



BASQUE ECONOMY

BASQUE GOVERNMENT FINANCING STRATEGY

P R E S E N T A T I O N - 2 0 2 6

#EUSKADIBERRIA



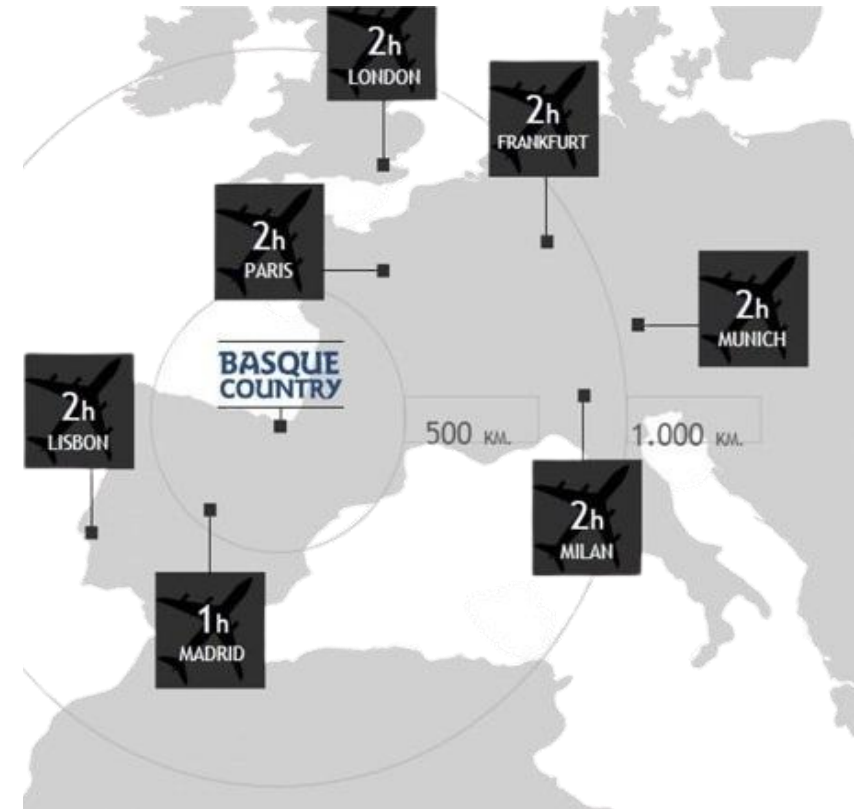
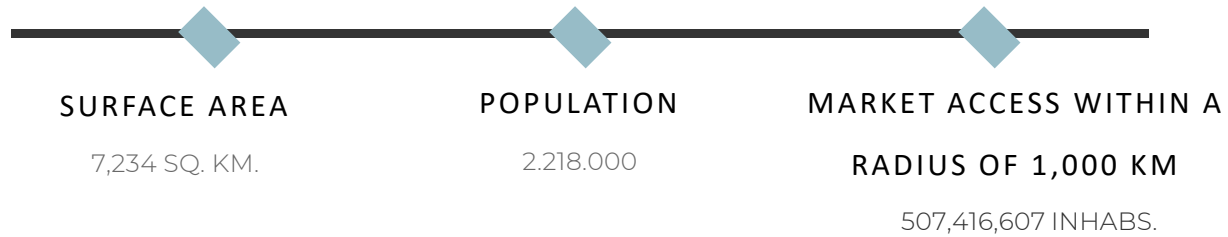
EUSKO JAURLARITZA
GOBIERNO VASCO

Index

1. Features of the Basque economy	Page 3
2. Current state of the economy	Page 15
3. Economic forecast	Page 21
4. Financing system, budgets, deficit and debt	Page 26
5. Euskadi Eraldatuz Investment plan - Starting point	Page 38
5.1 Investment verticals and lines of action	Page 39
5.2 Design of measures	Page 41
5.3 New financial instruments	Page 44
5.4 Governance model	Page 45
5.5 Implementation schedule	Page 48

1. Features of the Basque Economy

SURFACE AREA, POPULATION AND MARKET ACCESS



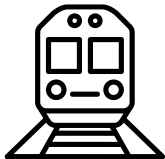
A WELL-CONNECTED COUNTRY



Logistics



International Airports



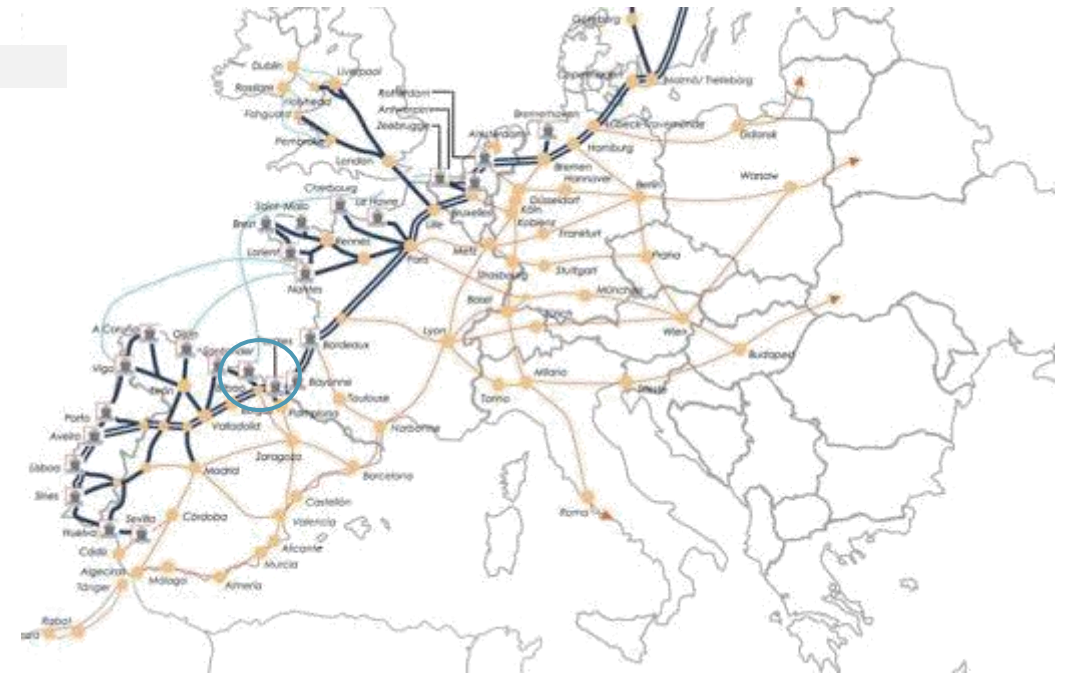
Railway connections



Motorways

"Best European Medium-Sized Region in Connectivity"

(fDi- European Cities and Regions of the Future - Ranking 2016-2017)



#EUSKADIBERRIA

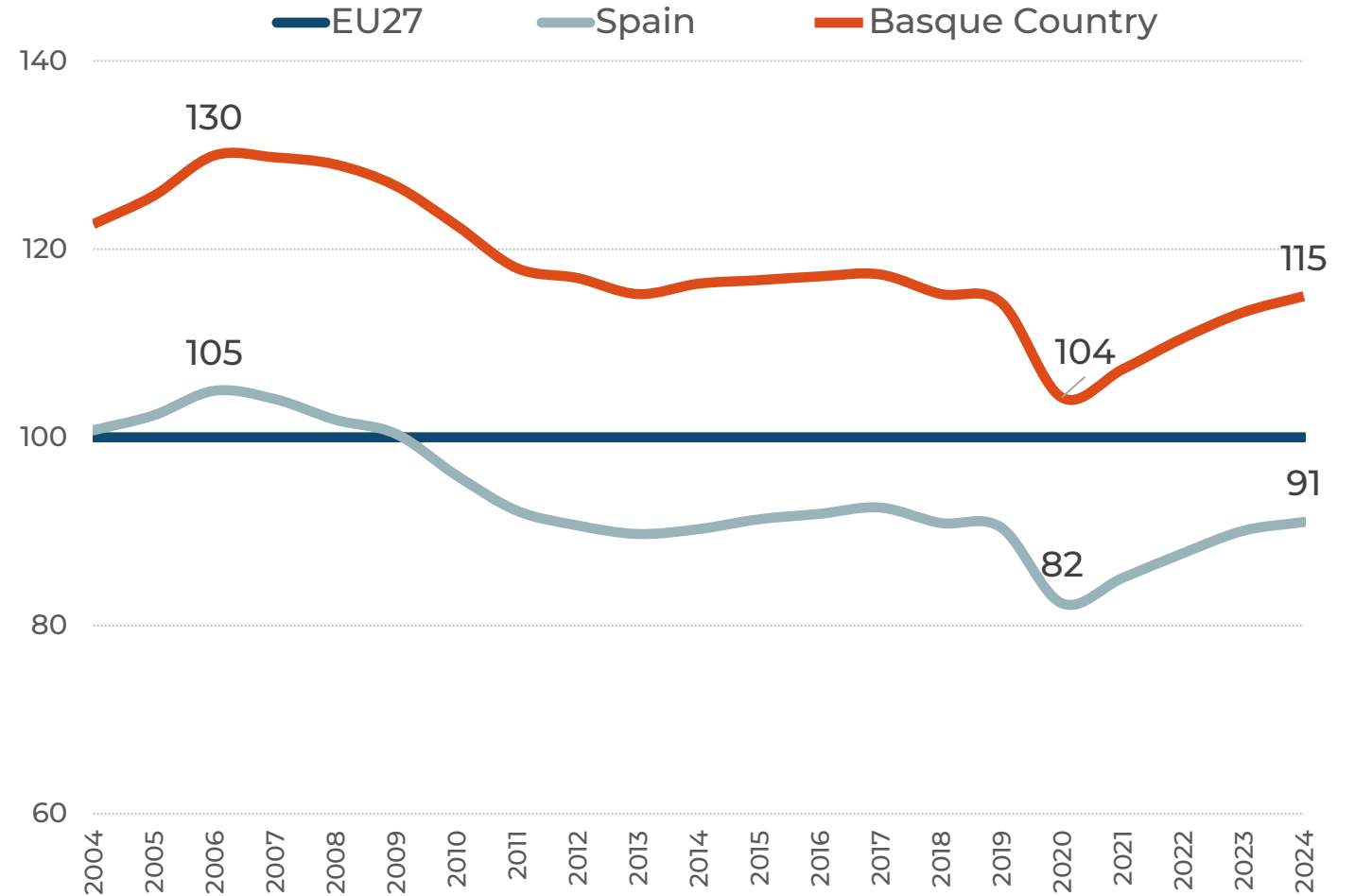


GDP PER CAPITA ABOVE THE EUROPEAN AVERAGE

Basque GDP per capita, measured in PPA terms, was 15% higher than the European average in 2024 and 23.4% points above the Spanish average.

In 2020 the indicator bottomed out and then began a smooth upward trend.

Despite 4 years in a continuous growth, the indicator is still far from the values recorded in 2006 and 2007.

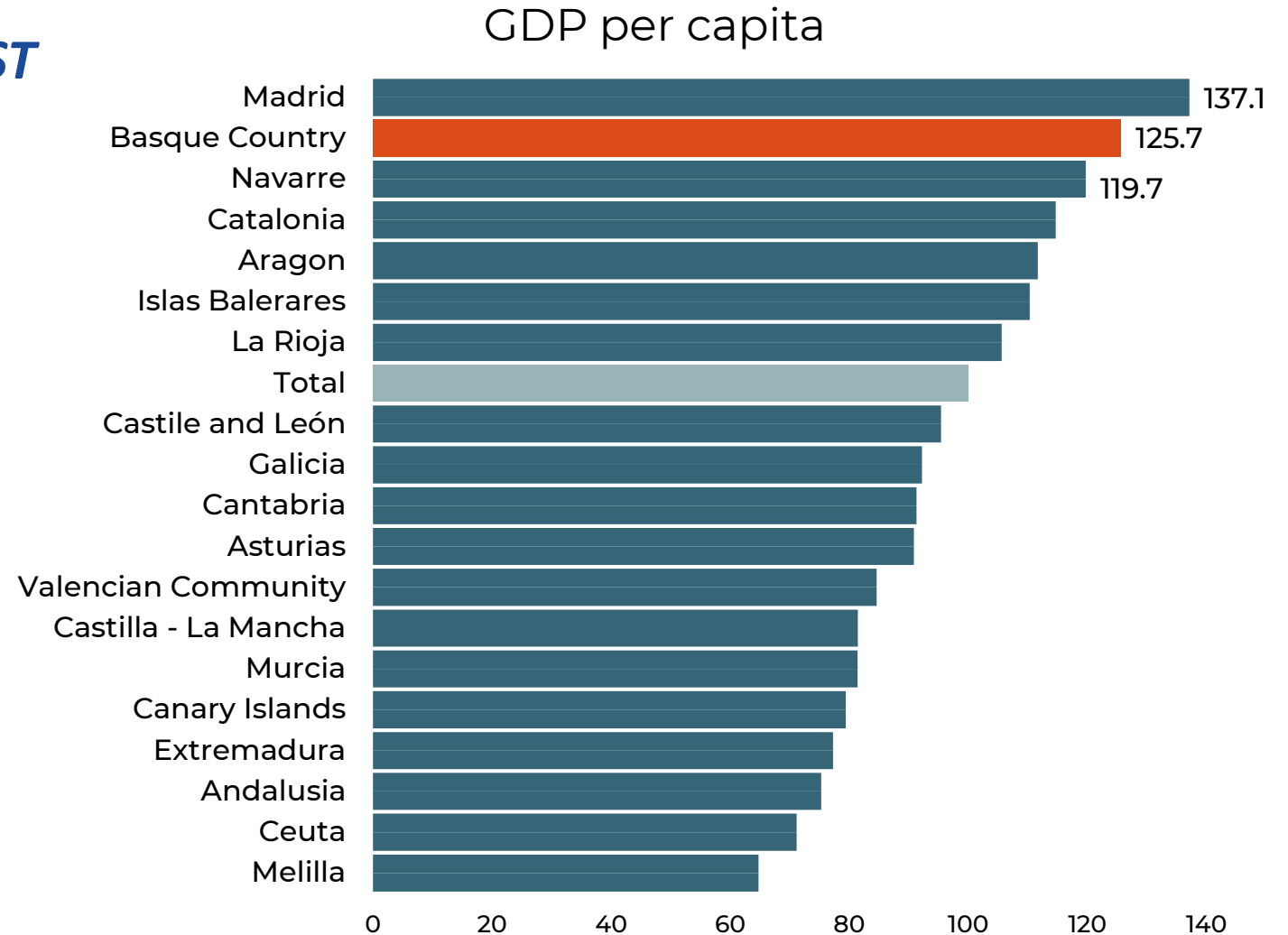


Source: Eurostat and the Directorate of Economy

THE BASQUE COUNTRY IS ON THE TOP OF AUTONOMOUS COMMUNITIES WITH THE HIGHEST GDP PER CAPITA

Regional accounting forecast for 2024 places the Basque Country as one of the regions with the highest GDP per capita in Spain, reaching 125.7 points.

Basque Country consolidates its position in the leading group alongside Madrid and Navarre.



Source: INE (Regional accountancy)

AN ECONOMY WITH A STRONG INDUSTRY FOCUS

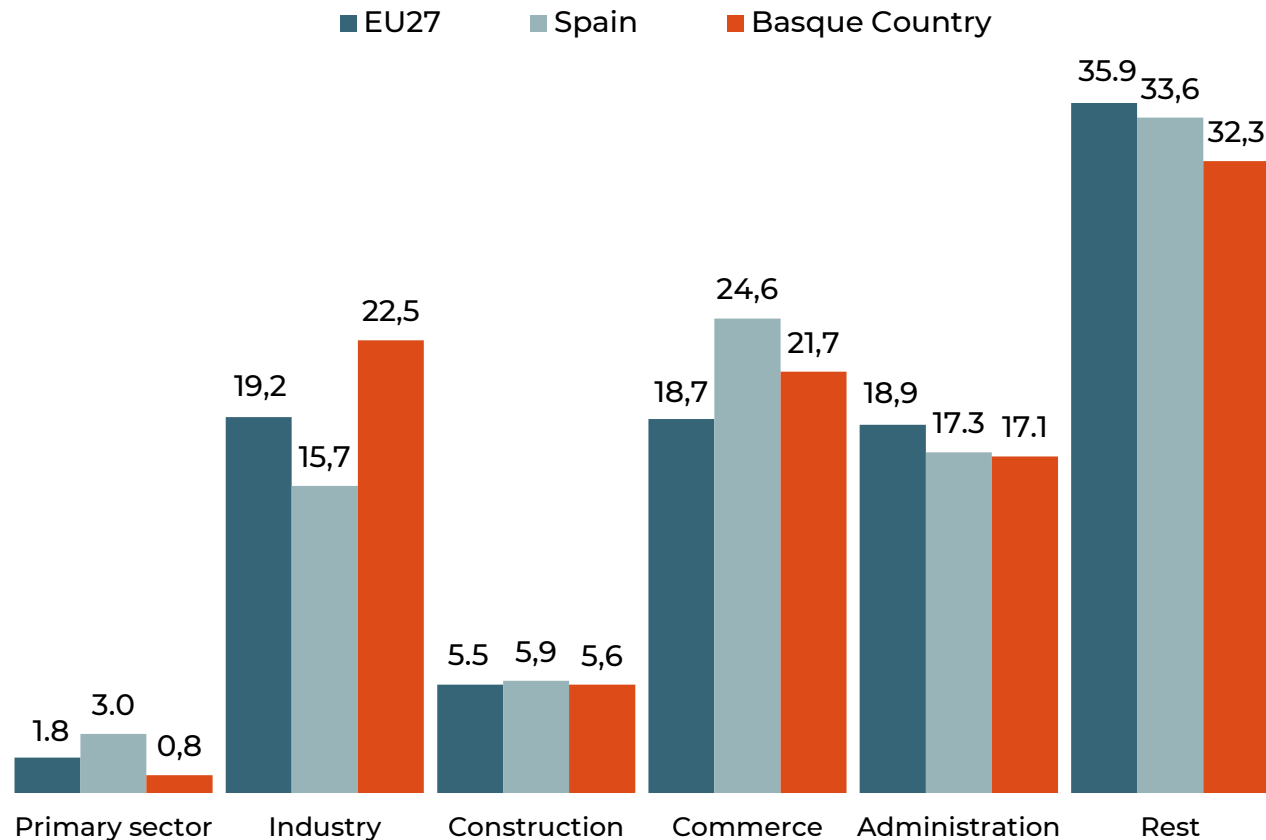
The Basque Country stands out for its industrial specialisation, with the sector accounting higher proportion of the economy than in Spain or EU27.

However, although the service sector is the largest, it has a smaller presence in the Basque Country than in Europe and Spain.

The primary sector has a very low share, and construction remains at similar levels to the surrounding area.

This shows a productive structure that is more industry-oriented and less dependent on services, compared to the European and Spanish average.

2025



Source: Eustat, Eurostat and INE.

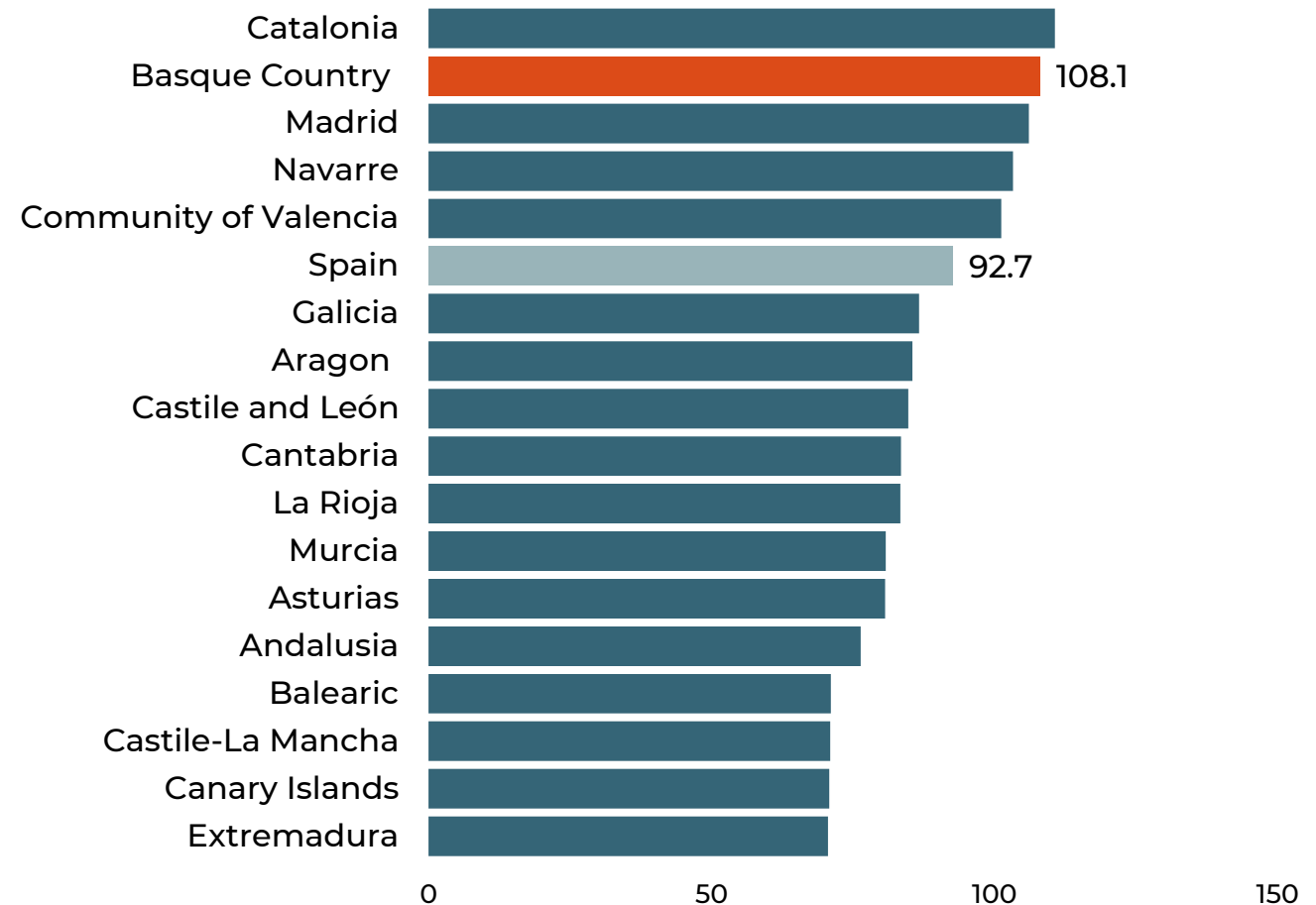
EUSKADI MAINTAINS ITS INNOVATION LEADERSHIP IN EUROPE

In 2025, the Basque Country reaches position 81 out of 240 European regions in the Regional Innovation Scoreboard, consolidating its status as a “strong innovator.” It also ranks as the autonomous community with the second-best performance in Spain. With an index of 108.1 (EU = 100), it is well above both the national and European averages.

Since 2018, it has improved by 7.5 points, although between 2023 and 2025 it shows a slight decline of 0.7 points and loses some positions in the European ranking.

Even so, the Basque Country continues to stand out as a hub of innovation excellence within a national context characterized by moderate innovation.

Regional Innovation Scoreboard (RIS 2025)



Source: CEPREDE.

THE UN RANKS THE BASQUE COUNTRY AS ONE OF THE TWELVE COUNTRIES WITH HIGHEST LEVEL IN THE HUMAN DEVELOPMENT INDEX

The Basque Country continues to have one of the highest Human Development Index (HDI) in the world.

Specifically, it ranks twelfth in life quality among the 193 countries studies by the United Nations Development Programme (UNDP).

The Basque Country's HDI is nowadays the highest in history, driven by income levels, the recovery of life expectancy after the pandemic and years of schooling.

Spain ranks 28th on this list, between Israel and the Czech Republic.

Human Development Index

Position		%	Position		%
1	Iceland	0,972	10	Belgium	0,951
2	Norway	0,970	12	Ireland	0,949
3	Switzerland	0,970	12	Finland	0,948
4	Denmark	0,962	12	Basque Country	0,948
5	Germany	0,959	13	Singapore	0,946
6	Sweden	0,959	13	United Kingdom	0,946
7	Australia	0,958	15	United Arab Emirates	0,940
8	Hong Kong	0,955	16	Canada	0,939
9	Netherlands	0,955	17	Liechtenstein	0,938
10	Belgium	0,951	17	New Zealand	0,938

Source: Eustat. Social indicators. Data published in 2025

THE BASQUE COUNTRY IS AMONG THE LEADING EUROPEAN REGIONS IN TERMS OF POPULATION WITH HIGHER EDUCATION

56.2% of the population between 25 and 64 years of age in the Basque Country has tertiary studies in the Basque Country, which places it at the top of the State and in eleventh position in the ranking of European regions.

This high level of education places the Basque Country well above the eurozone average (36.6%) and reflects a strong commitment to advanced academic training.

Percentage of population aged 25-64 with successful tertiary education

Position		%	Position		%
1	Warszawski stołeczny	64,7	11	Basque Country	56,2
2	Prov. Brabant wallon	63,6	12	Oslo og Viken	55,6
3	Sostinés regionas	61,8	13	Luxembourg	54,7
4	Eastern and Midland	59,6	14	Northern and Western	54,0
5	Stockholm	59,6	15	Region of Bruxelles-Capitale	53,7
6	Budapest	59,1	16	Southern	53,3
7	Zürich	57,5	17	Bratislavský kraj	52,6
8	Hovedstaden	57,1	18	Praha	52,5
9	Ile de France	56,5	19	Sydsverige	52,4
10	Utrecht	56,5	20	Kýpros	51,4

Source: Eurostat. Data of 2024.

#EUSKADIBERRIA

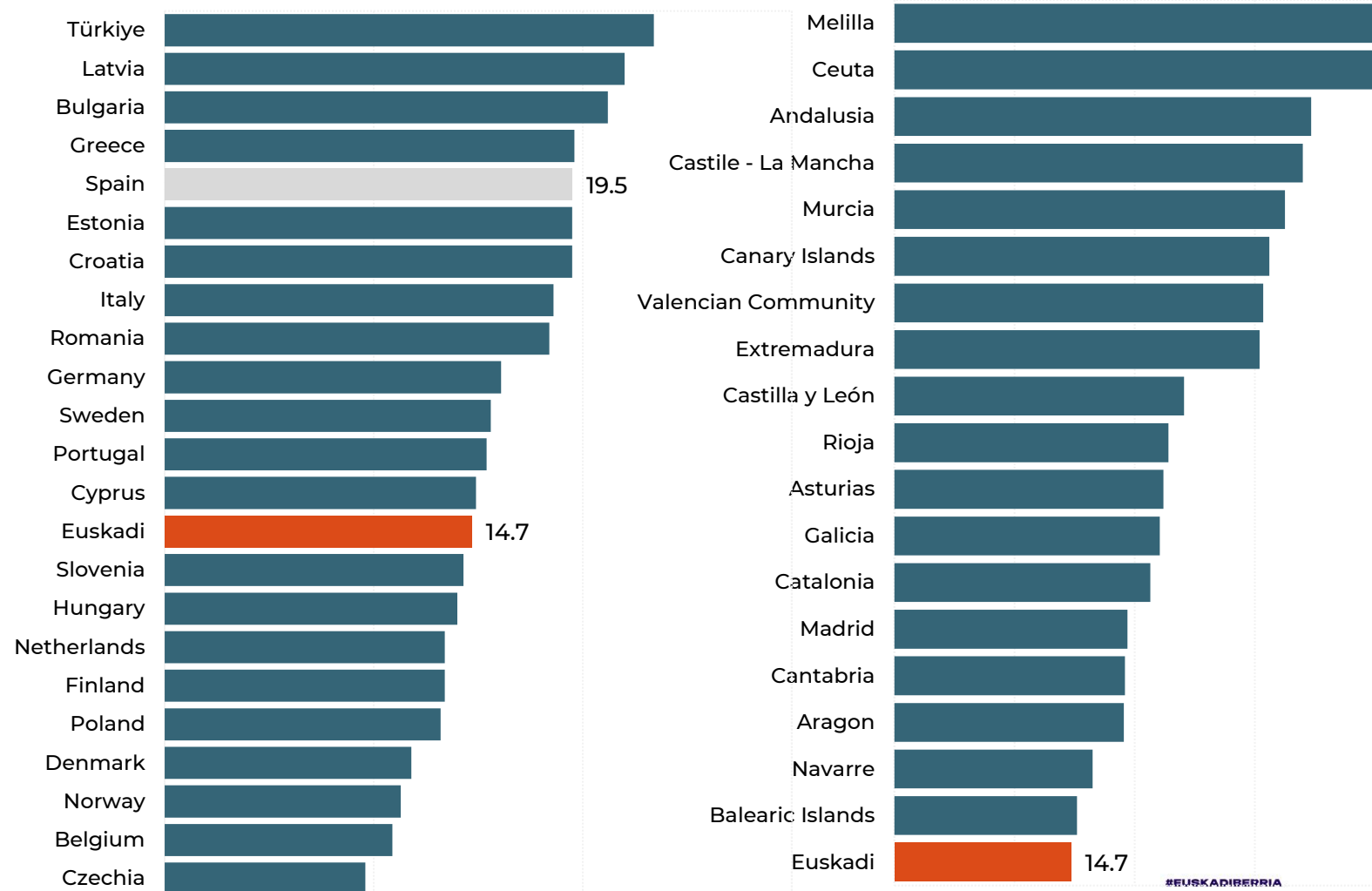
THE BASQUE COUNTRY SETS THE STANDARD IN LOW POVERTY RISK RATES

In 2025, the at-risk-of-poverty rate after receiving social assistance in the Basque Country is 14.7%, the lowest among the autonomous communities and below the national average.

In European comparison, the Basque Country ranks below Germany (16.1%) or Sweden (15.6%), consolidating its position among the territories with the lowest risk of poverty in Europe.

2025

Risk of poverty rate after receiving social assistance
Europe 2030 Target



Income for the year prior to the interview. **The lower the best.**
Source: Eurostat.

Income for the year prior to the interview. **The lower the best.**
Source: INE.

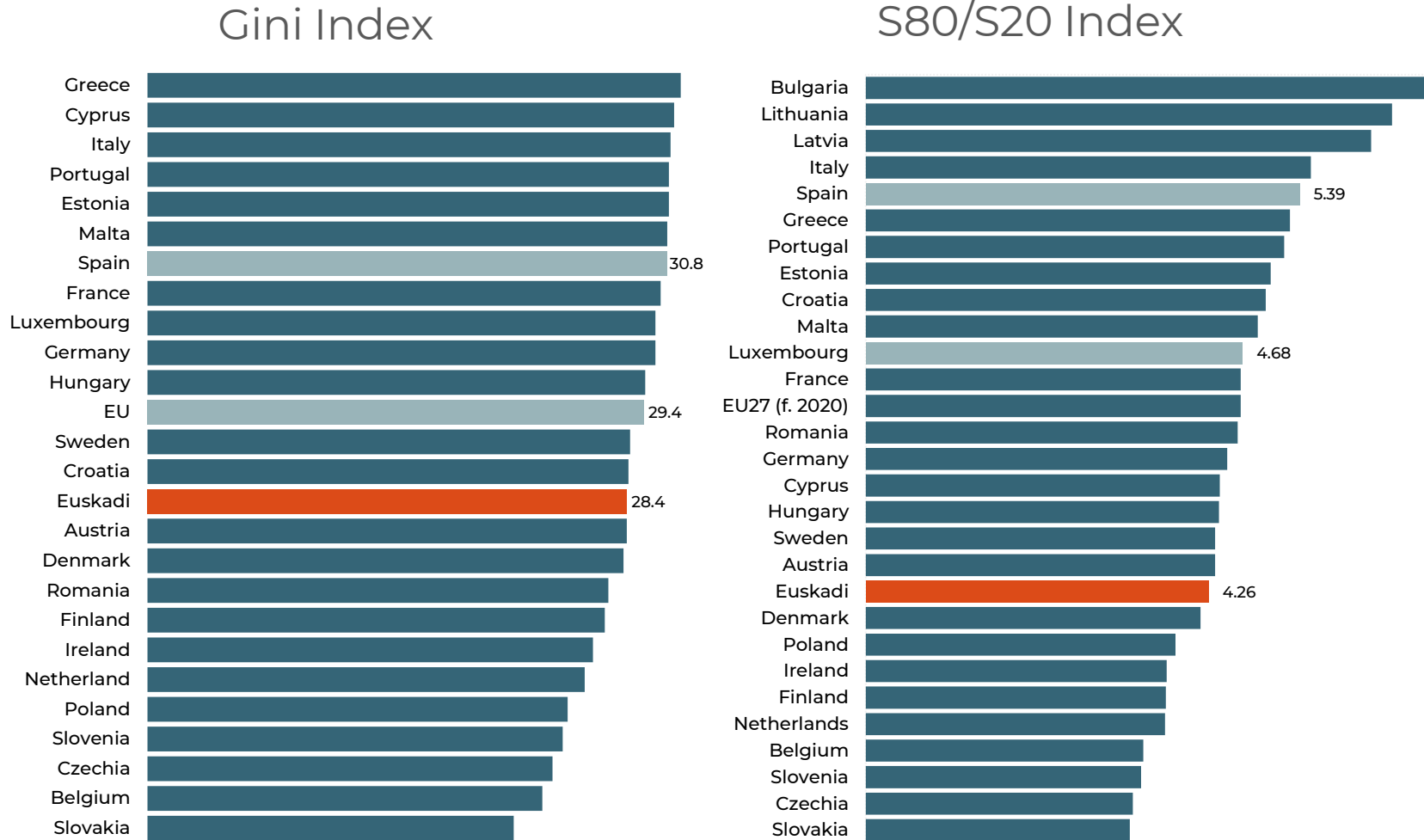
THE BASQUE COUNTRY AMONG THE MOST EQUAL REGIONS IN THE EU

Basque Country shows both Gini and S80/20 indexes below the European average.

These set Basque Country among the European regions with the lowest inequality rate. These rates are close to those countries with consolidates wealthiness and show salary gaps compared to economies such as Spain or Italy.

This confirms a relatively balanced income distribution.

2025



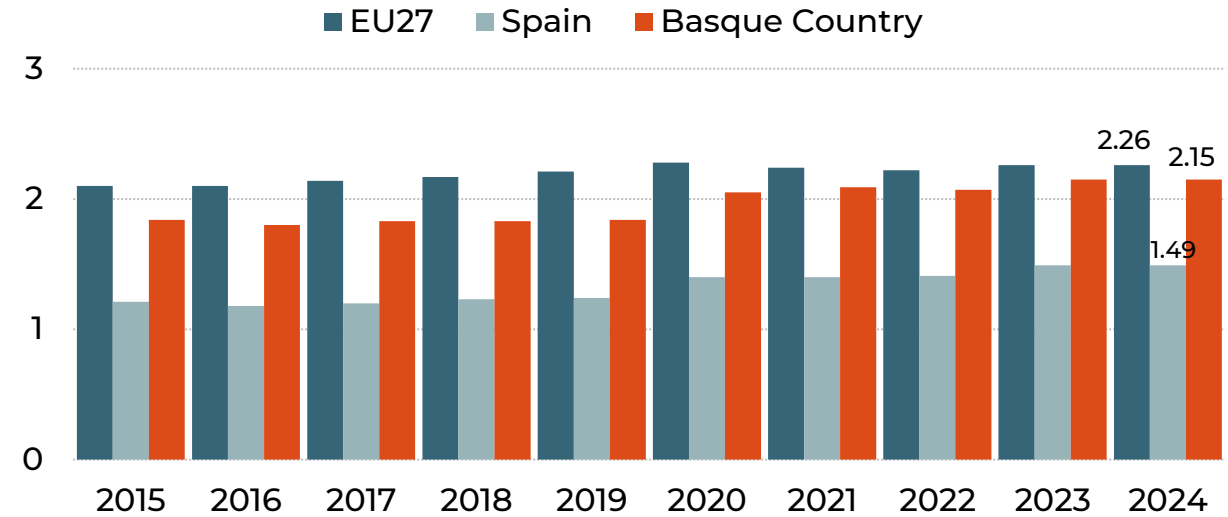
Source: Basque Government. Department of Justice and Human Rights. EPDS and Eurostat.

INVESTMENT IN R&D IS CLOSE TO EUROPEAN AVERAGE AND THE BASQUE COUNTRY IS IN THE GROUP OF REGIONS WITH STRONG INNOVATION

R&D expenditure in the Basque Country reached €2,114.2 million in 2024, €111.7 million more than the previous year. This increase consolidates a decade of sustained growth and marks a new all-time high in the series.

Likewise, the Basque Country has moved up one position in the EIS ranking and strengthened its classification among countries with high innovation capacity, reaching 112.8% compared with the European Union average benchmark of 100%. Nevertheless, it still remains behind the innovation leaders, which exceed 135.0% and are headed by Denmark and Sweden.

R&D % of GDP



Innovation Indicators Panel (EIS)

Position		Relative to EU-27	%	Position		Relative to EU-27	%
1	Sweden	138,1	0,740	11	France	108,6	0,582
2	Denmark	135,0	0,724	12	Estonia	104,8	0,562
3	Netherlands	129,1	0,692	13	EU-27	100,0	0,536
4	Finland	125,3	0,672	14	Malta	95,0	0,509
5	Ireland	123,1	0,660	15	Slovenia	94,7	0,507
6	Belgium	122,6	0,657	16	Italy	93,0	0,499
7	Luxembourg	114,5	0,614	17	Spain	92,7	0,497
8	Austria	114,0	0,611	18	Portugal	90,7	0,486
9	Basque Country	112,8	0,605	19	Cyprus	84,1	0,451
10	Germany	111,1	0,596	20	Lithuania	81,0	0,434

Source: Eustat, Eurostat and INE
Data for Spain and EU are from 2023

#EUSKADIBERRIA



2. Current state of the economy

UNEVEN GLOBAL GROWTH, WITH A SLIGHT IMPROVEMENT COMPARED TO 2024

Interannual variation rate

The end of 2025 shows uneven growth, although somewhat more dynamic than in 2024. In the European Union, Spain's strong performance partly offset the weakness of France and Italy, allowing the EU as a whole to close the year with stronger growth than in the previous year.

Outside Europe, China maintains growth rates close to its official target, although on a slowing trajectory linked to the real estate adjustment and weak domestic demand. The United States, for its part, sustains solid and stable growth, albeit slightly lower than that recorded in 2024.

	2024	2025	2025				2026
			I	II	III	IV	I
Developed economies	1,8	1,8	1,8	1,9	1,9	1,7	--
European Union 27	1,1	1,5	1,7	1,7	1,7	1,4	1,0
- Basque Country	2,5	2,3	2,1	2,2	2,3	2,4	2,2
- Spain	3,5	2,8	3,0	2,8	2,7	2,6	2,7
- Germany	-0,5	0,2	0,3	0,4	0,3	0,4	0,3
- France	1,2	0,8	0,6	0,8	1,0	1,3	1,1
- Italy	0,8	0,5	0,6	0,4	0,7	0,9	0,7
United Kingdom	1,1	1,4	1,8	1,4	1,3	1,0	1,1
United States	2,8	2,1	2,0	2,1	2,3	2,0	2,7
Japan	0,1	1,1	1,5	1,8	0,5	0,4	0,4
China	5,0	5,0	5,4	5,2	4,8	4,5	5,0
India	6,9	7,3	7,0	6,9	7,8	7,6	--
Brazil	3,0	2,6	4,0	2,6	1,8	2,0	--

Source: Eustat, Eurostat and OECD.

#EUSKADIBERRIA

THE BASQUE ECONOMY SHOWS A DECELERATED PROFILE

The growth of the Basque economy was supported by strong domestic demand. On this occasion, gross capital formation (4.0%) outperformed final consumption (2.5%). Exports grew less than imports due to the relative weakness of the environment.

The Basque economy grew by 2.3% in 2025 as a whole, showing considerable dynamism in the second half of the year.

Services were once again the mainstay of growth, similar to that seen in 2024.

Interannual variation rate

	2024	2025	2025			
			I	II	III	IV
Final consumption	2,8	2,5	2,4	2,2	2,7	2,6
Private consumption	2,5	2,7	2,6	2,8	2,9	2,6
Public consumption	3,5	1,7	1,9	0,3	2,1	2,3
Gross capital formation	2,7	4,0	2,3	3,5	4,9	5,2
Equipment goods	2,4	4,3	3,0	4,0	4,8	5,2
Remaining Investment	2,9	3,8	1,8	3,2	4,9	5,2
Internal Demand	2,8	2,8	2,4	2,5	3,2	3,2
Exports	0,1	0,4	2,0	0,8	-1,8	0,6
Imports	0,4	1,2	2,4	1,3	-0,5	1,8
PIB (p.m.)	2,5	2,3	2,1	2,2	2,3	2,4
Primary sector	2,8	-0,6	0,6	-0,4	-1,5	-1,2
Industry and energy	2,5	0,4	0,4	0,1	0,2	0,9
Construction	3,5	3,7	1,7	3,1	5,1	4,9
Services	2,7	2,8	2,7	2,8	2,9	2,8
Commerce, Hospit and Transp.	2,4	3,3	2,9	3,3	3,5	3,2
Public Admin., education and health	2,9	2,1	2,0	2,1	2,1	2,1
Rest of services	2,8	2,9	2,8	2,7	2,9	3,0
Gross Value Added	0,1	2,3	2,1	2,1	2,4	2,5
Net Product Taxes	0,4	2,2	2,3	2,4	2,2	2,1

Source: Eustat.

SITUATION OF THE BASQUE COUNTRY: EXPORTS

The Basque Country's goods exports reached approximately €30 billion in 2025, recording another year-on-year decline of 3.6%, although less severe than in 2024 (-5.1%).

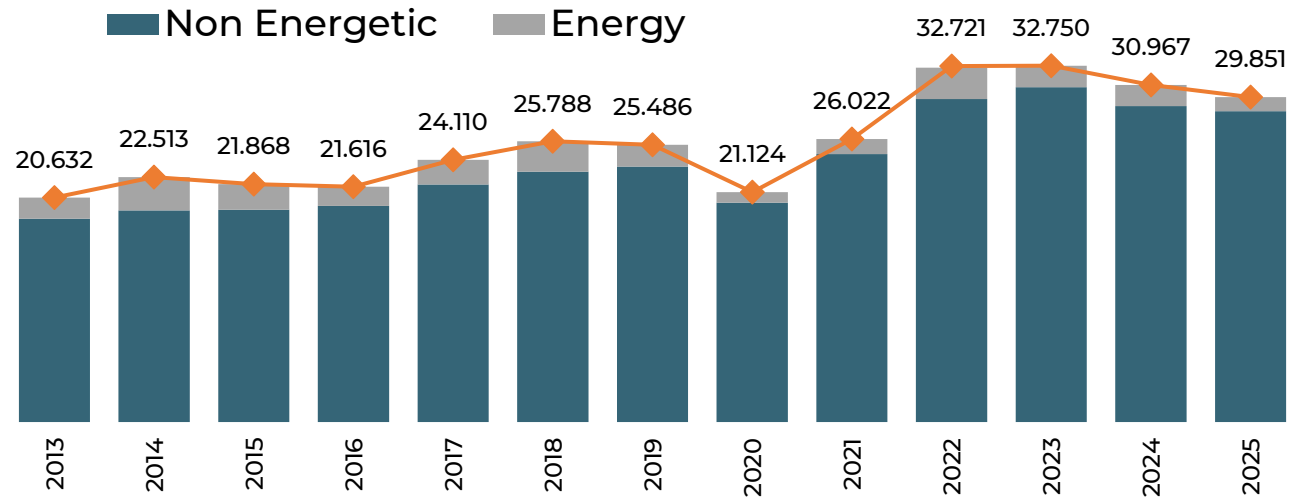
The decline was driven by the sharp contraction in energy exports (-33.3%) and by the decrease in base metals exports (-6.1%), in a context marked by new tariffs.

In contrast, capital goods increased by 1.1%, alongside growth in agricultural products (13.5%) and the chemical sector (8.1%).

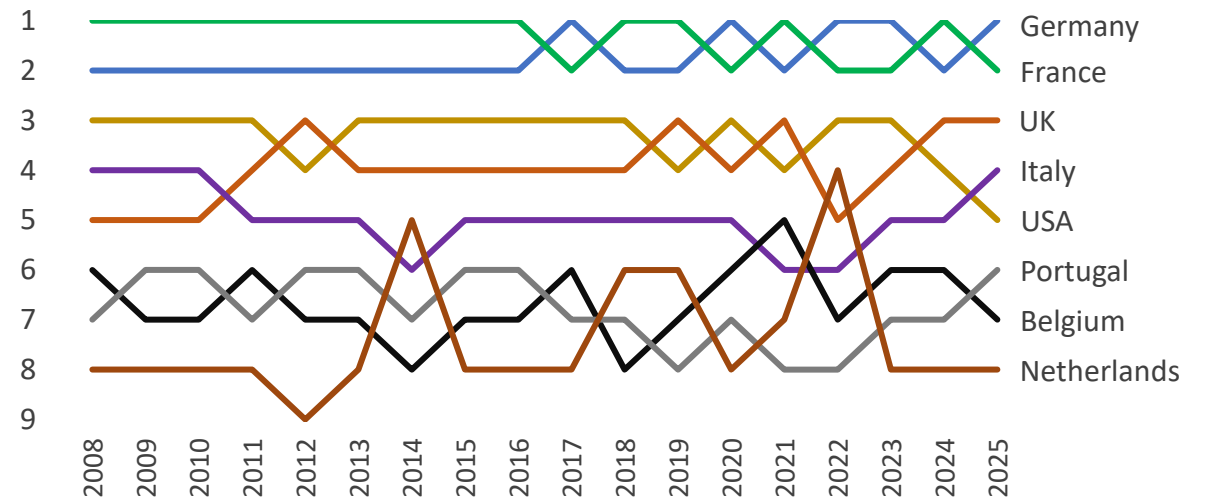
In 2025, Basque exports continue to show a clear orientation toward advanced markets.

The euro area continues to be the main destination. France and Germany are the main destinations for these exports.

Degree of openness to the outside



Distribution of exports by countries



Source: Eustat and Eurostat.

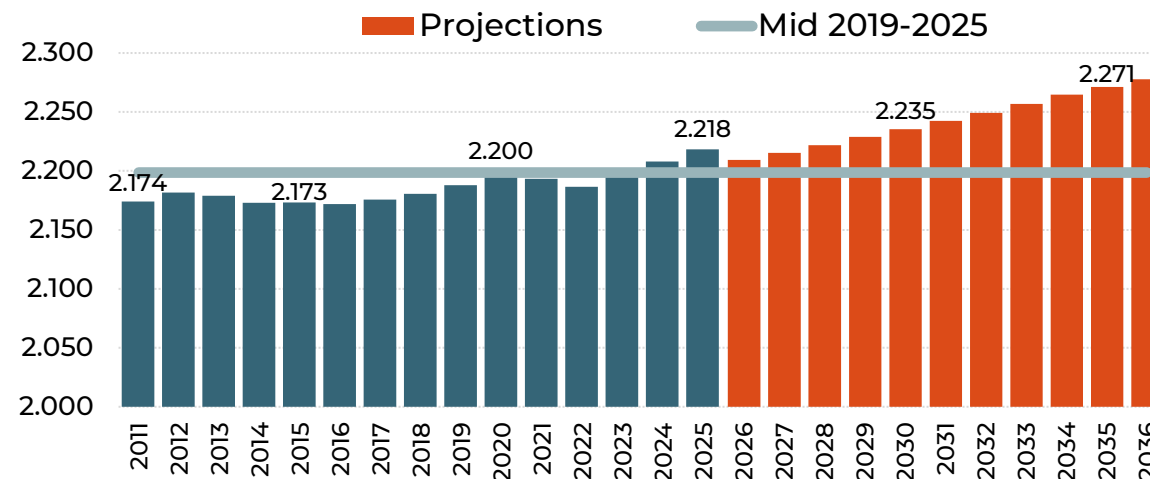
THE BASQUE COUNTRY MAINTAINS ITS ATTRACTIVENESS FOR PEOPLE FROM THE REST OF THE WORLD

In 2025, Basque Country's population surpassed 2,218,000 inhabitants, maintaining the upward trend that began in 2023.

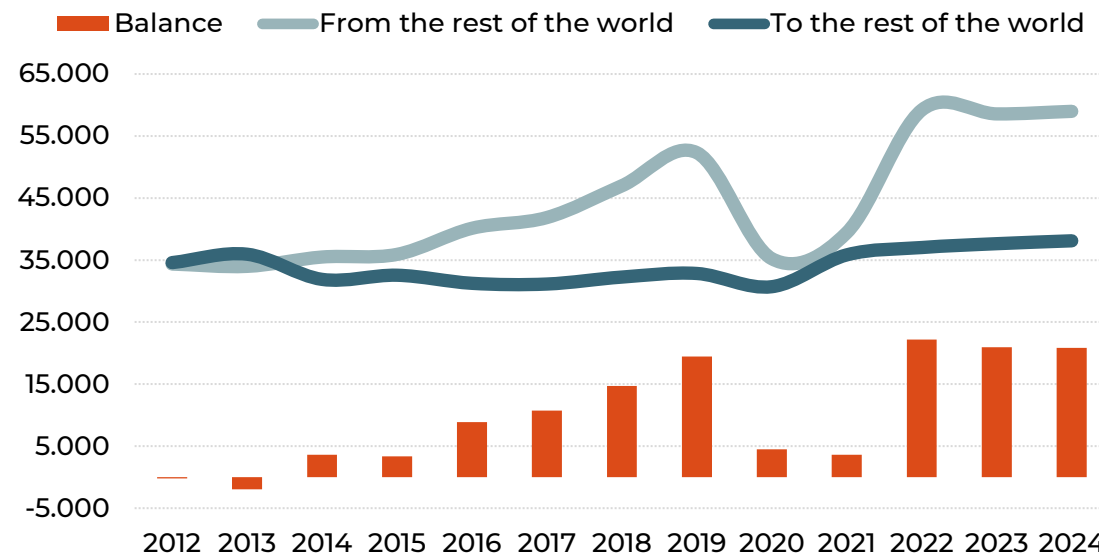
This growth exceeds Eustat's projections, which did not expect this figure to be reached until 2028, indicating that demographic growth estimates have fallen short of reality.

The recovery of Basque Country's attractiveness for migrants has been key to reaching this level. In fact, the positive migration balance in 2024 approached 21,000 people, nearing the peak recorded in 2022. The Basque Country continues to consolidate its position as an attractive destination for migration.

Population Evolution



Migration flows



Source: Eustat and Eurostat.

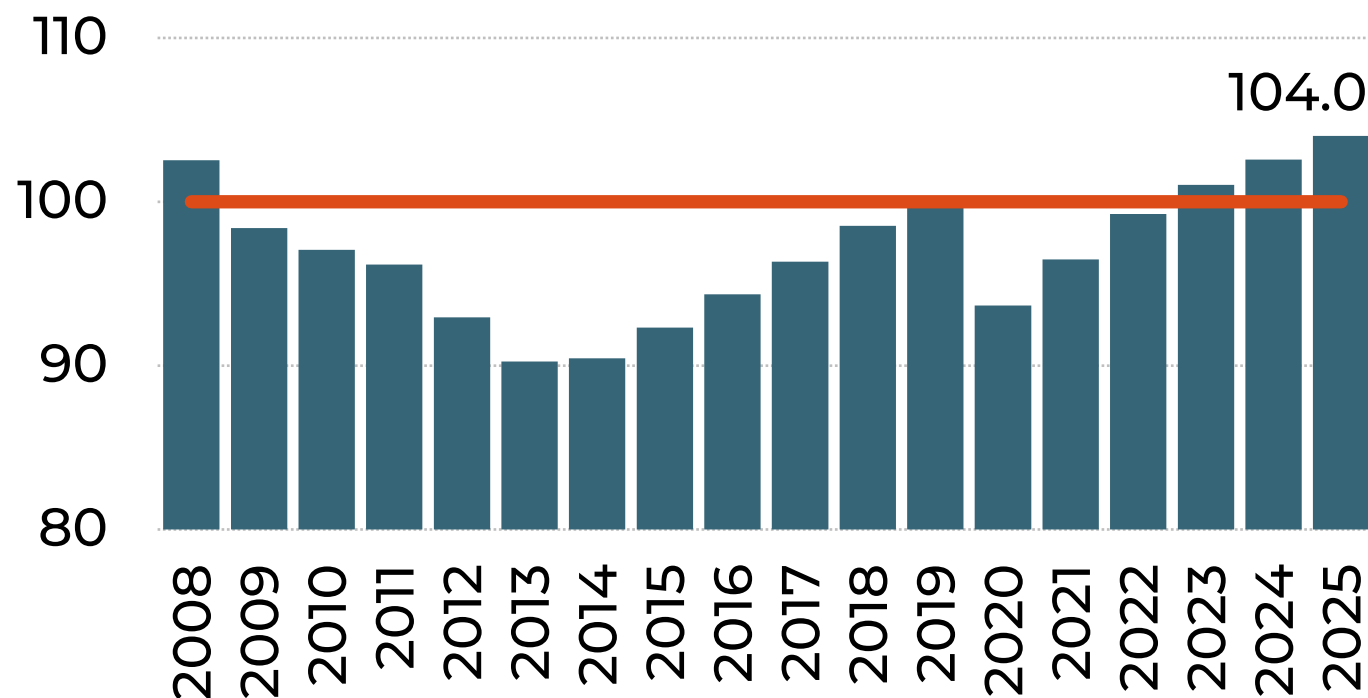
#EUSKADIBERRIA



SIGNIFICANT RECOVERY OF LOST JOBS

In 2025, preliminary estimates show that employment in the Basque Country continued to grow, reaching an annual average of more than a million full-time equivalent jobs — the highest level in the historical series and already very close to the one-million mark. This threshold was surpassed in the fourth quarter, reflecting the strength of the labour market throughout the year. With this increase, the Basque Country records another year of employment growth, extending the positive trend observed in previous years while maintaining a steady and sustained pace of improvement.

Evolution of employment



- Data from 2023 advance and 2024 and 2025 provisional.
- Source: Directorate of Economics and Planning with data from Eustat.

3. Economic Forecast

DOMESTIC DEMAND SUPPORTS GROWTH, ALTHOUGH WITH LESS MOMENTUM

In 2026, growth in the Basque Country will continue to rely on domestic demand, although with a gradual moderation over the course of the year in a more adverse macroeconomic environment. Household consumption will continue to contribute, but at a more contained pace, constrained by weaker employment dynamics and the impact of rising inflation on real income.

Investment will continue to show a favourable profile, albeit with a downward revision, affected by higher financing costs, increased uncertainty, and a normalisation following the boost from Recovery and Resilience Facility (RRF) funds.

In 2026, industry will operate in an environment that remains challenging, with subdued growth.

Construction will remain one of the most dynamic sectors in 2026, although it will lose momentum in 2027.

The services sector will continue to lead sectoral growth and the primary sector will return to a growth path.

GDP FORECASTS

Interannual variation rate

		2026				2026	2027
		I	II	III	IV		
DEMAND	Household Final Consumption	2,3	2,1	1,9	1,7	2,0	1,6
	Household Consumption Spending	2,3	2,1	1,8	1,6	2,0	1,6
	Consumption Expense of AA. PP.	2,1	2,0	1,9	1,8	2,0	1,7
	Gross Capital Formation	4,8	3,6	2,2	2,4	3,3	2,3
	Contribution of Domestic Demand	2,9	2,5	2,0	1,9	2,3	1,8
	Contribution of the External Balance	-0,8	-0,5	-0,3	-0,2	-0,4	-0,2
GDP (p.m.)		2,2	1,9	1,7	1,7	1,9	1,6
OFFER	Primary sector	-0,5	-0,1	1,7	2,0	0,8	2,2
	Industry	0,7	0,8	0,9	1,1	0,9	1,5
	Construction	4,1	3,3	1,6	1,5	2,6	1,5
	Services	2,6	2,2	1,9	1,7	2,1	1,6
	Gross Value Added	2,2	1,9	1,6	1,5	1,8	1,6
	Net taxes on products	1,4	1,8	2,2	2,8	2,1	2,0

Source: Directorate of Economy and Planning

#EUSKADIBERRIA



EMPLOYMENT KEEPS GROWING IN A MORE MODERATE ENVIRONMENT

Employment creation will continue in the coming years, although at a progressively more moderate pace. In 2026, full-time equivalent jobs will increase by 1.0%, easing to 0.7% in 2027, allowing for a further rise in the number of employed people and a gradual deepening of the decline in unemployment, which will stand slightly above 6% at the end of the forecast horizon.

Labour market forecasts

	Interannual variation rate					
	2026				2026	2027
	I	II	III	IV		
Employment	1,2	1,1	1,0	0,7	1,0	0,7
Busy Persons (PRA)	1,2	0,8	1,0	1,0	1,0	0,7
Unemployment rate	6,6	6,2	6,7	6,2	6,4	6,2

Source: Directorate of Economy and Planning

ESTIMATE OF THE IMPACT OF ENERGY PRICES ON THE BASQUE ECONOMY

Energy prices

In the Basque Country, the pass-through from rising oil prices to energy prices is limited: every 10% increase in oil prices leads to a 2% increase in energy products; only in gas-driven shocks has a greater pass-through been observed, close to 3%, which is not the case at present.

Given that energy accounts for 7.9% of the basket, with oil prices around 40% above February levels, the direct impact would be around half a percentage point, partially offset by reductions in VAT and other energy-related taxes, temporarily absorbed by the public sector.

Impact on prices overall

The transmission of the shock to inflation is partial and gradual. The main risk lies in indirect effects, through higher production costs and possible second-round inflationary effects if the shock persists. According to the estimates made, the impact on headline CPI would reach one percentage point in the short term. If this energy scenario were to continue until the end of the year, inflation could increase by around another additional point.

So far, the March CPI has recorded an increase of one percentage point year-on-year, rising from 2.4% in February to 3.4%, in line with the estimates made.

Impact on GDP

The effect on activity is expected to be limited in the short term, but it increases the longer the shock persists. At current price levels, GDP would be reduced by two-tenths of a percentage point in the first year, and by up to around one percentage point in 2027 if current energy price levels were maintained until then.

CONCLUSIONS

The international environment has entered a phase of greater uncertainty, marked by declining confidence, a slowdown in activity in Europe, and renewed energy tensions following the conflict in the Middle East. This context has led to **downward revisions of growth in the euro area and points to a slowdown in the cycle, although with relatively more resilient performance in the United States and Spain.**

In this scenario, **the Basque economy maintains stable growth around 2%, mainly supported by domestic demand.** Consumption and investment continue to sustain activity, while services and construction remain the main growth drivers. Industry is showing only modest progress, constrained by the external environment, although there are signs of stabilization following the end of 2025. The economic indicator confirms a position consistent with this moderate growth, with resilient domestic activity despite the adverse environment..

The labor market maintains an overall positive outlook. The rise in unemployment during the first quarter reflects seasonal factors and does not alter the year-on-year improvement, with employment levels clearly above those of a year ago. The reduction in unemployment continues to be more intense among the foreign population, further narrowing the nationality gap, while temporary employment has fallen to historic lows, confirming a structural improvement in job quality.

Inflation is rising due to the energy shock, with effects already visible in the CPI and additional risks if oil and gas prices remain elevated. Fiscal measures are cushioning part of the impact, but persistent energy pressures continue to shape price developments and monetary policy.

Foreign trade remains the main source of weakness. Exports continue to show an unfavorable trend, especially in Europe and the United States, affected by weak demand and the tariff environment.

Looking ahead to **2026 and 2027, forecasts point to a gradual slowdown in growth,** with domestic demand remaining the main support while the external balance will likely continue to weigh on GDP growth. Employment is expected to continue growing, although at a slower pace, and **the unemployment rate is expected to remain close to 6%.** The main risk to this scenario continues to be the persistence of the energy shock and its transmission to prices, business margins, and spending decisions.

4. Financing System, Budgets, Deficit and Debt

THE BASQUE COUNTRY HAS A SPECIFIC FUNDING SYSTEM

The financing system of the Basque Country, under a foral regime, is different from the financing system of most of the autonomous communities of Spain.

Tax and financial relations between the Basque Country and the Spanish State are governed by the **Economic Agreement** system.

The Basque Country has the **capacity to manage and collect almost all taxes** and has regulatory capacity over a relevant proportion of its collection.

The Basque Country finances via **quota** the functions or competences of the State that it has not assumed.

The Basque Country debt is subject to **the same regulation** as the State debt.

Unilateral risk → strong commitment to fiscal discipline

IN 2025 THE REVENUE WAS HIGHER THAN EXPECTED

The revenues have grown 11% compared to 2024.

And have increased 3.1% over the revenues budgeted for 2025.

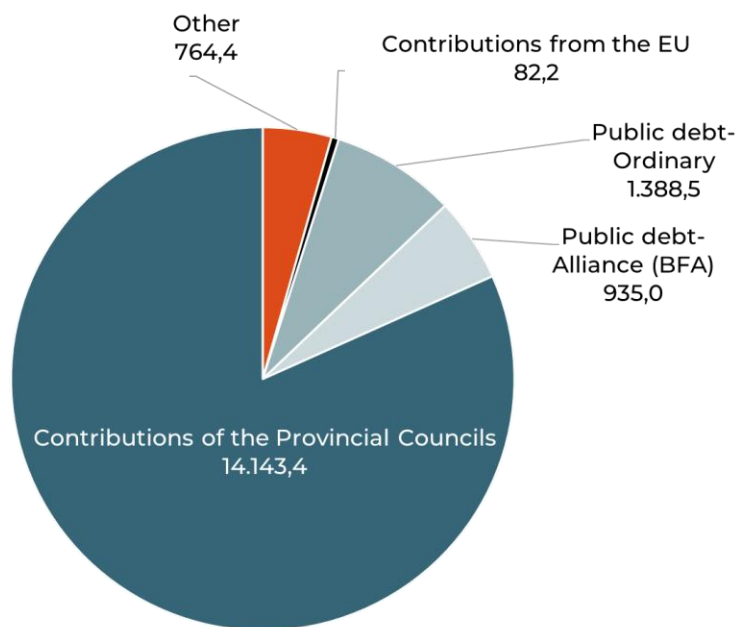
2025

	Millions of euros	Variation rates (%)
DIRECT TAXES	10.175,9	9,3
Personal income tax	7.960,5	14,2
Corporation income tax	1.438,4	-17,3
Wealth tax	231,3	17,2
Other direct taxes	545,7	35,4
INDIRECT TAXES	10.042,4	12,0
Value Added Tax	7.790,0	13,3
Excise duties	1.662,9	14,0
Other indirect taxes	589,5	4,9
FEEES AND OTHER REVENUE	106,1	2,6
TOTAL AGREED TAXES	20.324,4	11,0

#EUSKADIBERRIA

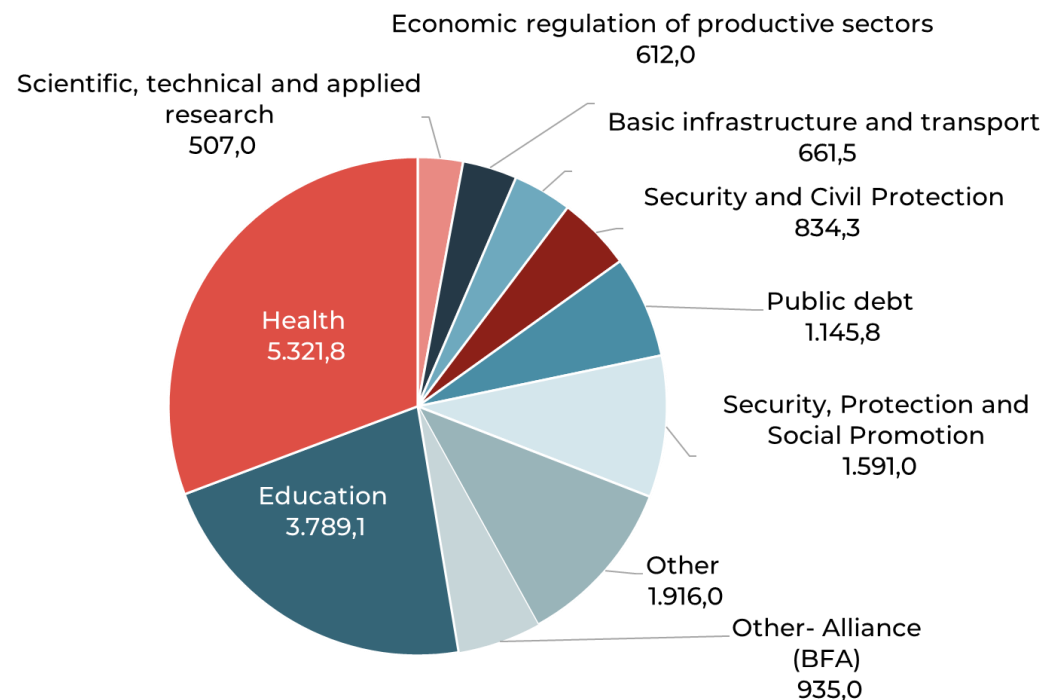
THE BASQUE GOVERNMENT'S 2026 BUDGET AMOUNTS TO €17,313.5 MILLION

Revenue (€ Million)



17,313.5 M€

Expenditure (€ Million)



17,313.5 M€

Source: Department of Finance

#EUSKADIBERRIA



THE BASQUE GOVERNMENT'S ACCOUNTS MAINTAIN THEIR TONE OF FISCAL DISCIPLINE

The Basque regional administration complies with the established deficit targets.

From 2017 to 2019, it closed the accounts with a surplus.

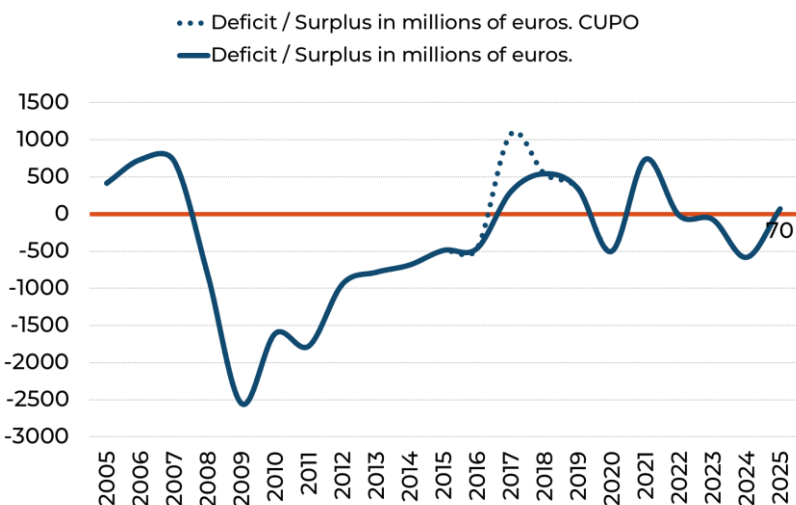
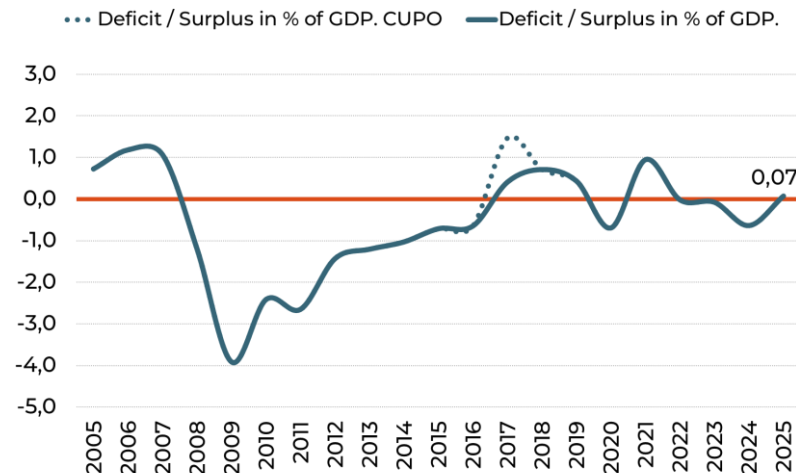
In 2020, the year of the pandemic, it had a deficit of 0.69% of GDP that is reversed in 2021 with a surplus of almost one point of GDP.

Both 2022 and 2023 close with a symbolic deficit of less than 0.1% of GDP.

In 2024, due to the refund to the mutual members, the year ends with 0.64% deficit.

In 2025, the year ended with a surplus of 0.07% of GDP.

The 2026 Budget has been prepared with a deficit forecast of 0.3% of GDP, about 303 million euros.



Years	Deficit/Surplus
2012	-1,43%
2013	-1,21%
2014	-1,03%
2015	-0,71%
2016	-0,65%
2017	1,47%
2018	0,71%
2019	0,43%
2020	-0,69%
2021	0,95%
2022	-0,02%
2023	-0,08%
2024	-0,64%
2025 (*)	0,07%
2026(**)	-0,30%

(*) Still provisional data
 (**) Forecast presented in the budgets.

Source: Department of Economy, Labour and Employment and Eustat for GDP data

THE BASQUE COUNTRY IS ONE OF THE AUTONOMOUS COMMUNITY WITH THE LOWEST DEBT-TO-GDP RATIO

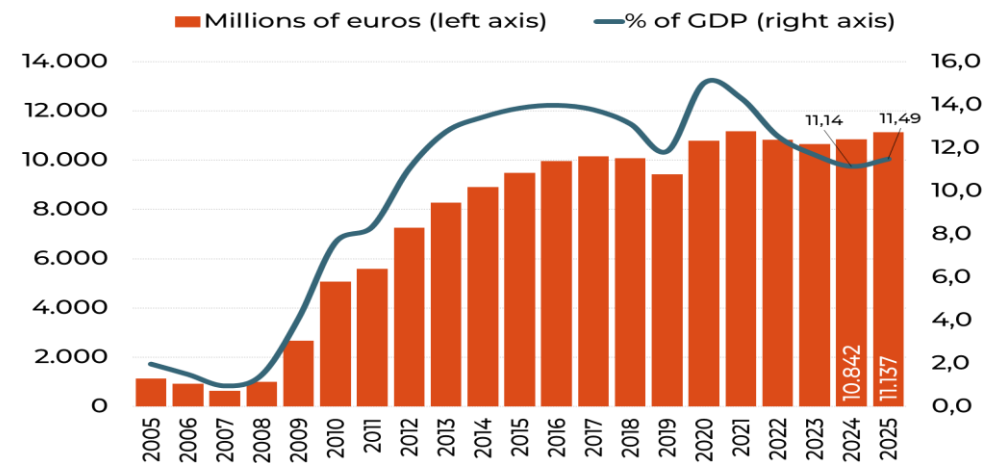
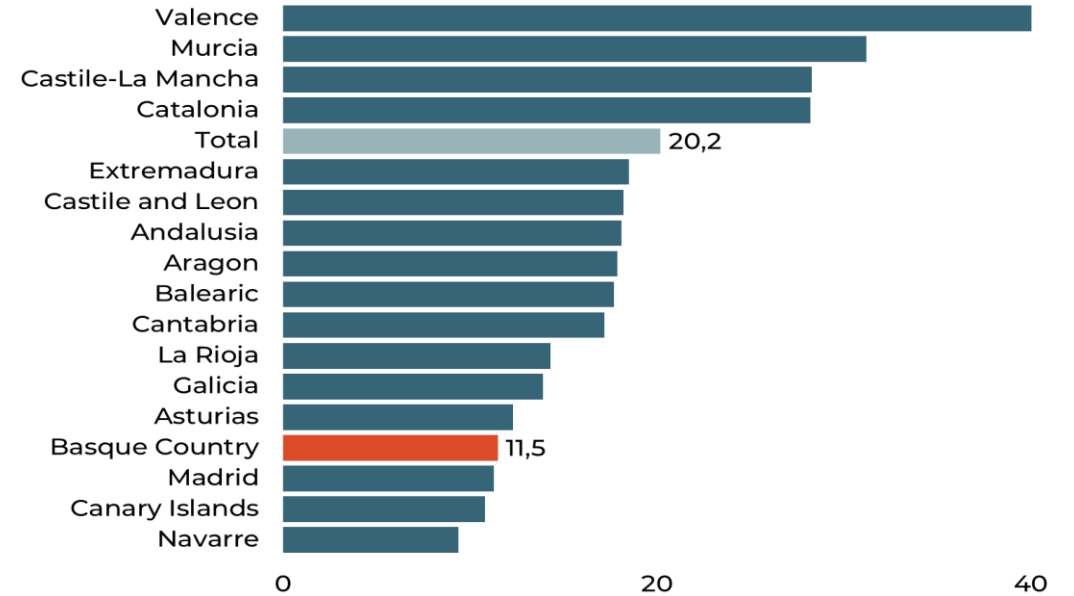
The debt, according to the excessive deficit protocol in 2025, is €11,137 million and represents 11.5% of Basque GDP.

The debt-to-GDP ratio is 10 points below the average of the autonomous communities and is one of the lowest among them.

In 2026, a debt level of €12,455 million is expected (in terms of consolidated accountancy), making it to 12.3% of GDP.

11,5%

Debt according to excessive deficit protocol



Source: Bank of Spain and Eustat for GDP data for the Basque Country.

*Differences in Debt/GDP ratio are due to the different criteria used when calculating GDP

#EUSKADIBERRIA



THE LEVEL OF INDEBTEDNESS OF THE BASQUE GOVERNMENT IS GRADUALLY REDUCING

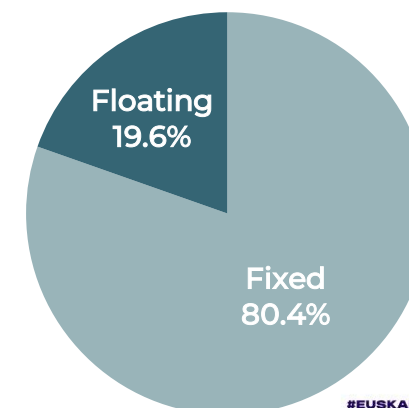
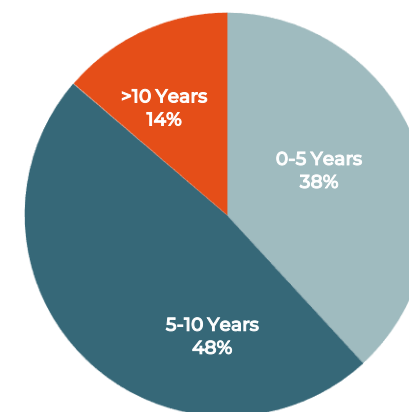
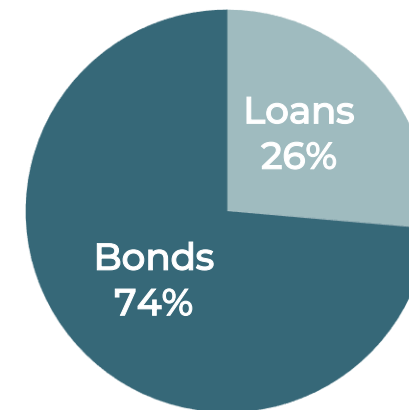
Total debt in December 2025 amounted to €10,808* million. Its average cost was 1.95% and its average life was slightly higher than eight years.

Debt as of 12/31/2025 (Thousands €)	
Loans	2.850.117
Bonds	7.957.993
Government Debt	10.808.110

Financing Needs 2026 (Million €)	
Gross Issues	934
Net Issues	303

Type according to payment terms	
0-5 yrs	38%
5-10 yrs	48%
>10 yrs	14%

Financing cost	
Fixed	80,4%
Floating	19,6%



* Debt data of the Basque Country General Administration, not consolidated.

Source: Basque Government.

S&P AND MOODY'S GIVE A FINANCIAL SOLVENCY RATING ABOVE THE SOVEREIGN

Rating agencies highly value its governance policy and fiscal autonomy, as well as a diversified economic base and deep-rooted industrial culture.

2025 Credit Rating

Agency	Basque Country	Spain
Moody´s	A2 (stable outlook)	A3 (stable outlook)
S&P	AA- (stable outlook)	A+ (stable outlook)
Fitch	A+ (stable outlook)	A (stable outlook)

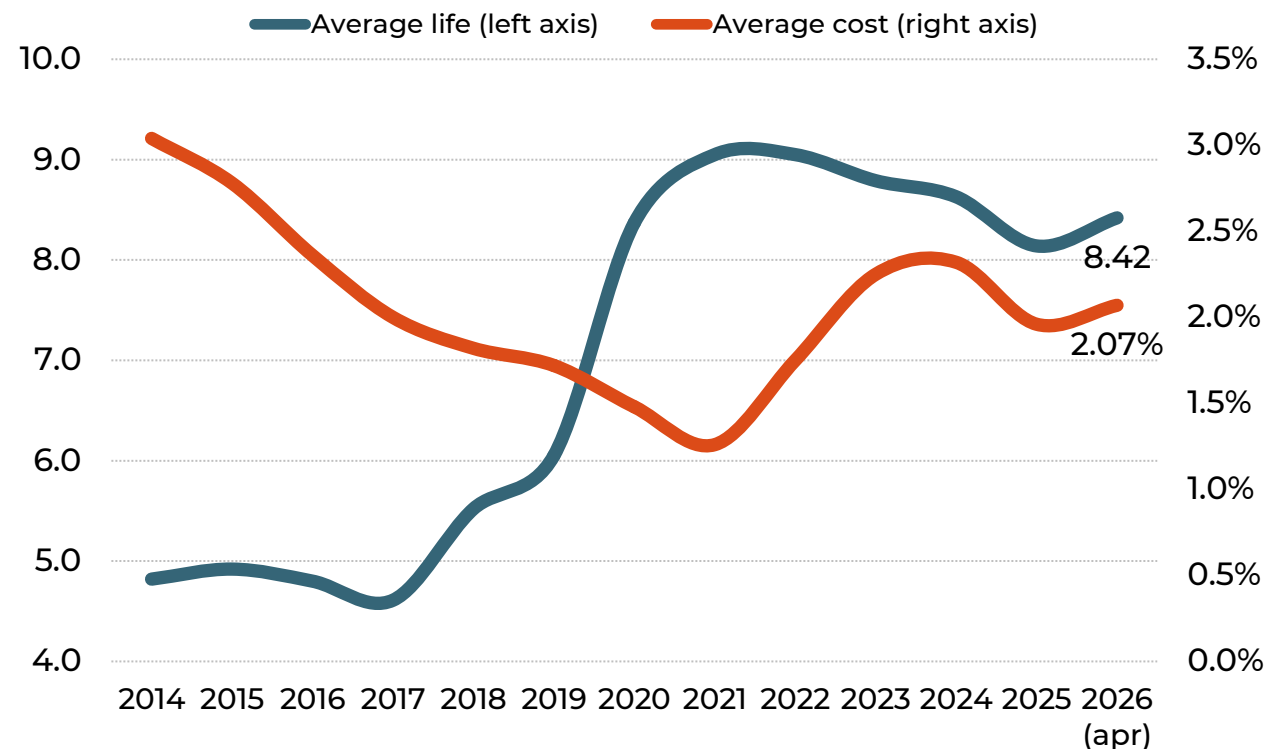
Data is by the end of 2025
Source: S&P, Moody's and Fitch.

THE AVERAGE COST OF DEBT SLIGHTLY DECREASES AND ITS AVERAGE LIFE IS REDUCED

After various years of increase in the average cost of debt, since half of 2023 there has been a decrease in Euribor. Due to this, along with the strategies followed by the Department.

The cost of debt fell below 2% in December, although, due to the volatility of Euribor and the fixed-rate financing strategy, the cost has slightly risen in the first months of 2026.

The average lifespan, on the other hand, maintains a downward trend and stays in almost 8 years.



Source: Department of Economy, Labour and Employment

THE BASQUE GOVERNMENT HAS ISSUED OVER 6,450 MILLION IN SUSTAINABLE DEBT WITH THE X ISSUANCE OF THE "EUSKADI SUSTAINABLE BOND"

The excellent rating of the Basque Country means that the demand for bonds in its issues is much higher than the supply.

In the last issue in February 2026 for 10 years, a coupon of 3.25% is set and demand has been almost nine times higher than supply, receiving requests worth 6,640 million euros.

Issues in circulation

ISIN code	Date Issue	Issue volume	Coupon (%)	Maturity
ES0000106577	30/12/2016	190.000.000	1,466	30/12/2026
ES0000106585	16/03/2017	100.000.000	1,703	30/04/2027
ES0000106619	15/06/2018	500.000.000	1,450	30/04/2028
ES0000106635	25/04/2019	600.000.000	1,125	30/04/2029
ES0000106643	06/04/2020	500.000.000	0,850	30/04/2030
ES0000106684	19/11/2020	600.000.000	0,250	30/04/2031
ES0000106726	16/04/2021	1.000.000.000	0,450	30/04/2032
ES0000106742	17/02/2023	700.000.000	3,500	30/04/2033
ES0000106734	29/04/2022	500.000.000	1,875	30/07/2033
ES0000106759	19/02/2024	600.000.000	3,400	30/04/2034
ES0000106767	03/03/2025	700.000.000	3,250	30/04/2035
ES0000106668	30/04/2020	105.000.000	1,300	30/04/2035
ES0000106775	09/02/2026	750.000.000	3,250	30/04/2036
ES0000106601	28/02/2018	414.767.000	2,500	28/02/2038
ES0000106627	11/04/2019	150.000.000	2,350	11/04/2049
ES0000106650	22/04/2020	81.500.000	1,750	22/04/2050
ES0000106692	25/11/2020	78.000.000	1,000	31/10/2050
ES0000106676	30/04/2020	59.000.000	2,000	30/04/2059
ES0000106700	24/11/2020	510.000.000	1,375	31/10/2070

Sustainable bond issuances in bold.

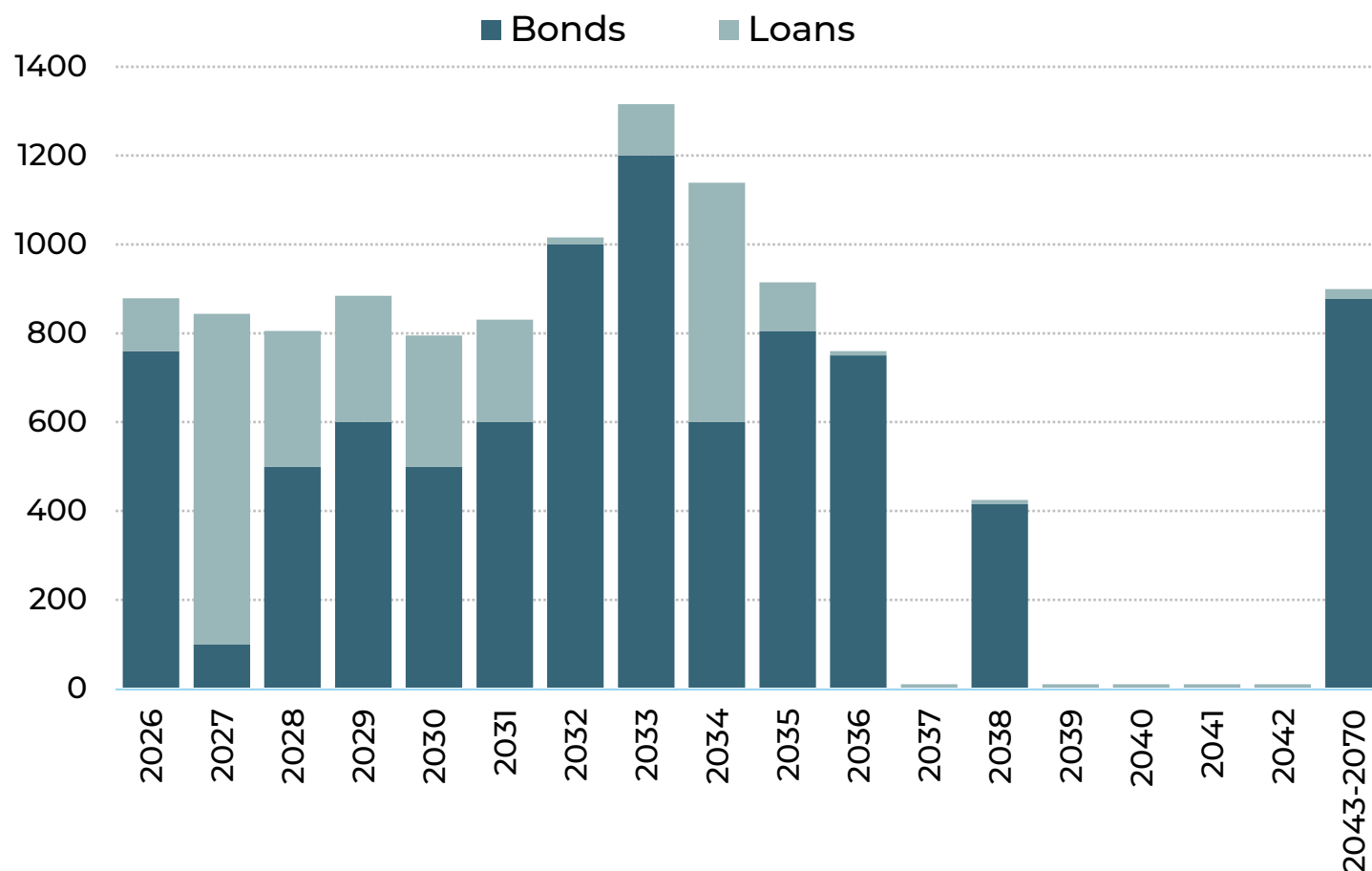
Source: Department of Finance

DEBT REPAYMENT HAS A GROWING PROFILE FOR THE COMING YEARS

Debt repayment has a growing profile for the coming years, with a peak in 2033 of more than €1,300 million between bond and loan repayments.

This is a result of the financing strategy followed by the government.

Amortisation table



Source: Department of Finance

FINANCIAL STRATEGY FOR 2026

2026 is a special year. The Basque Country has launched the Basque Financial Alliance.

The evolution of economic activity and thus tax collection will continue demanding the financing of the corresponding maturities.

Gross requirements are estimated at €2,300 million (€1,300 million for maturities and the deficit + €1,000 million of Basque Financial Alliance). We expect to cover them with a variety of products.

1. The following structure is proposed for the total annual funding needs:

- Two public bond issuances with maturity of 10 years.
- Bilateral loans.

This will also allow us to keep debt payments at current levels for the next five years.

One public issuance will be sustainable following the commitment of the Basque Country with ESG investors of issuing at least once per year.

2. Extension of average debt life by issuing amounts at a longer term.
3. Diversification of funding by combining bond issuances and loans and looking to keep less than 20% of debt at floating rates.

5. Euskadi Eraldatuz Investment Plan - Starting Point

#EUSKADIBERRIA



The Basque Country faces a new cycle that requires investment in transformation

The convergence of **international challenges**, **structural transitions** and own capabilities requires a coordinated response based on **public-private collaboration** and **transformative investment**.

From opportunity to action: major transformational levers

Europe is promoting sustainability and technology through the Green Deal, the Zero Emissions Industry Act and the Digital Strategy.

The Basque Country Industry Plan 2030 reinforces rootedness, competitiveness and sustainable transformation.

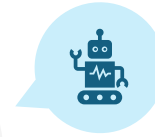
The Basque Country's distinctive strengths

- A solid **industrial base**, **growing technological capabilities** and a **culture** of public-private collaboration.

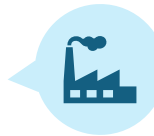
This new scenario will base its response on **public-private collaboration**



Ecological and energy transition: decarbonisation and renewables.



Digitalisation and advanced technology: adoption of emerging technologies.



Reindustrialisation and strategic autonomy: relocation of critical activities, self-sufficiency and territorial sovereignty.



Demographic change and generational renewal: ageing and business succession.

Creating a common financial framework to mobilise investment and accelerate business transformation

Basque Financial Alliance (AFV): public-private partnership framework

Created in 2025 to **mobilise transformative financing by promoting public-private collaboration.**



Financial scope

- Public investment: €1 billion¹. Private capital mobilised: ≥ €3 billion, in line with the Draghi report.
- Signed by: Basque Government, basque financial institutions², (EPSV Federation (voluntary social welfare institutions) and BASQUEFIK financial cluster).



Basque Finance Institute (IVF): responsible for drawing up and implementing the Plan.

Euskadi Eraldatuz 2030: public commitment investment plan in the Basque Financial Alliance

Defines the **destination of €1 billion in public investment** (sectoral priorities, lines of action, new financial vehicles and instruments) with the aim of mobilising private investment.



Main objectives

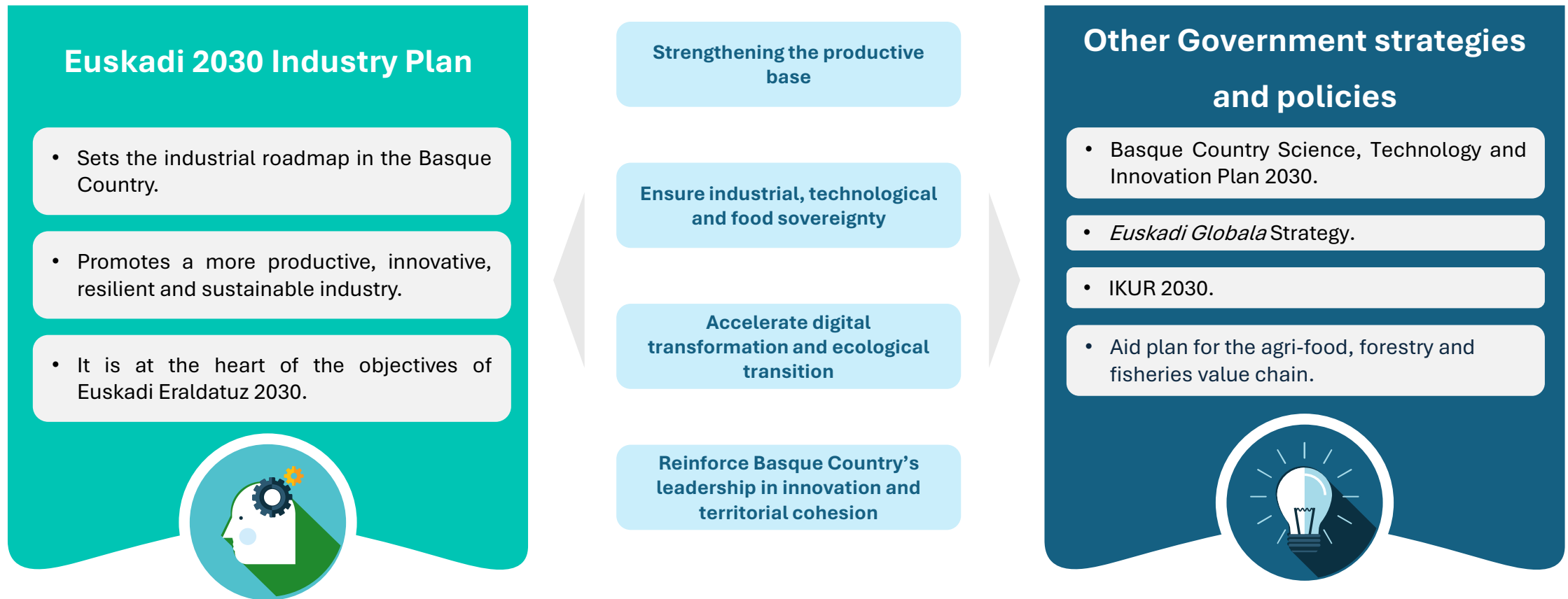
- To drive industrial policy (as well as other Government Plans) by accelerating business transformation.
- To promote the creation of viable and sustainable financial instruments aligned with the structural challenges in the Basque Country.
- To mobilize private resources efficiently to maximise impact.

Note 1. An existing additional €200 million from Finkatuz will be added to this initial allocation of €1 billion.

Note 2. Banking institutions, banking foundations and Elkargi.

Alignment with the Basque Government's strategies and plans

The main plans of the Basque Government, **with the Euskadi Berria approach**, seek to reinforce the commitment to a sustainable and innovative **development model** that meets to the major challenges facing the region.



Priority investment verticals

Three priority areas for action with high transformative potential have been defined. Industry is the **sectoral mainstay upon which the Plan is based**, with great driving force and cross-cutting capacity.

Greater transformative capacity
Greater economic and social impact



Industry

- Economic mainstay of the Basque Country (24% GVA, 19% employment).
- A driving sector with high transformative capacity.
- High investment in R&D and technology.

Sub-sectors: automotive components, sustainable mobility, metallurgy, advanced manufacturing, aerospace, biohealth, advanced digital solutions, renewable fuels and energy.



Infrastructure for the future

- Strengthens competitiveness with strategic networks and assets.
- Supports ecological and digital transition.
- Facilitates mobility, connectivity and equitable access.

Sub-sectors: renewable fuels, smart grids and storage, electricity grids and distribution, digital and scientific-technological infrastructure.



Productive and food sovereignty

- Ensures supply and reduces external dependence.
- Key impact on the territory and rural cohesion.
- Transition towards bioeconomy and local production.

Sub-sectors: agri-food industry, agriculture, fisheries and aquaculture.

Lines of action

Analysis of the challenges facing investment verticals has enabled us to define **the lines of action upon which the Plan is based.**

Maintaining competitiveness and technological adaptation of industry.



Infrastructure requiring modernisation and digital-ecological transition.



Productive and food sovereignty marked by external dependence.



Lines of action Euskadi Eraldatuz 2030

Business rootedness

Keep and consolidate the business sector in the Basque Country, strengthening its ties with the region and its positive impact on the region.

Transformation

Promote growth through resizing, internationalisation, digitalisation and decarbonisation.

Promotion of new industry and emerging sectors

Support innovative initiatives that generate driving sectors and new value chains.

Contribute to accelerating the three main transitions

Technological and digital transformation

Energy and environmental transition

Demographic and social transition

Process for designing the Plan's measures

Based upon the previous diagnosis of transformation needs, which has resulted in the areas and lines of action, the process of designing specific measures has continued.



1
Identify investment needs in the business sector

(macro analysis and interviews with sector stakeholders)

2
Identify funding gaps

(micro analysis and mapping of the range of financial instruments available in the Basque Country)

3
Identify best practices in public-private collaboration

(benchmarking and interviews with reference organisations)

NON-EXHAUSTIVE		
<i>Efficiency and competitiveness</i>	<i>Digitalisation</i>	<i>Flexible debt and risk coverage</i>
	<i>Transformation, adaptation and anticipation</i>	<i>Decarbonisation</i>
<i>Growth</i>	<i>Strategic infrastructure</i>	<i>Start-ups</i>
<i>Leading projects</i>		<i>Resizing</i>





Public-private partnerships

- 1** Loans (co-financing)
- 2** Risk coverage (guarantees)
- 3** Direct investment in capital (co-investment)
- 4** Indirect investment (anchor investor)

Public vehicles at the service of transformation

Among the identified alternatives for leveraging private capital, **new or reinforced public vehicles** employ all of them to enhance **public-private collaboration**.



PUBLIC VEHICLES	 IVF FINANCING (loans and guarantees)	 FINKATUZ (investment company) ¹	 INDARTUZ (investment company) ¹	 VENTURE CAPITAL FUNDS
DESCRIPTION OF THE VEHICLE	Traditional financing through loans and guarantees, with flexible solutions.	Investment vehicle to ensure the rootedness of leading companies through equity investments.	New agile and versatile investment vehicle to adapt to the requirements of large transformative investments (directly and indirectly).	Indartuz investment in new funds managed by GCRPV (public fund manager), to promote new industry and leading sectors.
NEW	New lines of financing and reinforcement (loans and guarantees)	Strengthening and renewal (update of investment criteria)	New vehicle (transformative investments)	New investment funds
PUBLIC-PRIVATE PARTNERSHIP FORMAT	1 Co-financing 2 Guarantees	3 Co-investment	3 Co-investment 4 Anchor investor in public-private funds	3 Co-investment

DETAILS OF NEW INITIATIVES AND VEHICLES ON THE NEXT PAGE

Note 1. It is legally constituted as a company, although in institutional practice it is referred to as a "fund".

New financial instruments based on the lines of action





The new instruments allows to **expand coverage and strengthen financial support for Basque companies.**

	Public vehicles	Instruments	Description Instrument	
Lines of action	Transformation ¹	1.1 <i>New</i> Guaranteed financing line	– Financing line for SMEs, guaranteed by Elkargi, improving access to finance for transformative projects	
		1.2 <i>Reinforcement</i> IVF loans and guarantees	– New IVF line of loans and guarantees for companies with transformative projects	
	Rootedness	2 <i>Renewal</i> Finkatuz Berrituz Initiative	– Review of investment strategy for business rootedness : extended to companies with turnover >€50 million and inclusion of ESG criteria	
	Transformation ¹	INDARTUZ	3.1 <i>New</i> Flexible debt programme	– Public-private co-investment initiative that provides basque companies with flexible debt tailored to their transformation needs
			3.2 <i>New</i> Advanced infrastructure Programme	– Investment in advanced infrastructure that promotes competitiveness and a transformative ecosystem
			3.3 <i>New</i> Scale-up Investment Programme	– Support for the resizing of SMEs to scale-up, avoid relocation and promote the development of a network of local investors
			3.4 <i>New</i> Social transition Programme	– Actions, projects or investment initiatives in social sectors (culture, education, equality, etc.) to strengthen the social cohesion that underpins any economic transformation
	Promotion of new industry and emerging sectors	New venture capital funds ²	4.1 <i>New</i> Hazten Fund (scale-up)	– Public fund , 100% Indartuz, managed by GCRPV, to invest as a minority shareholder in start-ups with a turnover of less than €3 million, supporting their scaling up with innovative formulas
			4.2 <i>New</i> EZTEN II Fund	– Public fund , 100% Indartuz, managed by GCRPV, to invest as a minority shareholder in SMEs with turnover <€50 million, promoting entrepreneurship, industrialisation and growth with innovative formulas

Note: 1. Industrial transformation and resizing, growth, internationalisation, digitalisation, decarbonisation; 2. Managed by Gestión Capital Riesgo del País Vasco (GCRPV, under the Department of Industry, Energy Transition and Sustainability).

Budget allocation and alignment with the financial ecosystem

The budget allocation planned for the various instruments of the Plan is in line with a strategy of efficient mobilisation of public resources aimed at maximising the impact of investments on industrial, technological and territorial transformation.

	BUDGET ALLOCATION (approximation in M€)	POTENTIAL INVESTMENT TRACTION	
		BASQUE BASQUE FINANCIAL ALLIANCE	OTHER POSSIBLE PARTNERS
 NEW IVF FINANCING LINES + Elkargi guarantee line of €350 million (Guaranteed financing line)	100-200		Other financial entities (banking institutions, debt funds, etc.) Other public bodies
 FINKATUZ	300-400	EPSVs ¹	Investment funds Industrial investors Cooperative sector Other public bodies Etc.
 INDARTUZ	350-450		
 NEW VENTURE CAPITAL FUNDS	50-150		
PLAN GOAL	€1 billion	>€3 billion	

NON-EXHAUSTIVE

Note 1. Voluntary social welfare institutions

Note 2. Banking institutions, banking foundations and Elkargi.

Management, governance and transparency structure

The institutional structure of the Plan defines the levels of responsibility and coordination flows necessary to ensure its implementation. In order to monitor the technical and strategic progress of the Plan in a consistent manner, indicators have been defined in different areas

Main management and governance bodies of the Plan

Body	Main function
IVF Board of Directors	<ul style="list-style-type: none"> Defines guidelines and validates strategy
Operational Team	<ul style="list-style-type: none"> Direct implementation of the Plan. Reports to the IVF Board of Directors
AFV Joint Monitoring Committee	<ul style="list-style-type: none"> Advisory role for alignment with the Alliance
Basque Industry Council	<ul style="list-style-type: none"> Advisory role for sectoral comparison



Monitoring indicator system

Aggregate indicators of the Plan

- Investment and financing volume
- Private investment traction

Business impact indicators

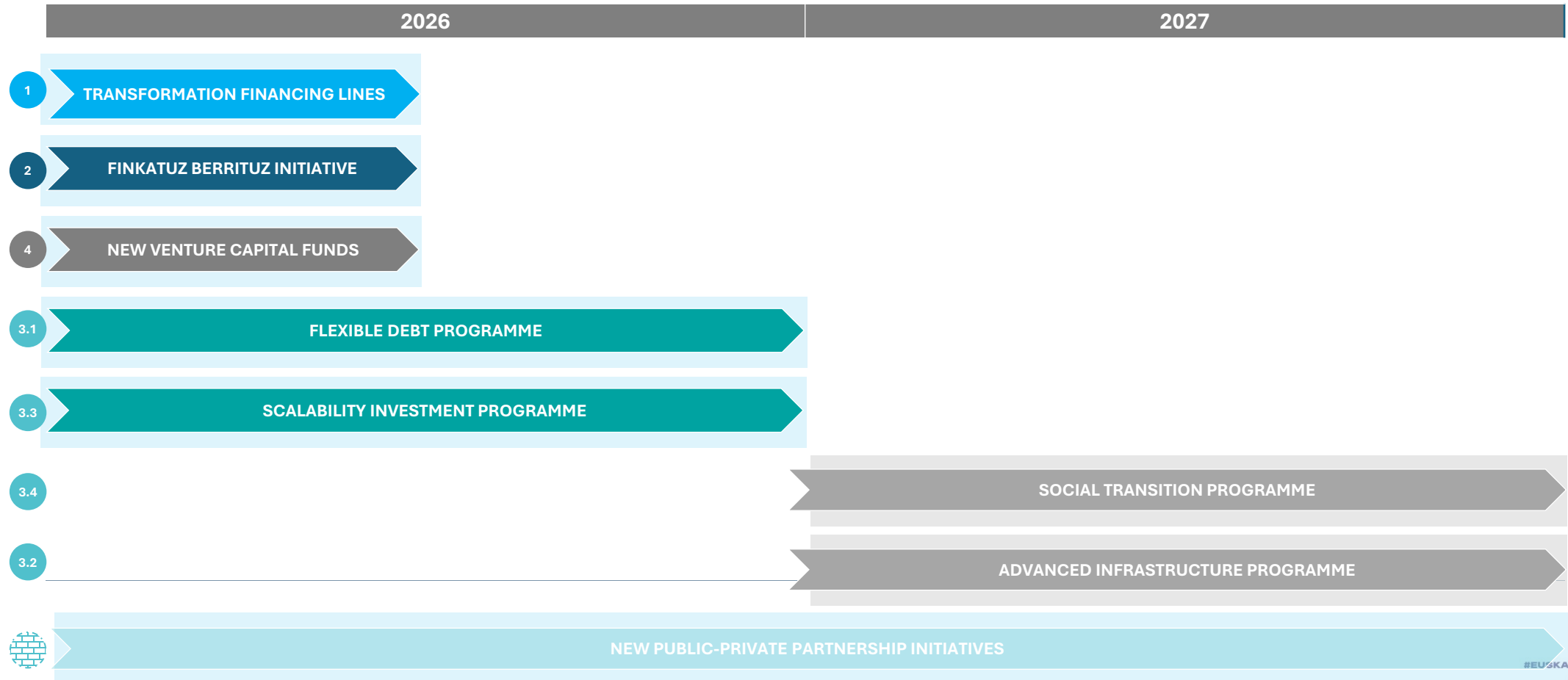
- Estimated impact on companies benefiting from the Plan

Transparency and management indicators

- Public availability of Plan data, promotion of public-private collaboration, etc.

Implementation schedule

The estimated schedule establishes a progressive activation of the new financial instruments based on the maturity of the design, the degree of complexity and the strategic priorities of the Plan.





#EUSKADIBERRIA



EUSKO JAURLARITZA
GOBIERNO VASCO