

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Barcelona, City of

20 May 2021

Madrid, May 20, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Barcelona, City of and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 17 May 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

The credit profile of the city of Barcelona (Baa1) is supported by the city's prudent budgetary management and solid financial fundamentals, which have ensured a high self-financing capacity and low need for debt financing. The city's strong fiscal position is reflected in its high level of gross operating balances. In addition, Barcelona has a very good liquidity position, with abundant cash on hand. Although the coronavirus pandemic led to lower tax revenue because of a slowdown in the city's economy, 2020 preliminary results showed a similar operating and financing performance as in 2019. While Moody's believes that Barcelona has very robust financials, the city does not have sufficient financial flexibility to justify a rating above that of the Spanish sovereign (Baa1). Barcelona's rating incorporates a baseline credit assessment (BCA) of baa1 as well as Moody's assessment of a strong likelihood of extraordinary support from the government of Spain (Baa1) in the event that the issuer faced acute liquidity stress.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Regional and Local Governments published in January 2018. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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