

Report on Provincial Debt

Province Of Buenos Aires

AS OF MARCH 31, 2016

JULY 14, 2016

Officials

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Abbreviations used in the Report

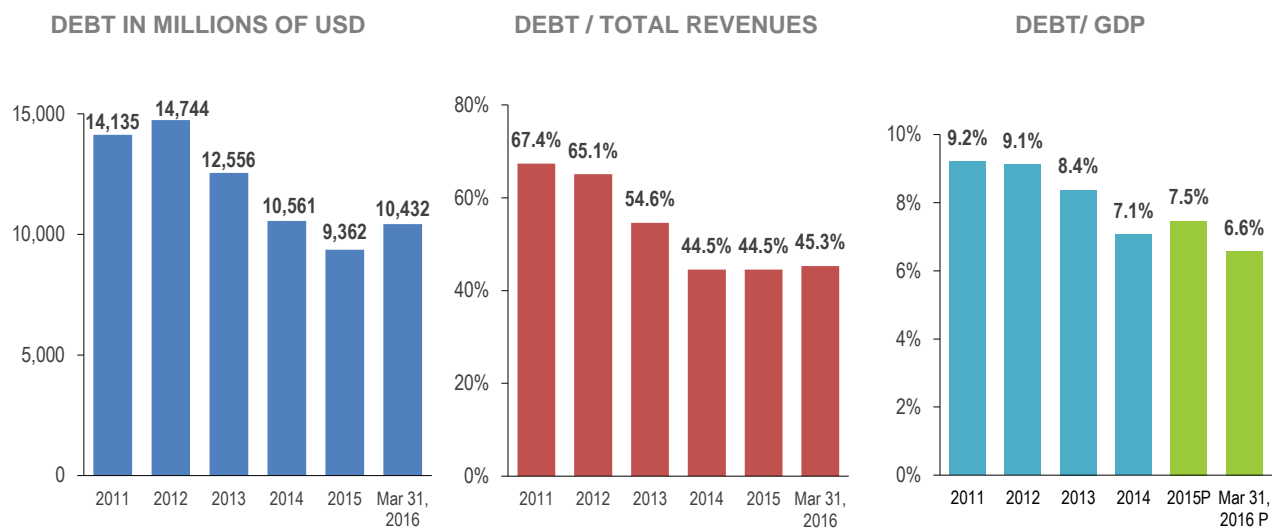
AF	Financial Assistance from the federal government
BCRA	Central Bank of the Republic of Argentina
BOCONBA	Consolidation Bonds Law 12836
BP24	USD 1.25 B Bond 9.125% due 2024
CER	Reference Stabilization Coefficient
DMFAS	Debt Management and Financial Analysis System
FFFIR	Federal Fiduciary Fund for Regional 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
PFD	Federal Refinancing Program
ARS	Pesos (National Argentine Currency)
USD	American Dollars
EUR	Euros
CHF	Swiss Francs
JPY	Japanese Yen

Executive Summary

As of March 31, 2016, the debt of the Province of Buenos Aires amounted to ARS153.4 billion, equivalent to USD10.4 billion at the exchange rate of the end of first quarter.

DEBT INDICATORS 1Q2016

PROVINCE OF BUENOS AIRES CHART N° 1



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

Approximately 56% of PBA’s debt was held by international bondholders and slightly over a quarter by the federal government, which together accounted for 83.7% of the total debt. The remaining was composed by domestic bondholders (7.8%), multilateral credit agencies (7.1%) and OECD loans (1.3%). PBA’s public debt denominated in foreign currency accounted for 64.4% of the total, whereas the rest was denominated in ARS. In addition, 81.4% of the debt was at fixed rate. As for the maturity profile, 39% of PBA’s debt falls due as of 2022, 50% accounts for medium term debt due between 2017 and 2021 and the remaining (11%) is debt which will fall due during the remaining nine months of 2016.

1. Public debt of the Province of Buenos Aires 1Q2016

The public debt stock as of March 31, 2016 was ARS153.3 billion, equivalent to USD10.4 billion at the exchange rate of the end of the quarter of USD1=ARS14.70.

During the first quarter, the PBA's public debt rose by 25.6% measured in ARS, and increased by 11.4% measured in USD. Table N°1 shows PBA's public debt stock as of March 31, 2016 as compared with December 31, 2015 .

PUBLIC DEBT STOCK 1Q2016			
PROVINCE OF BUENOS AIRES In millions of current pesos			TABLE N° 1
CONCEPTO	Debt Stock		Variation
	3/31/16 (a)	12/31/15 (b)	ARS (c)= (a)-(b)
1. Debt in pesos - adjusted by cer	429.9	391.1	38.8
Pymes Bond (Law N° 12,421)	429.9	391.1	38.8
2. Debt in foreign currency	98,818.5	70,665.3	28,153.2
Multilateral Credit Agencies	10,860.9	9,825.4	1,035.5
OECD Loans ⁽¹⁾	2,003.1	1,735.7	267.4
Dollar - denominated Long Term Par Bond	7,169.2	6,359.6	809.6
Euro - denominated Long Term Par Bond	9,673.8	8,187.9	1,485.9
Dollar - denominated Medium Term Par Bond	936.4	830.6	105.7
Euro - denominated Medium Term Par Bond	9,576.5	8,105.5	1,471.0
Dollar - denominated Discount Bond	1,472.5	1,306.2	166.3
Euro - denominated Discount Bond	695.5	588.7	106.8
Eurobonds (Untendered Holdings) ⁽¹⁾	897.8	763.9	134.0
USD 475 M Bond	6,982.5	6,194.0	788.5
USD 400 M Bond	5,880.0	5,216.0	664.0
USD 750 M Bond	11,025.0	9,780.0	1,245.0
USD 899 M Bond	13,222.3	11,729.2	1,493.1
USD 1.250 M Bond	18,375.0		18,375.0
Provincial Bond due 2016	48.1	42.6	5.4
3. Debt in Pesos	54,098.9	51,028.4	3,070.5
P.D.F.	29,920.8	29,497.4	423.3
2015 Financial Assistance	10,750.5	10,840.9	-90.4
2010 FFDP Loan	46.3	62.0	-15.6
2011 FFDP Loan	428.9	457.4	-28.6
FFFIR	298.1	274.9	23.2
Flood Relief Loan - ARS 1,973 M	1,103.6	1,037.2	66.4
BOCONBA Law 12,836		0.6	-0.6
Debt Cancellation Bonds due 2016 (Suppliers' Bond) - SERIES A		100.2	-100.2
Debt Cancellation Bonds due 2016 (Suppliers' Bond) - SERIES B	57.1	99.9	-42.7
Debt Cancellation Bonds Issue February 5°, 2016 (Suppliers' Bond)	3,550.0		3,550.0
Treasury Bills	3,760.0	4,258.9	-498.9
Housing Trust Fund	292.0	296.0	-3.9
Law N° 14,315-Series B		44.0	-44.0
Law N° 14,315-Series C	176.0	220.0	-44.0
Law N° 14,315-Series D	420.0	490.0	-70.0
Law N° 14,315-Series E	404.4	453.5	-49.0
Local Program Series I class I	787.7	787.7	
Local Program Series I class II	105.2	105.2	
Local Program Series II class I	738.4	738.4	
Local Program Series II class II	168.7	168.7	
Local Program Series III	995.3	995.3	
Others	95.7	100.2	-4.5
TOTAL (1 + 2 + 3)	153,347.3	122,084.8	31,262.5

EXCHANGE RATES	03/31/2016	12/31/2015
ARS / USD	14.70	13.04
ARS / JPY	0.13	0.11
ARS / CHF	15.32	13.04
ARS / EUR	16.73	14.16
CER	5.56	5.04

(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 1Q2016

During 1Q2016, PBA's debt increased ARS31.3 billion. The main causes of this variation were: the issuance of a bond in the international capital market for USD1.25 billion at 9.125% on March 16, 2016 and the ARS depreciation against USD, EUR and other reference currencies. The following table describes the effects that account for the provincial debt stock net increase as of March 31, 2016 as compared with the 2015 public debt.

CAUSES OF PUBLIC DEBT VARIATION 1Q2016 VS. 2015	
PROVINCE OF BUENOS AIRES In millions of current pesos	
TABLE N° 2	
CONCEPT	VARIATION
Debt Increases	32,917.1
Debt Issue in international capital markets	18,136.6
Exchange Rate Effect ⁽¹⁾	10,223.9
Debt Issues in domestic capital markets	3,567.4
Interest Capitalization	834.5
Disbursements of federal government's Loans	81.3
Inflation Effect	67.9
Disbursements of Multilateral Loans	5.5
Debt Reduction	-1,654.6
Amortization in domestic capital markets	-879.0
Amortization of federal government's Loans	-562.8
Amortization of Multilateral Credit Agencies	-212.8
Debt Stock Variation	31,262.5

(1) Includes the ARS devaluation against the USD, EUR, JPY and CHF.
Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance.

The provincial debt stock increased for the following reasons:

- ✓ The issuance of a bond for USD1.25 billion at 9.125% due 2014 in the international capital market on March 16, 2016, which represented the highest public debt increase, and accounted for 55.1% of the increase in 1Q2016;
- ✓ The official exchange rate depreciation accounted for 31.1% of the increase for ARS10.2 billion as a result of the ARS depreciation against the USD, EUR, JPY and the CHF;

- ✓ Following, in order of importance, the issuances in the domestic capital market accounted for 10.8% of the total increase. This increase was almost entirely explained by the issuance of the Bonds for the Cancellation of Provincial Obligations (“Suppliers” Bonds”), documenting preexistent “fiscal skeletons”. The accumulated amount of the instruments issued in 1Q2016 was ARS 3.6 billion whereas other minor debt issuances accounted for ARS 17.4 million;
- ✓ Capitalized interest for ARS 834.5 million as a result of extending interest capitalization of the federal government’s debt which accounted for 2.5% of the increase;
- ✓ New disbursements from the federal government which accounted for 0.3% of the total increase;
- ✓ Inflation effect on the debt denominated in ARS and adjusted by CER which accounted for a Debt stock increase of ARS 67.9 million (0.2%); and,
- ✓ Multilateral credit agencies disbursements for a total of ARS 5.5 million which accounted for less than 0.1% of the increase.

These effects were partially offset by the following:

- ✓ Amortization payments in the local capital markets, which accounted for ARS 879.0 million. This amount includes (i) ARS 514.9 million in Treasury Bills amortizations, (ii) ARS 208.4 million to amortize Bonds law 14315, (iii) ARS 142.9 million to amortize Debt Cancellation Bonds of the Province of Buenos Aires due 2016 and ARS 12.8 million in other debts;
- ✓ Debt repayment with the federal government for ARS 562.8 million, mainly explained by the partial amortization of 2015 AF for ARS 501.6 million; and,
- ✓ Amortization payments of multilateral credit lines for ARS 212.8 million.

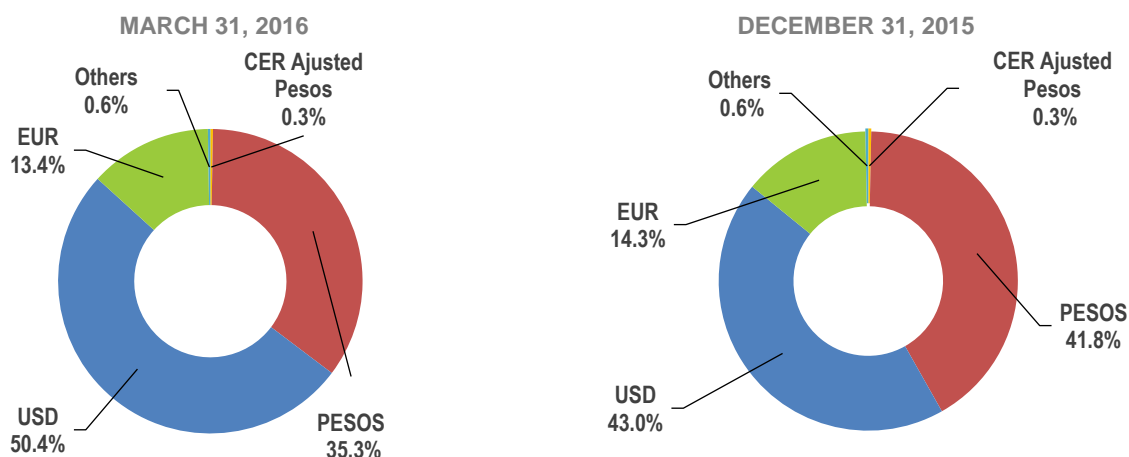
1.2. Public debt composition by currency 1Q2016

Of the total public debt, 35.6% was denominated in ARS whereas 50.4% was denominated in USD, 13.4% in EUR and 0.6% in JPY and CHF. In 1Q2016, there was an increase in the portion of the debt denominated in USD as a result of a bond issued in the international capital markets and the ARS depreciation, mainly against USD and EUR.

PUBLIC DEBT COMPOSITION BY CURRENCY 1Q2016

PROVINCE OF BUENOS AIRES

CHART N° 2



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

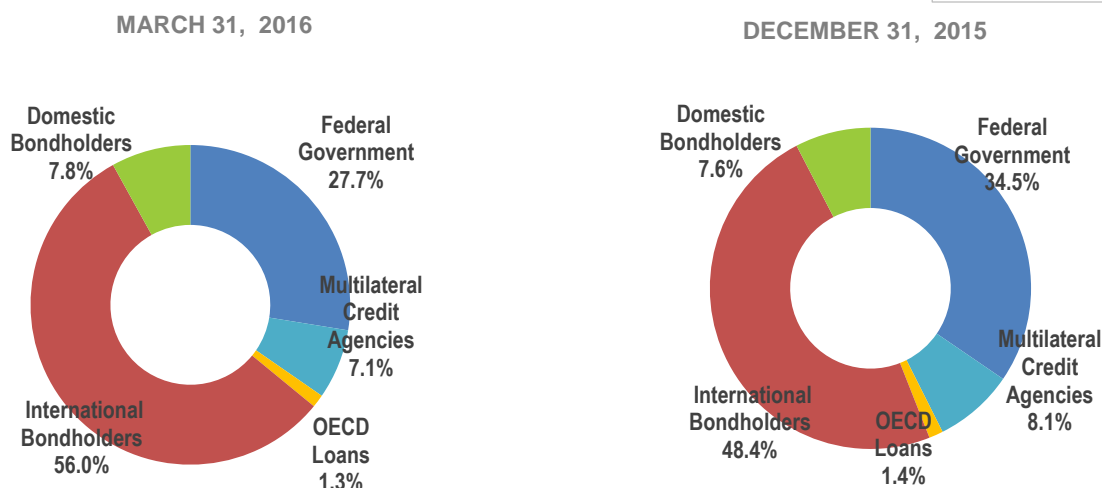
1.3. Public debt composition by creditor 1Q2016

As of March 31, 2016, the public debt composition by creditor varied as compared with 2015, primarily due to an issuance of a new bond in the international capital markets on March 16, 2016. As a result, the share of the debt held by international bondholders increased by 7.6 percentage points whereas the federal government's decreased by 6.8 percentage points.

PUBLIC DEBT COMPOSITION BY CREDITOR 1Q2016

PROVINCE OF BUENOS AIRES

CHART N°3



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

2. Public debt services 1Q2016

The accumulated total debt services as of 1Q2016 amounted to ARS3.3 billion, half of which were explained by amortization services (49.9%) and the other half represented interest services (50.1%). The principal debt services included: payments of bonds issued in the local market and other debts (45.8%) followed by payments of bonds issued in the international capital markets (27.2%), the payment to the debt held with federal government (19.7%) and payments of several multilateral credit lines (7.3%).

PUBLIC DEBT SERVICES 1Q2016

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

TABLE N°3

ITEM	AMORTIZATION	INTEREST	TOTAL
Domestic Bondholders and other debts	879.0	639.3	1,518.3
International Bondholders		901.9	901.9
Federal Government	562.8	89.3	652.1
Multilateral Credits Agencies	212.8	29.8	242.6
	1,654.6	1,660.3	3,314.9

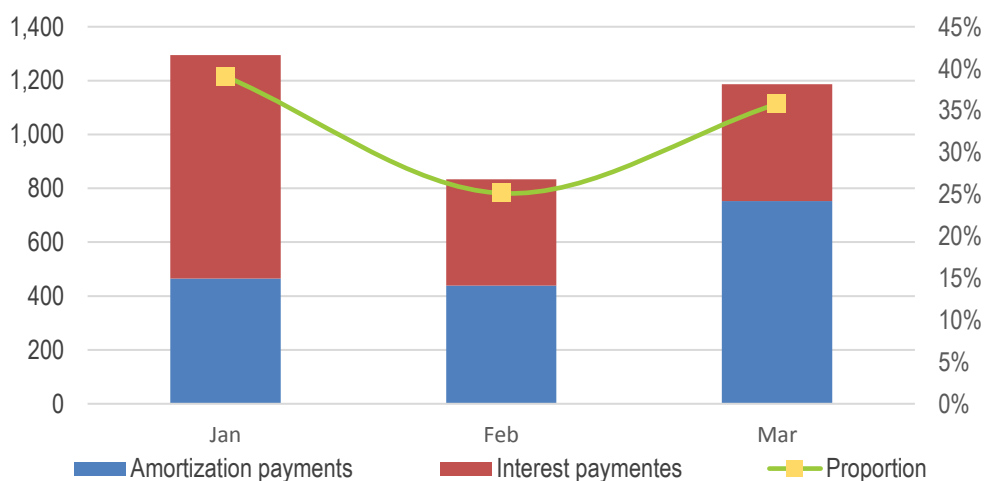
(1) Debt services denominated in foreign currency were converted into ARS using the exchange rate of the payment date.
Source: Own elaboration based on Data from DMFAS. Provincial Office of Debt and Public Credit, Under-secretariat of Finance

As for debt service in 1Q2016, the most significant payments were made in January and March, as a result of Treasury Bills payments and AF2015 partial amortization.

PUBLIC DEBT SERVICES MONTHLY DISTRIBUTION 1Q2016

PROVINCE OF BUENOS AIRES

CHART N°4

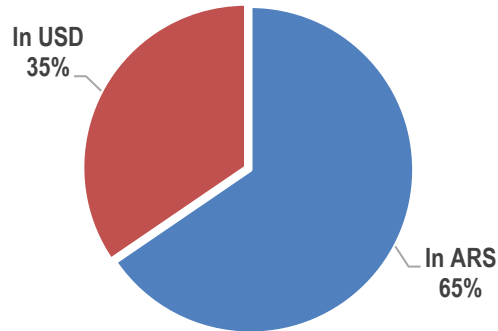


Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance.

DEBT SERVICE COMPOSITION BY CURRENCY IN 1Q2016

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, 2016, the bulk of PBA's debt services was concentrated in the medium term (50%), followed by long term (39%) and short term (11%).

As for the nearest debt maturities, the total debt services for Apr-Dec 2016 account for only 7.5% of the current revenues budgeted for that year. In addition, 69% of these are debts denominated in ARS.

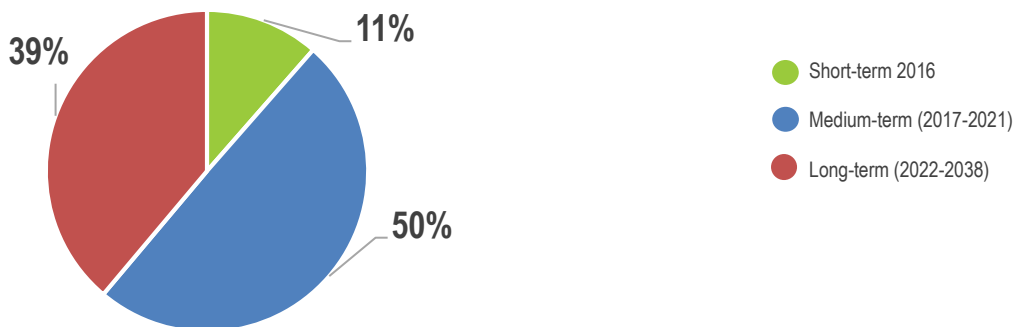
The debt services on international bonds account for 58% of the short and medium term payments whereas the debts with the federal government account for 22% of the total under the same period. The debt services in each of the years of the period 2017-2021 average 6.5% of the current revenues budgeted for 2016.

It should be noted that until 2038, 36.3% of the debt services is denominated in ARS. In addition, 74.8% of the total debt services in ARS correspond to the federal government.

MATURITY PROFILE COMPOSITION BY TERM 1Q2016

PROVINCE OF BUENOS AIRES

CHART N°6

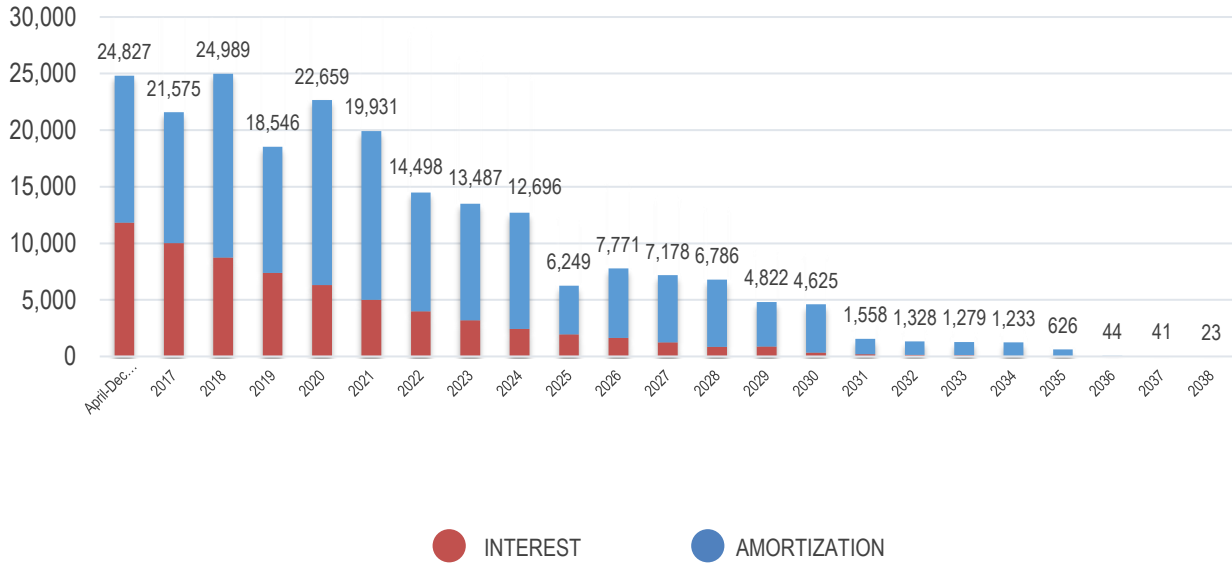


Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance.

PUBLIC DEBT MATURITY PROFILE BY SERVICE TYPE 1Q2016

PROVINCE OF BUENOS AIRES | In millions of current pesos

CHART N°7

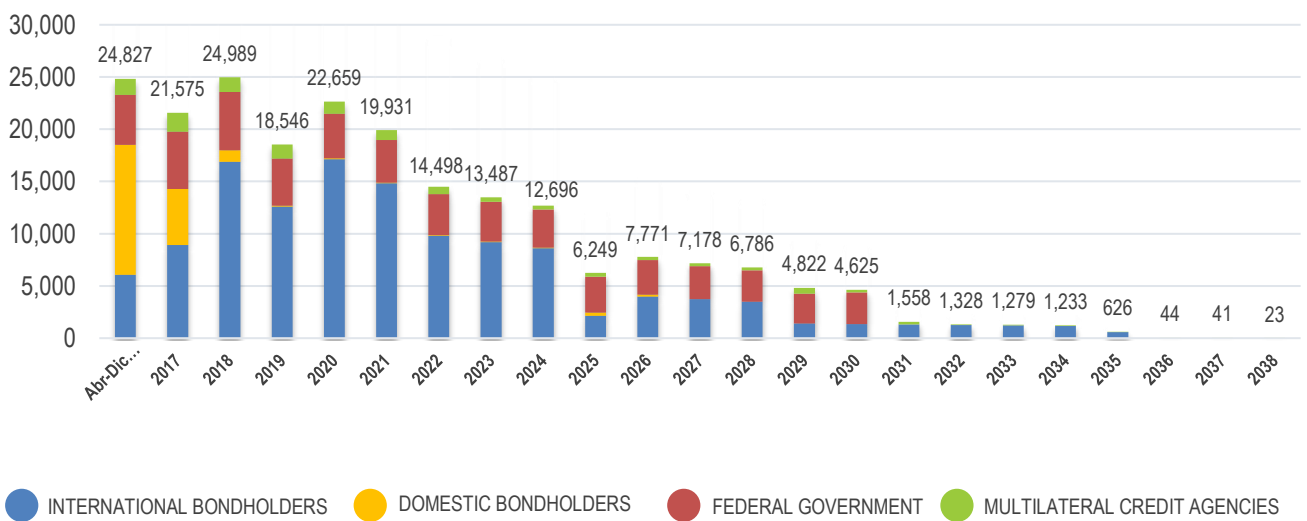


Source: Provincial Office of Debt and Public Credit, Under-secretariat of Finance.

MATURITY PROFILE BY CREDITOR 1Q2016

PROVINCE OF BUENOS AIRES | In millions of current pesos

CHART N°8



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

Special Section

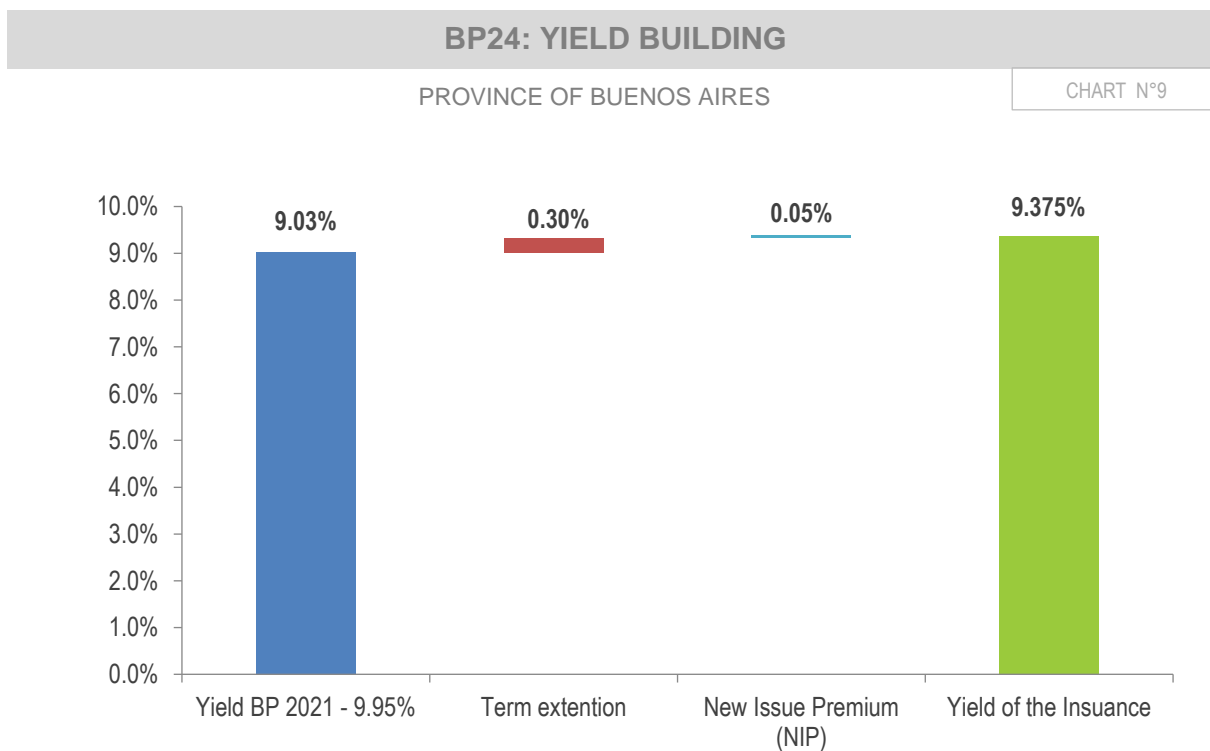
1. BP24: "Bonds of the Province of Buenos Aires at 9.125% due 2024"

In order to primarily finance public investment in infrastructure projects, the Province issued a Bond in the international capital market for USD1.25 billion on March 16, 2016. As a result, the Province became the first Argentine issuer to tap the international capital market in 2016.

The bond coupon was 9.125% and is due 2024. The eight-year bond will be repaid on the sixth, seventh and eighth year and it has a seven-year average life. The coupon in USD was the lowest and the issue amount the largest that PBA has obtained in its recent history as an issuer in the international markets.

The demand (the book) was almost three times oversubscribed (USD3.630 million). This allowed some yield tightening, which reached 9.375%. This is also the lowest borrowing cost the Province has attained in a USD issuance in its recent history. The new issue premium (NIP)¹ was 5 bps, which is one of the lowest that has been seen in sovereign and sub-sovereign issuances in recent years.

Most of the funds raised by the Province came from American Investors. Asset management funds played a significant role in this issuance as described in the following tables:



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

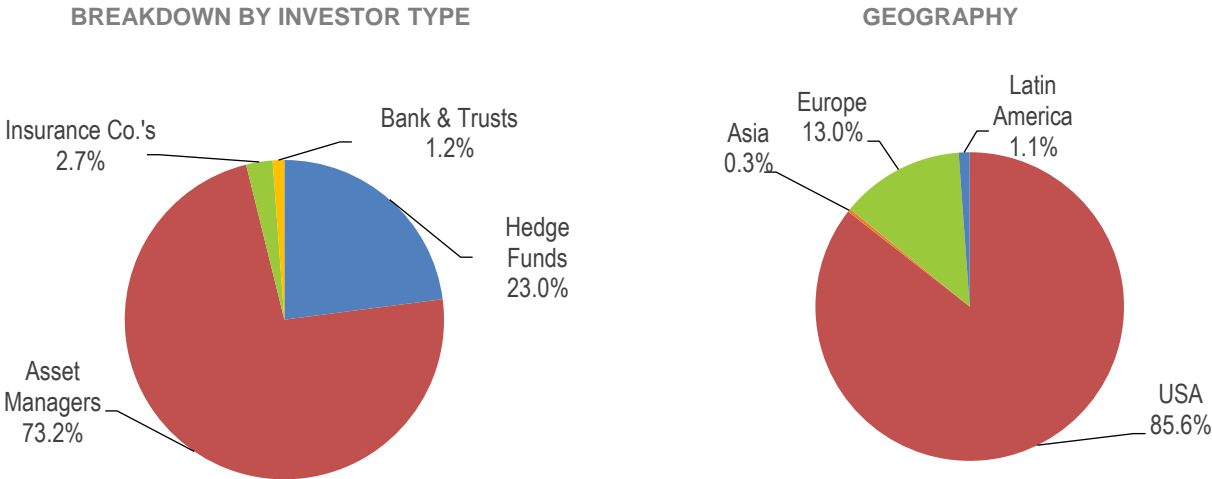
¹ Nip is the additional yield requested by investors above the secondary market benchmark yield, given the significantly higher volume involved in the transaction in the primary market.

Based on the Province's debt maturity profile, PBA has chosen an amortization structure that would fall on those years with lower services. Therefore, a soft maturity profile was preferred without concentrating a large amount of services on any given year.

BP24 BREAKDOWN BY GEOGRAPHY AND INVESTOR TYPE

PROVINCE OF BUENOS AIRES

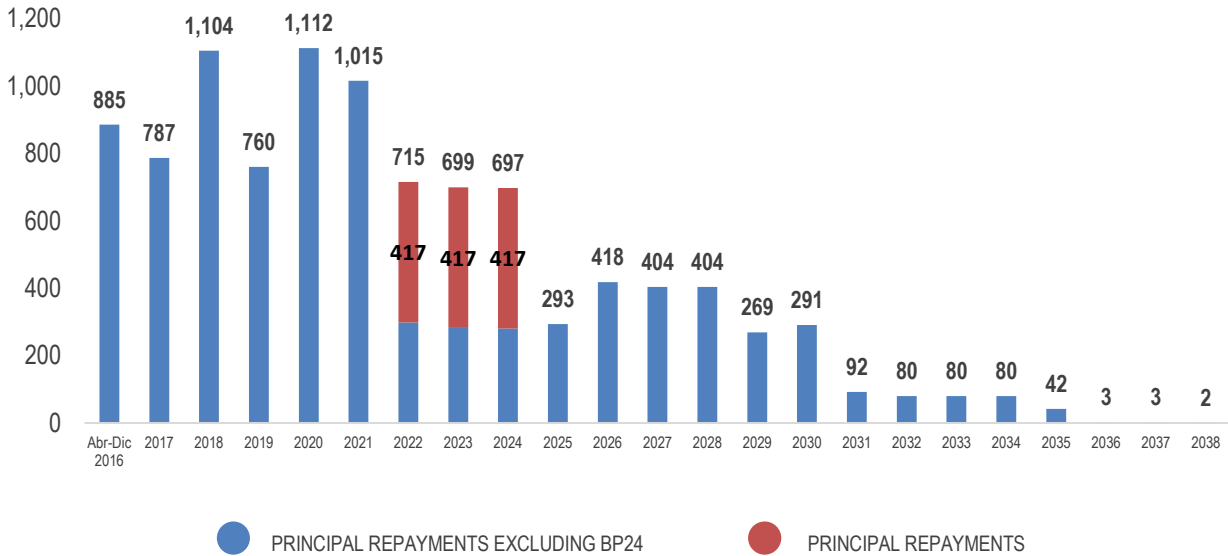
CHART N°10



PRINCIPAL MATURITY PROFILE AND BP24 MATURITIES

PROVINCE OF BUENOS AIRES | In millions of USD

CHART N°11



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

These are the main terms and conditions:

- *Currency: USD;*
- *Issue amount: USD1.25 billion;*
- *Issue date: March 16, 2016;*
- *Tenor: 8 years;*
- *Annual interest rate: 9.125%;*
- *Interest Payment frequency: semiannual;*
- *Principal Amortization: 3 annual installments in 2022, 2023 and 2024;*
- *Listing: Euro MTF Market of the Luxembourg Stock Exchange, Mercado de Valores de Buenos Aires Sociedad Anónima y Mercado Abierto Electrónico Sociedad Anónima.*

2. Debt Cancellation Bonds of the Province of Buenos Aires- issued on February 5, 2016

In order to regularize payments in arrears with suppliers, which were generated by the previous administration, the "Debt Cancellation Bonds of the Province of Buenos Aires Issue Date February 5, 2016" ("Suppliers' Debt") was issued for up to ARS 8 billion. As of March 31, 2016, the subscribed amount reached ARS3.55 billion.

The instrument offered, which is of voluntary acceptance, provides suppliers with cash flow so that they may continue their specific activities.

These are their main financial terms and conditions:

- *Currency: ARS;*
- *Issue amount: up to ARS8 billion;*
- *Issue date: February 5, 2016;*
- *Tenor: 2 years;*
- *Annual interest rate: average on the Private Bank BADLAR rate;*
- *Payment frequency: quarterly;*
- *Grace period on principal: one year;*
- *Amortization: 4 quarterly installments, equivalent to 25% of the total principal amount; payable in May, August and November 2017 and February 2018;*
- *Guaranty: revenues from the Federal Tax Co-participation Regime.*

In 2016, in order to provide more possibilities to the suppliers who opted for this bond, PBA obtained an authorization from the Central Bank of the Republic of Argentina for the first time so that financial entities may purchase these bonds.

<http://www.ec.gba.gov.ar/areas/finanzas/index.php>