MOODY'S
RATINGS

Rating Action: Moody's Ratings takes actions on 11 Argentinean regional and local governments following sovereign upgrade

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New York, July 22, 2026 -- Moody's Ratings (Moody's) has today taken rating actions on 11 Argentinean regional and local governments (RLGs):

We upgraded the baseline credit assessment (BCA) to b1 from b2 and senior unsecured ratings to B1 from B2 of the City of Buenos Aires and maintained its stable outlook.

We upgraded the BCAs to b2 from b3 and ratings to B2 from B3 of the Provinces of Cordoba, Mendoza and Santa Fe, and the BCAs to caa2 from caa3 and ratings to Caa2 from Caa3 of the Provinces of Buenos Aires and Chaco, maintaining their stable outlooks.

Concurrently, we upgraded the BCAs to b3 from caa1 and ratings to B3 from Caa1 of the Province of Entre Rios and the Municipality of Cordoba, and changed their outlooks to positive from stable.

We affirmed the BCA at caa1 and issuer rating at Caa1 of the Province of Rio Negro, and changed its outlook to positive from stable.

Additionally, we affirmed the BCA at caa1 and ratings at Caa1 of the Province of Chubut, and the BCA at caa2 and ratings at Caa2 of the Province of Tierra del Fuego, and maintained their stable outlooks.

The rating actions were prompted by the upgrade to B3, from Caa1, of the Government of Argentina's (Argentina) sovereign issuer rating, the raise in the foreign currency (FC) country ceiling to B1 from B2 and the change of the outlook on Argentina's ratings to positive, from stable. For further information on the sovereign rating action, please refer to the press release dated 21 July 2026 [1].

Please click on this link https://ratings.moodys.com/documents/PBC_ARFTL527084 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

The credit quality of Argentinean RLGs remains closely linked to that of the sovereign, reflecting their reliance on federally shared revenues and exposure to national macroeconomic and financial conditions. Stronger sovereign credit fundamentals support subnational credit profiles through improved funding conditions, enhanced market access, reduced external vulnerabilities and greater predictability in the operating environment. At the same time, changes in macroeconomic conditions continue to influence revenue generation and transfer dynamics across the sector.

Argentina's improving macroeconomic and external position has supported liquidity and access to financing for some RLGs, while lower foreign-currency risks have strengthened financial flexibility. However, fiscal performance has moderated through 2025 and into 2026, reflecting softer revenue growth amid the country's uneven economic recovery, the fading of inflation-related gains that previously supported fiscal results and diminished federal transfers. Rising expenditure pressures at the subnational level have also reduced fiscal buffers from the exceptionally strong levels recorded in previous years.

Fiscal performance for RLGs is expected to remain more moderate over the next 12 to 18 months and increasingly different across issuers, reflecting both the evolving sovereign environment and underlying differences in regional economic and financial fundamentals.

RATIONALE FOR UPGRADING THE RATINGS OF FOUR REGIONAL AND LOCAL GOVERNMENTS AND MAINTAINING THEIR STABLE OUTLOOKS

For the City of Buenos Aires, the upgrade to b1 from b2 of the BCA and to B1 from B2 of the senior unsecured debt ratings incorporates our expectations that the city will continue to exhibit the strongest credit profile relative to its regional peers, as measured by its operating and financial results, low dependence on federal transfers and low refinancing needs. In our view, the City of Buenos Aires is the most resilient Argentinean RLG because of its low funding needs manageable foreign-currency debt exposure given its strong cash generation and ample liquidity position. The rating also takes into account the issuer's track record of effective liability management during economic downturns.

For the Provinces of Cordoba, Mendoza and Santa Fe, the upgrade to b2 from b3 of the BCAs and to B2 from B3 for the senior unsecured debt and issuer ratings reflects their adequate revenue bases, strong economic fundamentals and track records of prudent fiscal policies, which have resulted in solid operating performance and positioned their credit profiles above that of the Government of Argentina. These provinces have historically maintained moderate debt levels, adequate liquidity and manageable refinancing requirements, supporting financial flexibility. Recent international debt issuances have further strengthened the debt profiles of Cordoba and Santa Fe, while Mendoza continues to benefit from consistent access to local capital markets and prudent financial management.

The stable outlook reflects our expectation that these RLGs will maintain financial metrics consistent with their current credit profiles over the medium term, supported by strong liquidity positions, comfortable debt amortization profiles and continued prudent fiscal management.

RATIONALE FOR UPGRADING THE RATINGS OF TWO REGIONAL AND LOCAL GOVERNMENTS AND CHANGING THE OUTLOOKS TO POSITIVE FROM STABLE

For the Province of Entre Rios, the upgrade to b3 from caa1 of the BCA and to B3 from Caa1 for the issuer and senior unsecured debt ratings reflects the province's improved debt profile following recent liability management, which has eased near term refinancing pressures and contributed to a more manageable maturity profile. The ratings also incorporate moderate leverage and a diversified economic base, while the credit profile remains constrained by weak and volatile operating and cash financing results, moderate liquidity, persistent pension related expenditure pressures and high exposure to foreign currency debt.

For the Municipality of Cordoba, the upgrade to b3 from caa1 of the BCA and to B3 from Caa1 for the issuer and senior unsecured debt ratings reflects its relatively strong standalone credit profile, supported by a high share of own source revenues, sustained operating surpluses and a declining debt burden. These strengths are balanced by persistent cash financing deficits, moderate liquidity and exposure to foreign currency debt, although the municipality's relatively short and declining amortization profile provides some financial flexibility.

The positive outlooks reflect our expectation that both issuers could further strengthen their credit profiles over time in a context of improving sovereign credit conditions and reduced systemic risks. This incorporates our view that these RLGs will continue to improve their own financial metrics through a gradual improvement in operating performance and deleveraging along with prudent liquidity management.

RATIONALE FOR AFFIRMING THE RATING OF PROVINCE OF RIO NEGRO AND CHANGING ITS OUTLOOK TO POSITIVE FROM STABLE

For the Province of Rio Negro, the affirmation of the BCA at caa1 and the issuer rating and senior unsecured debt rating at Caa1 reflects a still constrained credit profile, characterized by weak and volatile operating and cash financing results, tight liquidity and high exposure to foreign currency debt. These constraints are partly mitigated by moderate leverage, a declining interest burden and the province's exposure to hydrocarbon related activity, which supports its medium term economic recovery prospects.

The positive outlook reflects our view that improving sovereign credit conditions and the prospect that expanding energy and mining activity, including progress in LNG related infrastructure, could gradually improve the regional economic activity and support the province's fiscal profile.

RATIONALE FOR AFFIRMING THE RATINGS OF TWO REGIONAL AND LOCAL GOVERNMENTS AND MAINTAINING THEIR STABLE OUTLOOKS

For the Province of Chubut, the affirmation of the BCA at caa1 and the issuer rating and senior secured debt rating at Caa1 reflects a still constrained credit profile, driven by weakening and volatile operating performance, rising leverage and high exposure to foreign currency debt. Credit fundamentals have deteriorated in the last 12 months, with lower operating margins and financing deficits alongside increasing debt levels, although US dollar linked hydrocarbon revenues and recent liability management partly mitigate liquidity pressures and support a more manageable debt amortization profile.

For the Province of Tierra del Fuego, the affirmation of the BCA at caa2 and the issuer rating and senior secured debt rating at Caa2 reflects a weak standalone credit profile, consistent with the rating level. The province is characterized by deteriorating operating performance, persistent cash financing deficits and limited liquidity, which increase its reliance on external financing. While relatively low debt levels provide some financial flexibility, this strength is offset by very high exposure to foreign currency debt and a weakening royalty base, which reduces the stabilizing effect of its economic fundamentals.

The stable outlooks reflect risks balanced at the current rating levels. For both issuers, persistent fiscal and liquidity pressures and continued exposure to foreign currency risk are expected to constrain their credit profiles. In addition, the structural decline of conventional hydrocarbon production and associated royalty revenues continues to weigh on revenue stability, limiting the potential for a sustained improvement in financial metrics despite gradually normalizing operating conditions.

RATIONALE FOR UPGRADING THE RATINGS OF TWO REGIONAL AND LOCAL GOVERNMENTS AND MAINTAINING THEIR STABLE OUTLOOKS

For the Province of Buenos Aires, the upgrade to caa2 from caa3 of the BCA and to Caa2 from Caa3 for the issuer and senior unsecured debt ratings reflects improved systemic conditions for Argentinean RLGs, alongside relatively more stable operating performance and continued access to domestic funding. These ratings acknowledge the province's large and diversified economic base and solid own source revenue generation, that are counterbalanced by high leverage, persistent financing deficits, a challenging amortization profile and significant exposure to foreign currency debt, which increase refinancing risks and constrain financial flexibility.

For the Province of Chaco, the upgrade to caa2 from caa3 of the BCA and to Caa2 from Caa3 for the issuer and senior unsecured debt ratings incorporates improved systemic conditions but continues to reflect a very weak standalone credit profile. The province is characterized by structurally weak operating performance, persistent financing deficits, very limited liquidity and high reliance on federal transfers, alongside exposure to foreign currency debt. While debt levels remain moderate, limited revenue generation capacity and rigid expenditure dynamics constrain its ability to absorb shocks and weaken visibility on debt service capacity.

The stable outlooks reflect risks balanced at the current rating levels. For both issuers, persistent fiscal and liquidity pressures, alongside exposure to foreign currency risk and refinancing needs, are expected to continue to constrain further improvement in their credit profiles, despite improving systemic conditions and continued access to domestic funding.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

WHAT COULD MOVE THE RATINGS UP/DOWN FOR RLGs RATED ABOVE THE SOVEREIGN

Given that these issuers are rated above the sovereign, an upgrade would depend on maintaining a clear differentiation in their credit profiles relative to the Government of Argentina, supported by continued strong operating performance, high debt affordability and very strong liquidity positions compared to that of their peers.

Downward pressure could arise from a weakening in operating performance relative to our expectations, particularly if this results in lower operating margins or pressures on cash financing results. A deterioration in liquidity or funding conditions, or a convergence of their credit profiles toward that of the sovereign, would also weigh on the ratings. In addition, a downgrade of the sovereign rating would have negative implications for these issuers' ratings.

WHAT COULD MOVE THE RATINGS UP/DOWN FOR RLGs RATED B3

Given that these issuers are rated at the same level as the sovereign, an upgrade would at least require an upgrade of the sovereign rating.

Downward pressure could arise from a sustained weakening in operating performance relative to our expectations, particularly if this results in persistently lower margins and weaker cash financing results. Similarly, a material increase in debt beyond our current projections, or a deterioration in liquidity and funding conditions, would weigh on the ratings by reducing financial flexibility and increasing refinancing risks. Moreover, a downgrade of the sovereign rating would exert downward pressure on the ratings.

WHAT COULD MOVE THE RATINGS UP/DOWN FOR RLGs RATED BELOW THE SOVEREIGN

An upgrade would require higher than currently expected operating performance, leading to improved debt affordability and a strengthening in the liquidity position.

Downward pressure could arise from a sustained weakening in operating performance relative to our expectations, particularly if this results in persistently lower margins and weaker cash financing results. Similarly, a material increase in debt beyond our current projections, or a deterioration in liquidity and funding conditions, would weigh on the ratings by reducing financial flexibility and increasing refinancing risks. Moreover, a downgrade of the sovereign rating would exert downward pressure on the ratings.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Overall, ESG considerations are moderate (CIS-3) for most Argentinean RLGs. For some issuers, ESG considerations have a more pronounced impact on credit quality (CIS-4). For the City of Buenos Aires ESG considerations are not material (CIS-2).

Exposure to environmental risks is generally elevated (E-4), reflecting physical climate risks, water stress and the potential loss of natural capital. These considerations are particularly relevant for jurisdictions with economic exposure to agriculture, energy, mining and other natural resource-based activities. Environmental risks for the City of Buenos Aires are more moderate (E-3), reflecting its diversified urban economy and limited exposure to natural resource-based activities.

RLGs' exposure to social risks is generally moderate to high (S-3 to S-4), reflecting labor and income-related challenges, poverty and broader socioeconomic pressures. These factors can increase expenditure demands and constrain growth in locally generated revenues, particularly in provinces with weaker socioeconomic profiles.

Governance considerations generally range from moderate to high (G-3 to G-4), reflecting Argentina's challenging operating environment, varying degrees of financial flexibility and the quality of financial management practices across issuers.

METHODOLOGY

The principal methodology used in these ratings was Regional and Local Governments published in May 2026 and available at https://ratings.moodys.com/rmc-documents/466164. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

For the Municipality of Cordoba and Provinces of Chubut, Cordoba, Entre Rios, Mendoza, Santa Fe and Rio Negro, the net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

The assigned BCAs of caa2 for the Province of Buenos Aires, Chaco and Tierra del Fuego are two notches below the scorecard-indicated BCAs of b3. This primarily reflects additional factors not fully considered in the scorecard. Specifically, we take into consideration the provinces' prospects of weak financial performance and challenging debt amortization profiles. The combination of these factors reduces their capacity to internally fund upcoming debt maturities and constrains financial flexibility.

The assigned BCA of b1 for the City of Buenos Aires is one notch above the scorecard indicated BCA of b2. This difference notably reflects that the issuer has a considerably stronger fundamental credit profile than the sovereign, coupled with a strong liquidity position and comfortable amortization profile.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are a mix of solicited and unsolicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://ratings.moodys.com/documents/PBC_ARFTL527084 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

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• UK Endorsement Status

• Rating Solicitation

• Issuer Participation

• Participation: Access to Management

• Participation: Access to Internal Documents

• Lead Analyst

• Releasing Office

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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.

REFERENCES/CITATIONS

[1] https://ratings.moodys.com/ratings-news/469595

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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