MOODY'S INVESTORS SERVICE

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

11 Sep 2019

Madrid, September 11, 2019 -- 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 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.moodys.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, as evidenced by its strong financing surpluses and limited debt burden. The city's strong fiscal position is reflected in its high level of gross operating balances (above 15% of operating revenue in the last decade). In addition, Barcelona has a very good liquidity position, with abundant cash on hand representing 90% of Barcelona's outstanding direct debt. 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.moodys.com for a copy of this methodology.

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Marisol Blazquez
Analyst
Sub-Sovereign Group
Moody's Investors Service Espana, S.A.
Calle Principe de Vergara, 131, 6 Planta
Madrid 28002
Spain
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

David Rubinoff
MD - Sub-Sovereigns
Sub-Sovereign Group
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Releasing Office:
Moody's Investors Service Espana, S.A.
Calle Principe de Vergara, 131, 6 Planta
Madrid 28002
Spain
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

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