + 3)</b>	<b>243,059.9</b>	<b>259,690.4</b>	<b>16,630.4</b>

(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 paid in 2017 would be returned. Therefore, once the funds are returned from the instalments in January and May, this item will increase by ARS 2,045.9 million.

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

EXCHANGE RATE:	06/30/2017	09/30/2017
ARS / US.	16.63	17.31
ARS / JP	0.15	0.15
ARS / CH	17.33	17.86
ARS / EUR	18.98	20.43
CER	7.66	7.99

## 1.1. Causes of public debt variation – third quarter 2017

As of September 30, 2017, PBA's debt increased by ARS16.6 billion, 6.8% higher than the consolidated debt stock as of June 30, 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 June 30, and September 30, 2017

<b>CAUSES OF PUBLIC DEBT VARIATION, THIRD QUARTER 2017</b>	
PROVINCE OF BUENOS AIRES   In millions of current pesos <sup>(1)</sup>	
TABLE N° 2	
<b>CONCEPT</b>	<b>VARIATION</b> <b>Sep 17 vs Jun 17</b>
<b>Debt Increases</b>	<b>20,129.3</b>
Debt Issues in the international capital markets	9,331.5
Exchange rate effect <sup>(1)</sup>	8,276.7
2017 Debt Refinancing with the federal government	1,210.1
Debt Issues in the local capital markets	1,013.9
CER effect	164.3
Loan disbursements with Multilateral Credit Agencies	133.8
<b>Debt Reduction</b>	<b>(3,498.7)</b>
Amortization in domestic capital markets	(2,526.1)
Amortization of federal government's loans	(733.2)
Amortization of multilateral credit agencies	(240.5)
<b>Debt Stock Variation</b>	<b>16,630.4</b>

**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:

- "Debt Securities of the Province of Buenos Aires issued in the international capital market, denominated in euros at 5.375% due in 2023" for an amount of EUR 500 million, accounting for 46.4% of the gross increase of the third quarter of 2017;
- the exchange rate effect, which caused a debt increase of ARS 8,276.7 million, as ARS depreciated against the USD, EUR and CHF, accounting for 41.1% of the total increase;
- 2017 debt services refinanced with the federal government, which in September meant a debt increase of the ARS 1,210.1 million, accounting for 6.0% of the total increase;
- Treasury Bills issued in the local capital market for an amount of ARS 1,013.9 million, accounting for 5.0% of the gross increase in the third quarter of 2017;
- The rest of the increase (1.5%) is explained by the impact of inflation on the debt denominated in ARS + CER and new loan disbursements with Multilateral Credit Agencies.



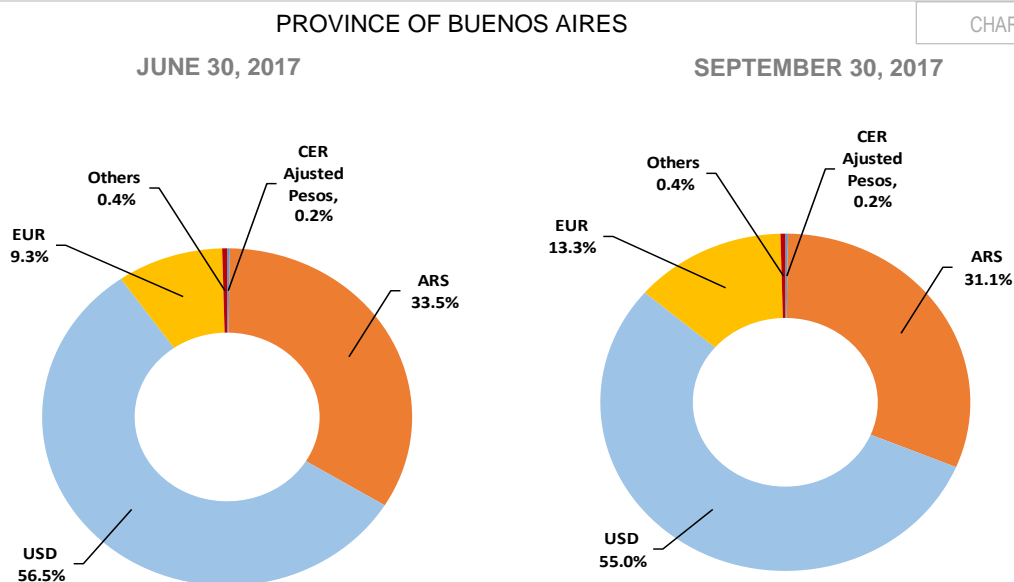
**These increases were partially offset by:**

- Amortization of debts issued in the local capital market, which accounted for 72.2% of the decreases, explained by (i) ARS 1,999.3 million of the amortization of the second installment of the Debt Cancellation Bond issued on February 5, 2016, (ii) ARS 395.2 million Treasury bill amortizations, (iii) ARS 121.0 million amortization of bonds Law No. 14,315 -Series D and E, and (iv) ARS 10.6 million in reimbursements of other debts;
- Debt amortization with the federal government, which amounted to ARS 733.2 million, mainly explained by the cancellation of the debts entered into the PFD and AF 2015 for a total of ARS 676.5 million, and the remainder for amortizations of the FFFIR and FFDP-2011 Loan, which in total accounted for 21.0% of the decreases;
- Amortization of debts with Multilateral Credit Agencies for ARS 240.5 million, which accounted for 6.9% of the total gross reduction.

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

At the end of the third quarter in 2017, the portion of the debt denominated in EUR increased due to the issuance of a EUR500 million 5.375% Bond due January 20, 2023. This issuance, and the fact that during this quarter no new debt was borrowed, led to a decrease in the portion of debts denominated in USD and ARS.

### PUBLIC DEBT COMPOSITION BY CURRENCY AS OF SEPTEMBER 30, 2017

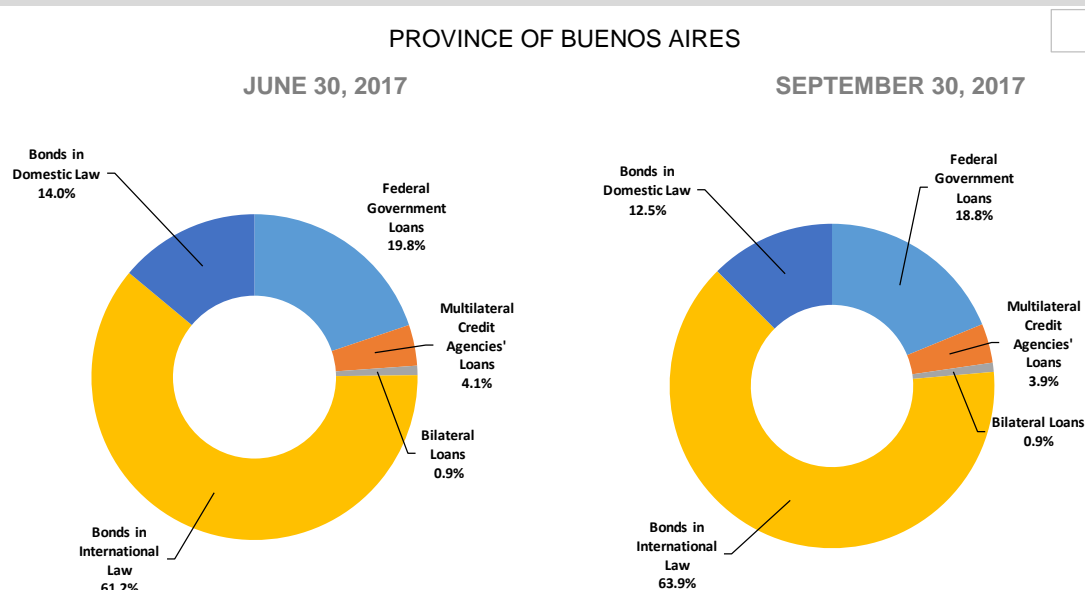


Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

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

The issuance of the bond denominated in EUR on July 20, 2017 increased the proportion of "Bonds in International Law" in the debt stock as of the end of the third quarter. Due to this, the share of the bonds in international Law was 63.9% over the total.

### PUBLIC DEBT COMPOSITION BY INSTRUMENT TYPE AS OF SEPTEMBER 30, 2017



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

## 2. Public debt services third quarter 2017

As of the third quarter in 2017, the total debt services amounted to ARS 7,781.1 million, 63.7% of which was explained by interest services and the rest by amortization services. The main debt services corresponded to debt service payments of the bonds issued in the local capital market (Debt Cancellation Bond issued on February 2016) and the bonds issued in the international capital markets, which together account for 85.8% of the debt services.

<b>PUBLIC DEBT SERVICES (cash basis)–Third quarter 2017-</b>			
PROVINCE OF BUENOS AIRES – In millions of current pesos <sup>(1)</sup>			TABLE N°3
ITEM	AMORTIZATION <sup>(2)</sup>	INTEREST	TOTAL
Domestic Bondholders and other debts	2,527.7	1,658.4	<b>4,186.2</b>
International Bondholders	0.0	2,491.5	<b>2,491.5</b>
Federal Government <sup>(3)</sup>	56.8	785.3	<b>842.1</b>
Multilateral Credits Agencies	240.5	20.8	<b>261.3</b>
<b>TOTAL</b>	<b>2,825.1</b>	<b>4,956.0</b>	<b>7,781.1</b>

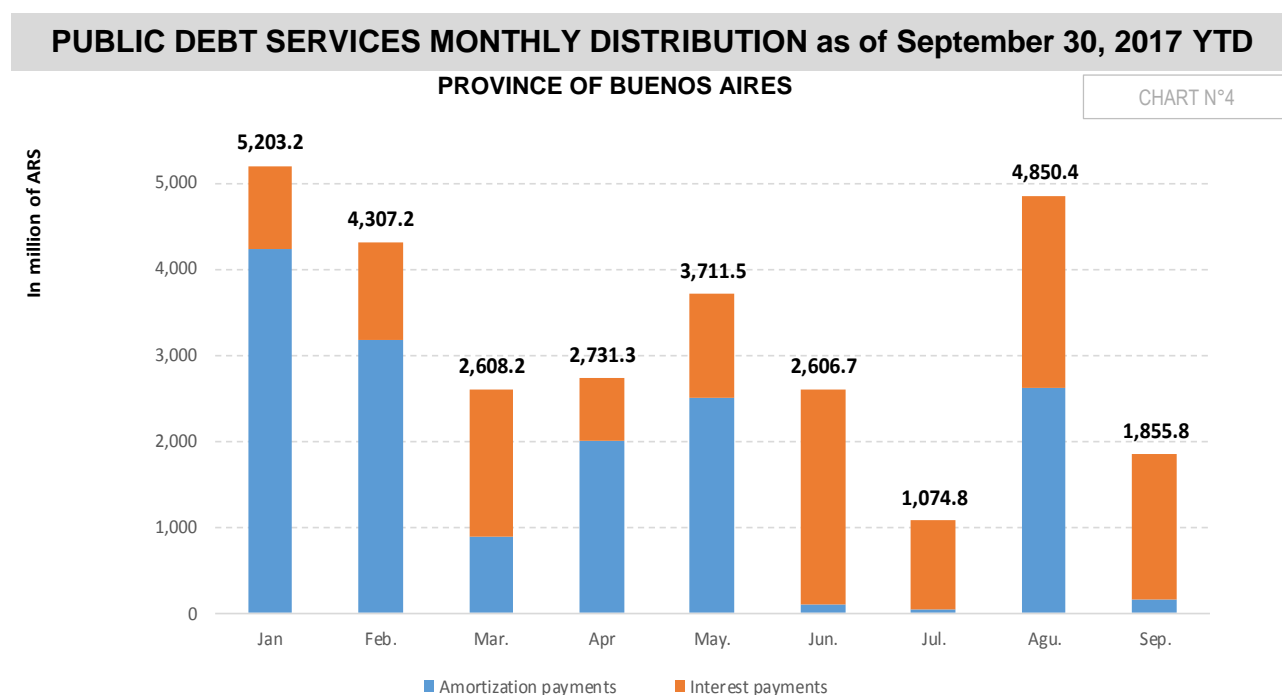
(1) Debt services denominated in foreign currency were converted into ARS using the exchange rate of the payment date.

(2) Includes ARS 1.7 million that corresponds to the cash payments pursuant to Consolidation Law N° 12.836.

(3) Does not include interest and amortization services corresponding to the debts from July and September, included in the 2017 Debt Refinancing Agreement signed between the Province of Buenos Aires and the federal government. The services of amortization and interest from July to September helped refinance ARS 1,210.1 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 service distribution as of September 30, 2017 YTD, the largest payments were made in January due to the payments of: Treasury Bills for ARS 2.9 billion and the amortization of a bond issued under the Series III of the 2015 Local Program for ARS 995.3 million; in February, the amortization of Treasury Bills for ARS 2.5 billion; in May and August the first and second amortization instalment of the Debt Cancellation Bond issued on February 5, 2016 and also in August the local Bond due 2022.

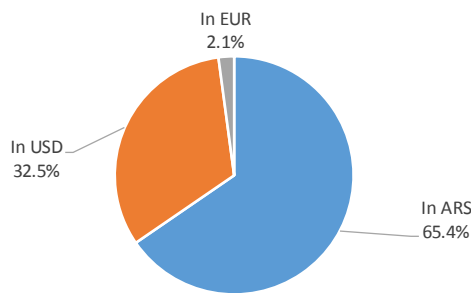


**Source:** Provincial Office of Debt and Public Credit, Under-secretariat of Finance

## DEBT SERVICE COMPOSITION BY CURRENCY as of September 30, 2017 YTD

PROVINCE OF BUENOS AIRES

CHART N°5



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

### 3. Maturity Profile

As of September 30, 2017, the bulk of PBA's debt services was concentrated in the medium term (59.1%), followed by long term (28.6%) and short term (12.3%).

As for short-term maturities, those that fall due between October 2017 and September 2018, 42.9% corresponds to obligations in ARS, 34.7% to obligations in USD and 22.4% in EUR.

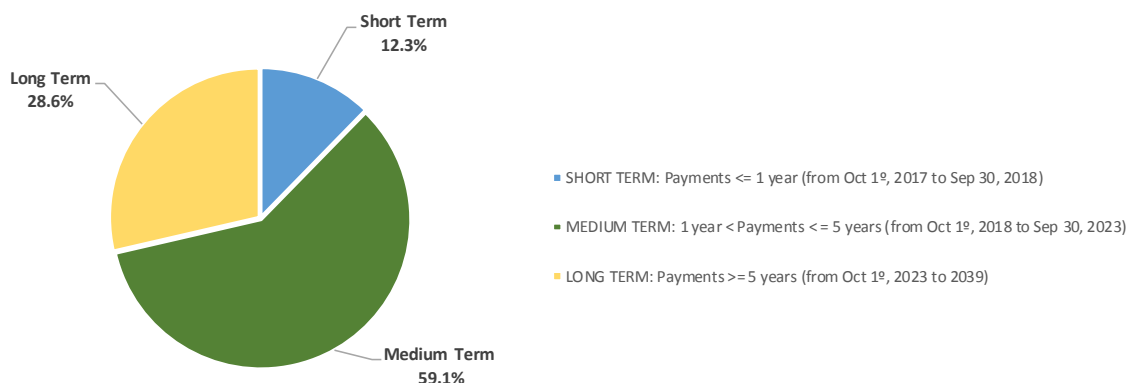
As for payments on medium-term debt services, those debt services due between October 2018 and September 2023, 67.8% consists of obligations in foreign currency and the remainder in ARS.

As for long-term debt services (over 5 years), 82.8% 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 Sep 30, 2017

PROVINCE OF BUENOS AIRES | On average

CHART N°6



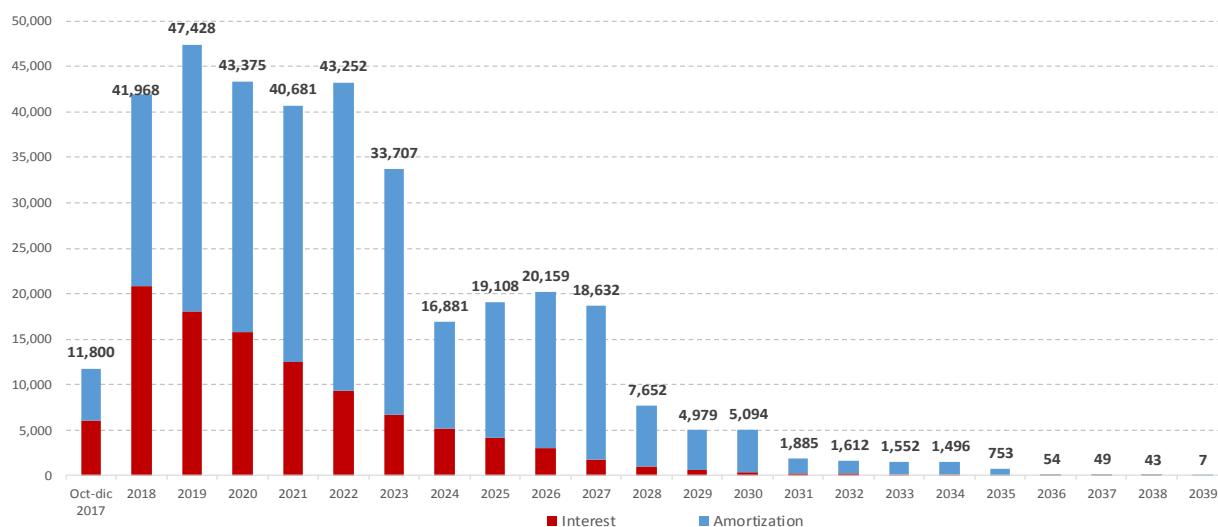
Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance

# PUBLIC DEBT MATURITY PROFILE as of Sep 30, 2017 <sup>(1)</sup>

PROVINCE OF BUENOS AIRES | In millions of ARS

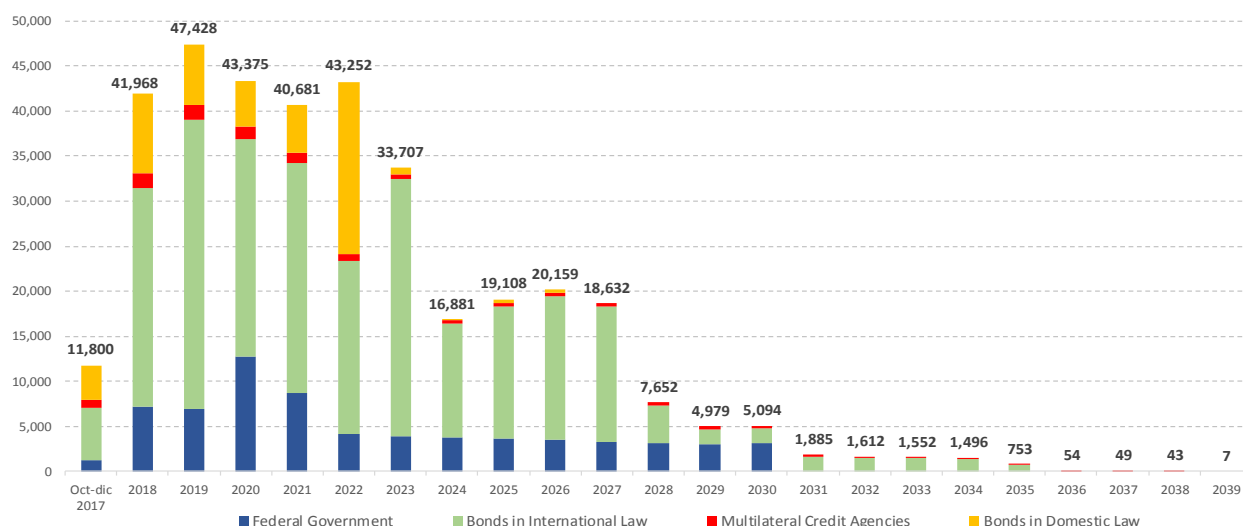
## BY SERVICE TYPE

CHART N°7



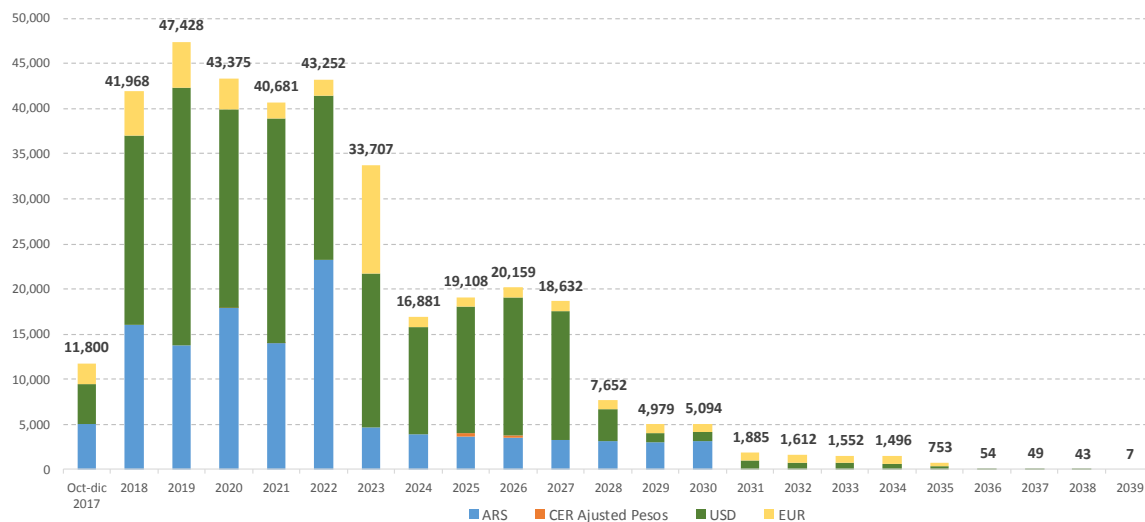
## BY INSTRUMENT TYPE

CHART N°8



## BY CURRENCY

CHART N°9



Note: (1) calculated with the exchange rate as of Sep 30, 2017 ARS/USD=17.31 and ARS/EUR=20.43.  
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%	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%
<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 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%
<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	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](http://www.ec.gba.gov.ar/areas/finanzas/deuda/reporte_trimestral.php)