

Rating Action: Moody's revises the outlook of Argentine provinces and municipalities to negative

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Buenos Aires City, July 16, 2019 -- Moody's Latin America Agente de Calificación de Riesgo ("Moody's") affirmed the issuer and debt ratings on both Global/National scales and in Foreign and Local currencies of Argentine provinces and municipalities and changed their outlooks to negative from stable. Moody's maintained baseline credit assessments on all affected issuers that are in each case the same as their issuer rating.

This portfolio-wide rating action on the Argentine sub-sovereigns follows Moody's recently announced outlook change to negative, from stable, of Argentina's local-currency and foreign-currency B2 sovereign bond ratings on 12 July 2019 (see press release titled "Moody's changes Argentina's outlook to negative from stable; affirms B2 ratings", https://www.moody's.com/viewresearchdoc.aspx?docid=PR_403831).

RATINGS RATIONALE

The ratings affirmation coupled with the outlook change to negative from stable on both Global/National scales and in Foreign and Local currencies of the following provinces and municipalities in Argentina follows a similar rating action on Argentina's sovereign bonds ratings --both in local and foreign currency- and reflects the very close economic and financial linkages that exist between Argentina's government and Argentine sub-sovereigns. Moody's considers that the increased uncertainty regarding continued fiscal consolidation needed to restore access to funding for the sovereign and the risk of policy shifts on a federal level, that could trigger strong market volatility and exchange rate pressures, may pose material systemic risks for sub-sovereigns. Moreover, Moody's negative view for the sector incorporates our expectation that for the remainder of 2019 and 2020, sub-sovereigns will be negatively impacted by the sovereign's economic performance, fiscal consolidation efforts and tight monetary policy.

ISSUERS AND RATINGS AFFECTED

The outlook of the following issuers was changed to negative from stable while affirming their current ratings:

- Province of Buenos Aires: Foreign and local currency issuer ratings and foreign and local currency senior unsecured and senior secured debt ratings affirmed at B2/A3.ar (on Global/Argentina's national scales, respectively).
- Province of Córdoba: Foreign and local currency issuer ratings affirmed at A1.ar and foreign currency senior secured debt ratings affirmed at B2/A1.ar (on Global/Argentina's national scales, respectively).
- Province of Chaco: Local currency issuer ratings and local currency senior secured debt ratings affirmed at B2/A3.ar (on Global/Argentina's national scales, respectively).
- Province of Chubut: Local currency issuer ratings and foreign and local currency senior unsecured debt ratings affirmed at B3/Baa3.ar (on Global/Argentina's national scales, respectively). Local currency senior secured debt ratings affirmed at B2/A2.ar (on Global/Argentina's national scales, respectively).
- Province of Rio Negro: Local currency issuer ratings and local currency senior unsecured debt ratings affirmed at B2/A3.ar (on Global/Argentina's national scales, respectively).
- Municipality of Córdoba: Local currency issuer ratings and local currency senior unsecured debt ratings affirmed at B2/A2.ar (on Global/Argentina's national scales, respectively). Local currency senior secured debt ratings affirmed at B2/A2.ar (on Global/Argentina's national scales, respectively).
- City of Buenos Aires: Foreign and local currency senior unsecured debt ratings affirmed at B2/A1.ar (on Global/Argentina's national scales, respectively).
- Province of Formosa: Local currency issuer ratings and local currency senior secured debt ratings affirmed at

B3/Baa3.ar (on Global/Argentina's national scales, respectively).

-Province of Misiones: Local currency issuer ratings and local currency senior unsecured debt ratings affirmed at B2/A3.ar (on Global/Argentina's national scales, respectively).

-Province of Tucuman: Local currency issuer ratings affirmed at B2/A3.ar (on Global/Argentina's national scales, respectively).

WHAT COULD CHANGE THE RATING UP/DOWN

Given the strong macroeconomic and financial linkages between the Government of Argentina and Sub-sovereigns, a downgrade in Argentina's bond ratings and/or further systemic deterioration or idiosyncratic risks arising in the rated issuers could continue to exert downward pressure on the ratings and could translate in to a downgrade.

In light of the negative outlook and the challenging systemic environment an upgrade of the ratings is unlikely. However, the ratings could be upgraded if Argentina's bond rating is upgraded, along with lower idiosyncratic risks from the rated issuers.

The principal methodology used in these ratings was Procedures Manual for Risk Rating of Sub-Sovereign Governments published in January 2017. Please see the Rating Methodologies page on www.moodys.com.ar for a copy of this methodology.

Moody's National Scale Credit Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks. NSRs differ from Moody's global scale credit ratings in that they are not globally comparable with the full universe of Moody's rated entities, but only with NSRs for other rated debt issues and issuers within the same country. NSRs are designated by a ".nn" country modifier signifying the relevant country, as in ".za" for South Africa. For further information on Moody's approach to national scale credit ratings, please refer to Moody's Credit rating Methodology published in May 2016 entitled "Mapping National Scale Ratings from Global Scale Ratings". While NSRs have no inherent absolute meaning in terms of default risk or expected loss, a historical probability of default consistent with a given NSR can be inferred from the GSR to which it maps back at that particular point in time. For information on the historical default rates associated with different global scale rating categories over different investment horizons, please see http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1174796.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

For issuers domiciled in Argentina, the regulatory report related to this rating action is available on www.moodys.com.ar.

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