

Argentina Provinces: **1Q24 Update**

Juan Manuel Pazos

Chief Economist

Santiago Resico

Economist

TPCG Research



15 April 2024

Agenda

Before we start: Snapshot of credits fundamentals

- In LTM 4Q23, the average fiscal position dropped 3.5pp from FY22, reaching a surplus of 1.4% of revenues.
- Regarding the leverage position, the space's average closed at 28.6% of revenues, decreasing 7.5pp from 2022. The debt services ratio increased to 7% of revenues.

The provincial space relies strongly in a flawed institutional framework

- The relationship between the national government and the provinces is based on the 1994 constitutional reform and the 1988 copa law, which ignited major imbalances in primary and secondary distribution.
- This causes the provincial space to rely heavily in national government funds to be fiscally sustainable.

The recession and a hostile national administration threaten provincial balances

- The federal govt. is tightening the screws on provincial finances to ensure the success of its economic program, and to bolster its weak legislative muscle.
- The recession will hit provincial income hard, as the bulk of the locally levied tax revenues are deeply sensitive to activity levels.

Fiscal performance and Metrics: A credit- by-credit view

- In 4Q23, the average fiscal deficit tightened vs. 4Q22 standing at -0.5% of revenues.
- The combination of the electoral cycle with high inflation, and weakening activity levels roughed up fiscal balances throughout 2023.

Comp sheet of Argy provincial fundamentals in LTM 4Q23

| LTM 4Q23 | Provincial Taxes / Total Revenues | Federal Taxes / Total Revenues | Total Fed. Funds / Total Revenues | Personnel Spending / Total Expenditures | Debt Interests / Total Revenues | CapEx / Total Expenditures | Primary Balance / Total Revenues | Fiscal Balance / Total Revenues | Debt Services / Total Revenues | Total Debt / Total Revenues |
|-------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|---|---------------------------------|----------------------------|----------------------------------|---------------------------------|--------------------------------|-----------------------------|
| Quasi-Sovereign Credits | 42.1% | 41.7% | 46.4% | 46.7% | 2.6% | 15.6% | 5.8% | 3.2% | 5.1% | 26.5% |
| PBA | 41.3% | 43.3% | 54.2% | 52.2% | 3.2% | 9.1% | -3.8% | -7.0% | 5.4% | 53.2% |
| CABA | 79.0% | 9.3% | 11.0% | 45.8% | 3.0% | 17.1% | 11.3% | 8.4% | 3.3% | 18.8% |
| Córdoba | 28.5% | 49.7% | 54.3% | 44.5% | 1.9% | 18.9% | 10.6% | 8.8% | 4.7% | 33.2% |
| Santa Fe | 29.8% | 59.3% | 63.9% | 53.2% | 1.8% | 10.4% | 4.6% | 2.9% | 4.2% | 9.2% |
| Mendoza | 31.6% | 46.7% | 48.8% | 37.9% | 3.2% | 22.5% | 6.3% | 3.0% | 8.0% | 18.2% |
| Oil & Gas Backed Credits | 45.8% | 37.2% | 39.6% | 61.6% | 4.1% | 10.1% | 6.4% | 2.3% | 10.1% | 34.8% |
| Chubut | 47.4% | 39.0% | 40.8% | 65.5% | 4.1% | 11.1% | 11.0% | 7.0% | 10.7% | 53.5% |
| Tierra del Fuego | 27.5% | 51.5% | 55.3% | 59.5% | 5.3% | 9.4% | 2.2% | -3.1% | 11.0% | 15.6% |
| Neuquén | 62.6% | 21.0% | 22.7% | 59.9% | 2.9% | 9.9% | 5.9% | 3.0% | 8.5% | 35.2% |
| Smaller Credits | 17.9% | 67.9% | 72.6% | 55.9% | 2.7% | 13.0% | 2.2% | -0.5% | 6.9% | 27.3% |
| Entre Ríos | 21.5% | 64.7% | 69.7% | 62.1% | 1.7% | 8.7% | 7.6% | 5.8% | 5.0% | 26.3% |
| Salta | 25.3% | 58.2% | 62.3% | 59.8% | 2.1% | 7.4% | 4.4% | 2.3% | 3.7% | 21.5% |
| La Rioja | 8.1% | 69.6% | 75.3% | 43.1% | 1.9% | 16.1% | 4.1% | 2.1% | 3.0% | 23.1% |
| Río Negro | 27.7% | 64.5% | 66.5% | 67.0% | 4.6% | 4.1% | 0.6% | -4.0% | 14.4% | 27.7% |
| Jujuy | 12.1% | 75.4% | 81.9% | 54.4% | 3.3% | 18.8% | -1.7% | -5.1% | 9.7% | 45.5% |
| Chaco | 12.8% | 75.3% | 80.0% | 49.2% | 2.4% | 22.6% | -1.5% | -3.9% | 5.9% | 19.8% |
| Average | 32.5% | 52.0% | 56.2% | 53.9% | 3.0% | 13.3% | 4.4% | 1.4% | 7.0% | 28.6% |

Source: TPCG Research based on Provincial Treasuries and E&R

The fiscal surplus fell by 3.5pp from FY22 to 1.4% of revenues in LTM 4Q23

| Primary Bal. / Total Rev. | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 | 1Q23 | 2Q23 | 3Q23 | 4Q23 |
|-------------------------------------|-------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Quasi-Sovereign Credits | 4.4% | 7.9% | 9.3% | 10.1% | 5.8% | 19.5% | 6.3% | 10.8% | -2.6% |
| PBA | 9.3% | 4.3% | 3.1% | 1.9% | -3.8% | 9.6% | -4.2% | 6.4% | -9.8% |
| CABA | 3.7% | 0.9% | 6.5% | 14.2% | 11.3% | 37.0% | 12.5% | 18.9% | -5.2% |
| Córdoba | 9.6% | 15.7% | 18.4% | 15.5% | 10.6% | 16.8% | 16.9% | 13.4% | 1.6% |
| Santa Fe | 0.9% | 14.7% | 10.4% | 9.3% | 4.6% | 0.5% | 9.5% | 9.5% | 0.2% |
| Mendoza | -1.3% | 4.1% | 8.3% | 9.8% | 6.3% | 33.8% | -3.1% | 5.8% | 0.1% |
| Oil & Gas Backed Credits | 0.8% | -3.0% | 8.9% | 5.7% | 6.4% | 8.5% | -1.6% | 12.6% | 6.7% |
| Chubut | -1.5% | -10.2% | 14.3% | 9.7% | 11.0% | 14.0% | 8.0% | 23.4% | 6.4% |
| Tierra del Fuego | 2.6% | 2.7% | 2.7% | 3.3% | 2.2% | 5.0% | -11.9% | 0.9% | 9.8% |
| Neuquén | 1.3% | -1.5% | 9.6% | 4.0% | 5.9% | 6.6% | -0.8% | 13.6% | 4.0% |
| Smaller Credits | 1.7% | 6.6% | 6.9% | 7.1% | 2.2% | 6.3% | 7.0% | 10.2% | -2.3% |
| Entre Ríos | 6.9% | 16.0% | 19.1% | 16.1% | 7.6% | 15.8% | 9.9% | 7.2% | 2.8% |
| Salta | 2.6% | 3.4% | 7.3% | 4.0% | 4.4% | 1.3% | -2.9% | 6.7% | 8.0% |
| La Rioja | 0.0% | 6.0% | -2.2% | 1.7% | 4.1% | -6.8% | 2.7% | 16.9% | -6.6% |
| Río Negro | 0.9% | -1.8% | 1.4% | 4.4% | 0.6% | 7.2% | -2.8% | 4.5% | -3.4% |
| Jujuy | -4.5% | 3.6% | 7.7% | 8.8% | -1.7% | 22.8% | 18.5% | 17.2% | -15.4% |
| Chaco | 4.0% | 12.3% | 8.0% | 7.2% | -1.5% | -2.7% | 16.8% | 8.9% | 1.0% |
| Average | 2.5% | 5.0% | 8.2% | 7.9% | 4.4% | 11.5% | 4.9% | 10.9% | -0.5% |
| YoY | | 2.5pp | 3.2pp | -3.3pp | -3.4pp | -5.3pp | -4.9pp | -3.3pp | 3.3pp |

Source: TPCG Research based on Provincial Treasuries and E&R

The avg. primary surplus fell by 3.4pp from FY22, closing the LTM 4Q23 at 4.4% of revenues. The drop was mainly influenced by the increased levels of expenditure showcased by the provinces, which responded to the provincial elections taking place during the entirety of 2023.

| Fiscal Bal. / Total Rev. | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 | 1Q23 | 2Q23 | 3Q23 | 4Q23 |
|-------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Quasi-Sovereign Credits | -1.7% | 3.7% | 5.7% | 7.2% | 3.2% | 16.6% | 4.0% | 8.2% | -5.0% |
| PBA | 0.1% | 0.6% | -0.6% | -0.9% | -7.0% | 4.6% | -5.4% | 2.6% | -11.8% |
| CABA | -5.3% | -7.3% | -1.0% | 9.9% | 8.4% | 34.1% | 8.6% | 16.5% | -8.2% |
| Córdoba | 5.7% | 12.4% | 16.1% | 13.6% | 8.8% | 15.7% | 14.4% | 12.4% | -0.9% |
| Santa Fe | -0.2% | 13.3% | 8.9% | 7.9% | 2.9% | -0.8% | 7.8% | 7.9% | -1.9% |
| Mendoza | -8.5% | -0.6% | 5.0% | 5.6% | 3.0% | 29.3% | -5.7% | 1.7% | -2.2% |
| Oil & Gas Backed Credits | -5.0% | -8.3% | 5.3% | 2.0% | 2.3% | 5.7% | -5.0% | 9.7% | -2.1% |
| Chubut | -8.5% | -16.9% | 9.3% | 5.3% | 7.0% | 9.5% | 3.5% | 19.5% | 2.0% |
| Tierra del Fuego | -2.2% | -1.0% | -0.2% | -0.3% | -3.1% | 3.5% | -13.9% | -2.0% | -0.9% |
| Neuquén | -4.4% | -6.8% | 6.6% | 0.9% | 3.0% | 4.1% | -4.5% | 11.7% | -7.4% |
| Smaller Credits | -3.4% | 3.3% | 4.3% | 4.5% | -0.5% | 2.8% | 5.3% | 6.8% | -4.2% |
| Entre Ríos | 3.6% | 12.4% | 16.0% | 14.4% | 5.8% | 13.1% | 8.8% | 4.4% | 1.9% |
| Salta | -1.2% | 0.2% | 5.0% | 1.6% | 2.3% | 0.3% | -6.0% | 5.9% | 5.0% |
| La Rioja | -4.7% | 3.6% | -2.5% | 0.0% | 2.1% | -10.1% | 1.9% | 13.4% | -7.4% |
| Río Negro | -6.4% | -6.5% | -2.2% | 0.4% | -4.0% | 1.3% | -5.4% | -1.8% | -7.4% |
| Jujuy | -9.3% | -0.4% | 3.8% | 5.0% | -5.1% | 17.4% | 16.5% | 12.1% | -17.3% |
| Chaco | -2.1% | 10.3% | 5.6% | 5.5% | -3.9% | -5.2% | 15.9% | 6.7% | 0.1% |
| Average | -3.1% | 0.9% | 5.0% | 4.9% | 1.4% | 8.3% | 2.6% | 7.9% | -4.0% |
| YoY | | 4.1pp | 4.4pp | -1.1pp | -3.5pp | -4.8pp | -4.5pp | -3.2pp | 2.1pp |

Source: TPCG Research based on Provincial Treasuries and E&R

After considering the debt interests, the fiscal surplus closed at 1.4% of revenues, falling by 3.5pp since FY22. We expect for the coming quarters to see a deterioration in the fiscal balances with the devaluation, inflexible spending, and weakened activity levels taking a toll on the provincial fiscal positions.

The avg. leverage position closed at 28.6% of revenues in LTM 4Q23

| Debt Serv / Total Rev. | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|-------------------------------------|--------------|---------------|-------------|--------------|--------------|
| Quasi-Sovereign Credits | 9.6% | 7.1% | 7.2% | 5.6% | 5.1% |
| PBA | 18.4% | 6.9% | 6.1% | 5.1% | 5.4% |
| CABA | 12.2% | 11.7% | 12.5% | 7.1% | 3.3% |
| Córdoba | 6.2% | 6.7% | 5.6% | 3.7% | 4.7% |
| Santa Fe | 1.8% | 2.1% | 3.2% | 4.3% | 4.2% |
| Mendoza | 9.6% | 7.9% | 8.5% | 8.1% | 8.0% |
| Oil & Gas Backed Credits | 11.7% | 12.4% | 9.1% | 9.7% | 10.1% |
| Chubut | 18.1% | 16.5% | 12.3% | 13.0% | 10.7% |
| Tierra del Fuego | 8.7% | 8.9% | 7.4% | 6.9% | 11.0% |
| Neuquén | 8.4% | 11.9% | 7.8% | 9.1% | 8.5% |
| Smaller Credits | 7.3% | 5.6% | 7.1% | 6.4% | 6.9% |
| Entre Ríos | 5.0% | 5.3% | 15.2% | 3.9% | 5.0% |
| Salta | 5.8% | 5.6% | 4.8% | 4.1% | 3.7% |
| La Rioja | 5.9% | 3.2% | 1.1% | 2.6% | 3.0% |
| Río Negro | 9.7% | 8.1% | 9.9% | 12.2% | 14.4% |
| Jujuy | 8.1% | 7.6% | 6.2% | 7.8% | 9.7% |
| Chaco | 9.1% | 3.6% | 5.6% | 7.5% | 5.9% |
| Average | 9.1% | 7.6% | 7.6% | 6.8% | 7.0% |
| YoY | | -1.5pp | .pp | -.8pp | .2pp |

Source: TPCG Research based on Provincial Treasuries and E&R

Since 2019, the provincial space has seen a de-leveraging process. While the devaluation increased the weight of EXD dollar debt in leverage ratios, the effect of ARS denominated debt primed, compressing leverage ratios.

| Total Debt / Total Rev. | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|-------------------------------------|--------------|--------------|---------------|----------------|---------------|
| Quasi-Sovereign Credits | 53.2% | 55.7% | 42.9% | 34.5% | 26.5% |
| PBA | 78.5% | 75.4% | 64.1% | 53.8% | 53.2% |
| CABA | 47.5% | 53.1% | 40.0% | 27.5% | 18.8% |
| Córdoba | 63.5% | 66.4% | 48.4% | 41.3% | 33.2% |
| Santa Fe | 17.2% | 20.8% | 17.0% | 12.5% | 9.2% |
| Mendoza | 59.5% | 62.9% | 45.2% | 37.3% | 18.2% |
| Oil & Gas Backed Credits | 64.6% | 74.0% | 53.0% | 41.6% | 34.8% |
| Chubut | 87.8% | 102.5% | 77.1% | 60.8% | 53.5% |
| Tierra del Fuego | 43.5% | 45.5% | 28.0% | 19.0% | 15.6% |
| Neuquén | 62.4% | 74.0% | 53.8% | 45.1% | 35.2% |
| Smaller Credits | 56.6% | 58.0% | 64.9% | 34.8% | 27.3% |
| Entre Ríos | 50.8% | 55.4% | 178.2% | 33.6% | 26.3% |
| Salta | 41.7% | 41.6% | 29.4% | 26.3% | 21.5% |
| La Rioja | 59.9% | 53.8% | 35.9% | 32.3% | 23.1% |
| Río Negro | 49.5% | 58.4% | 43.2% | 31.8% | 27.7% |
| Jujuy | 96.6% | 100.2% | 70.9% | 62.1% | 45.5% |
| Chaco | 40.9% | 38.8% | 31.6% | 22.5% | 19.8% |
| Average | 57.1% | 60.6% | 54.5% | 36.1% | 28.6% |
| YoY | | 3.5pp | -6.1pp | -18.3pp | -7.5pp |

Source: TPCG Research based on Provincial Treasuries and E&R

In this scenario we continue to believe that the perception of de-leverage could be misleading as it has been influenced by the effect of revenues growing at the inflation pace. Going forward, we expect leverage ratios to increase significantly, as the full effect of the devaluation and recession hit fiscal balances.

Summary of sub-sovereign hard currency instruments

| | Price | MD | Yield | Parity | Int. Accrued | Current Yield | Tech Val. | Yield Change in BPS | | | | Price % Change | | | | Additional Info. | | | | |
|------------------------------|-----------|------|--------|--------|--------------|---------------|-----------|---------------------|--------------|----------------|--------|----------------|--------------|----------------|--------|------------------|----------------|------|------------|-----------|
| | 12/4/2024 | | | | | | | Daily (1bd) | Weekly (5bd) | Monthly (22bd) | YTD | Daily (1bd) | Weekly (5bd) | Monthly (22bd) | YTD | Curr. | Amt. Out. (mn) | CPN | Prev. CPN | Next CPN |
| USD Securities | | | | | | | | | | | | | | | | | | | | |
| MENDOZ 2029 | 80.50 | 2.11 | 15.37% | 80.6% | 0.32 | 7.1% | 77.2 | 1.0 | 35.9 | -116.7 | -131.9 | 0.0% | -0.6% | 0.6% | 7.2% | USD | 453.8 | 5.8% | 19/3/2024 | 19/9/2024 |
| CORDOB 2027 | 73.50 | 1.46 | 26.13% | 73.6% | 0.27 | 9.5% | 87.8 | 2.9 | -72.9 | -370.2 | -24.4 | 0.0% | 1.4% | 1.4% | 17.6% | USD | 136.2 | 7.0% | 29/3/2024 | 29/9/2024 |
| NEUQUE UNSECURED | 80.00 | 2.14 | 16.11% | 80.6% | 3.15 | 8.4% | 103.2 | 0.9 | 34.2 | -84.3 | -240.5 | 0.0% | -0.6% | 2.6% | 18.1% | USD | 377.2 | 6.8% | 27/10/2023 | 27/4/2024 |
| NEUQUE SECURED | 99.50 | 2.52 | 8.82% | 99.5% | 1.05 | 8.7% | 70.8 | 0.0 | -19.4 | -97.2 | -134.9 | 0.0% | 0.5% | 2.6% | 4.2% | USD | 243.3 | 8.6% | 12/2/2024 | 12/5/2024 |
| PRN 2028 | 64.50 | 1.45 | 32.94% | 64.7% | 0.59 | 10.7% | 89.5 | 3.8 | 26.4 | -102.0 | 213.0 | 0.0% | 0.0% | 3.2% | 16.2% | USD | 284.6 | 6.9% | 10/3/2024 | 10/9/2024 |
| CHUBUT 2030 | 90.00 | 1.88 | 13.09% | 90.2% | 1.21 | 8.6% | 72.1 | 0.6 | -172.8 | -95.9 | -290.6 | 0.0% | 3.4% | 2.3% | 10.1% | USD | 460.8 | 7.8% | 26/1/2024 | 26/4/2024 |
| PDCAR 2025 | 90.50 | 0.75 | 19.22% | 90.7% | 1.59 | 7.6% | 68.3 | 4.1 | -150.1 | -582.6 | -198.4 | 0.0% | 1.4% | 5.8% | 11.4% | USD | 481.4 | 6.9% | 10/12/2023 | 10/6/2024 |
| PDCAR 2027 | 78.50 | 1.92 | 18.72% | 79.0% | 2.60 | 8.9% | 102.6 | 1.3 | -38.8 | -25.3 | -153.7 | 0.0% | 1.0% | 1.3% | 17.2% | USD | 516.1 | 7.0% | 1/12/2023 | 1/6/2024 |
| PDCAR 2029 | 70.50 | 3.12 | 17.38% | 70.9% | 1.41 | 9.8% | 101.4 | 0.6 | -85.8 | 17.8 | 17.8 | 0.0% | 2.9% | 0.0% | 8.5% | USD | 456.2 | 6.9% | 1/2/2024 | 1/8/2024 |
| SALTA 2027 | 77.50 | 1.47 | 23.84% | 78.2% | 2.85 | 11.0% | 92.8 | 2.2 | -68.6 | 62.1 | -26.3 | 0.0% | 1.3% | 0.0% | 12.3% | USD | 339.5 | 8.5% | 1/12/2023 | 1/6/2024 |
| JUJUY 2027 | 79.50 | 1.29 | 24.71% | 79.6% | 0.39 | 10.5% | 67.1 | 2.7 | -175.3 | -481.2 | -228.7 | 0.0% | 2.6% | 2.6% | 9.7% | USD | 142.4 | 8.4% | 20/3/2024 | 20/9/2024 |
| ENTRIO 2028 | 77.50 | 1.68 | 21.98% | 77.8% | 1.24 | 10.6% | 82.2 | 1.8 | -44.5 | -100.6 | -481.0 | 0.0% | 1.0% | 2.6% | 18.3% | USD | 419.2 | 8.3% | 8/2/2024 | 8/8/2024 |
| CHACO 2028 | 61.50 | 1.30 | 39.33% | 62.0% | 1.16 | 13.4% | 90.0 | 4.9 | 33.7 | 248.1 | 572.4 | 0.0% | 0.0% | -1.6% | 14.4% | USD | 262.7 | 8.3% | 18/2/2024 | 18/8/2024 |
| BUENOS 2037 A USD | 43.25 | 3.15 | 25.71% | 43.7% | 0.76 | 14.7% | 98.9 | 0.9 | 72.9 | -292.2 | -255.4 | 0.0% | -2.3% | 10.9% | 23.6% | USD | 6088.7 | 6.4% | 1/3/2024 | 1/9/2024 |
| BUENOS 2037 B USD | 36.50 | 4.59 | 22.83% | 36.9% | 0.67 | 15.1% | 100.7 | 0.4 | 84.7 | -90.5 | -182.3 | 0.0% | -3.9% | 5.0% | 21.7% | USD | 777.6 | 5.5% | 1/3/2024 | 1/9/2024 |
| BUENOS 2037 C USD | 32.00 | 5.88 | 24.20% | 32.4% | 0.61 | 15.6% | 100.6 | 0.4 | 96.9 | -3.8 | -185.9 | 0.0% | -4.5% | 0.8% | 23.1% | USD | 153.2 | 5.0% | 1/3/2024 | 1/9/2024 |
| PRIO 2028 | 55.50 | 2.93 | 26.45% | 55.5% | 0.00 | 15.3% | 100.0 | 2.3 | 16.4 | -119.1 | -435.6 | 0.0% | 0.0% | 5.7% | 18.7% | USD | 318.4 | 8.5% | 24/2/2024 | 24/8/2024 |
| BUEAIR 2027 | 96.50 | 1.83 | 9.37% | 96.6% | 2.79 | 7.8% | 102.8 | 0.3 | -53.3 | -73.9 | -52.3 | 0.0% | 1.0% | 1.6% | 3.5% | USD | 890.0 | 7.5% | 1/12/2023 | 1/6/2024 |
| PDCAR 2026 | 33.50 | 1.14 | 10.71% | 33.0% | 0.53 | 21.3% | 34.9 | 2.6 | 17.7 | -179.8 | 134.1 | 0.0% | 0.0% | 3.1% | -31.3% | USD | 103.1 | 7.1% | 27/1/2024 | 27/4/2024 |
| PROVSF 2027 | 86.50 | 2.08 | 13.44% | 86.9% | 3.14 | 8.0% | 103.1 | 0.7 | 4.9 | 19.8 | -124.1 | 0.0% | 0.0% | 0.0% | 10.9% | USD | 250.0 | 6.9% | 1/11/2023 | 1/5/2024 |
| FUEGO 2027 | 90.50 | 2.77 | 12.41% | 90.7% | 1.02 | 9.9% | 50.0 | 0.2 | -37.4 | -31.4 | 111.3 | 0.0% | 1.1% | 1.1% | -2.7% | USD | 98.0 | 9.0% | 21/1/2024 | 21/4/2024 |
| BUENOS EUR Securities | | | | | | | | | | | | | | | | | | | | |
| BUENOS 2037 A EUR | 38.25 | 3.17 | 26.04% | 38.6% | 0.54 | 11.8% | 98.7 | 1.0 | 81.8 | -323.3 | -31.3 | 0.0% | -2.5% | 12.5% | 16.8% | EUR | 232.5 | 4.5% | 1/3/2024 | 1/9/2024 |
| BUENOS 2037 B EUR | 31.50 | 5.98 | 24.15% | 31.9% | 0.55 | 14.3% | 100.6 | 0.6 | 97.9 | -103.7 | -100.4 | 0.0% | -4.5% | 5.9% | 20.0% | EUR | 116.3 | 4.5% | 1/3/2024 | 1/9/2024 |
| BUENOS 2037 C EUR | 27.00 | 5.96 | 25.82% | 27.4% | 0.49 | 14.8% | 100.5 | 0.6 | 114.6 | -3.0 | -93.5 | 0.0% | -5.3% | 0.9% | 21.3% | EUR | 138.8 | 4.0% | 1/3/2024 | 1/9/2024 |

Provincial Hard Currency Bonds Debt Services

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | Total |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| Debt Services Hard Currency Bonds (USD mn) | | | | | | | | | | | | | | | |
| PBA | 702.40 | 762.13 | 825.69 | 849.40 | 854.83 | 874.41 | 880.15 | 915.38 | 899.27 | 880.35 | 860.67 | 842.53 | 831.59 | 806.16 | 11,784.96 |
| BUENOS A USD | 618.77 | 670.33 | 731.13 | 753.65 | 749.88 | 760.40 | 642.64 | 679.54 | 672.00 | 661.76 | 661.09 | 650.98 | 647.76 | 628.90 | 9,528.82 |
| BUENOS B USD | 42.77 | 45.69 | 45.69 | 45.69 | 51.52 | 56.84 | 138.90 | 136.35 | 130.55 | 124.74 | 112.05 | 106.65 | 101.26 | 97.02 | 1,235.71 |
| BUENOS C USD | 7.66 | 8.04 | 8.04 | 8.04 | 9.19 | 10.25 | 26.45 | 26.07 | 25.05 | 24.03 | 21.64 | 20.70 | 19.75 | 19.02 | 233.92 |
| BUENOS A EUR | 21.27 | 24.57 | 27.33 | 28.52 | 28.62 | 29.34 | 24.65 | 26.46 | 26.43 | 26.30 | 26.58 | 26.49 | 26.70 | 26.28 | 369.54 |
| BUENOS B EUR | 5.79 | 6.59 | 6.59 | 6.59 | 7.56 | 8.45 | 22.07 | 21.77 | 20.93 | 20.09 | 18.11 | 17.33 | 16.56 | 15.97 | 194.42 |
| BUENOS C EUR | 6.14 | 6.91 | 6.91 | 6.91 | 8.06 | 9.14 | 25.43 | 25.19 | 24.31 | 23.44 | 21.19 | 20.38 | 19.56 | 18.97 | 222.55 |
| CABA | 66.75 | 352.26 | 330.02 | 307.85 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,056.88 |
| BUEAIR 2027 | 66.75 | 352.26 | 330.02 | 307.85 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,056.88 |
| Santa Fe | 17.25 | 100.58 | 94.83 | 89.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 301.75 |
| PROVSF 2027 | 17.25 | 100.58 | 94.83 | 89.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 301.75 |
| Mendoza | 99.99 | 95.57 | 91.16 | 86.74 | 82.33 | 39.51 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 495.29 |
| MENDOZ 2029 | 99.99 | 95.57 | 91.16 | 86.74 | 82.33 | 39.51 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 495.29 |
| Cordoba | 381.62 | 491.43 | 351.14 | 278.96 | 247.72 | 117.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,868.86 |
| PDCAR 2026 | 44.51 | 41.84 | 39.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 125.53 |
| PDCAR 2025 | 269.66 | 253.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 522.78 |
| PDCAR 2027 | 36.08 | 165.11 | 280.61 | 133.54 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 615.33 |
| PDCAR 2029 | 31.37 | 31.37 | 31.37 | 145.42 | 247.72 | 117.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 605.22 |
| Neuquen | 142.01 | 135.11 | 127.77 | 120.42 | 113.07 | 105.72 | 50.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 794.21 |
| NQN Secured | 59.50 | 56.14 | 52.79 | 49.43 | 46.07 | 42.71 | 20.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 326.74 |
| NQN Unsecured | 82.50 | 78.97 | 74.98 | 70.99 | 67.00 | 63.01 | 30.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 467.47 |
| TdF | 31.97 | 31.82 | 35.22 | 16.54 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 115.54 |
| FUEGO 2027 | 31.97 | 31.82 | 35.22 | 16.54 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 115.54 |
| Chubut | 135.34 | 127.58 | 119.83 | 112.07 | 83.05 | 9.82 | 4.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 592.37 |
| CHUBUT 2030 | 135.34 | 127.58 | 119.83 | 112.07 | 83.05 | 9.82 | 4.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 592.37 |
| Entre Rios | 129.65 | 121.97 | 114.28 | 106.60 | 98.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 571.42 |
| ENTRIO 2028 | 129.65 | 121.97 | 114.28 | 106.60 | 98.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 571.42 |
| Jujuy | 46.97 | 43.87 | 40.78 | 19.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 150.87 |
| JUJUYA 2027 | 46.97 | 43.87 | 40.78 | 19.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 150.87 |
| Salta | 75.82 | 104.72 | 97.51 | 90.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 368.35 |
| SALTA 2027 | 75.82 | 104.72 | 97.51 | 90.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 368.35 |
| Rio Negro | 91.95 | 87.06 | 82.17 | 77.27 | 36.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 375.25 |
| PRN 2028 | 91.95 | 87.06 | 82.17 | 77.27 | 36.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 375.25 |
| La Rioja | 76.94 | 96.52 | 90.09 | 83.66 | 39.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 386.63 |
| PRIO 2028 | 76.94 | 96.52 | 90.09 | 83.66 | 39.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 386.63 |
| Chaco | 76.56 | 74.02 | 69.20 | 64.39 | 30.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 314.56 |
| CHACO 2028 | 76.56 | 74.02 | 69.20 | 64.39 | 30.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 314.56 |
| Total | 2,075.22 | 2,624.66 | 2,469.69 | 2,302.53 | 1,586.51 | 1,147.44 | 934.94 | 915.38 | 899.27 | 880.35 | 860.67 | 842.53 | 831.59 | 806.16 | 19,176.94 |

*Principal plus Interests.

Agenda

Before we start: Snapshot of credits fundamentals

- In LTM 4Q23, the average fiscal position dropped 3.5pp from FY22, reaching a surplus of 1.4% of revenues.
- Regarding the leverage position, the space's average closed at 28.6% of revenues, decreasing 7.5pp from 2022. The debt services ratio increased to 7% of revenues.

The provincial space relies strongly in a flawed institutional framework

- The relationship between the national government and the provinces is based on the 1994 constitutional reform and the 1988 copa law, which ignited major imbalances in primary and secondary distribution.
- This causes the provincial space to rely heavily in national government funds to be fiscally sustainable.

The recession and a hostile national administration threaten provincial balances

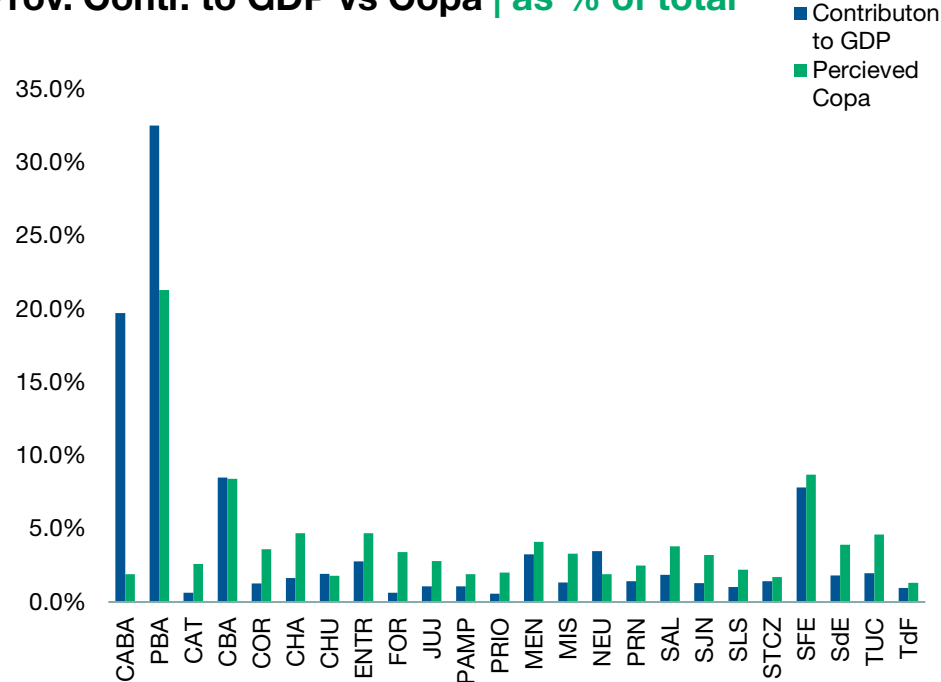
- The federal govt. is tightening the screws on provincial finances to ensure the success of its economic program, and to bolster its weak legislative muscle.
- The recession will hit provincial income hard, as the bulk of the locally levied tax revenues are deeply sensitive to activity levels.

Fiscal performance and Metrics: A credit- by-credit view

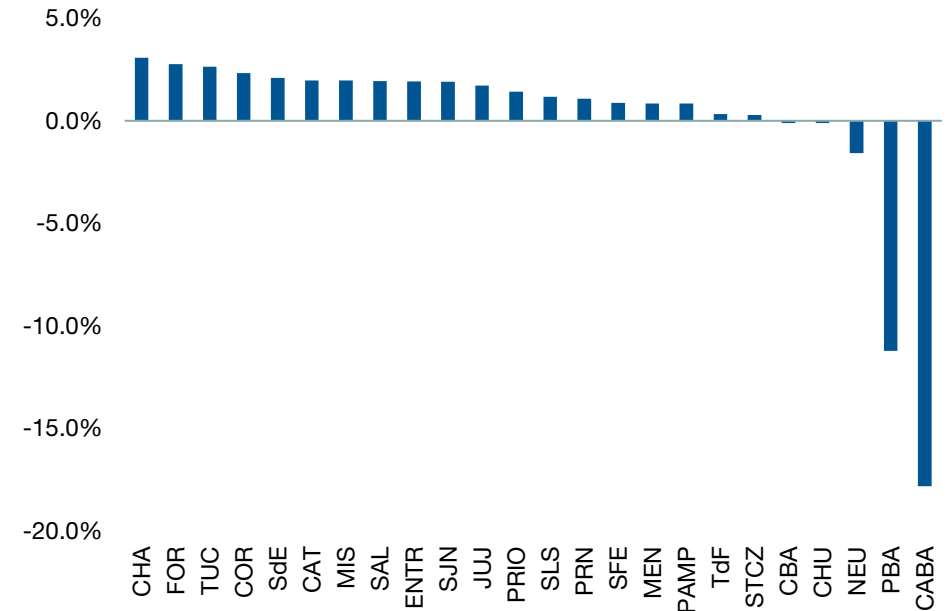
- In 4Q23, the average fiscal deficit tightened vs. 4Q22 standing at -0.5% of revenues.
- The combination of the electoral cycle with high inflation, and weakening activity levels roughed up fiscal balances throughout 2023.

The 1988 copa law skewed secondary distribution, causing major imbalances

Prov. Contr. to GDP vs Copa | as % of total



GDP contribution vs Copa spread | as %



Source: TPCG Research based on Economy Ministry

While the 1973 law based each of the provinces' shares on relatively objective metrics, political factors had a significant influence in the passing of the 1988 law. This resulted in a significant imbalance relative to the prior calculation, leaving PBA as the main loser of the space.

PBA went from receiving 28% of the provincial share to 21.3%. This deterioration benefitted the northern provinces, and severely skewed the distribution of provincial income, relative to the size and contribution of each province to the national economy.

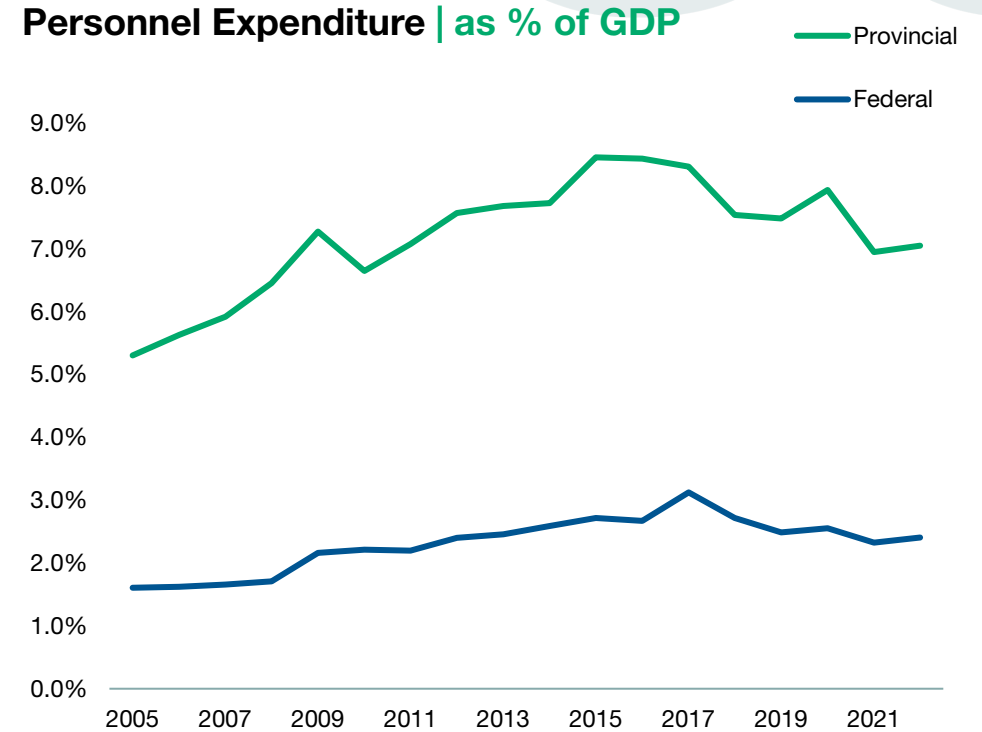
In addition, primary distribution started favoring the Nat. govt. after the 1994 reform

| | Copa 1973 | Copa 1988 | Δ |
|-------------------------------|-----------|-----------|-------|
| Primary Distribution | | | |
| National Government | 46.5% | 42.3% | -4.2% |
| Tierra del Fuego* | 0.2% | 1.3% | 1.1% |
| CABA* | 1.8% | 1.9% | 0.1% |
| Provinces | 48.5% | 56.7% | 8.2% |
| Secondary Distribution | | | |
| Buenos Aires | 28.0% | 21.3% | -6.7% |
| Catamarca | 1.9% | 2.6% | 0.7% |
| Córdoba | 8.9% | 8.4% | -0.5% |
| Corrientes | 3.8% | 3.6% | -0.2% |
| Chaco | 4.1% | 4.7% | 0.6% |
| Chubut | 1.9% | 1.8% | -0.1% |
| Entre Ríos | 4.6% | 4.7% | 0.1% |
| Formosa | 2.3% | 3.4% | 1.1% |
| Jujuy | 2.2% | 2.8% | 0.6% |
| La Pampa | 1.8% | 1.9% | 0.1% |
| La Rioja | 1.7% | 2.0% | 0.3% |
| Mendoza | 4.7% | 4.1% | -0.6% |
| Misiones | 3.0% | 3.3% | 0.3% |
| Neuquén | 1.7% | 1.9% | 0.2% |
| Río Negro | 2.3% | 2.5% | 0.2% |
| Salta | 3.7% | 3.8% | 0.1% |
| San Juan | 2.6% | 3.2% | 0.6% |
| San Luis | 1.8% | 2.2% | 0.4% |
| Santa Cruz | 1.4% | 1.7% | 0.3% |
| Santa Fe | 9.1% | 8.7% | -0.4% |
| Santiago del Estero | 4.0% | 3.9% | -0.1% |
| Tucumán | 4.5% | 4.6% | 0.1% |

*Both TdF and CABA do not partake in the secondary distribution scheme, receiving funds directly from the national govt.

Source: TPCG Research based on Economy Ministry

While the 1988 law had significant imbalances relative to the distribution of the provincial income, the 1994 Constitutional reform deepened the woes for the provinces, as it transferred most of the public sector payrolls into their balance sheet, without passing a new copa law to reimburse the provinces.



Therefore, the provinces were left structurally under-financed relative to a more opulent national government. This resulted in a copa law which skews resources in favor of the federal administration, albeit not by design, but due to the ironclad institutional structure, and incentive misalignments which make it near-impossible to modify.

The flawed institutional design grouped provinces into three main clusters

| LTM 3Q23 | Provincial Income Sources | | Federal Automatic Transfers | | Non-Automatic Transfers | |
|---------------------|---------------------------|-----------------|-----------------------------|-----------------|-------------------------|-----------------|
| | as % of Income | as % of Outlays | as % of Income | as % of Outlays | as % of Income | as % of Outlays |
| CABA | 87.6% | 99.6% | 10.0% | 11.3% | 2.4% | 2.8% |
| BUENOS AIRES | 38.3% | 35.1% | 37.4% | 34.3% | 8.3% | 7.6% |
| CATAMARCA | 24.3% | 22.1% | 73.4% | 66.7% | 2.4% | 2.1% |
| CORDOBA | 39.2% | 41.4% | 44.8% | 47.3% | 3.0% | 3.2% |
| CORRIENTES | 13.3% | 12.9% | 71.7% | 69.7% | 2.9% | 2.8% |
| CHACO | 13.9% | 12.3% | 69.0% | 60.9% | 5.1% | 4.5% |
| CHUBUT | 47.8% | 49.2% | 34.9% | 36.0% | 1.5% | 1.6% |
| ENTRE RIOS | 24.7% | 23.5% | 58.1% | 55.2% | 3.1% | 2.9% |
| FORMOSA | 10.0% | 9.3% | 76.0% | 71.0% | 2.9% | 2.8% |
| JUJUJY | 16.5% | 15.9% | 77.5% | 74.6% | 6.0% | 5.7% |
| LA PAMPA | 35.0% | 33.4% | 53.2% | 50.8% | 2.5% | 2.4% |
| LA RIOJA | 12.2% | 10.8% | 83.7% | 74.0% | 4.1% | 3.6% |
| MENDOZA | 46.7% | 43.6% | 51.0% | 47.6% | 2.4% | 2.2% |
| MISIONES | 31.3% | 29.6% | 52.0% | 49.2% | 4.7% | 4.5% |
| NEUQUEN | 64.7% | 63.9% | 18.8% | 18.6% | 1.2% | 1.2% |
| RIO NEGRO | 32.1% | 30.5% | 64.7% | 61.6% | 3.1% | 3.0% |
| SALTA | 29.7% | 28.6% | 66.4% | 64.0% | 3.9% | 3.8% |
| SAN JUAN | 22.7% | 21.9% | 74.5% | 71.7% | 2.9% | 2.7% |
| SAN LUIS | 23.3% | 18.3% | 74.7% | 58.8% | 2.0% | 1.6% |
| SANTA CRUZ | 42.1% | 42.8% | 40.5% | 41.1% | 4.3% | 4.3% |
| SANTA FE | 30.3% | 29.0% | 52.9% | 50.6% | 3.3% | 3.1% |
| SANTIAGO DEL ESTERO | 14.7% | 14.3% | 82.6% | 80.6% | 2.7% | 2.7% |
| TUCUMAN | 25.9% | 24.1% | 69.2% | 64.5% | 4.9% | 4.6% |
| TIERRA DEL FUEGO | 39.2% | 36.5% | 45.7% | 42.6% | 2.0% | 1.9% |

- » The current institutional framework resulted in provinces splitting in three groups regarding their funding capabilities. Firstly, we find the provinces which are mostly reliant on their local revenue sources. Inside this group, some are dependent on royalties, others rely on local levies with stable taxable mass (such as the Real Estate Tax), and the rest which depend on local income which is sensitive to activity levels.
- » In the second group, we find those provinces that have weaker local tax bases and depend largely on automatic transfers, such as the Copa scheme. Finally, some provinces fail to levy enough local taxes to compensate for relatively weak Copa transfers and depend largely on the non-automatic transfers and fiduciary funds provided by the federal government.
- » The strategy of the current national government consists in choking out the provincial space, weaponizing the fiduciary fund and discretionary transfer system, to then propose a new, rules-based relationship to the provinces, in exchange for bolstering its weak legislative muscle.

Source: TPCG Research based on Economy Ministry

Agenda

Before we start: Snapshot of credits fundamentals

- In LTM 4Q23, the average fiscal position dropped 3.5pp from FY22, reaching a surplus of 1.4% of revenues.
- Regarding the leverage position, the space's average closed at 28.6% of revenues, decreasing 7.5pp from 2022. The debt services ratio increased to 7% of revenues.

The provincial space relies strongly in a flawed institutional framework

- The relationship between the national government and the provinces is based on the 1994 constitutional reform and the 1988 copa law, which ignited major imbalances in primary and secondary distribution.
- This causes the provincial space to rely heavily in national government funds to be fiscally sustainable.

The recession and a hostile national administration threaten provincial balances

- The federal govt. is tightening the screws on provincial finances to ensure the success of its economic program, and to bolster its weak legislative muscle.
- The recession will hit provincial income hard, as the bulk of the locally levied tax revenues are deeply sensitive to activity levels.

Fiscal performance and Metrics: A credit- by-credit view

- In 4Q23, the average fiscal deficit tightened vs. 4Q22 standing at -0.5% of revenues.
- The combination of the electoral cycle with high inflation, and weakening activity levels roughed up fiscal balances throughout 2023.

The brunt of provincial taxes are sensitive to activity levels

| Provincial Tax Composition | Gross Income Tax | | Real Estate Tax | | Stamp Tax | | Automobile Tax | | Other Taxes | |
|----------------------------|------------------|-------|-----------------|-------|-----------|-------|----------------|-------|-------------|-------|
| | Average | Last | Average | Last | Average | Last | Average | Last | Average | Last |
| Buenos Aires | 58.4% | 75.0% | 14.9% | 8.5% | 9.4% | 8.2% | 9.1% | 6.4% | 8.3% | 1.9% |
| Catamarca | 73.6% | 86.2% | 6.7% | 1.6% | 11.4% | 7.0% | 7.2% | 5.2% | 1.1% | 0.0% |
| Córdoba | 65.9% | 78.4% | 18.9% | 7.5% | 9.5% | 10.8% | 3.8% | 3.3% | 2.0% | 0.0% |
| Corrientes | 71.6% | 86.6% | 11.2% | 1.5% | 13.0% | 11.7% | 0.4% | 0.0% | 3.9% | 0.2% |
| Chaco | 75.6% | 76.5% | 2.2% | 0.3% | 9.0% | 9.7% | 0.6% | 0.0% | 12.6% | 13.5% |
| Chubut | 77.6% | 85.3% | 0.8% | 0.1% | 15.0% | 11.9% | 1.0% | 0.0% | 5.6% | 2.7% |
| Entre Ríos | 50.2% | 70.4% | 23.0% | 12.3% | 10.1% | 7.4% | 9.8% | 8.7% | 6.9% | 1.2% |
| Formosa | 77.9% | 87.4% | 3.8% | 0.7% | 12.3% | 10.2% | 1.0% | 0.0% | 5.0% | 1.7% |
| Jujuy | 73.2% | 87.8% | 10.2% | 3.3% | 12.4% | 8.8% | 0.3% | 0.0% | 3.9% | 0.0% |
| La Pampa | 54.5% | 73.9% | 16.4% | 9.0% | 16.3% | 10.6% | 11.0% | 5.9% | 1.8% | 0.6% |
| La Rioja | 74.0% | 82.9% | 5.3% | 1.2% | 10.2% | 8.5% | 9.6% | 7.4% | 0.8% | 0.0% |
| Mendoza | 62.2% | 80.0% | 9.7% | 3.4% | 13.9% | 9.5% | 10.8% | 6.8% | 3.3% | 0.3% |
| Misiones | 75.2% | 94.0% | 7.7% | 1.2% | 9.4% | 3.9% | 1.8% | 0.6% | 5.9% | 0.2% |
| Neuquén | 76.6% | 91.1% | 6.6% | 2.7% | 16.1% | 6.2% | 0.6% | 0.0% | 0.0% | 0.0% |
| Río Negro | 64.2% | 74.2% | 10.3% | 5.1% | 12.6% | 6.4% | 10.8% | 10.0% | 2.1% | 4.3% |
| Salta | 75.4% | 90.4% | 4.1% | 0.5% | 13.8% | 8.6% | 1.1% | 0.0% | 5.6% | 0.5% |
| San Juan | 57.9% | 67.3% | 8.2% | 3.6% | 11.0% | 6.4% | 9.5% | 10.9% | 13.4% | 11.8% |
| San Luis | 66.4% | 74.6% | 13.0% | 2.5% | 10.1% | 7.2% | 5.4% | 5.8% | 5.1% | 9.9% |
| Santa Cruz | 85.0% | 91.9% | 0.3% | 0.0% | 13.4% | 8.0% | 0.9% | 0.0% | 0.4% | 0.0% |
| Santa Fe | 64.5% | 85.6% | 16.3% | 5.8% | 14.0% | 8.2% | 2.6% | 0.2% | 2.5% | 0.2% |
| Santiago del Estero | 61.7% | 75.5% | 9.8% | 6.6% | 11.2% | 12.1% | 5.6% | 5.1% | 11.6% | 0.8% |
| Tucumán | 64.3% | 82.1% | 8.6% | 2.7% | 12.8% | 6.4% | 6.9% | 5.2% | 7.5% | 3.6% |
| Tierra del Fuego | 77.0% | 62.4% | 0.7% | 0.0% | 6.5% | 5.2% | 0.7% | 0.0% | 15.0% | 32.4% |
| CABA | 70.8% | 79.4% | 15.1% | 6.3% | 3.5% | 8.7% | 8.1% | 4.6% | 2.5% | 1.0% |
| Sens. to activity levels | Medium | | Low | | High | | Medium | | Medium | |

- » The recession is bound to hit provincial income strongly, especially as the bulk of the locally levied tax revenues are deeply sensitive to activity levels. Provincial income sources mainly rely on 4 key taxes, which are: the Local Sales Tax, the Real Estate Tax, the Stamp Tax, and the Automotive Tax.
- » However, the Local Sales Tax represents the largest chunk of provincial income, currently accounting for 80% of provincially levied taxes. To evaluate the performance of these taxes relative to activity levels, we stress their sensibility to unfavorable economic scenarios.
- » Under our baseline scenario, Local Sales Tax collection is bound to drop by -8.6% in real terms, while collection of the Stamp tax could fall up to -16.5%. Automotive Taxes could resent by up to -10.2%, while the only revenue line which could fall by less than activity would be the Real Estate tax collection, which would fall by -6.5%. While the taxable mass in the last two is relatively insensitive to activity levels, higher delinquency fostered by the collapse in disposable income drives the drop.

Source: TPCG Research based on Economy Ministry

The fall in activity, compounded with a hostile nat. govt. implies a complex scenario for the space

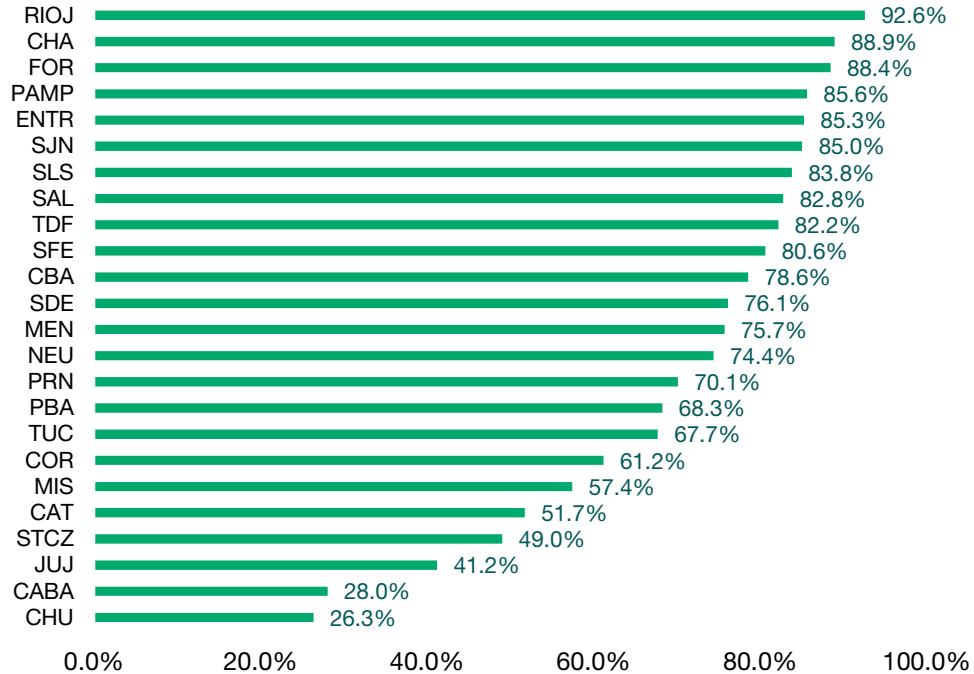
| Baseline scenario calibration Provincial over the line income sources (2023) | Provincial Taxes / Revenues | Prov. Tax intake loss due to activity | Copa resources / Revenues | Copa intake loss due to activity | Disc. Transf / Revenues | Loss due to potential Nat. Govt. bias | Total |
|--|-----------------------------------|--|---------------------------------|--|----------------------------|---|--------|
| BUENOS AIRES | 42.6% | -4.0% | 45.4% | -4.3% | 12.0% | -8.2% | -16.5% |
| CATAMARCA | 11.1% | -1.5% | 81.7% | -7.8% | 7.2% | -3.7% | -13.0% |
| CÓRDOBA | 34.7% | -1.9% | 61.5% | -5.9% | 3.8% | -3.0% | -10.7% |
| CORRIENTES | 12.6% | -1.1% | 81.0% | -7.7% | 6.3% | -3.9% | -12.7% |
| CHACO | 12.6% | -1.0% | 78.9% | -7.5% | 8.5% | -7.6% | -16.1% |
| CHUBUT | 35.1% | -2.2% | 60.3% | -5.7% | 4.6% | -1.2% | -9.2% |
| ENTRE RÍOS | 22.3% | -2.1% | 71.1% | -6.8% | 6.5% | -5.6% | -14.4% |
| FORMOSA | 7.2% | -1.2% | 84.8% | -8.1% | 8.0% | -7.1% | -16.4% |
| JUJUY | 13.9% | -1.6% | 81.0% | -7.7% | 5.1% | -2.1% | -11.4% |
| LA PAMPA | 25.9% | -2.0% | 67.0% | -6.4% | 7.1% | -6.1% | -14.5% |
| LA RIOJA | 7.9% | -1.1% | 72.8% | -6.9% | 19.3% | -17.8% | -25.9% |
| MENDOZA | 35.0% | -4.3% | 60.8% | -5.8% | 4.2% | -3.2% | -13.3% |
| MISIONES | 33.5% | 0.4% | 59.9% | -5.7% | 6.6% | -3.8% | -9.2% |
| NEUQUÉN | 51.6% | -3.0% | 41.0% | -3.9% | 7.5% | -5.6% | -12.5% |
| RÍO NEGRO | 25.7% | -2.7% | 68.2% | -6.5% | 6.1% | -4.3% | -13.5% |
| SALTA | 22.8% | -1.3% | 71.0% | -6.8% | 6.2% | -5.1% | -13.2% |
| SAN JUAN | 14.1% | -2.1% | 81.6% | -7.8% | 4.3% | -3.6% | -13.5% |
| SAN LUIS | 19.4% | -1.6% | 74.9% | -7.1% | 5.7% | -4.8% | -13.5% |
| SANTA CRUZ | 27.1% | -4.7% | 64.1% | -6.1% | 8.8% | -4.3% | -15.1% |
| SANTA FE | 31.0% | -2.9% | 64.3% | -6.1% | 4.6% | -3.7% | -12.7% |
| SANTIAGO DEL ESTERO | 9.4% | -1.1% | 82.6% | -7.9% | 7.9% | -6.0% | -15.0% |
| TUCUMÁN | 23.5% | -2.1% | 70.6% | -6.7% | 5.9% | -4.0% | -12.8% |
| TIERRA DEL FUEGO | 26.6% | -3.6% | 66.6% | -6.3% | 6.7% | -5.5% | -15.4% |
| CABA | 85.3% | -7.6% | 10.9% | -1.0% | 3.8% | -1.1% | -9.7% |

- » In addition, while the administration counts with indexed tax lines to brave the storm, the mass of coparticipable taxes is not and is also prone to suffer due to depressed activity levels. Calibrating our sensitivity model with our base scenario assumptions, Copa revenues are bound to drop by roughly -9.5% in real terms in 2024.
- » Under our baseline macro assumptions, the provinces that are bound to suffer the most, compounding both the drop in provincial income, and the fall in copa transfers are Santa Cruz (-10.8%), Mendoza (-10.1%), San Juan (-9.9%) , and TdF (-9.9%). On average, under our base scenario, the recession is bound to cost each province 2.3% of its provincial sources, while the fall in copa could end up causing a -6.4% drop in revenue sources. So, compounding both effects, the average province could lose up to 8.7% of its income sources due to the depressed activity levels.
- » However, bleeding does not stop there, as the administration's bias regarding non-automatic transfers is also bound to impact provincial balance sheets significantly.

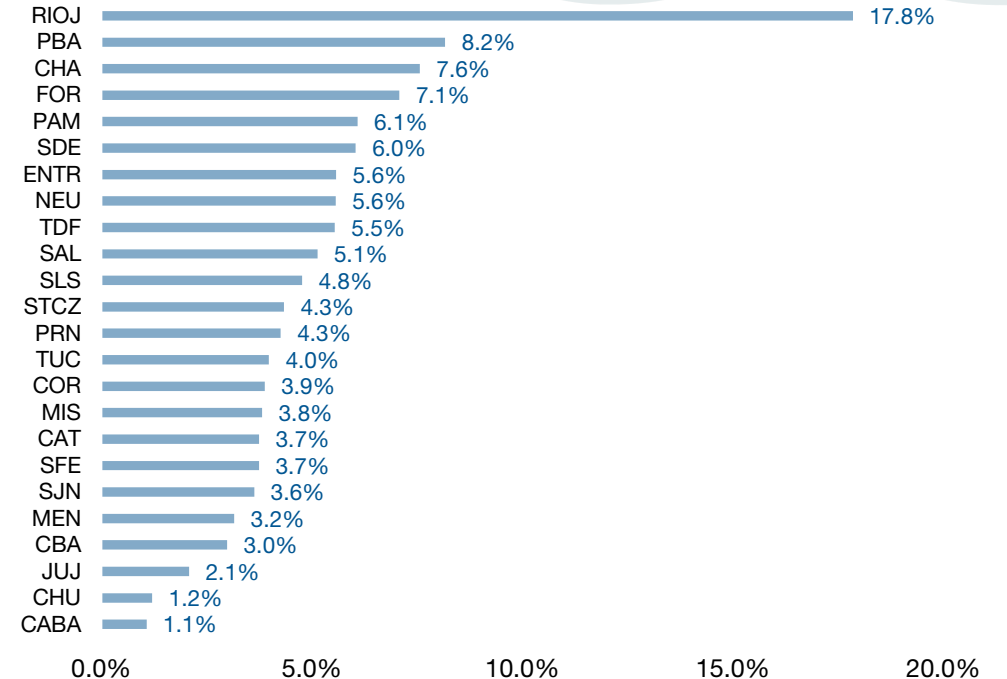
Source: TPCG Research based on Economy Ministry

The administration has proven its ability to cut off discretionary transfers

Real Cut in Disc. Transfers Feb-24 | %yoy



Potential cut in discr. transfers | % of income



Source: TPCG Research based on Economy Ministry

The administration is trying to get the entire provincial space in line with its austerity program. In this context, the federal government instrumented heavy trims to discretionary transfers to provinces. Accumulated up to February, these collapsed in real terms, shrinking by -69%yoy.

While the effect was not even throughout the space, extrapolating the current reduction in transfers vs the relative weight of these in each of the province's balances, we find the most affected regions to be La Rioja (-17.8%), PBA (-8.4%), Chaco (-7.6%) and Formosa (-7%).

Discretionary programs were a key instrument to plug provincial financing gaps in 2023

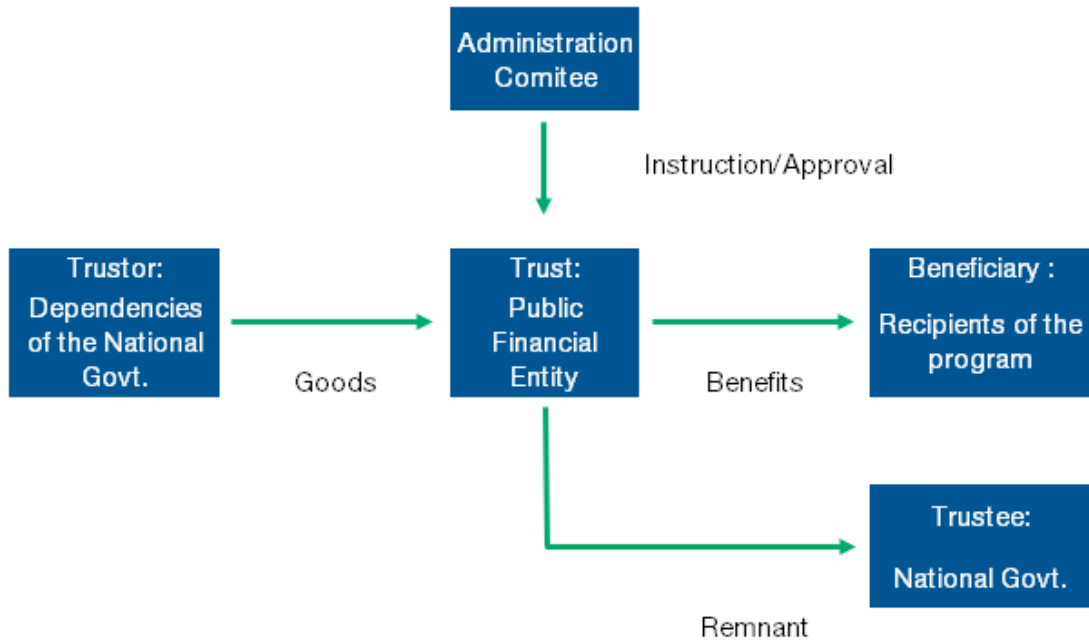
| Official USDmn | National Teacher Incentive Fund | Fiscal Strengthening Fund | Financial Assistance to Provinces and munis | Provincial relations and Regional Development | Provincial Pension Funds | Educational Management and Socio-educational Policies | CABA security transfers | School Cafeterias and Nutrition Policies | Territorial Approach | Hydrocarbon Policy development and execution. | Capex | Rest | Total |
|---------------------|---------------------------------|---------------------------|---|---|--------------------------|---|-------------------------|--|----------------------|---|--------------|--------------|---------------|
| CABA | 89.5 | 0.0 | 0.3 | 0.0 | 0.0 | 1.7 | 221.2 | 0.0 | 0.0 | 0.0 | 22.7 | 35.4 | 370.7 |
| Buenos Aires | 363.4 | 820.4 | 514.8 | 67.8 | 396.3 | 119.6 | 0.0 | 90.5 | 42.4 | 0.0 | 404.4 | 66.1 | 2885.7 |
| Catamarca | 19.0 | 0.0 | 10.1 | 27.0 | 0.0 | 1.6 | 0.0 | 2.4 | 2.2 | 0.0 | 44.5 | 3.6 | 110.3 |
| Córdoba | 75.9 | 0.0 | 0.0 | 59.1 | 43.5 | 10.6 | 0.0 | 3.9 | 3.3 | 0.0 | 44.6 | 12.0 | 253.0 |
| Corrientes | 28.8 | 0.0 | 0.0 | 14.9 | 2.0 | 9.5 | 0.0 | 0.1 | 3.2 | 0.0 | 69.5 | 8.6 | 136.4 |
| Chaco | 40.0 | 0.0 | 3.4 | 32.3 | 25.2 | 20.3 | 0.0 | 13.2 | 4.0 | 0.0 | 97.0 | 14.1 | 249.5 |
| Chubut | 17.8 | 0.0 | 0.0 | 11.4 | 1.8 | 3.2 | 0.0 | 0.0 | 2.8 | 0.1 | 14.5 | 4.5 | 56.1 |
| Entre Ríos | 43.5 | 0.0 | 0.0 | 34.6 | 25.0 | 19.9 | 0.0 | 2.7 | 2.3 | 0.0 | 68.4 | 10.8 | 207.1 |
| Formosa | 17.4 | 0.0 | 8.1 | 29.8 | 8.7 | 5.5 | 0.0 | 6.2 | 3.1 | 0.0 | 71.8 | 7.3 | 157.9 |
| Jujuy | 20.9 | 0.0 | 12.2 | 12.9 | 0.0 | 9.1 | 0.0 | 2.5 | 1.1 | 0.0 | 16.2 | 6.5 | 81.4 |
| La Pampa | 11.5 | 0.0 | 0.2 | 16.6 | 14.4 | 1.6 | 0.0 | 1.8 | 2.4 | 0.0 | 38.4 | 5.6 | 92.4 |
| La Rioja | 17.8 | 0.0 | 16.9 | 23.5 | 0.0 | 1.5 | 0.0 | 3.5 | 3.2 | 0.0 | 178.1 | 4.9 | 249.4 |
| Mendoza | 47.6 | 0.0 | 4.1 | 27.7 | 0.0 | 5.7 | 0.0 | 2.6 | 2.5 | 0.4 | 31.6 | 8.9 | 131.0 |
| Misiones | 42.9 | 0.0 | 6.8 | 16.6 | 4.8 | 1.5 | 0.0 | 2.9 | 6.4 | 0.0 | 68.5 | 21.8 | 172.2 |
| Neuquén | 29.0 | 0.0 | 2.1 | 14.8 | 4.1 | 1.1 | 0.0 | 3.4 | 0.7 | 46.8 | 41.2 | 4.5 | 147.7 |
| Río Negro | 25.5 | 0.0 | 10.2 | 19.1 | 0.0 | 7.4 | 0.0 | 1.2 | 1.1 | 1.8 | 25.3 | 10.9 | 102.6 |
| Salta | 32.9 | 0.0 | 10.1 | 18.2 | 0.0 | 21.5 | 0.0 | 9.8 | 4.7 | 0.0 | 49.5 | 9.8 | 156.6 |
| San Juan | 19.6 | 0.0 | 0.0 | 25.1 | 0.0 | 3.3 | 0.0 | 2.9 | 1.3 | 0.0 | 21.2 | 7.0 | 80.3 |
| San Luis | 12.7 | 0.0 | 0.2 | 20.7 | 0.0 | 0.4 | 0.0 | 0.0 | 1.3 | 0.0 | 39.9 | 3.0 | 78.2 |
| Santa Cruz | 16.3 | 0.0 | 13.7 | 13.6 | 13.7 | 7.7 | 0.0 | 2.0 | 0.9 | 0.8 | 28.5 | 3.6 | 100.9 |
| Santa Fe | 81.3 | 0.0 | 0.6 | 60.3 | 38.5 | 23.9 | 0.0 | 5.6 | 3.8 | 0.0 | 73.8 | 16.4 | 304.2 |
| Santiago del Estero | 25.2 | 0.0 | 8.7 | 29.4 | 0.0 | 14.9 | 0.0 | 2.2 | 4.4 | 0.0 | 87.9 | 9.7 | 182.4 |
| Tucumán | 31.8 | 0.0 | 27.1 | 29.0 | 0.0 | 15.3 | 0.0 | 6.5 | 2.2 | 0.0 | 60.9 | 9.3 | 182.1 |
| Tierra del Fuego | 10.2 | 0.0 | 3.4 | 9.1 | 0.0 | 3.4 | 0.0 | 1.0 | 1.4 | 3.8 | 21.6 | 3.1 | 56.9 |
| Non-Classified | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.4 |
| Total | 1120.5 | 820.4 | 652.9 | 613.5 | 578.0 | 310.2 | 221.2 | 166.8 | 100.6 | 53.8 | 699.7 | 287.3 | 5624.9 |

Source: TPCG Research based on Economy Ministry and E&R

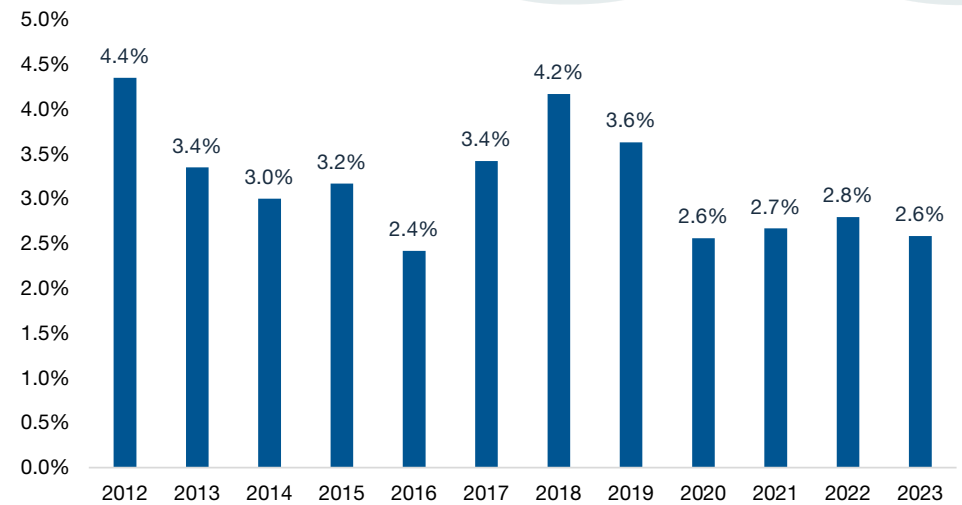
According to the Budget Office of Congress, the administration has funded around 10 programs via non-automatic transfers, amounting to nearly USD5bn in 2023, designed to fund current expenditures. In addition, non-automatic transfers in 2023 included USD1.6bn in Capex programs.

While some of these programs fund heavily inflexible current expenditures this doesn't compromise the administration's ability to cut their funding. Whatever the strategic importance of the funds, the administration has the ability, and willingness to cut them off.

Fiduciary Funds are the under-the-line bloodline the govt. is also prepared to sever



Fiduciary Funds Expenditure | as % of GDP



| Existing Fiduciary Funds | as % of Total |
|---------------------------------------|---------------|
| Created by Decree | 50.4% |
| Created by Law | 49.5% |
| Created by Law, implemented by Decree | 0.1% |

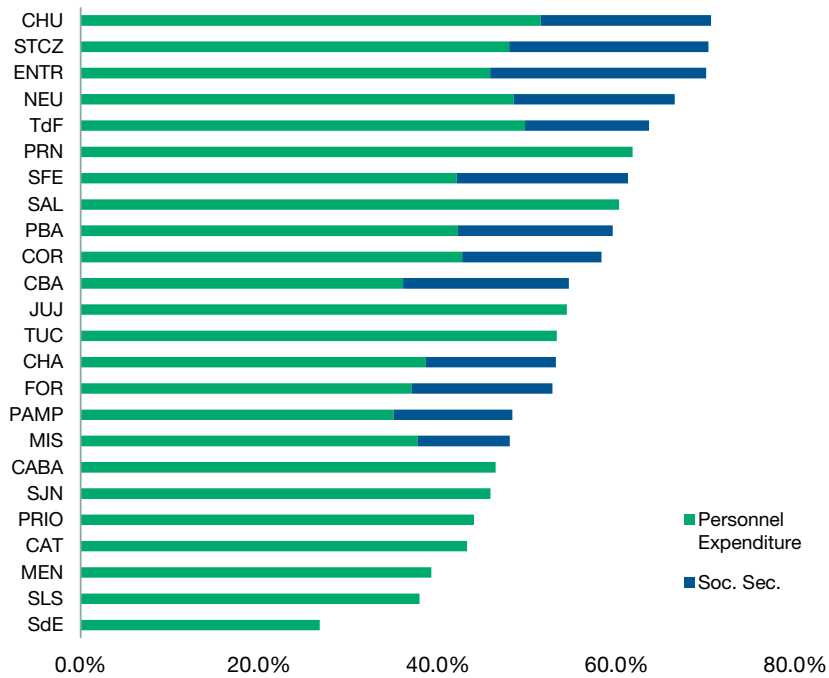
Source: TPCG Research based on Economy Ministry

In our estimation, fiduciary funds totaled 2.6% of GDP in 2023, quadrupling the size of non-automatic transfers. Of these, most are off-balance of both the national and provincial govts. and operate as funding sources for the provinces, rather than being outright cash transfers to local administrations.

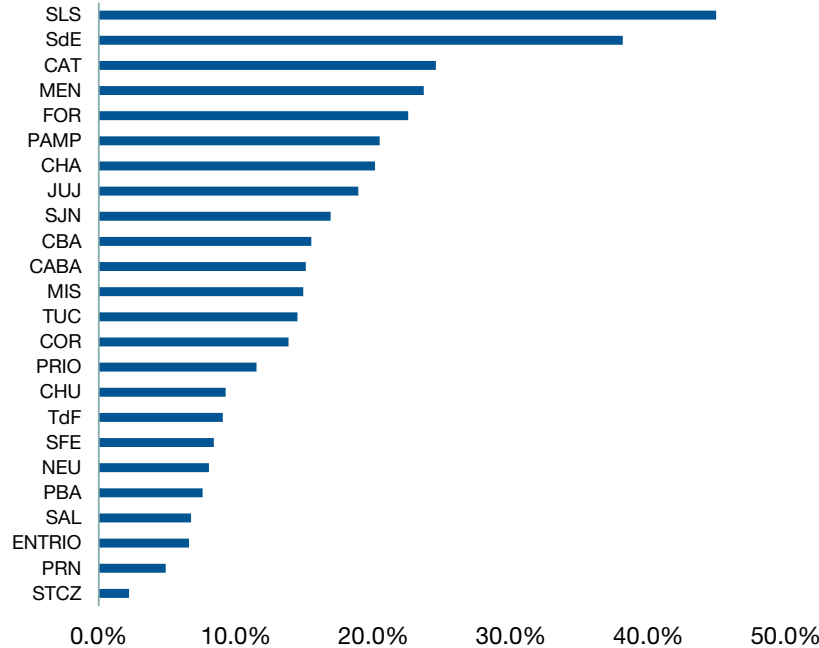
However, their structure is not as ironclad as the copa, with more than 50% of the monies originating from funds that were created by presidential decrees, which are easy to overturn. Also, nominality hits to the extended 2023 budget will take a toll on the fund's balances.

In addition to falling income, the provinces must face-off against inflexible outlays

Provincial Expenditure | as % of total



Capital Expenditure | as % of Total



Source: TPCG Research based on Economy Ministry

So, while there is some intention of dialing back public expenditure in the provincial space, the issue is that most local outlays come down to inelastic current expenditures, which make trims uncomfortable for the provincial administrations, especially those who have just gained access to power.

On average, personnel expenditure, in addition to Soc. Sec outlays represent 53.8% of total expenditures in the provincial space. Adding capex, average outlays included in those three lines add up to 69.5% of provincial outlays, with a very compact distribution.

Lower-than-expected inflation results in higher costs for serving EXD debt

| External Debt Services 2024 | USDmn | as % of 2023 Revenues | Adjusted to the current REER |
|-----------------------------|-------|-----------------------|------------------------------|
| Buenos Aires | 702 | 8.4% | 4.9% |
| CABA | 100 | 3.0% | 1.7% |
| Chaco | 77 | 7.5% | 4.4% |
| Chubut | 135 | 31.9% | 18.7% |
| Córdoba | 541 | 23.4% | 13.7% |
| Entre Ríos | 130 | 11.8% | 6.9% |
| Jujuy | 47 | 8.4% | 4.9% |
| La Rioja | 77 | 17.2% | 10.1% |
| Mendoza | 100 | 9.2% | 5.4% |
| Neuquén | 142 | 20.7% | 12.2% |
| Río Negro | 92 | 15.7% | 9.2% |
| Salta | 107 | 12.2% | 7.1% |
| Santa Fe | 17 | 0.8% | 0.4% |
| TdF | 32 | 10.9% | 6.4% |

- » Even if the balance sheet effect suffered in Dec-23 diluted, the better-than-expected performance of inflation makes the devaluation hit more permanent.
- » During the 2020-2023 period, the provincial space was able to deleverage significantly, as it was able to source cheap USD at the official FX from the national government, while revenues growing at an inflation pace diluted debt services relative to revenues. However, with the initial devaluation in Dec-23, said effect reversed. Previously we had argued that the balance sheet effect would dilute as inflationary pressures gradually caught up to the 2% crawling peg instated by the administration.
- » However, the relatively weaker inflation prints mean that, even excluding activity level effects, the balance sheet effect is proving more persistent than expected. This means that debt services are still significantly more difficult to pay than in 2023. On average, for provinces with hard currency debt, their obligations amount to 7.6% of revenues, even after adjusting for the REER appreciation in recent months.

Source: TPCG Research based on Province's filing and E&R

Furthermore, the govt's audits of the ANSES are preventing provincial pension systems from receiving national funds

| Provincial Pension System Deficits LTM 3Q23 | | | | | |
|---|------------------|------------------|-----------------------|-------------------------|--------------|
| | Feb-23 ARSmn | USDm (Feb-23 FX) | USDm (Period Average) | as % of Period Revenues | as % of GDP |
| Buenos Aires | 660,913 | 792 | 837 | 2.7% | 0.10% |
| Córdoba | 289,398 | 347 | 406 | 4.2% | 0.05% |
| Corrientes | 69,994 | 84 | 95 | 3.6% | 0.01% |
| Chaco | 120,777 | 145 | 168 | 4.6% | 0.02% |
| Chubut | 48,612 | 58 | 66 | 2.9% | 0.01% |
| Entre Ríos | 332,032 | 398 | 458 | 11.0% | 0.05% |
| Formosa | 95,690 | 115 | 131 | 5.4% | 0.02% |
| La Pampa | 59,735 | 72 | 83 | 4.6% | 0.01% |
| Misiones | -28,877 | -35 | -38 | 1.2% | 0.00% |
| Neuquén | 94,254 | 113 | 128 | 2.8% | 0.02% |
| Santa Cruz | 117,201 | 140 | 162 | 8.4% | 0.02% |
| Santa Fe | 393,580 | 472 | 538 | 6.1% | 0.06% |
| Tierra del Fuego | 18,136 | 22 | 19 | 1.4% | 0.00% |
| Total | 2,271,445 | 2,722 | 3,053 | 2.7% | 0.36% |

*CABA, Catamarca, Jujuy, La Rioja, Mendoza, Río Negro, Salta, San Juan, San Luis, SdE and Tucumán transferred their provincial pension systems to the federal government back in 1994.

Source: TPCG Research based on Economy Ministry

In 1999 an agreement was reached between some provinces and the federal government, on which the national administration committed to cover the deficits of the pension systems of said provinces. However, the government has failed to transfer the funds to plug the gap in local pension systems since January.

The position of the federal govt. is that it is performing an auditing process of the ANSES, the institution responsible for the fund transfers, and it will send the monies once it is finished. Still, this move seems to be designed to amp up the chokehold on provincial finances.

We believe PBA's situation is delicate, both financially and politically

| 2023 Non-automatic transfers to PBA | ARSmn | USDmn (2023 Avg.) | USDmn (Current FX) | USDmn (REER Adj.) | As % of revenues |
|---|----------------|----------------------|-----------------------|----------------------|---------------------|
| National Teacher Incentive Fund | 107,427 | 363 | 126 | 215 | 1.5% |
| Fiscal Strenghtening Fund | 242,526 | 820 | 284 | 485 | 3.4% |
| Financial Assistance to Provinces and munis | 152,187 | 515 | 179 | 305 | 2.1% |
| Provincial relations and Regional Development | 20,031 | 68 | 23 | 40 | 0.3% |
| Provincial Pension Funds | 117,167 | 396 | 137 | 235 | 1.6% |
| Educational Management and Socio-educational Policies | 35,348 | 120 | 41 | 71 | 0.5% |
| School Cafeterias and Nutrition Policies | 26,743 | 90 | 31 | 54 | 0.4% |
| Territorial Approach | 12,543 | 42 | 15 | 25 | 0.2% |
| Capex | 119,537 | 404 | 140 | 239 | 1.7% |
| Rest | 19,552 | 66 | 23 | 39 | 0.3% |
| Total | 853,061 | 2,886 | 1,001 | 1,708 | 12.0% |

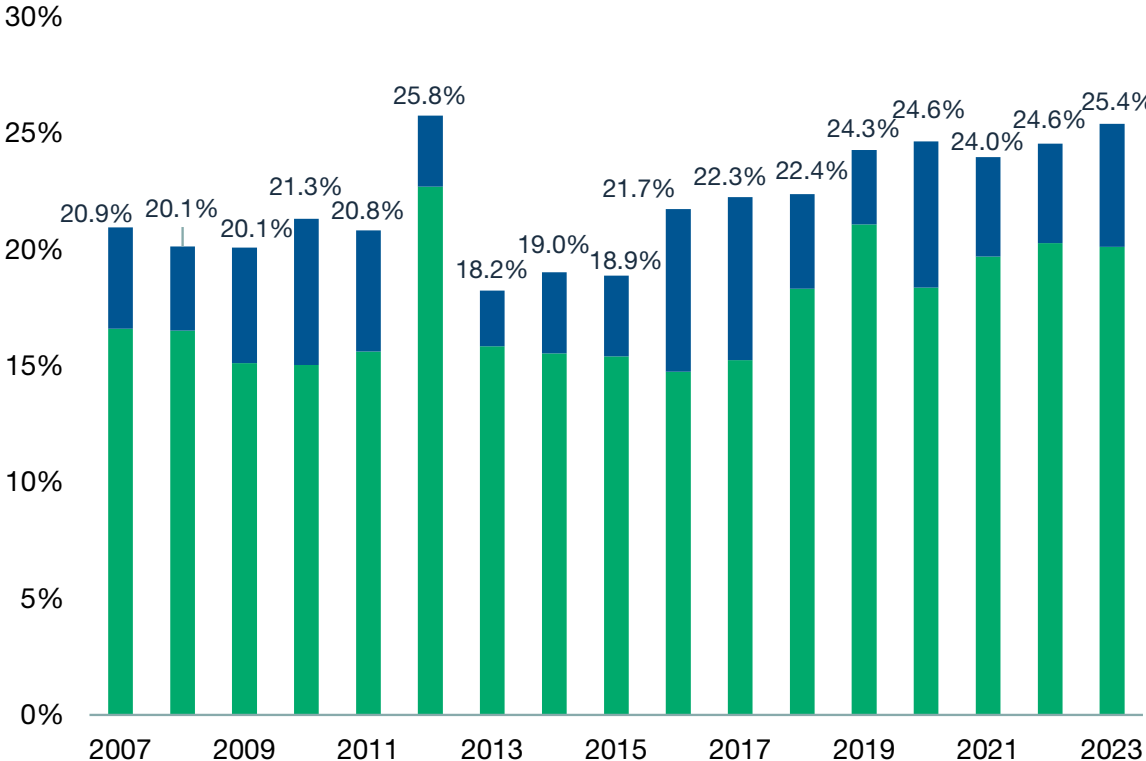
Source: TPCG Research based on TPCG Trading Desk

Dissecting the financial assistance from the administration to the provincial government, in 2023's official FX, the province received USD2.9bn (USD1bn at today's FX, 1.7bn REER-adjusted) in non-automatic transfers.

We find that PBA has the ability to derail the May Pact and a future Copa law. The issue is that, by doing so, it risks becoming ostracized and defunded, putting it in an untenable financial position.

PBA is bound to receive a smaller share of an already shrinking pot

PBA's share of federal resources | as %



- » While generally, the political party ruling at the national level also controls PBA, and has heavy incentives to subsidize the province, this time around not only this did not happen, but both political colors stand at opposite ends of the ideological distribution.
- » The provincial administration is aware of the stress its fiscal numbers are under, and commanded significant tax increases across the board, which we believe could compensate for the effect of activity levels on revenues. However, the fact remains that, without discretionary transfers, in REER-adjusted terms, the province could be down up to USD1.7bn in non-automatic disbursements, which creates a massive funding gap for the province.
- » The main issue with PBA boils down to the fact that the viability of its finances depends on receiving a large share of the resources the federal government sends to provinces. And under Mr. Milei, both the total amount the national administration is poised to hand down, and PBA's share of the total are bound to shrink dramatically.

Source: TPCG Research based on Province's filing and E&R

Agenda

Before we start: Snapshot of credits fundamentals

- In LTM 4Q23, the average fiscal position dropped 3.5pp from FY22, reaching a surplus of 1.4% of revenues.
- Regarding the leverage position, the space's average closed at 28.6% of revenues, decreasing 7.5pp from 2022. The debt services ratio increased to 7% of revenues.

The provincial space relies strongly in a flawed institutional framework

- The relationship between the national government and the provinces is based on the 1994 constitutional reform and the 1988 copa law, which ignited major imbalances in primary and secondary distribution.
- This causes the provincial space to rely heavily in national government funds to be fiscally sustainable.

The recession and a hostile national administration threaten provincial balances

- The federal govt. is tightening the screws on provincial finances to ensure the success of its economic program, and to bolster its weak legislative muscle.
- The recession will hit provincial income hard, as the bulk of the locally levied tax revenues are deeply sensitive to activity levels.

Fiscal performance and Metrics: A credit- by-credit view

- In 4Q23, the average fiscal deficit tightened vs. 4Q22 standing at -0.5% of revenues.
- The combination of the electoral cycle with high inflation, and weakening activity levels roughed up fiscal balances throughout 2023.

City of BA: the fiscal surplus weakened in 4Q23 to 8.38% of revenues

| CABA - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|
| Total Revenue | 148,609 | 148,383 | -0.15% | 148,383 | 120,878 | -18.54% | 52,217 | 45,166 | -13.50% |
| Current Revenue | 147,764 | 146,122 | -1.11% | 146,122 | 119,330 | -18.33% | 50,988 | 44,570 | -12.59% |
| Provincial taxes | 116,720 | 114,198 | -2.16% | 114,198 | 95,470 | -16.40% | 39,272 | 36,147 | -7.96% |
| Federal taxes | 16,092 | 15,869 | -1.39% | 15,869 | 11,292 | -28.84% | 5,495 | 3,887 | -29.26% |
| Other non-tax | 5,740 | 8,028 | 39.84% | 8,028 | 10,590 | 31.92% | 3,638 | 3,849 | 5.80% |
| Royalties | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Discretionary Federal Gov transfers | 9,212 | 8,028 | -12.85% | 8,028 | 1,978 | -75.36% | 2,583 | 687 | -73.39% |
| Capital Revenue | 845 | 2,261 | 167.62% | 2,261 | 1,548 | -31.56% | 1,229 | 596 | -51.49% |
| Financial investment | 48 | 42 | -12.85% | 42 | 13 | -69.13% | 15 | 2 | -87.63% |
| Transfers | 27 | 301 | 998.73% | 301 | 167 | -44.61% | 131 | 90 | -31.12% |
| Other | 769 | 1,919 | 149.36% | 1,919 | 1,368 | -28.69% | 1,083 | 504 | -53.47% |
| Primary Spending | 138,895 | 127,266 | -8.37% | 127,266 | 107,168 | -15.79% | 53,634 | 47,506 | -11.43% |
| Current Expenditures | 120,855 | 107,698 | -10.89% | 107,698 | 88,874 | -17.48% | 43,059 | 38,487 | -10.62% |
| Personnel spending | 66,980 | 59,285 | -11.49% | 59,285 | 49,122 | -17.14% | 21,554 | 20,259 | -6.01% |
| Goods and services | 35,187 | 31,648 | -10.06% | 31,648 | 26,165 | -17.32% | 14,754 | 12,576 | -14.76% |
| Transfers to public sector | 5,877 | 5,989 | 1.92% | 5,989 | 4,914 | -17.95% | 2,413 | 1,904 | -21.10% |
| Other transfers & expenditures | 12,811 | 10,776 | -15.88% | 10,776 | 8,672 | -19.52% | 4,338 | 3,748 | -13.61% |
| Capital Expenditures | 18,041 | 19,568 | 8.47% | 19,568 | 18,294 | -6.51% | 10,575 | 9,019 | -14.72% |
| Real Investment | 17,816 | 19,404 | 8.91% | 19,404 | 18,143 | -6.50% | 10,505 | 8,971 | -14.60% |
| Financial invest. | 59 | 35 | -41.83% | 35 | 50 | 45.49% | 20 | 8 | -60.83% |
| Capital transfers | 165 | 130 | -21.59% | 130 | 101 | -22.23% | 51 | 40 | -20.09% |
| Primary balance | 9714 | 21116 | | 21116 | 13710 | | -1417 | -2339 | |
| as % of revenues | 6.54% | 14.23% | 7.69pp | 14.23% | 11.34% | -2.89pp | -2.71% | -5.18% | -2.47pp |
| Debt interest | 11,136 | 6,452 | -42.1% | 6,452 | 3,586 | -44.4% | 2,231 | 1,353 | -39.3% |
| Fiscal balance | -1422 | 14665 | | 14665 | 10124 | | -3647 | -3693 | |
| as % of revenues | -0.96% | 9.88% | 10.84pp | 9.9% | 8.4% | -1.51pp | -7.0% | -8.2% | -1.19pp |
| Social security and other | -191 | 354 | -285.6% | 354 | 8 | - | 208 | 0 | -100.0% |
| Consolidated fiscal balance | -1613 | 15019 | | 15019 | 10132 | | -3439 | -3693 | |
| as % of revenues | -1.09% | 10.12% | 11.21pp | 10.12% | 8.38% | -1.74pp | -6.59% | -8.18% | -1.59pp |

How we read it:

- » In 4Q23, the total revenue decreased by -13.50%yoy in real terms, outpacing the drop in outlays. Regarding current revenue, it fell by -12.59%yoy, with most lines suffering the brunt of the weakened activity levels and high inflation, excluding the other tax segment, which managed to increase by +5.8%yoy. Capital revenue followed suit, falling by -51.49%yoy, outpacing the drop in other revenue lines.
- » Primary spending fell at a slower pace in 4Q23, slipping by -11.43%yoy in real terms. Current expenditures dropped by -10.62%, with Transfers to the Public sector being the most affected segment. Capex proved to be less resilient, suffering a steeper drop, which amounted to -14.72%yoy, highly influenced by the financial and capital transfer lines.
- » All in all, the primary position weakened significantly to -5.18% of revenues while the fiscal balance also deteriorated to -8.18% of revenues. For 2023, the consolidated balance compressed by 1.7pp, to 8.38% of revenues.

Source: TPCG Research based on Province's filing and E&R

The City's leverage position stands at 18.8% of revenues

| CABA | Debt Outstanding | | 2023 Services | | |
|--------------------------|------------------|--------------|---------------|-----------|---------|
| | USD mn | 4Q22 | 4Q23 | Interest | Capital |
| | USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 18 | 13 | 20 | 1 | |
| Multilateral | 615 | 493 | 61 | 2 | |
| Banks | 28 | 58 | 5 | 0 | |
| Consolidated Debt | 0 | 0 | 0 | 0 | |
| Bonds | 1,392 | 857 | 302 | 30 | |
| Total Outstanding | 2,054 | 1,421 | 387 | 33 | |
| Total Services | | | 420 | | |

| Ratios - CABA | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 64.1% | 71.7% | 78.5% | 77.0% | 79.0% |
| Federal Taxes / Total Revenues | 23.1% | 22.0% | 10.8% | 10.7% | 9.3% |
| Total Fed. Funds / Total Revenues | 26.2% | 23.6% | 17.0% | 16.1% | 11.0% |
| Personnel Spend. / Total Expenditures | 45.8% | 50.1% | 48.2% | 46.6% | 45.8% |
| Debt Interests / Total Revenues | 9.0% | 8.2% | 7.5% | 4.3% | 3.0% |
| CapEx / Total Expenditures | 20.4% | 11.7% | 13.0% | 15.4% | 17.1% |
| Primary Balance / Total Revenues | 3.7% | 0.9% | 6.5% | 14.2% | 11.3% |
| Fiscal Balance / Total Revenues | -5.3% | -7.3% | -1.0% | 9.9% | 8.4% |
| Debt Services / Total Revenues | 12.2% | 11.7% | 12.5% | 7.1% | 3.3% |
| Total Debt / Total Revenues | 47.5% | 53.1% | 40.0% | 27.5% | 18.8% |

Source: TPCG Research based on Province's filing and E&R

The City's total debt closed at USD 1.4bn, dropping from FY22, mostly driven by a decrease in debt with bondholders. The percentage of foreign currency debt stands at 70.4%.

Even with the slight worsening in fiscal metrics, the City maintains a buoyant fiscal position, very close to 2022 historic heights. This also compounds with very healthy leverage metrics, which remain minimal.

Province of BA: the fiscal position suffered in 4Q23

| PBA - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Revenue | 399,905 | 372,048 | -6.97% | 372,048 | 270,219 | -27.37% | 117,747 | 95,300 | -19.06% |
| Current Revenue | 396,476 | 371,025 | -6.42% | 371,025 | 269,173 | -27.45% | 117,342 | 94,986 | -19.05% |
| Provincial taxes | 173,589 | 158,249 | -8.84% | 158,249 | 111,735 | -29.39% | 47,428 | 39,783 | -16.12% |
| Federal taxes | 176,785 | 165,139 | -6.59% | 165,139 | 117,115 | -29.08% | 52,987 | 41,012 | -22.60% |
| Other non-tax | 7,818 | 12,880 | 64.75% | 12,880 | 11,080 | -13.98% | 5,954 | 4,992 | -16.16% |
| Royalties | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Discretionary Federal Gov transfers | 38,284 | 34,757 | -9.21% | 34,757 | 29,243 | -15.86% | 10,973 | 9,200 | -16.16% |
| Capital Revenue | 3,429 | 1,023 | -70.17% | 1,023 | 1,045 | 2.18% | 405 | 313 | -22.61% |
| Financial investment | 162 | 44 | -72.90% | 44 | 33 | -24.62% | 13 | 10 | -22.61% |
| Transfers | 3,267 | 979 | -70.03% | 979 | 1,012 | 3.38% | 392 | 303 | -22.61% |
| Other | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Primary Spending | 387,340 | 365,037 | -5.76% | 365,037 | 280,404 | -23.18% | 137,613 | 104,623 | -23.97% |
| Current Expenditures | 361,999 | 333,382 | -7.91% | 333,382 | 254,790 | -23.57% | 122,677 | 95,224 | -22.38% |
| Personnel spending | 199,496 | 184,561 | -7.49% | 184,561 | 146,463 | -20.64% | 65,199 | 52,718 | -19.14% |
| Goods and services | 28,392 | 25,349 | -10.72% | 25,349 | 18,108 | -28.56% | 11,820 | 8,460 | -28.42% |
| Transfers to public sector | 57,300 | 53,059 | -7.40% | 53,059 | 38,956 | -26.58% | 15,685 | 11,814 | -24.68% |
| Other transfers & expenditures | 76,811 | 70,413 | -8.33% | 70,413 | 51,262 | -27.20% | 29,973 | 22,231 | -25.83% |
| Capital Expenditures | 25,342 | 31,655 | 24.91% | 31,655 | 25,614 | -19.08% | 14,936 | 9,399 | -37.07% |
| Real Investment | 12,824 | 15,023 | 17.15% | 15,023 | 12,412 | -17.38% | 7,899 | 4,967 | -37.12% |
| Financial invest. | 4,308 | 5,714 | 32.64% | 5,714 | 4,636 | -18.87% | 2,806 | 1,783 | -36.47% |
| Capital transfers | 8,210 | 10,918 | 32.99% | 10,918 | 8,566 | -21.54% | 4,232 | 2,650 | -37.38% |
| Primary balance | 12564 | 7011 | | 7011 | -10185 | | -19867 | -9323 | |
| as % of revenues | 3.14% | 1.88% | -1.26pp | 1.88% | -3.77% | -5.65pp | -16.87% | -9.78% | 7.09pp |
| Debt interest | 14,970 | 10,496 | -29.89% | 10,496 | 8,633 | -17.75% | 2,539 | 1,892 | -25.51% |
| Fiscal balance | -2406 | -3485 | | -3485 | -18818 | | -22406 | -11215 | |
| as % of revenues | -0.60% | -0.94% | -.34pp | -0.94% | -6.96% | -6.03pp | -19.03% | -11.77% | 7.26pp |
| Social security and other | -18,335 | -12,794 | -30.22% | -12,794 | -7,650 | -40.21% | -5,582 | -2,630 | -52.88% |
| Consolidated fiscal balance | -20741 | -16279 | | -16279 | -26468 | | -27988 | -13844 | |
| as % of revenues | -5.19% | -4.38% | .81pp | -4.38% | -9.80% | -5.42pp | -23.77% | -14.53% | 9.24pp |

How we read it:

- » During 4Q23, the total revenue fell by -19.06%yoy, in real terms, outpaced by inflation and performing better than spending. Current revenue decreased by -19.05%yoy, with both provincial and federal taxes growing below inflation. Capital revenue posted a similar performance, shrinking by -22.61%yoy, albeit with its contribution being marginal at best.
- » Primary spending dropped by -23.98%yoy, proving less sticky than revenues. All lines fell similarly, with only Personnel Outlays proving slightly more resilient.
- » All in all, the primary position improved 7.09pp to a -9.78% of revenues deficit. After considering higher debt interests and Soc.Sec expenses, the consolidated position closed at -14.53% of revenues, marking a 9.24pp rise from 4Q22 figures. Looking at 2023 figures, the fiscal deficit clocked in at -9.8% of revenues, -5.42pp below 2022 figures.

Source: TPCG Research based on Province's filing and E&R

PBA's leverage position increased to 61.4% of revenues

| PBA | Debt Outstanding | | 2023 Services | | |
|--------------------------|------------------|------------------|------------------|------------|---------|
| | USD mn | 4Q22 | 4Q23 | Interest | Capital |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | | |
| National Government | 114 | 15 | 49 | 25 | |
| Multilateral | 1,041 | 1,288 | 30 | 26 | |
| Banks | 2 | 2 | 0 | 0 | |
| Consolidated Debt | 0 | 0 | 0 | 0 | |
| Bonds | 9,809 | 8,502 | 728 | 435 | |
| Total Outstanding | 10,966 | 9,807 | 807 | 486 | |
| Total Services | | | 1,293 | | |

| Ratios - PBA | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 44.0% | 40.8% | 43.4% | 42.5% | 41.3% |
| Federal Taxes / Total Revenues | 43.4% | 43.9% | 44.2% | 44.4% | 43.3% |
| Total Fed. Funds / Total Revenues | 50.0% | 57.8% | 53.8% | 53.7% | 54.2% |
| Personnel Spend. / Total Expenditures | 57.3% | 53.4% | 51.5% | 50.6% | 52.2% |
| Debt Interests / Total Revenues | 9.2% | 3.6% | 3.7% | 2.8% | 3.2% |
| CapEx / Total Expenditures | 5.7% | 6.1% | 6.5% | 8.7% | 9.1% |
| Primary Balance / Total Revenues | 9.3% | 4.3% | 3.1% | 1.9% | -3.8% |
| Fiscal Balance / Total Revenues | 0.1% | 0.6% | -0.6% | -0.9% | -7.0% |
| Debt Services / Total Revenues | 18.4% | 6.9% | 6.1% | 5.1% | 5.4% |
| Total Debt / Total Revenues | 78.5% | 75.4% | 64.1% | 53.8% | 53.2% |

Source: TPCG Research based on Province's filing and E&R

The province's total debt position closed at USD 9.8bn, from which most of it is in the form of bonds. Around 89.5% of the total debt is denominated in foreign currency.

The leverage position remained stable at 53.2% of revenues in the period. The share distribution of provincial and federal taxes tilted slightly in the latter's favor during the year.

Cordoba: the consolidated surplus fell by 6.84pp to 4.06% of rev. in 2023

| Cordoba - 2017 ARS mn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|---------------|---------------|----------------|
| Total Revenue | 121,305 | 111,914 | -7.74% | 111,914 | 84,262 | -24.71% | 36,422 | 29,330 | -19.47% |
| Current Revenue | 118,939 | 110,212 | -7.34% | 110,212 | 83,169 | -24.54% | 35,905 | 28,893 | -19.53% |
| Provincial taxes | 39,070 | 34,254 | -12.33% | 34,254 | 23,997 | -29.94% | 10,281 | 8,634 | -16.02% |
| Federal taxes | 62,345 | 59,267 | -4.94% | 59,267 | 41,848 | -29.39% | 19,418 | 14,375 | -25.97% |
| Other non-tax | 9,125 | 11,462 | 25.60% | 11,462 | 13,427 | 17.15% | 4,654 | 4,123 | -11.39% |
| Royalties | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Discretionary Federal Gov transfers | 8,398 | 5,229 | -37.73% | 5,229 | 3,897 | -25.49% | 1,552 | 1,759 | 13.36% |
| Capital Revenue | 2,366 | 1,702 | -28.08% | 1,702 | 1,093 | -35.76% | 517 | 437 | -15.43% |
| Financial investment | 169 | 178 | 5.06% | 178 | 166 | -6.43% | 55 | 74 | 33.36% |
| Transfers | 2,197 | 1,524 | -30.63% | 1,524 | 927 | -39.17% | 461 | 363 | -21.28% |
| Other | 0 | 0 | - | 0 | 1 | - | 0 | 0 | - |
| Primary Spending | 99,043 | 94,602 | -4.48% | 94,602 | 75,322 | -20.38% | 35,521 | 28,865 | -18.74% |
| Current Expenditures | 86,505 | 76,725 | -11.31% | 76,725 | 61,103 | -20.36% | 27,190 | 23,534 | -13.45% |
| Personnel spending | 44,261 | 40,305 | -8.94% | 40,305 | 33,483 | -16.93% | 14,527 | 12,688 | -12.66% |
| Goods and services | 13,738 | 10,360 | -24.58% | 10,360 | 8,099 | -21.82% | 3,947 | 3,301 | -16.35% |
| Transfers to public sector | 18,769 | 17,339 | -7.62% | 17,339 | 12,834 | -25.98% | 5,691 | 4,852 | -14.74% |
| Other transfers & expenditures | 9,736 | 8,721 | -10.43% | 8,721 | 6,687 | -23.32% | 3,025 | 2,693 | -10.98% |
| Capital Expenditures | 12,538 | 17,877 | 42.58% | 17,877 | 14,220 | -20.46% | 8,331 | 5,330 | -36.02% |
| Real Investment | 9,189 | 12,925 | 40.66% | 12,925 | 9,391 | -27.34% | 5,870 | 3,260 | -44.47% |
| Financial invest. | 1,916 | 2,965 | 54.76% | 2,965 | 2,558 | -13.70% | 1,511 | 1,014 | -32.92% |
| Capital transfers | 1,434 | 1,987 | 38.64% | 1,987 | 2,270 | 14.21% | 950 | 1,057 | 11.25% |
| Primary balance | 22262 | 17311 | | 17311 | 8940 | | 901 | 465 | |
| as % of revenues | 18.35% | 15.47% | -2.88pp | 15.47% | 10.61% | -4.86pp | 2.47% | 1.59% | -.89pp |
| Debt interest | 2,770 | 2,054 | -25.8% | 2,054 | 1,565 | -23.8% | 1,023 | 724 | -29.2% |
| Fiscal balance | 19492 | 15257 | | 15257 | 7374 | | -122 | -259 | |
| as % of revenues | 16.07% | 13.63% | -2.44pp | 13.63% | 8.75% | -4.88pp | -0.34% | -0.88% | -.55pp |
| Social security and other | -5,172 | -3,061 | -40.8% | -3,061 | -3,954 | 29.2% | -72 | -1,433 | 1895.4% |
| Consolidated fiscal balance | 14320 | 12196 | | 12196 | 3420 | | -194 | -1692 | |
| as % of revenues | 11.80% | 10.90% | -.91pp | 10.90% | 4.06% | -6.84pp | -0.53% | -5.77% | -5.24pp |

How we read it:

- » In 4Q23, total revenue dropped by -19.47%yoy in real terms, weakening more than expenditure. Within income sources, the only line that posted real growth was discretionary govt. transfers., which rose by +13.36%yoy.
- » Primary spending suffered a more moderate contraction, falling by -18.74%yoy with Personnel spending contracting by -12.66%yoy, Goods & Services dropping by -16.35%yoy and capex tightening by -36.02%yoy. Combining all three, the primary surplus narrowed by 0.9pppyoy to 1.59% of revenues. After considering the debt interest services and Soc.Sec. spending, the consolidated position dropped by -5.24pppyoy to -5.77% of revenues.
- » For 2023, the primary surplus fell by 4.86pp to 10.61% of revenues, after expenditures proved more resilient than income to inflation and depressed activity levels. Factoring in debt interests, social security and other expenses, the consolidated surplus closed at 4.06% of revenues, going down by 6.84pp.

Source: TPCG Research based on Province's filing and E&R

Cordoba's leverage position closed at 33.2% of revenues

| Cordoba | Debt Outstanding | | 2023 Services | |
|--------------------------|------------------|------------------|------------------|------------|
| | USD mn | 4Q22 | 4Q23 | Interest |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 54 | 30 | 7 | 47 |
| Multilateral | 431 | 356 | 33 | 79 |
| Banks | 173 | 135 | 3 | 22 |
| Consolidated Debt | 0 | 0 | 0 | 0 |
| Bonds | 1,893 | 1,492 | 134 | 148 |
| Total Outstanding | 2,550 | 2,013 | 177 | 295 |
| Total Services | | | 473 | |

| Ratios - Cordoba | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 29.3% | 32.6% | 32.2% | 30.6% | 28.5% |
| Federal Taxes / Total Revenues | 52.4% | 52.0% | 51.4% | 53.0% | 49.7% |
| Total Fed. Funds / Total Revenues | 57.7% | 59.7% | 58.3% | 57.6% | 54.3% |
| Personnel Spend. / Total Expenditures | 47.7% | 49.3% | 44.7% | 42.6% | 44.5% |
| Debt Interests / Total Revenues | 4.0% | 3.3% | 2.3% | 1.8% | 1.9% |
| CapEx / Total Expenditures | 14.5% | 9.6% | 12.7% | 18.9% | 18.9% |
| Primary Balance / Total Revenues | 9.6% | 15.7% | 18.4% | 15.5% | 10.6% |
| Fiscal Balance / Total Revenues | 5.7% | 12.4% | 16.1% | 13.6% | 8.8% |
| Debt Services / Total Revenues | 6.2% | 6.7% | 5.6% | 3.7% | 4.7% |
| Total Debt / Total Revenues | 63.5% | 66.4% | 48.4% | 41.3% | 33.2% |

Source: TPCG Research based on Province's filing and E&R

PDCAR's total debt dropped in 4Q23, reaching USD 2bn. During the 2Q23, the province started to sink its global notes, for an amount close to USD 120mn. Total debt denominated in foreign currency stands at 93.2%.

The province's leverage position closed the period at 33.2% of revenues, registering a significant decrease. The capex continued growing, influenced by the electoral calendar, now reaching 18.9% of total expenditures.

Santa Fe: overview of 4Q23 figures

| Santa Fe - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|----------------|----------------|---------------|----------------|---------------|----------------|---------------|---------------|----------------|
| Total Revenue | 109,926 | 101,833 | -7.36% | 101,833 | 74,284 | -27.05% | 32,918 | 28,063 | -14.75% |
| Current Revenue | 108,536 | 100,311 | -7.58% | 100,311 | 73,633 | -26.60% | 32,359 | 27,813 | -14.05% |
| Provincial taxes | 34,610 | 31,101 | -10.14% | 31,101 | 22,160 | -28.75% | 9,491 | 8,010 | -15.60% |
| Federal taxes | 63,167 | 60,065 | -4.91% | 60,065 | 44,075 | -26.62% | 19,693 | 16,296 | -17.25% |
| Other non-tax | 4,786 | 4,076 | -14.84% | 4,076 | 4,004 | -1.77% | 1,736 | 1,883 | 8.44% |
| Royalties | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Discretionary Federal Gov transfers | 5,973 | 5,069 | -15.13% | 5,069 | 3,394 | -33.04% | 1,439 | 1,623 | 12.81% |
| Capital Revenue | 1,389 | 1,522 | 9.55% | 1,522 | 651 | -57.25% | 560 | 251 | -55.21% |
| Financial investment | 164 | 238 | 45.58% | 238 | 60 | -75.00% | 161 | 20 | -87.32% |
| Transfers | 1,224 | 1,282 | 4.74% | 1,282 | 590 | -53.97% | 398 | 230 | -42.33% |
| Other | 1 | 1 | -5.71% | 1 | 1 | -27.36% | 0 | 0 | - |
| Primary Spending | 98,457 | 92,389 | -6.16% | 92,389 | 70,836 | -23.33% | 32,601 | 28,004 | -14.10% |
| Current Expenditures | 88,876 | 82,494 | -7.18% | 82,494 | 63,434 | -23.10% | 28,842 | 24,246 | -15.94% |
| Personnel spending | 49,058 | 45,964 | -6.31% | 45,964 | 37,655 | -18.08% | 16,274 | 14,269 | -12.32% |
| Goods and services | 9,192 | 7,698 | -16.25% | 7,698 | 6,019 | -21.81% | 2,664 | 2,499 | -6.18% |
| Transfers to public sector | 12,668 | 11,908 | -6.00% | 11,908 | 10,430 | -12.41% | 3,971 | 4,207 | 5.94% |
| Other transfers & expenditures | 17,958 | 16,924 | -5.76% | 16,924 | 9,331 | -44.87% | 5,932 | 3,270 | -44.88% |
| Capital Expenditures | 9,581 | 9,896 | 3.28% | 9,896 | 7,402 | -25.20% | 3,759 | 3,758 | -0.03% |
| Real Investment | 7,404 | 7,423 | 0.26% | 7,423 | 6,240 | -15.93% | 2,879 | 3,272 | 13.63% |
| Financial invest. | 183 | 197 | 7.74% | 197 | 75 | -61.78% | 60 | 11 | -81.90% |
| Capital transfers | 1,995 | 2,276 | 14.09% | 2,276 | 1,086 | -52.28% | 819 | 475 | -42.01% |
| Primary balance | 11468 | 9443 | | 9443 | 3448 | | 317 | 59 | |
| as % of revenues | 10.43% | 9.27% | -1.16pp | 9.27% | 4.64% | -4.63pp | 0.96% | 0.21% | -0.75pp |
| Debt interest | 1,737 | 1,386 | -20.2% | 1,386 | 1,313 | -5.3% | 544 | 599 | 10.1% |
| Fiscal balance | 9731 | 8057 | | 8057 | 2135 | | -227 | -540 | |
| as % of revenues | 8.85% | 7.91% | -0.94pp | 7.91% | 2.87% | -5.04pp | -0.69% | -1.92% | -1.23pp |
| Social security and other | -9,621 | -7,991 | -16.9% | -7,991 | -6,880 | -13.9% | -1,389 | -3,183 | 129.1% |
| Consolidated fiscal balance | 111 | 66 | | 66 | -4745 | | -1616 | -3723 | |
| as % of revenues | 0.10% | 0.06% | -0.04pp | 0.06% | -6.39% | -6.45pp | -4.91% | -13.26% | -8.36pp |

How we read it:

- » In 4Q23, the total revenue decreased by -14.75%yoy in real terms. Within current revenue, most lines were unable to keep up with inflation, with the exception of other non-tax revenues. Capital revenue performed even worse, weakening by -55.21%yoy.
- » Looking at outlays, the drop came in line with the fall in revenues, clocking at around -14.10%yoy. This was mostly explained by a severe contraction in Other transfers and expenditure (-44.88%yoy), which was partially offset by increased Transfers to the public sector (+5.94%yoy). Capex remained roughly level in yoy terms as a 13.63% rise in real investment was compensated by decreases in the remaining segments. The primary position closed at +0.21% of revenues, falling 0.75ppyoy, while the consolidated balance ended at a deficit of -13.26% of revenues, worsening by 8.36pp.
- » For the 2023, the consolidated balance turned from neutral to a slight deficit, falling 6.45pp to -6.39% of revenues.

Source: TPCG Research based on Province's filing and E&R

Santa Fe's main metrics

| Santa Fe | Debt Outstanding | | 2023 Services | |
|--------------------------|------------------|------------------|------------------|------------|
| | USD mn | 4Q22 | 4Q23 | Interest |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 50 | 17 | 2 | 20 |
| Multilateral | 169 | 179 | 13 | 19 |
| Banks | 96 | 69 | 42 | 12 |
| Consolidated Debt | 0 | 0 | 0 | 0 |
| Bonds | 355 | 213 | 43 | 123 |
| Total Outstanding | 669 | 478 | 100 | 174 |
| Total Services | | | 274 | |

| Ratios - Santa Fe | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 32.0% | 31.5% | 31.5% | 30.5% | 29.8% |
| Federal Taxes / Total Revenues | 58.1% | 55.9% | 57.5% | 59.0% | 59.3% |
| Total Fed. Funds / Total Revenues | 63.2% | 63.8% | 62.9% | 64.0% | 63.9% |
| Personnel Spend. / Total Expenditures | 52.0% | 53.8% | 49.8% | 49.8% | 53.2% |
| Debt Interests / Total Revenues | 1.1% | 1.4% | 1.6% | 1.4% | 1.8% |
| CapEx / Total Expenditures | 14.6% | 7.8% | 9.7% | 10.7% | 10.4% |
| Primary Balance / Total Revenues | 0.9% | 14.7% | 10.4% | 9.3% | 4.6% |
| Fiscal Balance / Total Revenues | -0.2% | 13.3% | 8.9% | 7.9% | 2.9% |
| Debt Services / Total Revenues | 1.8% | 2.1% | 3.2% | 4.3% | 4.2% |
| Total Debt / Total Revenues | 17.2% | 20.8% | 17.0% | 12.5% | 9.2% |

Source: TPCG Research based on Province's filing and E&R

Santa Fe's total debt closed the 4Q23 period at USD478mn, marking a substantial 28% reduction in yoy terms. The percentage of debt denominated in foreign currency stands at 86.5%.

The province's leverage position remains minimal, with total debt at 9.2% of revenues, significantly below FY 2022 figures, which marked a historic minimum for the province.

Mendoza: overview of 4Q23 figures

| Mendoza - 2017 ARSmm | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Total Revenue | 58,275 | 54,423 | -6.61% | 54,423 | 42,959 | -21.06% | 18,267 | 15,259 | -16.47% |
| Current Revenue | 53,226 | 51,306 | -3.61% | 51,306 | 38,640 | -24.69% | 17,224 | 13,805 | -19.85% |
| Provincial taxes | 16,347 | 15,081 | -7.75% | 15,081 | 11,922 | -20.95% | 4,855 | 4,482 | -7.69% |
| Federal taxes | 29,214 | 27,882 | -4.56% | 27,882 | 20,049 | -28.09% | 9,200 | 7,010 | -23.81% |
| Other non-tax | 3,708 | 5,123 | 38.17% | 5,123 | 4,094 | -20.09% | 2,065 | 1,063 | -48.55% |
| Royalties | 2,638 | 2,159 | -18.14% | 2,159 | 1,674 | -22.46% | 684 | 681 | -0.50% |
| Discretionary Federal Gov transfers | 1,320 | 1,062 | -19.58% | 1,062 | 900 | -15.17% | 420 | 570 | 35.89% |
| Capital Revenue | 5,048 | 3,116 | -38.27% | 3,116 | 4,319 | 38.60% | 1,042 | 1,454 | 39.45% |
| Financial investment | 136 | 40 | -70.77% | 40 | 24 | -38.82% | 9 | 8 | -16.74% |
| Transfers | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Other | 4,912 | 3,077 | -37.37% | 3,077 | 4,295 | 39.60% | 1,033 | 1,446 | 39.94% |
| Primary Spending | 53,463 | 49,097 | -8.17% | 49,097 | 40,260 | -18.00% | 20,054 | 15,237 | -24.02% |
| Current Expenditures | 44,771 | 40,353 | -9.87% | 40,353 | 31,201 | -22.68% | 15,408 | 12,182 | -20.94% |
| Personnel spending | 23,148 | 20,879 | -9.80% | 20,879 | 16,262 | -22.11% | 7,488 | 5,955 | -20.48% |
| Goods and services | 6,858 | 5,845 | -14.77% | 5,845 | 4,722 | -19.22% | 2,610 | 2,141 | -17.94% |
| Transfers to public sector | 8,725 | 7,980 | -8.54% | 7,980 | 5,863 | -26.53% | 3,124 | 2,402 | -23.12% |
| Other transfers & expenditures | 6,040 | 5,648 | -6.48% | 5,648 | 4,354 | -22.91% | 2,186 | 1,683 | -22.98% |
| Capital Expenditures | 8,693 | 8,744 | 0.60% | 8,744 | 9,059 | 3.60% | 4,645 | 3,055 | -34.23% |
| Real Investment | 1,605 | 2,002 | 24.74% | 2,002 | 1,686 | -15.81% | 1,100 | 730 | -33.60% |
| Financial invest. | 6,534 | 4,970 | -23.93% | 4,970 | 5,776 | 16.22% | 2,425 | 1,780 | -26.59% |
| Capital transfers | 553 | 1,772 | 220.15% | 1,772 | 1,597 | -9.85% | 1,120 | 544 | -51.40% |
| Primary balance | 4811 | 5325 | | 5325 | 2699 | | -1787 | 22 | |
| as % of revenues | 8.26% | 9.79% | 1.53pp | 9.79% | 6.28% | -3.5pp | -9.78% | 0.14% | 9.92pp |
| Debt interest | 1,905 | 2,286 | 20.0% | 2,286 | 1,395 | -39.0% | 660 | 364 | -44.9% |
| Fiscal balance | 2906 | 3039 | | 3039 | 1303 | | -2447 | -342 | |
| as % of revenues | 4.99% | 5.58% | .6pp | 5.58% | 3.03% | -2.55pp | -13.40% | -2.24% | 11.16pp |
| Social security and other | -468 | -419 | -10.5% | -419 | -255 | -39.3% | -162 | -102 | -36.6% |
| Consolidated fiscal balance | 2437 | 2620 | | 2620 | 1049 | | -2609 | -444 | |
| as % of revenues | 4.18% | 4.81% | .63pp | 4.81% | 2.44% | -2.37pp | -14.28% | -2.91% | 11.37pp |

How we read it:

- » In 4Q23 the revenues dropped by -16.47%yoy, performing better than expenditures, but still losing ground in real terms. Current revenue suffered even more, with only royalties remaining stable. However, capital revenue rose sharply in real terms, offsetting a marginal portion of the fall.
- » Looking at primary spending, current expenditures decreased by -20.94%yoy, with most segments growing under inflation. Capex followed suit troughing even further to -34.23%yoy. With that, the primary position improved considerably, ending 4Q23 at a +0.714% of revenues surplus (+9.92ppyoy). After debt interests, Soc.Sec and other expenses, the consolidated deficit tightened by +11.37pp to -2.91% of revenues.
- » For the 2023, the primary position weakened to 6.28% of revenues (-3.5ppyoy), while the consolidated surplus fell by -2.37pp to 2.44% of revenues.

Source: TPCG Research based on Province's filing and E&R

Mendoza's leverage position stands at 18.2% of revenues

| Mendoza | Debt Outstanding | | 2023 Services | | |
|--------------------------|------------------|------------|---------------|------------|---------|
| | USD mn | 4Q22 | 4Q23 | Interest | Capital |
| | USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 100 | 9 | 39 | 77 | |
| Multilateral | 158 | 122 | 10 | 26 | |
| Banks | 117 | 35 | 8 | 5 | |
| Consolidated Debt | 0 | 0 | 0 | 0 | |
| Bonds | 606 | 346 | 99 | 92 | |
| Total Outstanding | 981 | 512 | 156 | 199 | |
| Total Services | | | 356 | | |

| Ratios - Mendoza | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 35.6% | 33.1% | 32.6% | 31.7% | 31.6% |
| Federal Taxes / Total Revenues | 46.6% | 50.7% | 50.1% | 51.2% | 46.7% |
| Total Fed. Funds / Total Revenues | 48.3% | 54.4% | 52.4% | 53.2% | 48.8% |
| Personnel Spend. / Total Expenditures | 51.7% | 50.6% | 39.7% | 38.4% | 37.9% |
| Debt Interests / Total Revenues | 7.3% | 4.7% | 3.3% | 4.2% | 3.2% |
| CapEx / Total Expenditures | 10.3% | 7.7% | 16.3% | 17.8% | 22.5% |
| Primary Balance / Total Revenues | -1.3% | 4.1% | 8.3% | 9.8% | 6.3% |
| Fiscal Balance / Total Revenues | -8.5% | -0.6% | 5.0% | 5.6% | 3.0% |
| Debt Services / Total Revenues | 9.6% | 7.9% | 8.5% | 8.1% | 8.0% |
| Total Debt / Total Revenues | 59.5% | 62.9% | 45.2% | 37.3% | 18.2% |

Source: TPCG Research based on Province's filing and E&R

Mendoza's total debt compressed to USD500mn. Total debt denominated in foreign currency stands at 72.2%.

Mendoza's leverage position closed at 18.2% of revenues, well below FY22 figures. The capex, on the other hand, increased by 5pp relative to 2022.

Neuquén: The fiscal balance improved both in 4Q23 and 2023

| Neuquén - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|----------------|
| Total Revenue | 52,871 | 51,724 | -2.17% | 51,724 | 40,478 | -21.74% | 17,683 | 14,554 | -17.70% |
| Current Revenue | 51,788 | 50,671 | -2.16% | 50,671 | 39,835 | -21.39% | 17,341 | 14,287 | -17.61% |
| Provincial taxes | 14,668 | 13,885 | -5.34% | 13,885 | 11,160 | -19.63% | 4,518 | 3,836 | -15.10% |
| Federal taxes | 12,943 | 12,124 | -6.33% | 12,124 | 8,503 | -29.86% | 3,960 | 2,962 | -25.20% |
| Other non-tax | 7,702 | 5,971 | -22.47% | 5,971 | 5,313 | -11.02% | 2,685 | 2,268 | -15.50% |
| Royalties | 15,696 | 17,400 | 10.86% | 17,400 | 14,164 | -18.60% | 5,858 | 4,950 | -15.50% |
| Discretionary Federal Gov transfers | 778 | 1,290 | 65.74% | 1,290 | 695 | -46.17% | 321 | 272 | -15.50% |
| Capital Revenue | 1,083 | 1,053 | -2.74% | 1,053 | 643 | -38.92% | 342 | 267 | -22.00% |
| Financial investment | 321 | 451 | 40.55% | 451 | 284 | -37.08% | 160 | 124 | -22.00% |
| Transfers | 718 | 561 | -21.83% | 561 | 334 | -40.51% | 170 | 132 | -22.00% |
| Other | 45 | 42 | -6.79% | 42 | 26 | -37.33% | 13 | 10 | -22.00% |
| Primary Spending | 47,840 | 49,509 | 3.49% | 49,509 | 38,071 | -23.10% | 17,842 | 13,977 | -21.66% |
| Current Expenditures | 43,072 | 44,245 | 2.72% | 44,245 | 34,301 | -22.48% | 15,819 | 12,691 | -19.77% |
| Personnel spending | 29,166 | 29,413 | 0.85% | 29,413 | 22,810 | -22.45% | 10,348 | 8,239 | -20.38% |
| Goods and services | 5,315 | 6,200 | 16.65% | 6,200 | 4,500 | -27.42% | 2,516 | 1,955 | -22.28% |
| Transfers to public sector | 5,841 | 6,806 | 16.52% | 6,806 | 5,464 | -19.72% | 2,273 | 1,920 | -15.50% |
| Other transfers & expenditures | 2,750 | 1,826 | -33.59% | 1,826 | 1,527 | -16.37% | 682 | 576 | -15.50% |
| Capital Expenditures | 4,768 | 5,264 | 10.40% | 5,264 | 3,770 | -28.38% | 2,023 | 1,285 | -36.47% |
| Real Investment | 2,924 | 3,384 | 15.75% | 3,384 | 2,553 | -24.57% | 1,346 | 853 | -36.63% |
| Financial invest. | 1,458 | 1,448 | -0.68% | 1,448 | 985 | -32.00% | 512 | 328 | -35.98% |
| Capital transfers | 386 | 432 | 11.76% | 432 | 233 | -46.13% | 165 | 104 | -36.68% |
| Primary balance | 5031 | 2216 | | 2216 | 2407 | | -158 | 577 | |
| <i>as % of revenues</i> | 9.52% | 4.28% | -5.23pp | 4.28% | 5.95% | 1.66pp | -0.90% | 3.96% | 4.86pp |
| Debt interest | 1,432 | 1,594 | 11.3% | 1,594 | 1,180 | -26.0% | 597 | 504 | -15.5% |
| Fiscal balance | 3599 | 621 | | 621 | 1227 | | -755 | 72 | |
| <i>as % of revenues</i> | 6.81% | 1.20% | -5.61pp | 1.20% | 3.03% | 1.83pp | -4.27% | 0.50% | 4.77pp |
| Social security and other | -1,493 | -1,516 | 1.6% | -1,516 | -1,223 | -19.3% | -544 | -361 | -33.6% |
| Consolidated fiscal balance | 2106 | -895 | | -895 | 4 | | -1299 | -288 | |
| <i>as % of revenues</i> | 3.98% | -1.73% | -5.71pp | -1.73% | 0.01% | 1.74pp | -7.35% | -1.98% | 5.36pp |

How we read it:

- » In 4Q23, the total revenue fell by -17.7%yoy in real terms. The current revenue followed suit, dropping by -17.61%yoy, with federal taxes suffering more than the rest of the lines. Capital revenue dropped substantially in real terms, but its contribution remains minimal to the overall revenue balance.
- » The primary spending growth pace came under inflation and was edged slightly by revenues, as it exhibited a -21.66%yoy drop in real terms. For current expenditures G&S showcased the weakest performance, closely followed by personnel spending. Capex followed suit, decreasing by -36.47%yoy, experiencing a substantial cutback.
- » All in all, the primary balance turned into a +3.96% of revenues surplus in 4Q23. After the debt interests, and Soc.Sec expenses, the consolidated balance turned in a -1.98% of revenues deficit, improving by 5.26pp. For 2023, the consolidated surplus remained anchored at 0.01% of revenues.

Source: TPCG Research based on Province's filing and E&R

Neuquén closed 4Q23 with a leverage position of 35.2% of revenues.

| Neuquen | Debt Outstanding | | 2023 Services | | |
|--------------------------|------------------|------------------|------------------|------------|---------|
| | USD mn | 4Q22 | 4Q23 | Interest | Capital |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | | |
| National Government | 91 | 52 | 11 | 60 | |
| Multilateral | 115 | 101 | 5 | 12 | |
| Banks | 158 | 134 | 16 | 13 | |
| Consolidated Debt | 0 | 0 | 0 | 0 | |
| Bonds | 819 | 680 | 79 | 128 | |
| Total Outstanding | 1,183 | 967 | 111 | 213 | |
| Total Services | | | 324 | | |

| Ratios - Neuquén | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 60.1% | 51.8% | 57.4% | 60.5% | 62.6% |
| Federal Taxes / Total Revenues | 22.7% | 25.9% | 24.5% | 23.4% | 21.0% |
| Total Fed. Funds / Total Revenues | 23.5% | 28.1% | 26.0% | 25.9% | 22.7% |
| Personnel Spend. / Total Expenditures | 60.6% | 64.1% | 61.0% | 59.4% | 59.9% |
| Debt Interests / Total Revenues | 5.7% | 5.2% | 2.7% | 3.1% | 2.9% |
| CapEx / Total Expenditures | 10.6% | 9.0% | 10.0% | 10.6% | 9.9% |
| Primary Balance / Total Revenues | 0.8% | -1.9% | 9.5% | 4.3% | 5.9% |
| Fiscal Balance / Total Revenues | -4.8% | -7.1% | 6.8% | 1.2% | 3.0% |
| Debt Services / Total Revenues | 8.4% | 11.8% | 7.5% | 9.1% | 8.5% |
| Total Debt / Total Revenues | 62.5% | 74.2% | 53.8% | 44.8% | 35.2% |

Source: TPCG Research based on Province's filing and E&R

Neuquén's total debt stands around USD 0.97bn, slightly decreasing from last year. Around 87.1% of the province's total debt is denominated in foreign currency.

The province's leverage position now stands flat significantly below FY2022 figures, now closing the period at 35.2% of revenues.

Chubut: the consolidated fiscal balance improved in 2023

| Chubut - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|--------------|--------------|----------------|
| Total Revenue | 30,853 | 28,203 | -8.59% | 28,203 | 20,136 | -28.60% | 9,056 | 7,280 | -19.60% |
| Current Revenue | 30,408 | 28,006 | -7.90% | 28,006 | 20,004 | -28.57% | 9,005 | 7,241 | -19.59% |
| Provincial taxes | 6,767 | 6,015 | -11.12% | 6,015 | 4,715 | -21.60% | 2,005 | 1,668 | -16.81% |
| Federal taxes | 11,762 | 11,035 | -6.18% | 11,035 | 7,847 | -28.89% | 3,599 | 2,699 | -25.00% |
| Other non-tax | 3,359 | 3,588 | 6.82% | 3,588 | 2,246 | -37.40% | 1,009 | 853 | -15.50% |
| Royalties | 7,813 | 6,874 | -12.02% | 6,874 | 4,821 | -29.86% | 2,206 | 1,864 | -15.50% |
| Discretionary Federal Gov transfers | 707 | 494 | -30.12% | 494 | 374 | -24.35% | 187 | 158 | -15.50% |
| Capital Revenue | 445 | 198 | -55.58% | 198 | 132 | -33.32% | 50 | 39 | -22.00% |
| Financial investment | 131 | 98 | -25.04% | 98 | 61 | -38.01% | 32 | 25 | -22.00% |
| Transfers | 310 | 97 | -68.63% | 97 | 69 | -28.93% | 18 | 14 | -22.00% |
| Other | 3 | 2 | -40.79% | 2 | 2 | -15.65% | 0 | 0 | -22.00% |
| Primary Spending | 26,440 | 25,475 | -3.65% | 25,475 | 17,915 | -29.68% | 8,866 | 6,815 | -23.14% |
| Current Expenditures | 23,393 | 22,610 | -3.35% | 22,610 | 15,930 | -29.54% | 7,819 | 6,152 | -21.31% |
| Personnel spending | 17,032 | 16,437 | -3.49% | 16,437 | 11,735 | -28.60% | 5,471 | 4,357 | -20.38% |
| Goods and services | 2,447 | 2,160 | -11.74% | 2,160 | 1,580 | -26.87% | 878 | 671 | -23.55% |
| Transfers to public sector | 1,531 | 1,429 | -6.67% | 1,429 | 900 | -36.99% | 476 | 365 | -23.30% |
| Other transfers & expenditures | 2,383 | 2,584 | 8.45% | 2,584 | 1,715 | -33.64% | 993 | 759 | -23.55% |
| Capital Expenditures | 3,047 | 2,865 | -5.98% | 2,865 | 1,985 | -30.71% | 1,048 | 663 | -36.74% |
| Real Investment | 1,172 | 1,164 | -0.63% | 1,164 | 870 | -25.25% | 519 | 329 | -36.63% |
| Financial invest. | 46 | 36 | -21.11% | 36 | 46 | 26.43% | 16 | 10 | -35.98% |
| Capital transfers | 1,829 | 1,664 | -9.02% | 1,664 | 1,069 | -35.78% | 513 | 324 | -36.89% |
| Primary balance | 4413 | 2728 | | 2728 | 2220 | | 189 | 466 | |
| as % of revenues | 14.30% | 9.67% | -4.63pp | 9.67% | 11.03% | 1.35pp | 2.09% | 6.40% | 4.31pp |
| Debt interest | 1,533 | 1,237 | -19.3% | 1,237 | 819 | -33.8% | 376 | 317 | -15.5% |
| Fiscal balance | 2879 | 1490 | | 1490 | 1401 | | -186 | 148 | |
| as % of revenues | 9.33% | 5.28% | -4.05pp | 5.28% | 6.96% | 1.67pp | -2.06% | 2.04% | 4.09pp |
| Social security and other | -887 | -1,033 | 16.4% | -1,033 | -629 | -39.1% | -282 | -186 | -34.0% |
| Consolidated fiscal balance | 1992 | 458 | | 458 | 772 | | -469 | -38 | |
| as % of revenues | 6.46% | 1.62% | -4.83pp | 1.62% | 3.83% | 2.21pp | -5.17% | -0.52% | 4.65pp |

How we read it:

- » In 4Q23, the total revenues fell by -19.6%yoy, in real terms, outpaced by inflation but proving more resilient than expenditure. Provincial taxes suffered significantly less than Federal Taxes in 4Q23. Primary spending decreased by -23.14%yoy. Combining both, the primary surplus grew by 4.31pp to +6.4% of revenues. After the debt interests and the social security and other expenses, the consolidated deficit clocked in at -0.52% of revenues.
- » For the 2023 period, total revenue dropped by -29.60%yoy compared to spending at -29.69%yoy, resulting in a primary surplus of 11.03% of revenues, +1.35pp over 2022. After considering the debt interests, the fiscal surplus closed at 6.96% of revenues. Finally, factoring in the Soc.Sec and other spending, the consolidated balance turned into a surplus of 3.83% of revenues.

Source: TPCG Research based on Province's filing and E&R

Chubut's leverage position dropped by 7pp from FY22 to 53.5% of revenues

| Chubut | Debt Outstanding | | 2023 Services | |
|--------------------------|------------------|------------------|------------------|------------|
| | USD mn | 4Q22 | 4Q23 | Interest |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 191 | 159 | 12 | 72 |
| Multilateral | 35 | 27 | 1 | 4 |
| Banks | 0 | 0 | 0 | 0 |
| Consolidated Debt | 0 | 0 | 0 | 8 |
| Bonds | 728 | 538 | 64 | 81 |
| Total Outstanding | 954 | 724 | 77 | 165 |
| Total Services | | | 242 | |

| Ratios - Chubut | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|--------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 48.6% | 44.5% | 47.3% | 45.7% | 47.4% |
| Federal Taxes / Total Revenues | 35.6% | 40.3% | 38.1% | 39.1% | 39.0% |
| Total Fed. Funds / Total Revenues | 36.7% | 43.9% | 40.4% | 40.9% | 40.8% |
| Personnel Spend. / Total Expenditures | 72.8% | 74.6% | 64.4% | 64.5% | 65.5% |
| Debt Interests / Total Revenues | 7.0% | 6.7% | 5.0% | 4.4% | 4.1% |
| CapEx / Total Expenditures | 10.3% | 8.9% | 11.5% | 11.2% | 11.1% |
| Primary Balance / Total Revenues | -1.5% | -10.2% | 14.3% | 9.7% | 11.0% |
| Fiscal Balance / Total Revenues | -8.5% | -16.9% | 9.3% | 5.3% | 7.0% |
| Debt Services / Total Revenues | 18.1% | 16.5% | 12.3% | 13.0% | 10.7% |
| Total Debt / Total Revenues | 87.8% | 102.5% | 77.1% | 60.8% | 53.5% |

Source: TPCG Research based on Province's filing and E&R

Chubut's total debt closed at USD 724mn, representing a leverage position of 53.5% of revenues. In 2023, debt services amounted to USD 242mn, mostly related to bonds.

Excluding the leverage ratio, the remaining main metrics for Chubut closed mostly flat relative to FY22.

TdF: the primary position weakened, clocking in at -5% of revenues in 12M23

| Tierra del Fuego - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|--------------|--------------|----------------|
| Total Revenue | 16,258 | 16,071 | -1.15% | 16,071 | 11,495 | -28.47% | 6,090 | 4,110 | -32.52% |
| Current Revenue | 16,024 | 15,866 | -0.99% | 15,866 | 11,147 | -29.74% | 6,007 | 3,998 | -33.45% |
| Provincial taxes | 3,349 | 3,234 | -3.45% | 3,234 | 2,542 | -21.38% | 1,045 | 963 | -7.81% |
| Federal taxes | 8,839 | 8,322 | -5.84% | 8,322 | 5,919 | -28.88% | 2,720 | 2,033 | -25.26% |
| Other non-tax | 2,226 | 3,043 | 36.74% | 3,043 | 1,631 | -46.40% | 1,827 | 510 | -72.11% |
| Royalties | 1,265 | 963 | -23.84% | 963 | 618 | -35.82% | 278 | 233 | -15.97% |
| Discretionary Federal Gov transfers | 346 | 303 | -12.29% | 303 | 437 | 43.93% | 137 | 258 | 88.73% |
| Capital Revenue | 234 | 205 | -12.17% | 205 | 348 | 69.69% | 83 | 112 | 34.12% |
| Financial investment | 103 | 42 | -59.55% | 42 | 59 | 40.92% | 10 | 8 | -22.68% |
| Transfers | 125 | 156 | 24.52% | 156 | 281 | 80.18% | 72 | 98 | 36.62% |
| Other | 5 | 7 | 43.40% | 7 | 8 | 10.24% | 1 | 6 | 309.19% |
| Primary Spending | 15,823 | 15,538 | -1.80% | 15,538 | 11,247 | -27.61% | 5,816 | 3,706 | -36.27% |
| Current Expenditures | 14,687 | 13,965 | -4.92% | 13,965 | 10,194 | -27.00% | 5,263 | 3,435 | -34.73% |
| Personnel spending | 8,772 | 8,644 | -1.46% | 8,644 | 6,695 | -22.55% | 3,274 | 2,227 | -31.97% |
| Goods and services | 1,212 | 1,100 | -9.22% | 1,100 | 762 | -30.68% | 483 | 282 | -41.52% |
| Transfers to public sector | 2,847 | 2,638 | -7.33% | 2,638 | 1,828 | -30.72% | 943 | 636 | -32.59% |
| Other transfers & expenditures | 1,856 | 1,583 | -14.73% | 1,583 | 909 | -42.55% | 563 | 290 | -48.56% |
| Capital Expenditures | 1,136 | 1,573 | 38.48% | 1,573 | 1,053 | -33.07% | 553 | 271 | -50.92% |
| Real Investment | 475 | 1,042 | 119.09% | 1,042 | 681 | -34.57% | 330 | 173 | -47.53% |
| Financial invest. | 250 | 61 | -75.67% | 61 | 182 | 198.52% | 38 | 42 | 10.13% |
| Capital transfers | 410 | 471 | 14.70% | 471 | 190 | -59.70% | 185 | 56 | -69.50% |
| Primary balance | 435 | 533 | | 533 | 248 | | 275 | 403 | |
| as % of revenues | 2.67% | 3.32% | .64pp | 3.32% | 2.16% | -1.16pp | 4.51% | 9.81% | 5.31pp |
| Debt interest | 461 | 576 | 24.8% | 576 | 606 | 5.2% | 254 | 442 | 73.9% |
| Fiscal balance | -27 | -43 | | -43 | -358 | | 20 | -38 | |
| as % of revenues | -0.16% | -0.27% | -.1pp | -0.27% | -3.11% | -2.84pp | 0.34% | -0.94% | -1.27pp |
| Social security and other | -424 | -33 | -92.3% | -33 | -216 | 560.4% | -418 | -121 | -71.0% |
| Consolidated fiscal balance | -451 | -76 | | -76 | -573 | | -398 | -160 | |
| as % of revenues | -2.8% | -0.5% | 2.3pp | -0.5% | -5.0% | -4.52pp | -6.5% | -3.9% | 2.64pp |

Source: TPCG Research based on Province's filing and E&R

How we read it:

- » In 4Q23, total revenue collapsed by -32.52%yoy. Within current revenues, the only line to increase in real terms was disc. Transfers, posting a massive +88.73%yoy rise. Capital revenues also grew significantly (+34.12%yoy), though its contribution was minimal. In terms of spending, current outlays decreased in line with revenues, with the deterioration clocking in at -34.73%yoy. Capex followed suit, and decreased significantly, falling by -50.92%yoy in 4Q23. All in all, the consolidated position went from -6.5% of revenues in 4Q22 to -3.9% in 4Q23, tightening by 2.64ppyoy.
- » Looking at 2023 period, revenues fell by -28.47127.% relative to spending at 138.66%. The primary position weakened by 4.7ppyoy to a deficit of -2.1% of revenues. After the debt interests and social security and other expenses, the consolidated figures closed at a neutral position, worsening by -3.22pp yoy.

Fuego's main metrics

| Tierra del Fuego | Debt Outstanding | | 2023 Services | | |
|--------------------------|------------------|------------------|------------------|-----------|---------|
| | USD mn | 4Q22 | 4Q23 | Interest | Capital |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | | |
| National Government | 27 | 18 | 7 | 23 | |
| Multilateral | 0 | 0 | 0 | 0 | |
| Banks | 0 | 0 | 2 | 0 | |
| Consolidated Debt | 0 | 0 | 1 | 2 | |
| Bonds | 157 | 99 | 21 | 40 | |
| Total Outstanding | 184 | 117 | 30 | 65 | |
| Total Services | | | 95 | | |

| Ratios - Tierra del Fuego | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 29.3% | 26.4% | 28.4% | 26.1% | 27.5% |
| Federal Taxes / Total Revenues | 49.3% | 56.2% | 54.4% | 51.8% | 51.5% |
| Total Fed. Funds / Total Revenues | 53.5% | 59.6% | 56.5% | 53.7% | 55.3% |
| Personnel Spend. / Total Expenditures | 47.3% | 55.6% | 55.4% | 55.6% | 59.5% |
| Debt Interests / Total Revenues | 4.8% | 3.8% | 2.8% | 3.6% | 5.3% |
| CapEx / Total Expenditures | 15.1% | 5.4% | 7.2% | 10.1% | 9.4% |
| Primary Balance / Total Revenues | 2.6% | 2.7% | 2.7% | 3.3% | 2.2% |
| Fiscal Balance / Total Revenues | -2.2% | -1.0% | -0.2% | -0.3% | -3.1% |
| Debt Services / Total Revenues | 8.7% | 8.9% | 7.4% | 6.9% | 11.0% |
| Total Debt / Total Revenues | 43.5% | 45.5% | 28.0% | 19.0% | 15.6% |

Source: TPCG Research based on Province's filing and E&R

FUEGO's total debt closed at USD 117mn and is mostly related to bonds. Around 81.6% of the province's debt is denominated in foreign currency.

The leverage position of the province compressed relative to 2022, now reaching the 15.6% of revenues mark, 3pp tighter than FY22. The primary balance continues exhibiting a moderate deficit.

Entre Rios: the consolidated balance turned into a deficit in 2023

| Entre Rios - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|----------------|
| Total Revenue | 53,650 | 49,959 | -6.88% | 49,959 | 34,917 | -30.11% | 16,620 | 12,460 | -25.03% |
| Current Revenue | 52,588 | 48,885 | -7.04% | 48,885 | 34,358 | -29.72% | 16,190 | 12,255 | -24.31% |
| Provincial taxes | 13,180 | 10,830 | -17.83% | 10,830 | 7,415 | -31.53% | 3,398 | 2,655 | -21.87% |
| Federal taxes | 33,769 | 32,114 | -4.90% | 32,114 | 22,595 | -29.64% | 10,517 | 7,756 | -26.26% |
| Other non-tax | 2,818 | 3,462 | 22.87% | 3,462 | 2,519 | -27.24% | 1,542 | 971 | -37.03% |
| Royalties | 180 | 218 | 20.95% | 218 | 102 | -53.36% | 141 | 62 | -56.19% |
| Discretionary Federal Gov transfers | 2,642 | 2,262 | -14.38% | 2,262 | 1,727 | -23.66% | 593 | 812 | 36.99% |
| Capital Revenue | 1,062 | 1,073 | 1.01% | 1,073 | 560 | -47.84% | 430 | 205 | -52.21% |
| Financial investment | 151 | 108 | -28.74% | 108 | 69 | -36.02% | 35 | 26 | -26.72% |
| Transfers | 911 | 965 | 5.99% | 965 | 490 | -49.25% | 395 | 179 | -54.71% |
| Other | 0 | 0 | -87.74% | 0 | 1 | 1844.53% | 0 | 1 | - |
| Primary Spending | 43,429 | 41,911 | -3.49% | 41,911 | 32,269 | -23.01% | 15,314 | 12,106 | -20.95% |
| Current Expenditures | 40,061 | 38,509 | -3.87% | 38,509 | 29,462 | -23.49% | 13,719 | 11,096 | -19.12% |
| Personnel spending | 25,789 | 25,670 | -0.46% | 25,670 | 20,027 | -21.98% | 9,084 | 7,537 | -17.03% |
| Goods and services | 4,074 | 3,405 | -16.44% | 3,405 | 2,411 | -29.20% | 1,301 | 987 | -24.13% |
| Transfers to public sector | 6,689 | 6,215 | -7.09% | 6,215 | 4,521 | -27.25% | 2,051 | 1,633 | -20.40% |
| Other transfers & expenditures | 3,508 | 3,220 | -8.22% | 3,220 | 2,503 | -22.26% | 1,282 | 939 | -26.75% |
| Capital Expenditures | 3,368 | 3,402 | 1.01% | 3,402 | 2,806 | -17.51% | 1,595 | 1,009 | -36.72% |
| Real Investment | 2,512 | 2,547 | 1.36% | 2,547 | 2,054 | -19.34% | 1,141 | 732 | -35.84% |
| Financial invest. | 675 | 519 | -23.20% | 519 | 431 | -16.96% | 301 | 170 | -43.51% |
| Capital transfers | 181 | 337 | 86.57% | 337 | 322 | -4.53% | 154 | 108 | -29.98% |
| Primary balance | 10221 | 8047 | | 8047 | 2649 | | 1306 | 355 | |
| as % of revenues | 19.05% | 16.11% | -2.94pp | 16.11% | 7.59% | -8.52pp | 7.86% | 2.85% | -5.01pp |
| Debt interest | 1,660 | 869 | -47.7% | 869 | 607 | -30.1% | 143 | 119 | -17.2% |
| Fiscal balance | 8561 | 7178 | | 7178 | 2041 | | 1163 | 236 | |
| as % of revenues | 15.96% | 14.37% | -1.59pp | 14.37% | 5.85% | -8.52pp | 6.99% | 1.90% | -5.1pp |
| Social security and other | -4,700 | -5,286 | 12.5% | -5,286 | -4,405 | -16.7% | -2,050 | -1,714 | -16.4% |
| Consolidated fiscal balance | 3861 | 1893 | | 1893 | -2364 | | -887 | -1478 | |
| as % of revenues | 7.20% | 3.79% | -3.41pp | 3.79% | -6.77% | -10.56pp | -5.34% | -11.86% | -6.53pp |

How we read it:

- » In 4Q23, the consolidated fiscal balance posted a deficit of -11.86% of revenues, weakening by -6.53pp vs 4Q22. Total revenue fell by -25.03%yoy in real terms, outpacing expenditure, as no lines managed to increase over inflation. Primary spending went down by -20.95%yoy, also losing ground in real terms, with both personnel spending proving slightly stickier, while capex decelerated substantially. In this context, the primary position totaled 2.85% of revenues, posting a 5pp worsening vs 4Q22
- » For 2023, total revenue decreased by -30.11%yoy, well below spending at -23.01%yoy. With that, the primary surplus fell by 8.52pp to 7.59% of revenues. After considering debt interests, the fiscal surplus narrowed to 5.85% of revenues. Factoring in the social security and others, the consolidated balance turned red, falling 10.56pp to -6.77% of revenues.

Source: TPCG Research based on Province's filing and E&R

Overview of Entre Rios

| Entre Rios | Debt Outstanding | | 2023 Services | | |
|--------------------------|------------------|------------|---------------|------------|---------|
| | USD mn | 4Q22 | 4Q23 | Interest | Capital |
| | USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 155 | 77 | 16 | 81 | |
| Multilateral | 79 | 158 | 4 | 17 | |
| Banks | 1 | 0 | 4 | 14 | |
| Consolidated Debt | 0 | 0 | 0 | 0 | |
| Bonds | 634 | 409 | 35 | 20 | |
| Total Outstanding | 869 | 644 | 59 | 132 | |
| Total Services | | | 191 | | |

| Ratios - Entre Rios | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|--------|-------|----------|
| Provincial Taxes / Total Revenues | 25.9% | 23.7% | 24.9% | 22.1% | 21.5% |
| Federal Taxes / Total Revenues | 65.1% | 63.3% | 62.9% | 64.3% | 64.7% |
| Total Fed. Funds / Total Revenues | 70.1% | 73.1% | 67.9% | 68.8% | 69.7% |
| Personnel Spend. / Total Expenditures | 63.6% | 63.5% | 59.4% | 61.2% | 62.1% |
| Debt Interests / Total Revenues | 3.3% | 3.5% | 3.1% | 1.7% | 1.7% |
| CapEx / Total Expenditures | 6.5% | 5.4% | 7.8% | 8.1% | 8.7% |
| Primary Balance / Total Revenues | 6.9% | 16.0% | 19.1% | 16.1% | 7.6% |
| Fiscal Balance / Total Revenues | 3.6% | 12.4% | 16.0% | 14.4% | 5.8% |
| Debt Services / Total Revenues | 5.0% | 5.3% | 15.2% | 3.9% | 5.0% |
| Total Debt / Total Revenues | 50.8% | 55.4% | 178.2% | 33.6% | 26.3% |

Source: TPCG Research based on Province's filing and E&R

ENTRIO's total debt closed at USD 644mn, mostly related to bonds, and resulted in a leverage position of 26.3%. During 2023, ENTRIO28 paid its first two principal installments leaving a residual outstanding of 90%.

While debt metrics remain manageable, the fiscal indicators weakened during LTM 4Q23 on the back of higher spending. 87.2% of Entre Rios debt is foreign currency denominated.

Salta: the primary balance strengthened significantly in 4Q23

| Salta - 2017 ARS mn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|----------------|
| Total Revenue | 40,589 | 39,155 | -3.53% | 39,155 | 30,000 | -23.38% | 13,077 | 11,602 | -11.28% |
| Current Revenue | 39,906 | 38,277 | -4.08% | 38,277 | 29,045 | -24.12% | 12,699 | 11,216 | -11.67% |
| Provincial taxes | 8,698 | 9,216 | 5.95% | 9,216 | 7,207 | -21.80% | 3,692 | 3,186 | -13.71% |
| Federal taxes | 27,524 | 24,785 | -9.95% | 24,785 | 17,448 | -29.60% | 7,341 | 5,592 | -23.83% |
| Other non-tax | 1,532 | 2,463 | 60.75% | 2,463 | 2,760 | 12.05% | 1,056 | 1,755 | 66.15% |
| Royalties | 652 | 558 | -14.37% | 558 | 387 | -30.66% | 186 | 145 | -21.93% |
| Discretionary Federal Gov transfers | 1,499 | 1,254 | -16.32% | 1,254 | 1,242 | -0.94% | 423 | 538 | 27.25% |
| Capital Revenue | 683 | 878 | 28.44% | 878 | 955 | 8.77% | 378 | 386 | 2.01% |
| Financial investment | 225 | 55 | -75.36% | 55 | 27 | -52.13% | 12 | 7 | -42.48% |
| Transfers | 443 | 817 | 84.27% | 817 | 917 | 12.27% | 363 | 378 | 4.17% |
| Other | 15 | 5 | -64.17% | 5 | 11 | 103.64% | 3 | 1 | -73.44% |
| Primary Spending | 37,608 | 37,571 | -0.10% | 37,571 | 28,674 | -23.68% | 14,004 | 10,679 | -23.74% |
| Current Expenditures | 35,407 | 34,149 | -3.55% | 34,149 | 26,549 | -22.26% | 12,542 | 9,974 | -20.47% |
| Personnel spending | 22,273 | 21,677 | -2.68% | 21,677 | 17,158 | -20.84% | 7,856 | 6,213 | -20.91% |
| Goods and services | 3,487 | 2,869 | -17.71% | 2,869 | 2,027 | -29.37% | 1,204 | 763 | -36.57% |
| Transfers to public sector | 3,980 | 5,851 | 47.03% | 5,851 | 2,794 | -52.25% | 3,348 | 1,023 | -69.46% |
| Other transfers & expenditures | 5,668 | 3,752 | -33.81% | 3,752 | 4,570 | 21.81% | 134 | 1,975 | 1378.61% |
| Capital Expenditures | 2,201 | 3,422 | 55.49% | 3,422 | 2,125 | -37.91% | 1,462 | 705 | -51.77% |
| Real Investment | 1,989 | 3,226 | 62.20% | 3,226 | 1,964 | -39.12% | 1,381 | 676 | -51.03% |
| Financial invest. | 2 | 2 | 11.75% | 2 | 1 | -65.51% | 1 | 1 | -37.44% |
| Capital transfers | 210 | 194 | -7.61% | 194 | 160 | -17.49% | 80 | 28 | -64.68% |
| Primary balance | 2981 | 1584 | | 1584 | 1326 | | -927 | 923 | |
| as % of revenues | 7.34% | 4.04% | -3.3pp | 4.04% | 4.42% | .38pp | -7.09% | 7.96% | 15.04pp |
| Debt interest | 948 | 973 | 2.6% | 973 | 641 | -34.2% | 513 | 341 | -33.5% |
| Fiscal balance | 2032.4 | 611 | | 611 | 686 | | -1440 | 582 | |
| as % of revenues | 5.0% | 1.6% | -3.45pp | 1.6% | 2.3% | .73pp | -11.0% | 5.0% | 16.03pp |
| Social security and other | -47 | -47 | 0.5% | -47 | -336 | 611.0% | -17 | -310 | 1688.6% |
| Consolidated fiscal balance | 1985 | 563 | | 563 | 350 | | -1457 | 272 | |
| as % of revenues | 4.89% | 1.44% | -3.45pp | 1.44% | 1.17% | -.27pp | -11.15% | 2.34% | 13.49pp |

How we read it:

- » In 4Q23, total revenue fell by -11.28%yoy, with only discretionary transfers increasing in real terms (+27.25%yoy). The primary spending instead decreased more abruptly, shrinking by -23.74%yoy, after a substantial cut in the current expenditures, and especially, in capex (-51.77%yoy). All in all, the primary balance improved by 15.04pp to a surplus of +7.96% of revenues. After considering decreasing debt interests, the fiscal position closed at +5% of revenues, posting a 16.03pp improvement.
- » For the 2023, figures are significantly more balanced, as total revenue dropped by -23.38%yoy, in line with the cut in primary spending, which amounted to -23.68%yoy. All in all, the primary balance improved marginally, clocking in at +4.42% of revenues. Factoring in the debt interests, the consolidated fiscal position remained practically flat vs 2022, at 1.17% of revenues.

Source: TPCG Research based on Province's filing and E&R

Salta's leverage position stands at 21.5% of revenues

| Salta | Debt Outstanding | | 2023 Services | | |
|--------------------------|------------------|------------|---------------|-----------|---------|
| | USD mn | 4Q22 | 4Q23 | Interest | Capital |
| | USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 147 | 71 | 21 | 25 | |
| Multilateral | 31 | 45 | 2 | 7 | |
| Banks | 0 | 0 | 0 | 0 | |
| Consolidated Debt | 0 | 0 | 2 | 0 | |
| Bonds | 366 | 326 | 33 | 16 | |
| Total Outstanding | 544 | 442 | 58 | 48 | |
| Total Services | | | 105 | | |

| Ratios - Salta | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 23.6% | 21.8% | 23.0% | 25.0% | 25.3% |
| Federal Taxes / Total Revenues | 67.7% | 69.6% | 67.8% | 63.3% | 58.2% |
| Total Fed. Funds / Total Revenues | 69.9% | 74.9% | 71.5% | 66.5% | 62.3% |
| Personnel Spend. / Total Expenditures | 58.5% | 63.5% | 59.2% | 57.7% | 59.8% |
| Debt Interests / Total Revenues | 3.8% | 3.2% | 2.3% | 2.5% | 2.1% |
| CapEx / Total Expenditures | 7.3% | 4.5% | 5.9% | 9.1% | 7.4% |
| Primary Balance / Total Revenues | 2.6% | 3.4% | 7.3% | 4.0% | 4.4% |
| Fiscal Balance / Total Revenues | -1.2% | 0.2% | 5.0% | 1.6% | 2.3% |
| Debt Services / Total Revenues | 5.8% | 5.6% | 4.8% | 4.1% | 3.7% |
| Total Debt / Total Revenues | 41.7% | 41.6% | 29.4% | 26.3% | 21.5% |

Source: TPCG Research based on Province's filing and E&R

Salta's total debt closed at USD 442mn, which resulted in a leverage position of 21.5% of revenues. In December, the province served the second principal installment for the SALTA27's note for USD 17mn.

The province's fiscal balance still hovers around neutral territory, losing some ground relative to 2021. Total debt metrics, on the other hand, remain well below 2019's highs and remain at healthy levels.

Rio Negro: the consolidated deficit closed at -4.4% of revenues in 2023

| Rio Negro - 2017 ARSmn | 2021 | 2022 | % YoY | 12M22 | 12M23 | % YoY | 4Q22 | 4Q23 | % YoY |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|--------------|--------------|----------------|
| Total Revenue | 29,934 | 27,052 | -9.63% | 27,052 | 19,322 | -28.57% | 8,606 | 6,712 | -22.01% |
| Current Revenue | 28,877 | 26,348 | -8.76% | 26,348 | 19,008 | -27.86% | 8,330 | 6,583 | -20.97% |
| Provincial taxes | 6,451 | 5,839 | -9.49% | 5,839 | 4,357 | -25.39% | 1,759 | 1,472 | -16.35% |
| Federal taxes | 18,316 | 17,342 | -5.32% | 17,342 | 12,454 | -28.18% | 5,658 | 4,279 | -24.36% |
| Other non-tax | 1,529 | 1,314 | -14.04% | 1,314 | 805 | -38.74% | 322 | 245 | -23.97% |
| Royalties | 2,029 | 1,459 | -28.08% | 1,459 | 1,005 | -31.13% | 451 | 380 | -15.85% |
| Discretionary Federal Gov transfers | 552 | 394 | -28.72% | 394 | 387 | -1.64% | 139 | 207 | 48.88% |
| Capital Revenue | 1,057 | 704 | -33.39% | 704 | 314 | -55.41% | 276 | 129 | -53.27% |
| Financial investment | 596 | 359 | -39.79% | 359 | 107 | -70.11% | 151 | 37 | -75.42% |
| Transfers | 405 | 311 | -23.25% | 311 | 189 | -39.23% | 107 | 79 | -26.64% |
| Other | 56 | 34 | - | 34 | 18 | - | 18 | 13 | - |
| Primary Spending | 29,511 | 25,855 | -12.39% | 25,855 | 19,203 | -25.73% | 8,946 | 6,942 | -22.40% |
| Current Expenditures | 26,808 | 24,206 | -9.70% | 24,206 | 18,418 | -23.91% | 8,301 | 6,693 | -19.37% |
| Personnel spending | 17,538 | 16,496 | -5.94% | 16,496 | 12,868 | -21.99% | 5,626 | 4,778 | -15.07% |
| Goods and services | 3,216 | 2,328 | -27.61% | 2,328 | 1,599 | -31.32% | 893 | 553 | -38.10% |
| Transfers to public sector | 3,792 | 3,562 | -6.06% | 3,562 | 2,627 | -26.26% | 1,161 | 903 | -22.20% |
| Other transfers & expenditures | 2,262 | 1,821 | -19.53% | 1,821 | 1,325 | -27.24% | 621 | 459 | -26.04% |
| Capital Expenditures | 2,703 | 1,649 | -39.01% | 1,649 | 785 | -52.39% | 646 | 249 | -61.41% |
| Real Investment | 2,054 | 1,381 | -32.75% | 1,381 | 738 | -46.56% | 506 | 235 | -53.52% |
| Financial invest. | 55 | 13 | -76.27% | 13 | 1 | - | 10 | 1 | -90.28% |
| Capital transfers | 595 | 255 | -57.20% | 255 | 46 | -81.99% | 130 | 13 | -89.94% |
| Primary balance | 423 | 1197 | | 1197 | 118 | | -341 | -231 | |
| as % of revenues | 1.41% | 4.42% | 3.01pp | 4.42% | 0.61% | -3.81pp | -3.96% | -3.44% | .52pp |
| Debt interest | 1,072 | 1,098 | 2.43% | 1,098 | 892 | -18.75% | 289 | 268 | -7.08% |
| Fiscal balance | -649 | 98 | | 98 | -774 | | -629 | -499 | |
| as % of revenues | -2.17% | 0.36% | 2.53pp | 0.36% | -4.01% | -4.37pp | -7.31% | -7.43% | -.12pp |
| Social security and other | -106 | -95 | -10.64% | -95 | -67 | -29.18% | -33 | -23 | -31.13% |
| Consolidated fiscal balance | -755 | 4 | | 4 | -841 | | -662 | -522 | |
| as % of revenues | -2.5% | 0.0% | 2.54pp | 0.0% | -4.4% | -4.37pp | -7.7% | -7.8% | -.07pp |

How we read it:

- » In 4Q23, the primary balance closed with a deficit of -3.44% of revenues, tightening by 0.52pp. The total revenue decreased by -22.01%yoy, being discretionary transfers the only line surpassing inflation pace, as they experienced a 48.88%yoy rise. The primary spending followed suit, contracting by -22.40%yoy with current expenditures proving more resilient relative to capex, which collapsed, falling by -61.41%yoy in 4Q23. Factoring in the debt interests and Soc.Sec, the consolidated deficit reached -7.8%yoy of revenues, widening by 0.1pp vs 4Q22.
- » Looking at 2023 figures, the primary surplus narrowed by -3.81pp to 0.61% of income after total revenue decreased by -28.57% in real terms, while outlays experienced a softer drop, of -25.73%yoy. After considering the debt interests, the fiscal balance ended at a deficit of -4.4% of revenues, worsening by -4.37pp relative to 2022.

Source: TPCG Research based on Province's filing and E&R

PRN28's first sinking fell in March 2024, for USD 34mn

| Rio Negro | Debt Outstanding | | 2023 Services | |
|--------------------------|------------------|------------|---------------|------------|
| USD mn | 4Q22 | 4Q23 | Interest | Capital |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 64 | 33 | 13 | 40 |
| Multilateral | 61 | 42 | 3 | 8 |
| Banks | 0 | 0 | 5 | 0 |
| Consolidated Debt | 0 | 0 | 0 | 0 |
| Bonds | 390 | 272 | 58 | 54 |
| Total Outstanding | 515 | 347 | 79 | 102 |
| Total Services | | | 181 | |

| Ratios - Rio Negro | 2018 | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 33.4% | 31.6% | 28.0% | 28.3% | 27.0% | 27.7% |
| Federal Taxes / Total Revenues | 52.7% | 54.3% | 60.0% | 61.2% | 64.1% | 64.5% |
| Total Fed. Funds / Total Revenues | 53.7% | 55.0% | 62.7% | 63.0% | 65.6% | 66.5% |
| Personnel Spend. / Total Expenditures | 61.6% | 59.4% | 62.0% | 59.4% | 63.8% | 67.0% |
| Debt Interests / Total Revenues | 6.0% | 7.3% | 4.6% | 3.6% | 4.1% | 4.6% |
| CapEx / Total Expenditures | 10.1% | 11.8% | 9.7% | 9.2% | 6.4% | 4.1% |
| Primary Balance / Total Revenues | 7.3% | 0.9% | -1.8% | 1.4% | 4.4% | 0.6% |
| Fiscal Balance / Total Revenues | 1.3% | -6.4% | -6.5% | -2.2% | 0.4% | -4.0% |
| Debt Services / Total Revenues | 12.6% | 9.7% | 8.1% | 9.9% | 12.2% | 14.4% |
| Total Debt / Total Revenues | 48.9% | 49.5% | 58.4% | 43.2% | 31.8% | 27.7% |

Source: TPCG Research based on Province's filing and E&R

PRN's total debt reached USD 347mn, resulting in a leverage ratio of 27.7% of revenues. The latter dropped by 4.2pp relative to 2022. In this context, external debt amounts to 77.4% of the total.

Excluding the fiscal performance, which weakened, the remaining ratios closed mostly flat relative to FY22.

Jujuy: the fiscal balance weakened considerably in 2023

| Jujuy - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|--------------|--------------|----------------|
| Total Revenue | 26,887 | 24,381 | -9.32% | 24,381 | 17,516 | -28.16% | 7,842 | 5,983 | -23.71% |
| Current Revenue | 26,302 | 24,189 | -8.03% | 24,189 | 17,135 | -29.16% | 7,773 | 5,930 | -23.71% |
| Provincial taxes | 3,244 | 3,008 | -7.27% | 3,008 | 2,113 | -29.76% | 941 | 787 | -16.41% |
| Federal taxes | 19,933 | 18,788 | -5.74% | 18,788 | 13,213 | -29.67% | 6,137 | 4,565 | -25.61% |
| Other non-tax | 709 | 561 | -20.81% | 561 | 671 | 19.59% | 195 | 162 | -16.80% |
| Royalties | 65 | 6 | -90.74% | 6 | 1 | -85.30% | 0 | 0 | -16.80% |
| Discretionary Federal Gov transfers | 2,351 | 1,826 | -22.33% | 1,826 | 1,137 | -37.72% | 500 | 416 | -16.80% |
| Capital Revenue | 585 | 192 | -67.12% | 192 | 382 | 98.43% | 68 | 52 | -23.20% |
| Financial investment | 228 | 2 | -98.99% | 2 | 198 | 8523.03% | 0 | 0 | - |
| Transfers | 302 | 157 | -47.97% | 157 | 161 | 2.89% | 64 | 49 | -23.20% |
| Other | 55 | 33 | -39.74% | 33 | 22 | -34.21% | 5 | 3 | -23.20% |
| Primary Spending | 24,813 | 22,236 | -10.38% | 22,236 | 17,822 | -19.85% | 8,747 | 6,904 | -21.08% |
| Current Expenditures | 21,110 | 17,853 | -15.42% | 17,853 | 14,470 | -18.95% | 6,829 | 5,703 | -16.50% |
| Personnel spending | 13,415 | 11,578 | -13.70% | 11,578 | 9,703 | -16.19% | 4,194 | 3,567 | -14.95% |
| Goods and services | 1,691 | 1,518 | -10.27% | 1,518 | 1,238 | -18.41% | 788 | 598 | -24.04% |
| Transfers to public sector | 1,974 | 1,402 | -29.00% | 1,402 | 948 | -32.40% | 479 | 398 | -16.80% |
| Other transfers & expenditures | 4,029 | 3,356 | -16.70% | 3,356 | 2,581 | -23.09% | 1,369 | 1,139 | -16.80% |
| Capital Expenditures | 3,703 | 4,382 | 18.35% | 4,382 | 3,352 | -23.52% | 1,918 | 1,201 | -37.37% |
| Real Investment | 2,185 | 2,810 | 28.59% | 2,810 | 1,977 | -29.65% | 1,166 | 727 | -37.60% |
| Financial invest. | 1,395 | 1,444 | 3.52% | 1,444 | 1,191 | -17.55% | 680 | 428 | -36.96% |
| Capital transfers | 123 | 129 | 4.60% | 129 | 185 | 43.25% | 73 | 45 | -37.57% |
| Primary balance | 2074 | 2146 | | 2146 | -305 | | -906 | -921 | |
| as % of revenues | 7.71% | 8.80% | 1.09pp | 8.80% | -1.74% | -10.54pp | -11.55% | -15.40% | -3.85pp |
| Debt interest | 1,060 | 921 | -13.1% | 921 | 585 | -36.5% | 139 | 115 | -16.8% |
| Fiscal balance | 1014 | 1225 | | 1225 | -890 | | -1044 | -1036 | |
| as % of revenues | 3.77% | 5.02% | 1.25pp | 5.02% | -5.08% | -10.1pp | -13.32% | -17.32% | -4.01pp |
| Social security and other | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Consolidated fiscal balance | 1014 | 1225 | | 1225 | -890 | | -1044 | -1036 | |
| as % of revenues | 3.77% | 5.02% | 1.25pp | 5.02% | -5.08% | -10.1pp | -13.32% | -17.32% | -4.01pp |

Source: TPCG Research based on Province's filing and E&R

How we read it:

- » In 4Q23, the primary deficit closed at -15.4% of revenues, widening by 3.85ppyo. Total revenue fell by -23.71%yoy in real terms. Primary spending went down by -21.08%yoy. After the debt interests, the fiscal deficit reached -17.32% of revenues, rising by -4.01pp relative to 4Q22.
- » In the 2023 period, total revenues collapsed by -29.16%yoy, compared to the primary spending at -19.85%yoy, which proved more resilient. Combining both, the primary position turned into a -1.74% of revenues deficit, deteriorating by -10.5pp during the year. After the debt interests, the consolidated balance reached a deficit of -5.08% of revenues.

Overview of Jujuy's main metrics

| Jujuy | Debt Outstanding | | 2023 Services | |
|--------------------------|------------------|------------|---------------|-----------|
| USD mn | 4Q22 | 4Q23 | Interest | Capital |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 433 | 258 | 16 | 29 |
| Multilateral | 83 | 56 | 1 | 1 |
| Banks | 63 | 29 | 3 | 1 |
| Consolidated Debt | 0 | 0 | 0 | 2 |
| Bonds | 234 | 131 | 9 | 2 |
| Total Outstanding | 813 | 474 | 29 | 35 |
| Total Services | | | 64 | |

| Ratios - Jujuy | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|--------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 11.3% | 9.7% | 12.3% | 12.4% | 12.1% |
| Federal Taxes / Total Revenues | 74.5% | 74.8% | 74.1% | 77.1% | 75.4% |
| Total Fed. Funds / Total Revenues | 83.3% | 86.1% | 82.9% | 84.5% | 81.9% |
| Personnel Spend. / Total Expenditures | 57.6% | 57.0% | 54.1% | 52.1% | 54.4% |
| Debt Interests / Total Revenues | 4.8% | 4.0% | 3.9% | 3.8% | 3.3% |
| CapEx / Total Expenditures | 13.4% | 13.4% | 14.9% | 19.7% | 18.8% |
| Primary Balance / Total Revenues | -4.5% | 3.6% | 7.7% | 8.8% | -1.7% |
| Fiscal Balance / Total Revenues | -9.3% | -0.4% | 3.8% | 5.0% | -5.1% |
| Debt Services / Total Revenues | 8.1% | 7.6% | 6.2% | 7.8% | 9.7% |
| Total Debt / Total Revenues | 96.6% | 100.2% | 70.9% | 62.1% | 45.5% |

Source: TPCG Research based on Province's filing and E&R

The province's total debt closed at USD 474mn, representing a leverage position of 45.5% of revenues. Debt denominated in foreign currency stands at 45.5%.

In this context, the credit exhibited significant deterioration relative to recent years, which had showcased an ongoing improvement.

La Rioja: the primary position improved 2022

| La Rioja - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|--------------|--------------|----------------|
| Total Revenue | 21,166 | 21,170 | 0.02% | 21,170 | 14,251 | -32.68% | 6,532 | 5,061 | -22.52% |
| Current Revenue | 17,343 | 19,058 | 9.89% | 19,058 | 12,287 | -35.53% | 5,735 | 4,440 | -22.59% |
| Provincial taxes | 1,586 | 1,522 | -4.05% | 1,522 | 1,161 | -23.74% | 494 | 439 | -11.03% |
| Federal taxes | 14,791 | 14,009 | -5.29% | 14,009 | 9,914 | -29.23% | 4,584 | 3,445 | -24.85% |
| Other non-tax | 222 | 309 | 39.03% | 309 | 389 | 25.93% | 194 | 164 | -15.50% |
| Royalties | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Discretionary Federal Gov transfers | 743 | 3,218 | 333.19% | 3,218 | 824 | -74.41% | 463 | 392 | -15.50% |
| Capital Revenue | 3,823 | 2,111 | -44.77% | 2,111 | 1,964 | -6.98% | 797 | 622 | -22.00% |
| Financial investment | 44 | 284 | 539.39% | 284 | 291 | 2.39% | 266 | 208 | -22.00% |
| Transfers | 3,779 | 1,827 | -51.64% | 1,827 | 1,673 | -8.43% | 531 | 414 | -22.00% |
| Other | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Primary Spending | 20,691 | 20,802 | 0.54% | 20,802 | 13,673 | -34.27% | 7,219 | 5,395 | -25.27% |
| Current Expenditures | 17,022 | 16,424 | -3.51% | 16,424 | 11,468 | -30.18% | 5,446 | 4,269 | -21.61% |
| Personnel spending | 8,354 | 8,261 | -1.12% | 8,261 | 5,895 | -28.63% | 2,750 | 2,189 | -20.38% |
| Goods and services | 3,243 | 2,715 | -16.26% | 2,715 | 1,530 | -43.67% | 551 | 429 | -22.21% |
| Transfers to public sector | 3,092 | 3,030 | -2.02% | 3,030 | 2,094 | -30.87% | 1,163 | 888 | -23.65% |
| Other transfers & expenditures | 2,333 | 2,418 | 3.67% | 2,418 | 1,948 | -19.44% | 983 | 764 | -22.32% |
| Capital Expenditures | 3,669 | 4,378 | 19.32% | 4,378 | 2,206 | -49.62% | 1,772 | 1,125 | -36.51% |
| Real Investment | 2,385 | 3,075 | 28.92% | 3,075 | 1,401 | -54.42% | 1,376 | 872 | -36.63% |
| Financial invest. | 1,069 | 1,153 | 7.86% | 1,153 | 669 | -41.95% | 330 | 211 | -35.98% |
| Capital transfers | 215 | 150 | -30.23% | 150 | 135 | -9.98% | 66 | 42 | -36.78% |
| Primary balance | 475 | 368 | | 368 | 578 | | -687 | -333 | |
| as % of revenues | 2.24% | 1.74% | -.51pp | 1.74% | 4.06% | 2.32pp | -10.51% | -6.59% | 3.93pp |
| Debt interest | 632 | 363 | -42.6% | 363 | 278 | -23.4% | 48 | 41 | -15.5% |
| Fiscal balance | -157 | 5 | | 5 | 300 | | -735 | -374 | |
| as % of revenues | -0.74% | 0.02% | .77pp | 0.02% | 2.11% | 2.08pp | -11.25% | -7.39% | 3.86pp |
| Social security and other | 0 | -41 | #DIV/0! | -41 | -22 | -47.3% | -20 | -16 | -18.1% |
| Consolidated fiscal balance | -157 | -36 | | -36 | 278 | | -755 | -390 | |
| as % of revenues | -0.74% | -0.17% | .57pp | -0.17% | 1.95% | 2.12pp | -11.55% | -7.71% | 3.84pp |

How we read it:

- » In 4Q23, the primary deficit tightened by 3.93ppyoy to -6.59% of revenues. Total revenue fell by -22.52%yoy, proving marginally more resilient than outlays, with a strong performance from discretionary transfers and provincial taxes. Primary spending decreased at a faster pace, falling behind relative to inflation and revenues, dropping by -25.27%yoy, with most current expenditures matching the pace of revenues, while the under performance was explained by a more severe contraction in capex. After debt interests and Soc.Sec expenses, the consolidated result improved to a -7.71%yoy deficit.
- » The primary surplus widened to +4.06% of revenues in 2023, hiking by 2.32 vs 2022. After the debt interests, social security and other expenses, the consolidated position closed with a surplus of 1.95% of revenues, +2.12pp vs 2022.

Source: TPCG Research based on Province's filing and E&R

Overview of La Rioja's main ratios

| La Rioja | Debt Outstanding | | 2023 Services | |
|--------------------------|------------------|------------|---------------|-----------|
| USD mn | 4Q22 | 4Q23 | Interest | Capital |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | |
| National Government | 25 | 13 | 8 | 6 |
| Multilateral | 33 | 28 | 0 | 1 |
| Banks | 1 | 0 | 0 | 0 |
| Consolidated Debt | 0 | 0 | 0 | 1 |
| Bonds | 318 | 190 | 18 | 6 |
| Total Outstanding | 377 | 231 | 26 | 14 |
| Total Services | | | 40 | |

| Ratios - La Rioja | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 7.4% | 6.0% | 7.5% | 7.2% | 8.1% |
| Federal Taxes / Total Revenues | 75.9% | 71.5% | 69.9% | 66.2% | 69.6% |
| Total Fed. Funds / Total Revenues | 77.5% | 75.8% | 73.4% | 81.4% | 75.3% |
| Personnel Spend. / Total Expenditures | 52.4% | 47.0% | 40.4% | 39.7% | 43.1% |
| Debt Interests / Total Revenues | 4.9% | 3.0% | 3.0% | 1.7% | 1.9% |
| CapEx / Total Expenditures | 7.7% | 12.7% | 17.7% | 21.0% | 16.1% |
| Primary Balance / Total Revenues | 0.3% | 6.5% | 2.2% | 1.7% | 4.1% |
| Fiscal Balance / Total Revenues | -4.6% | 3.5% | -0.7% | 0.0% | 2.1% |
| Debt Services / Total Revenues | 6.0% | 3.9% | 3.9% | 2.6% | 3.0% |
| Total Debt / Total Revenues | 60.0% | 54.2% | 40.1% | 32.1% | 23.1% |

Source: TPCG Research based on Province's filing and E&R

Total debt closed at USD 231mn, resulting in a leverage position of 23.1% of revenues. Total debt denominated in foreign currency stands at 94%.

The province's main ratios closed almost flat relative to FY22, excluding the fiscal performance, and leverage metrics which have improved,

Chaco: the fiscal position suffered massively in 2023

| Chaco - 2017 ARSmn | 2021 | 2022 | %YoY | 12M22 | 12M23 | %YoY | 4Q22 | 4Q23 | %YoY |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|
| Total Revenue | 44,922 | 42,074 | -6.34% | 42,074 | 29,268 | -30.44% | 13,436 | 10,150 | -24.46% |
| Current Revenue | 42,761 | 40,653 | -4.93% | 40,653 | 28,186 | -30.67% | 12,869 | 9,724 | -24.44% |
| Provincial taxes | 5,480 | 5,108 | -6.78% | 5,108 | 3,742 | -26.75% | 1,623 | 1,446 | -10.96% |
| Federal taxes | 34,071 | 31,989 | -6.11% | 31,989 | 22,036 | -31.11% | 10,443 | 7,626 | -26.98% |
| Other non-tax | 929 | 1,696 | 82.49% | 1,696 | 1,031 | -39.22% | 539 | 439 | -18.62% |
| Royalties | 0 | 0 | - | 0 | 0 | - | 0 | 0 | - |
| Discretionary Federal Gov transfers | 2,281 | 1,860 | -18.46% | 1,860 | 1,378 | -25.93% | 263 | 214 | -18.62% |
| Capital Revenue | 2,160 | 1,421 | -34.24% | 1,421 | 1,082 | -23.86% | 567 | 426 | -24.88% |
| Financial investment | 160 | 12 | -92.34% | 12 | 4 | -66.48% | 3 | 2 | -24.88% |
| Transfers | 1,956 | 1,355 | -30.71% | 1,355 | 1,044 | -22.92% | 536 | 403 | -24.88% |
| Other | 45 | 53 | 19.46% | 53 | 33 | -38.01% | 28 | 21 | -24.88% |
| Primary Spending | 41,310 | 39,034 | -5.51% | 39,034 | 29,703 | -23.90% | 13,887 | 10,051 | -27.62% |
| Current Expenditures | 33,903 | 31,783 | -6.25% | 31,783 | 22,985 | -27.68% | 10,692 | 8,100 | -24.25% |
| Personnel spending | 20,376 | 19,961 | -2.04% | 19,961 | 14,621 | -26.75% | 7,114 | 5,456 | -23.32% |
| Goods and services | 3,399 | 2,577 | -24.18% | 2,577 | 1,812 | -29.68% | 957 | 703 | -26.59% |
| Transfers to public sector | 5,076 | 4,483 | -11.67% | 4,483 | 2,770 | -38.21% | 1,002 | 748 | -25.40% |
| Other transfers & expenditures | 5,052 | 4,761 | -5.76% | 4,761 | 3,781 | -20.59% | 1,619 | 1,194 | -26.24% |
| Capital Expenditures | 7,407 | 7,252 | -2.09% | 7,252 | 6,718 | -7.35% | 3,195 | 1,952 | -38.91% |
| Real Investment | 5,622 | 5,609 | -0.23% | 5,609 | 4,706 | -16.09% | 2,556 | 1,560 | -38.97% |
| Financial invest. | 1,197 | 996 | -16.84% | 996 | 1,289 | 29.42% | 449 | 277 | -38.34% |
| Capital transfers | 588 | 647 | 10.13% | 647 | 724 | 11.83% | 190 | 115 | -39.52% |
| Primary balance | 3612 | 3039 | | 3039 | -435 | | -451 | 99 | |
| as % of revenues | 8.04% | 7.22% | -82pp | 7.22% | -1.49% | -8.71pp | -3.36% | 0.97% | 4.33pp |
| Debt interest | 1,084 | 718 | -33.8% | 718 | 711 | -1.0% | 105 | 86 | -18.6% |
| Fiscal balance | 2528 | 2321 | | 2321 | -1146 | | -556 | 13 | |
| as % of revenues | 5.63% | 5.52% | -11pp | 5.52% | -3.92% | -9.43pp | -4.14% | 0.13% | 4.27pp |
| Social security and other | -1,947 | -2,064 | 6.0% | -2,064 | -1,527 | -26.0% | -743 | -540 | -27.4% |
| Consolidated fiscal balance | 581 | 258 | | 258 | -2673 | | -1299 | -527 | |
| as % of revenues | 1.29% | 0.61% | -68pp | 0.61% | -9.13% | -9.75pp | -9.67% | -5.19% | 4.48pp |

How we read it:

- » In 4Q23, the primary position turned into a 0.97pp surplus growing by 4.33pp. Total revenue fell by -24.46%yoy in real terms, with most lines growing below the inflation pace, albeit performing better than expenditure. In terms of the latter, it decreased by -27.62%yoy. After considering the debt interests and Soc.Sec expenses, the consolidated deficit closed at -5.19% of revenues.
- » For the 2023 period, total revenue went down by -30.44%yoy, while the primary spending did so by -23.9%yoy. Combining both, the primary position worsened by -8.71ppyoy to a -1.49% of revenues deficit. After considering the debt interests and social security and other expenses, the consolidated deficit closed the period at -9.13% of revenues, worsening by -9.75pp.

Source: TPCG Research based on Province Summary and Lan

Chaco's leverage position closed at 19.8% of revenues

| Chaco | Debt Outstanding | | 2023 Services | | |
|--------------------------|------------------|------------------|------------------|-----------|---------|
| | USD mn | 4Q22 | 4Q23 | Interest | Capital |
| USDARS | \$ 177.13 | \$ 808.48 | \$ 295.62 | | |
| National Government | 166 | 102 | 23 | 27 | |
| Multilateral | 70 | 64 | 4 | 2 | |
| Banks | 47 | 16 | 7 | 12 | |
| Consolidated Debt | 0 | 0 | 0 | 0 | |
| Bonds | 288 | 221 | 41 | 23 | |
| Total Outstanding | 571 | 403 | 75 | 63 | |
| Total Services | | | 138 | | |

| Ratios - Chaco | 2019 | 2020 | 2021 | 2022 | LTM 4Q23 |
|---------------------------------------|-------|-------|-------|-------|----------|
| Provincial Taxes / Total Revenues | 11.8% | 11.9% | 12.2% | 12.1% | 12.8% |
| Federal Taxes / Total Revenues | 79.5% | 77.5% | 75.8% | 76.0% | 75.3% |
| Total Fed. Funds / Total Revenues | 84.5% | 84.0% | 80.9% | 80.5% | 80.0% |
| Personnel Spend. / Total Expenditures | 56.3% | 58.5% | 49.3% | 51.1% | 49.2% |
| Debt Interests / Total Revenues | 6.1% | 2.0% | 2.4% | 1.7% | 2.4% |
| CapEx / Total Expenditures | 9.8% | 8.7% | 17.9% | 18.6% | 22.6% |
| Primary Balance / Total Revenues | 4.0% | 12.3% | 8.0% | 7.2% | -1.5% |
| Fiscal Balance / Total Revenues | -2.1% | 10.3% | 5.6% | 5.5% | -3.9% |
| Debt Services / Total Revenues | 9.1% | 3.6% | 5.6% | 7.5% | 5.9% |
| Total Debt / Total Revenues | 40.9% | 38.8% | 31.6% | 22.5% | 19.8% |

Source: TPCG Research based on Province's filing and E&R

Chaco's total debt reached USD 403mn, resulting in a leverage position of 19.8% of revenues, a figure that decreased by 2.7pp since FY22.

Excluding the fiscal performance, most ratios stood flat during the period.

TPCG Analysts & Staff

| Research | | Sales & Trading | | Corporate Banking | | Capital Markets | | Wealth Management | |
|--------------------------|----------------------------|---------------------------------|------------------------------------|-------------------|----------------------------------|-------------------|----------------------------------|-------------------|--------------------------------------|
| Juan Manuel Pazos | Chief Economist | Juan Manuel Truppia | Head of Sales & Trading | José Ramos | Head of Corporate Finance | José Ramos | Head of Corporate Finance | José Ramos | Head of Corporate Finance |
| Paula La Greca | Corporate Research Analyst | Lucia Rodriguez Pardina | S&T Director | Camila Martinez | Corporate Sales Director | Nicolás Alperín | DCM | Josefina Guerrero | Private Wealth Management Specialist |
| Santiago Resico | Economist | Agustina Guadalupe | Sales | Fernando Depierre | Corporate Sales | | | | |
| Camila Sanchez Lauria | Research Analyst | Maria Pilar Hurtado | Sales | Sol Silvestrini | Corporate Sales | | | | |
| | | Juan Ignacio Vergara | Sales | Nicolas Iglesias | Corporate Sales | | | | |
| | | Santiago Baibiene | Sales | | | | | | |
| | | Pedro Nollmann | Sales | | | | | | |
| | | María Ruiz de Castroviejo Salas | Sales | | | | | | |
| | | Santiago Jauregui | Sales | | | | | | |
| | | Victoria Faynbloch | Desk Analyst | | | | | | |
| | | Felipe Freire | Trader | | | | | | |
| | | Homero Fernandez Bianco | Trader | | | | | | |
| | | Andres Robertson | Trader | | | | | | |

Important Disclaimer

The document, and the information, opinions, estimates and recommendations expressed herein, have been prepared by TPCG Valores SAU to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. TPCG Valores SAU is not liable for giving notice of such changes or for updating the contents hereof. The document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall the document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to the document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare the report. Therefore, investors should make their own investment decisions considering the said circumstances and obtain such specialized advice as may be necessary.

The contents of the document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by TPCG Valores SAU, and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. TPCG Valores SAU. accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance. The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment.

Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

TPCG Valores SAU. and/or any of its affiliates, as well as their respective directors, executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in the document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of the report, to the extent permitted by the applicable law.

TPCG Valores SAU or any of its affiliates' salespeople, traders and other professionals may provide oral or written market Commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, TPCG Valores SAU, or any of its affiliates' proprietary trading and investing businesses, may make investment decisions that are inconsistent with the recommendations expressed herein.

No part of the document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted without the prior written consent of TPCG Valores SAU. No part of the report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

For U.S. persons only:

This report is a product of TPCG, which is the employer of the research analyst(s) who has prepared the informative report. The research analyst(s) preparing this report is/are resident(s) outside the United States (U.S.) and is/are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations.

This report is intended for distribution by TPCG only to U.S. Institutional Investors and Major U.S. Institutional Investors, as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC), in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a a US Institutional Investors nor a Major U.S. Institutional Investor, as specified above, then he should not act upon this report and return it to the sender. Further, this report may not be copied, duplicated and/or transmitted to any U.S. person, which is not a U.S. Institutional Investor, nor a Major U.S. Institutional Investor.

In order to comply with the US regulations, our transactions with US Institutional Investors and Major US Institutional Investors are effected through the US-registered broker-dealer Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this report should be effected through Marco Polo or another U.S. registered broker dealer.

tpcgco.com

Juan Manuel Pazos

Chief Economist

Santiago Resico

Economist

TPCG Research