

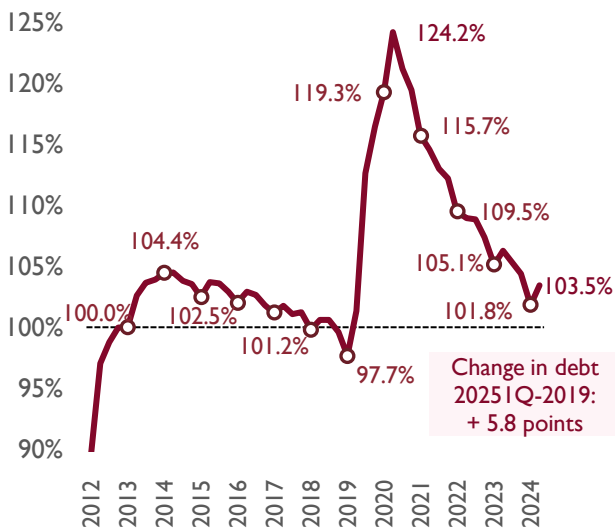


- The Spanish debt-to-GDP ratio stood at 103.5% in the first quarter of 2025, a reduction of 2.8 points compared with the same quarter of the previous year and an increase of 5.8 points compared with the pre-pandemic level
- The cumulative reduction since the peak reached in the first quarter of 2021 (124.2%) is 20.7 points. Real economic growth and the GDP deflator have been the main drivers of the reduction in the debt ratio in the period 2021-2024
- Spain remains one of the EU countries with the highest debt levels, although, together with Greece, Portugal and Italy, it has achieved significant reductions in its ratio in recent years. In contrast, France and Belgium have barely reverted the increase in indebtedness caused by the pandemic
- Inflation in the euro area continues its downward trend and is virtually at the ECB's 2% target, a context of disinflation that has given way to a phase of monetary policy easing after years of tightening. Central banks are moving towards gradual, data-driven normalisation, with approaches differing between the euro area and the United States according to their respective economic outlooks
- Rate cuts continue to be accompanied by the reduction of balance sheets that grew markedly in recent years. Markets continue to absorb this "quantitative tightening" in an orderly fashion
- Throughout 2025, financial markets have experienced high volatility due to risks such as the Trump Administration's tariff and tax policies and geopolitical tensions that have been heightened in the case of the Middle East. The VIX Index reflected this volatility with a peak in April, but has declined in June to more moderate levels, reflecting some easing of tariff tensions
- This volatility has impacted both sovereign bonds and the exchange rate, pushing US yields above 5% and causing the dollar to depreciate by nearly 10% against the euro. This behaviour responds to the growing US fiscal deficit and the decline in international demand for debt, intensified by the gradual withdrawal of major holders such as China and Japan
- In contrast, greater macroeconomic stability in Europe and ECB policy have helped sustain low yields, reinforcing the attractiveness of European debt as a safe haven asset
- Yields on Treasury bills in Spain have fallen by almost half due to the ECB's rate cuts, but continue to attract small savers. Retail demand remains strong, with reinvestments close to 90% and household holdings still high at around 30% of the total
- Euro area risk premiums against German bonds continue to show stability and a favourable evolution. Spain has reduced its risk premium to 58 basis points, its lowest level since 2021, while Italy has recorded the most notable improvement. France has also improved, although its risk premium is still higher than Spain's, reflecting a greater perception of risk

- The Public Treasury has continued to reduce the cost of its new issues in 2025, thanks to lower rates and strong investor demand. The average cost fell to 2.79%, 120 basis points below the peak in 2023
- As for the evolution of debt, AIReF forecasts a slight reduction in the debt-to-GDP ratio in 2025, standing at 101.6%, which is only 0.2 points lower than in 2024
- This moderation in the rate of decline contrasts with the 3.3-point reduction of the previous year and is due to a slower momentum of economic growth, a greater infrastructure stock-flow adjustment associated with European loans and a still negative, albeit more contained, impact of the public deficit. These forecasts are consistent with those included by the Government in its Annual Progress Report
- In the medium term, AIReF estimates a gradual reduction in the public debt ratio, which would reach 99.1% of GDP in 2029, 2.7 points lower than in 2024. This evolution would be mainly driven by nominal GDP growth, especially by the deflator, while the primary balance would tend towards equilibrium, with a public deficit that would practically correspond to interest spending
- In the long term, AIReF's baseline scenario projects an unfavourable evolution of the debt-to-GDP ratio, reaching 181% in 2070
- Although a reduction in debt of 22 points of GDP is forecast for this decade, this favourable trend will slow as from 2030. The worsening of the primary balance, driven by the impact of population ageing, combined with stabilised nominal growth and an increase in the average interest rate on debt, will lead to a new upward path for public borrowing
- The projected improvement in the primary balance in the 2050s and 2060s will not be sufficient to offset the rising interest spending stemming from the high level of accumulated debt
- The scenario of compliance with the fiscal rules of the new European governance framework projects a favourable evolution of public finances in the long term
- According to AIReF's projections, a total adjustment of 3.16 points of GDP would be necessary between 2025 and 2040, spread over four four-year fiscal plans, to ensure a downward long-term debt path
- This adjustment, implemented in a progressive and downward manner, would bring the debt ratio down to 62% of GDP in 2050, bringing it closer to the 60% threshold of the Maastricht Treaty. Each plan would ensure that debt continues to decline even in adverse scenarios, with the first one already committed to for the period 2025-2028, with an annual adjustment of 0.42 points. Subsequent plans would require smaller efforts, adapting to long-term sustainability needs
- Regional debt has followed a markedly upward trajectory since 2007, when it stood at a low of 5.8% of GDP, to reach an all-time high of 26.9% in 2020, coinciding with the outbreak of the pandemic
- Since then, it has registered a cumulative reduction of 5.8 points, standing at 21.1% of GDP at year-end 2024, below the level prior to the health crisis, although still well above the legal reference rate of 13% established in the LOEPSF. This situation is common to most of the Autonomous Regions (ARs): 13 of the 17 exceed this threshold, with marked regional differences - from 40.7% of GDP in Valencia to 11.4% in the Canary Islands - a gap that has widened considerably during the crisis episodes

- The most indebted ARs in relation to their GDP are Valencia, Murcia, Catalonia and Castile-La Mancha, all with ratios close to or above 30%. Catalonia leads in absolute terms, while Valencia has the highest debt per capita. In contrast, Navarre, the Canary Islands, the Basque Country and Madrid maintain levels below 13% of GDP
- Since 2020, most ARs have reduced their debt ratio, particularly the Balearic Islands and Castile-La Mancha. Although debt remains above 2008 levels, significant progress can be observed, even in the most indebted regions
- Per capita debt shows a strong regional disparity, with differences of more than €8,000 between ARs
- The weight of extraordinary financing mechanisms for the ARs has remained stable at around 60% since 2017, after a rapid increase between 2012 and 2016. These mechanisms, such as the Regional Liquidity Fund (Spanish acronym: FLA), the Financial Facility and the Supplier Payment Fund, have been used very unevenly across ARs and over time
- Currently, six ARs - including Catalonia, Valencia and Castile-La Mancha - have a utilisation rate of more than 75%, while others, such as Navarre, the Basque Country and Madrid, do not make use of them. Catalonia, Valencia and Andalusia account for 75% of the total funds received
- AIReF estimates that, in a no-policy change scenario, the regional debt ratio will gradually fall in the medium term, although it will not reach the target of 13% of GDP by 2029, and will still be above 18%
- In the longer term, under a baseline scenario, regional debt would continue to decline and reach 13% in 2044, with a reduction of 6.8 percentage points (p.p.) by 2040, thanks to GDP growth and a favourable evolution of the primary balance. However, if a gradual fiscal cutback of 0.23 p.p. per annum were to be applied between 2025 and 2028, the ratio could reach 13% as early as 2031

Debt (% GDP), quarterly evolution

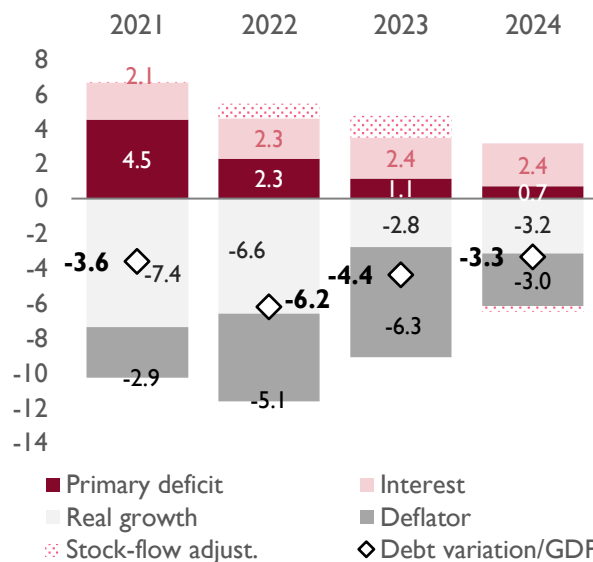


Source: INE, Bank of Spain and AIReF

Real economic growth and the GDP deflator have been the main drivers of the reduction in the debt-to-GDP ratio over the period 2021-2024, largely offsetting the sharp rise recorded during the pandemic. The combination of a sustained recovery in economic activity and persistently high inflation rates until recently have underpinned a gradual decline in public debt relative to the size of the economy. In turn, the positive contribution of the public deficit has been moderating significantly. In contrast, there has been a slight increase in the financial burden as a result of higher financing costs. Furthermore, in recent quarters there has been a slowdown in the pace of reduction of the debt ratio, consistent with a more moderate evolution of nominal GDP.

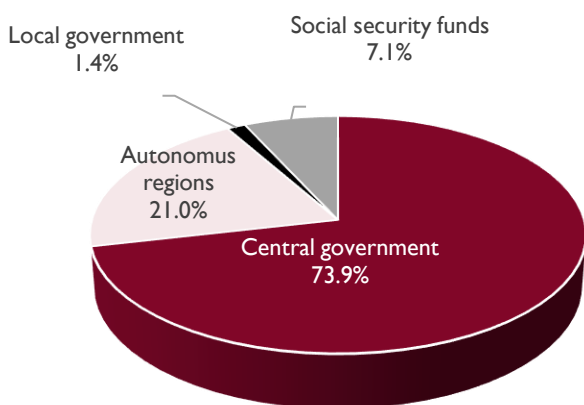
The Spanish debt-to-GDP ratio stood at 103.5% in the first quarter of 2025, down 2.8 points from the same quarter of the previous year and up 5.8 points from the pre-pandemic level. There is a 1.6-point rebound from the end of 2024, which can be explained by the traditionally positive seasonality of the first quarter of the year, as public issuers tend to take advantage of the favourable demand at the start of the year. The cumulative reduction since the peak reached in the first quarter of 2021 (124.2%) is 20.7 points. In monetary terms, public debt has continued to grow in 2025 to reach €1.667tn in March, a year-on-year growth rate of 3.3%.

Contributions to the change in debt, p.p.



Source: AIReF

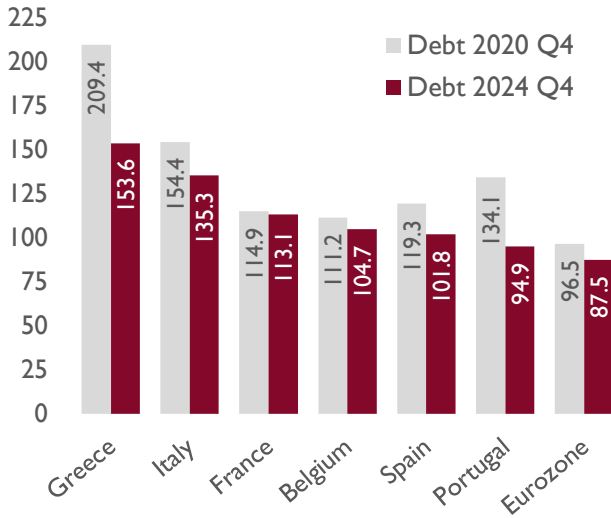
Debt (% GDP) by sub-sector, first quarter 2025



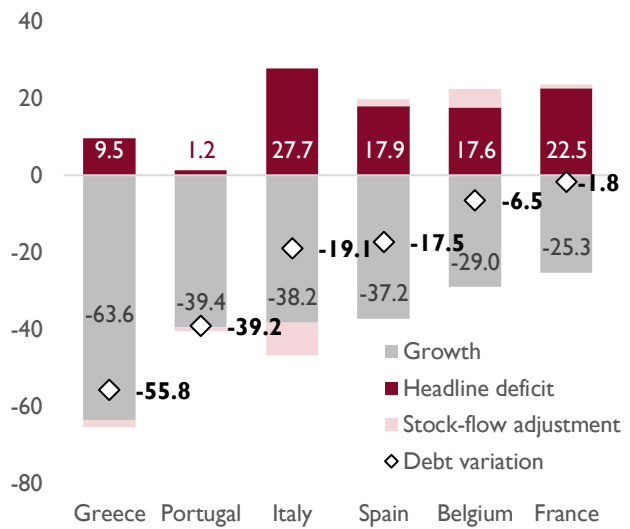
Source: Bank of Spain and AIReF

As regards the evolution of debt by the General Government (GG) sub-sector, the net fiscal balance of the Central Government (CG) stood at €1.18bn in March 2025, equivalent to 73.2% of GDP, down 2.7 p.p. on the previous year. The debt of the Social Security Funds (SSFs) amounted to €126bn, or 7.8% of GDP, an increase of 0.7 p.p. The debt of the ARs increased to €338bn, equivalent to 21% of GDP, which, however, represents a reduction of 0.7 p.p. in relative terms. Furthermore, the Local Government (LG) debt remained low at €22.9bn, or 1.4% of GDP. In nominal terms, all sub-sectors recorded a year-on-year increase in their debt, with the exception of the LGs, which experienced a slight decrease of 1% from the level observed in the first quarter of 2024.

European Union countries with a debt ratio of close to or above 100% of GDP



Contributions (p.p.) to cumulative change since peak of pandemic (2020-24)

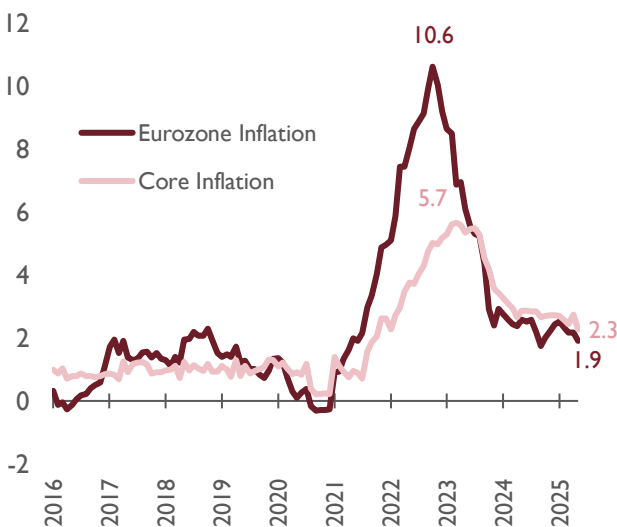


Source: Eurostat and AIReF

The evolution of the post-pandemic debt ratio in the most indebted EU countries highlights a process of correction after the sharp increase recorded during the health crisis. Particularly noteworthy are the cases of Greece and Portugal, which have achieved significant reductions in their debt-to-GDP ratios as a result of a process of fiscal consolidation and the boost to economic growth following the pandemic. Spain and Italy have also recorded significant, albeit more moderate, reductions. In contrast, in the case of France, debt has remained practically stable, making it the country with the third highest levels of debt as a percentage of GDP, behind Greece and Italy.

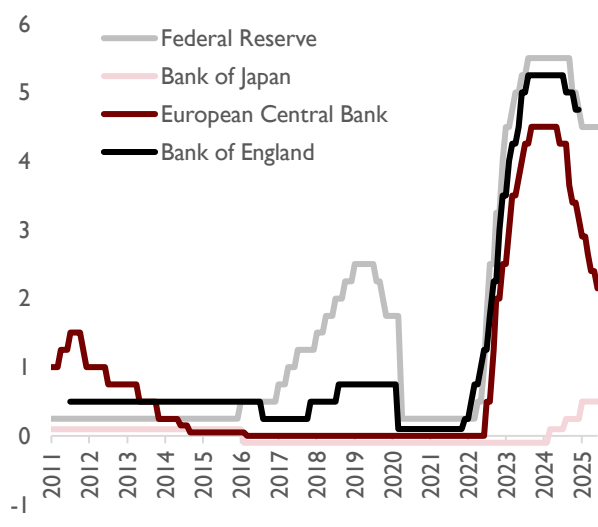
Financing conditions in the European debt markets have been conditioned by contained inflation and the easing of monetary policy. Inflation in the euro area continues to show a downward trend over the last year, now virtually at the 2% target set by the ECB. In May, headline inflation fell to 1.9% year-on-year, down 0.3 p.p. from April, while core inflation also declined to 2.3% (-0.4 p.p.). Among the main economies in the area, declines in the harmonised CPI were recorded in Germany (2.1%, -0.1 p.p.), France (0.9%, -0.3 p.p.) and Italy (1.9%, -0.1 p.p.), while in Spain it remained stable at 2.2%. These data reinforce the European Central Bank's confidence in the consolidation of the disinflationary process, providing positive signals for the last phase of its fight against inflation.

Harmonised inflation in the euro area



Source: Eurostat

Official interest rates



Source: ECB and Refinitiv

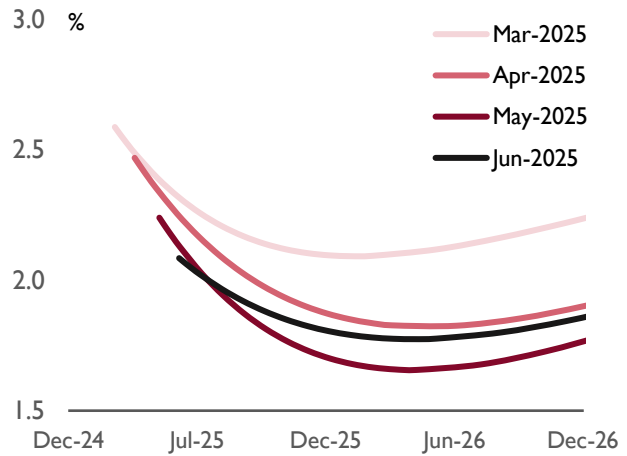
In the current context of disinflation, monetary policy has entered a new phase of easing after several years marked by a sharp tightening to cope with the post-pandemic inflationary spike and the energy shock from the war in Ukraine. With headline inflation gradually declining in most advanced economies and approaching price stability targets, the main central banks began a process of monetary normalisation, albeit with a prudent and gradual

approach, with each decision being made on a data-driven basis, especially with regard to the evolution of core inflation, wage behaviour and the resilience of domestic demand. Diverging inflation and growth prospects at an international level have prompted differentiated monetary policies in recent months on both sides of the Atlantic.

The ECB recently cut policy rates to 2%, the lowest level since December 2022, after eight cuts in nine meetings since June 2024, characterising the situation as "an end of the monetary cycle". Markets expect the ECB to continue with further cuts, possibly reducing rates to 1.75% in September and to 1.5% by the year-end, depending on the evolution of EU-US trade negotiations and other economic factors.

For its part, the US Federal Reserve has maintained interest rates in the 4.25%-4.5% range for the third consecutive revision, taking a cautious stance in the face of heightened economic uncertainty. The Fed has expressed concern about stagflation risks from the new US trade policy, especially if reciprocal tariffs are implemented after the 90-day pause. Financial markets have adjusted their expectations for the Fed's next steps for the remainder of 2025, anticipating that it will maintain interest rates in the current range until at least September, due to inflationary pressures stemming from the Trump Administration's tariff policies and the widening fiscal deficit. Some economists expect a single cut in December.

Expected rate on the ECB's deposit facility ()*

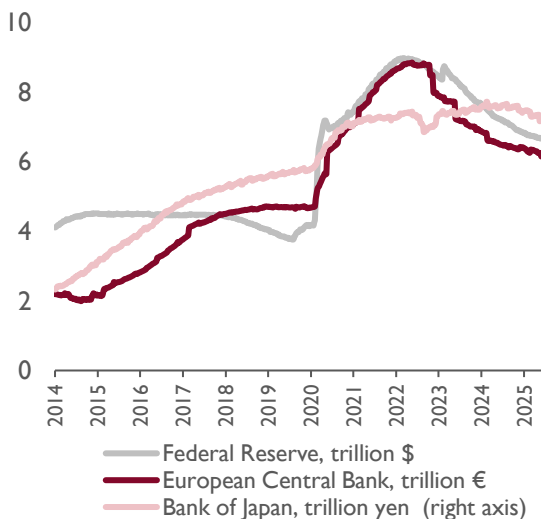


(*) Discounted using the OIS instantaneous forward curve.

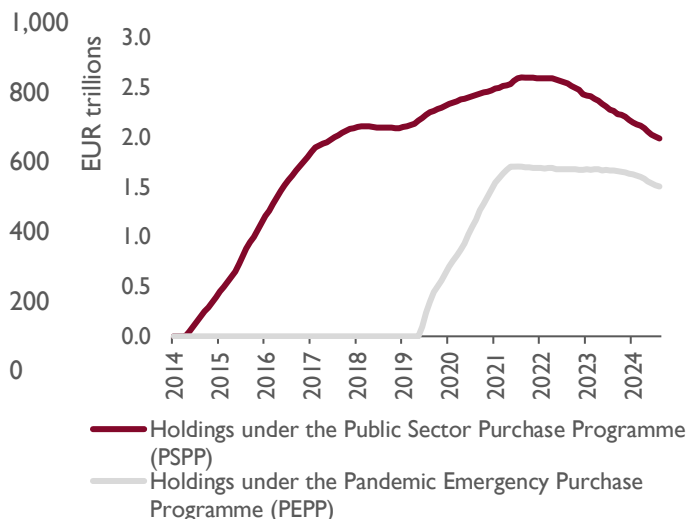
Source: Refinitiv and AIReF

Over the last year, the main central banks have made progress in reducing their balance sheets, a process known as "quantitative tightening", with the aim of normalising monetary conditions after years of expansionary policies. Rate cuts continue to be accompanied by the reduction of balance sheets that have grown exponentially in recent years. The reduction of balance sheets has been carried out through a passive strategy, based on allowing assets to mature without being rolled over, avoiding the early sale of these instruments. The balance sheets of the ECB and the Fed will continue to shrink in 2025, albeit at a more moderate pace in the case of the US, and could be around 40% and 25% of GDP in the euro area and the US respectively. To date, markets have absorbed this quantitative tightening in an orderly fashion, without jeopardising the process of monetary easing initiated with the recent interest rate cuts.

Central Bank Balance Sheets



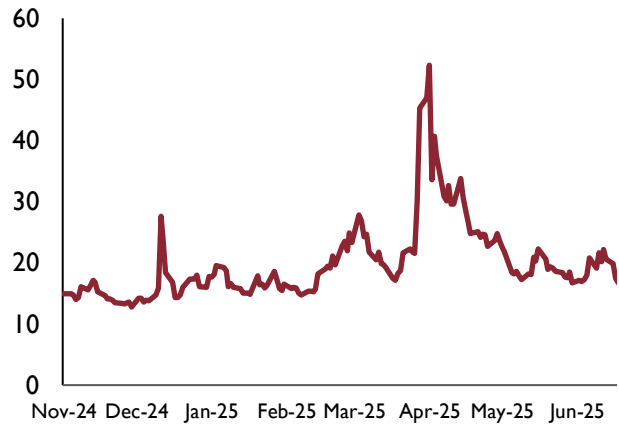
ECB Asset Purchase Programme Holdings



Source: European Central Bank

In 2025, financial markets have been marked by high volatility, fuelled by several risk factors, including the Trump Administration's tariff and tax policies, geopolitical tensions and, in Europe, the tension between growing spending needs coupled with defence plans and the need to redress high debt levels and meet commitments under the new European fiscal framework. This volatility has been reflected in the evolution of the VIX Index, known as the "fear index", which measures expected stock market volatility.

VIX Volatility Index



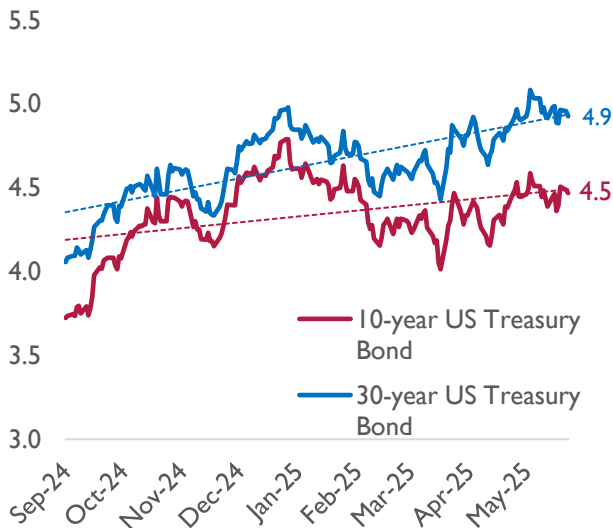
Source: Refinitiv

After a strong rebound in April - when it surpassed 50 points coinciding with the US announcement of the so-called "Liberation Day" and its extreme tariff package - the VIX has fallen in recent weeks. In June, it hovered around 16.77 points, a relatively contained level compared with recent highs, suggesting a certain normalisation of financial conditions after the initial shock.

This volatility has also had an impact on sovereign bonds. In the US, concerns about fiscal sustainability and rising deficits have pushed long-term bond yields above 5%, reducing their attractiveness as safe haven assets.

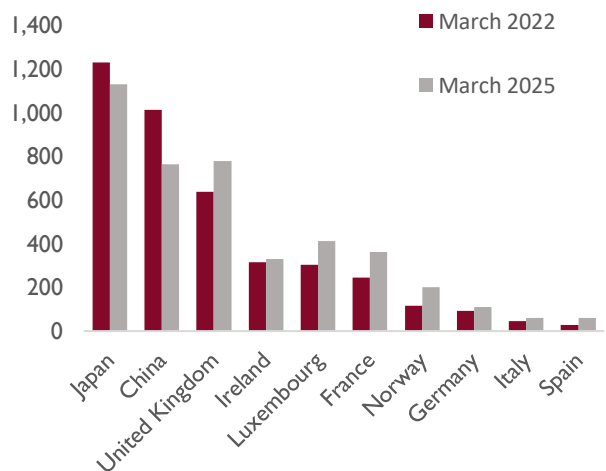
Since 2022, both Japan and China - the two largest foreign holders of US debt - have significantly reduced their exposure to the US economy. Japan has cut its holdings by 8% to \$1.13tr, while China has made an even more drastic adjustment, cutting its holdings by 25% to \$779.318bn. This gradual withdrawal of two key market players represents a structural decline in international demand for US Treasury bonds, contributing to upward pressure on yields. In the absence of these major buyers, the US Treasury must offer greater incentives - in the form of higher rates - to attract new investors, in a context also marked by growing net borrowing requirements and an expanding fiscal deficit.

US 10-year and 30-year bond yields



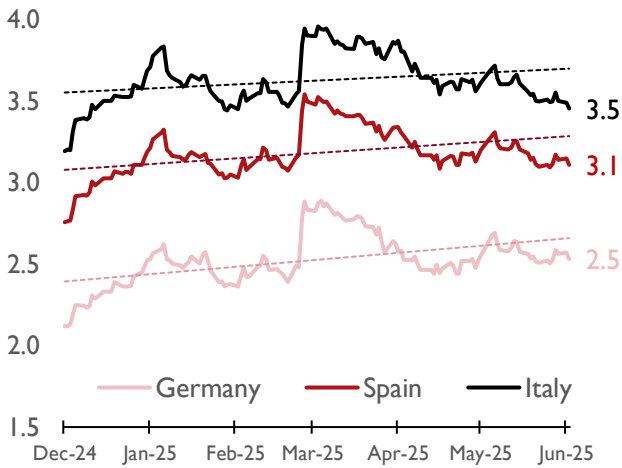
Source: Refinitiv

US debt held by foreign countries (USD billion)



Source: US Treasury Department

European 10-year bond yields

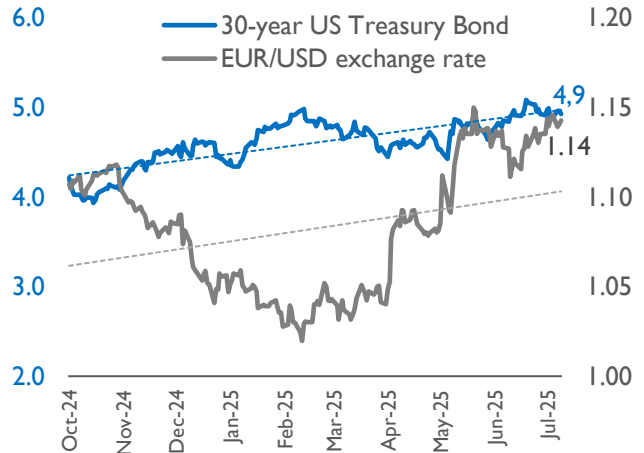


Source: Refinitiv

In contrast, in Europe, greater economic stability and the policies of the European Central Bank have been able to attract yield-seeking investors by pushing sovereign bond yields on a downward path. This has corrected the rise seen when the turnaround in German fiscal policy and programmes to increase defence expenditure at a European level were announced.

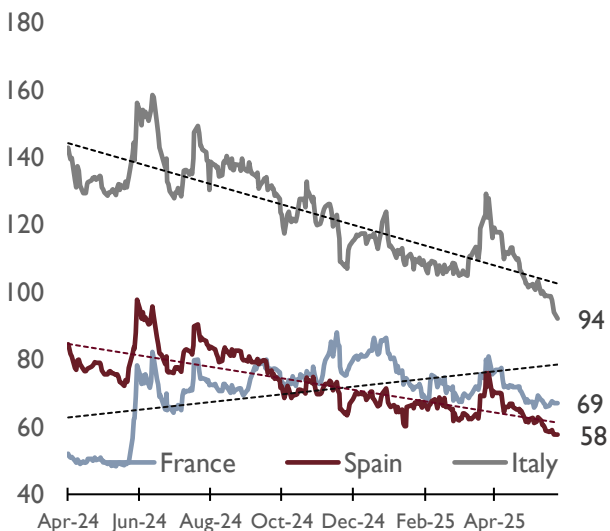
The divergence in US and European sovereign debt yields has not prevented a depreciation of the dollar exchange rate. The rise in US yields, driven by higher term premiums, fiscal deterioration and lower international demand for dollar-denominated assets, has widened the spread against the German bond. However, this higher yield has not prevented a depreciation of the dollar, which has lost nearly 10% against the euro so far in 2025, reflecting a shift in investor preferences and a growing perception of risk associated with US economic and fiscal policy.

US 30-year bond yields and euro/dollar exchange rate



Source: Refinitiv

Risk premium (10-year spread over Germany)

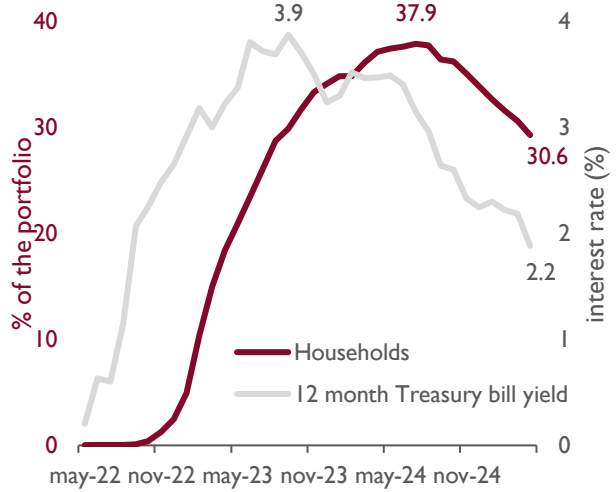


Source: Refinitiv

Over the course of 2025, the risk premiums of the main euro area countries against the German bond have shown a favourable evolution. In the case of Spain, the premium has fallen to 58 basis points, reaching its lowest level since February 2021. Italy, although still registering a higher premium - at around 94 basis points - has seen a sharper improvement than Spain, with a cumulative reduction of 23 basis points so far this year, compared with the 12-basis point fall by Spain. France, for its part, has also seen some improvement, with a similar fall to Spain, to stand at 69 basis points. Nonetheless, its spread has remained above the Spanish spread since October 2024, reflecting a perception of higher relative risk by the market.

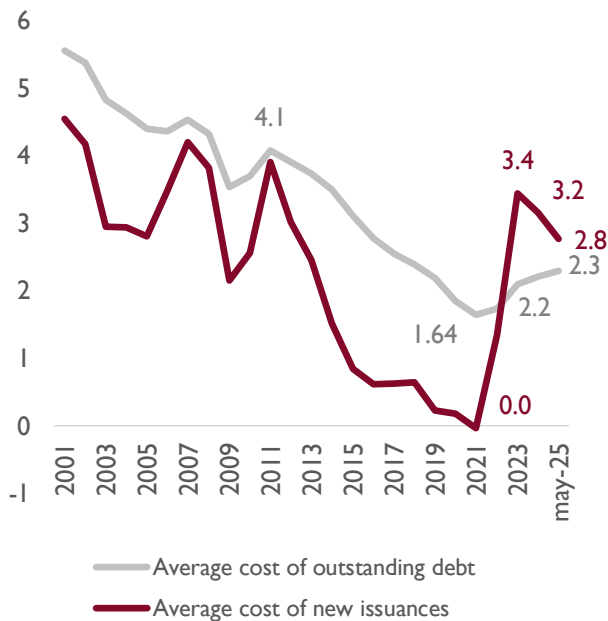
Yields on Spanish Treasury bills have declined notably throughout 2025, driven by the ECB's monetary policy decisions, which have led to several reductions in official interest rates. Despite this cut in yields - which have practically halved from their levels at the start of the year - demand from small savers has remained very high. In the year to date, non-competitive orders have exceeded €15.462bn, reflecting strong retail demand, with reinvestment close to 90%. This means the share held by households remains at around 30% of the total, somewhat lower than the recent peak (down 7 p.p.), but still very significant considering the sharp fall in yields.

1-year Treasury bill yields and percentage of holdings held by households



Source: Refinitiv and Bank of Spain

Average cost of government debt



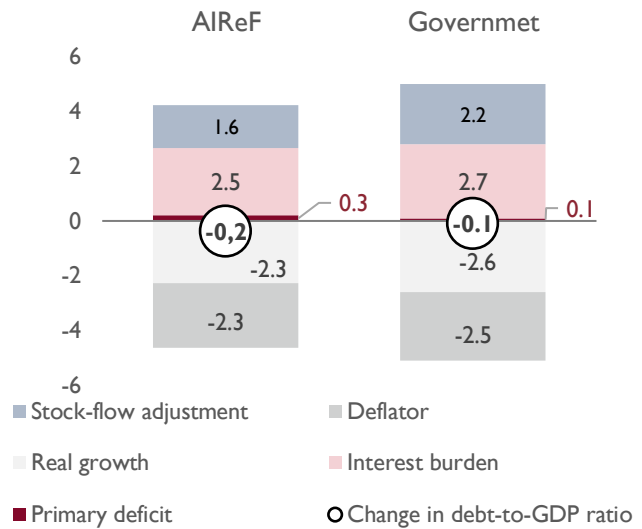
Source: Treasury

In 2025, the Treasury continues to benefit from a reduction in the cost of its new debt issues, driven by the ECB's decisions and strong demand from domestic and international investors. The average cost of new issues reached a turning point in 2024, and this downward trend has been consolidated in 2025 with a further fall of 40 basis points to 2.79%. This level represents a reduction of 120 basis points from the peak of 3.96% in October 2023. Lower issuance rates, but the higher than average cost of the portfolio, will mean that the average cost will continue to rise for some time to come. The long average maturity has softened the impact of rising interest rates in recent years, such that the average cost of outstanding debt has only risen by 65 basis points from its all-time low in 2021.

For this year, AIReF's macro-fiscal forecasts anticipate a decrease in the debt-to-GDP ratio of 0.2 points from the level recorded in 2024, bringing it down to 101.6% by the end of 2025. This reduction is consistent with the projections presented by the Government in the Annual Progress Report, which put it at 101.7%.

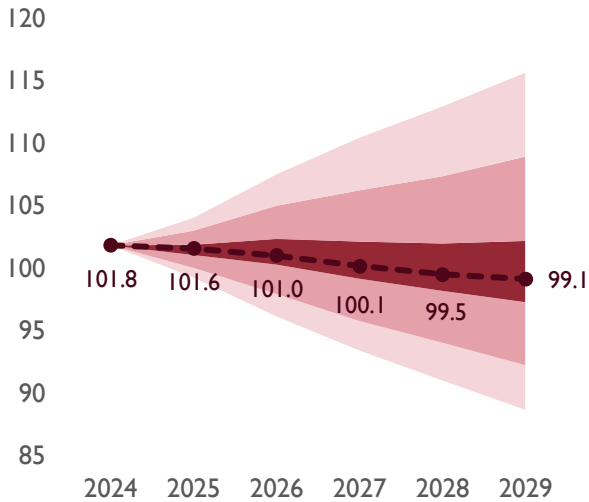
Although the public deficit will continue to contribute to the increase in debt, its impact will be more moderate than in previous years. At the same time, the contribution of economic growth to the reduction in the debt ratio will be lower this year, together with a foreseeable increase in the infrastructure stock-flow adjustment derived from European loans. This will result in a slowdown in the pace of debt reduction, from a fall of 3.3 points to only 0.2 points.

Change in debt in 2025 (points of GDP)



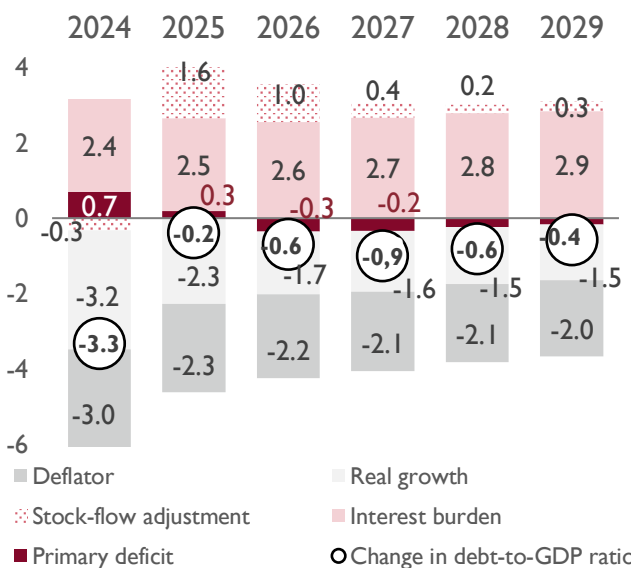
Source: AIReF

Debt projections (% GDP)



Source: AIReF

Contributions to the change in debt (points of GDP)



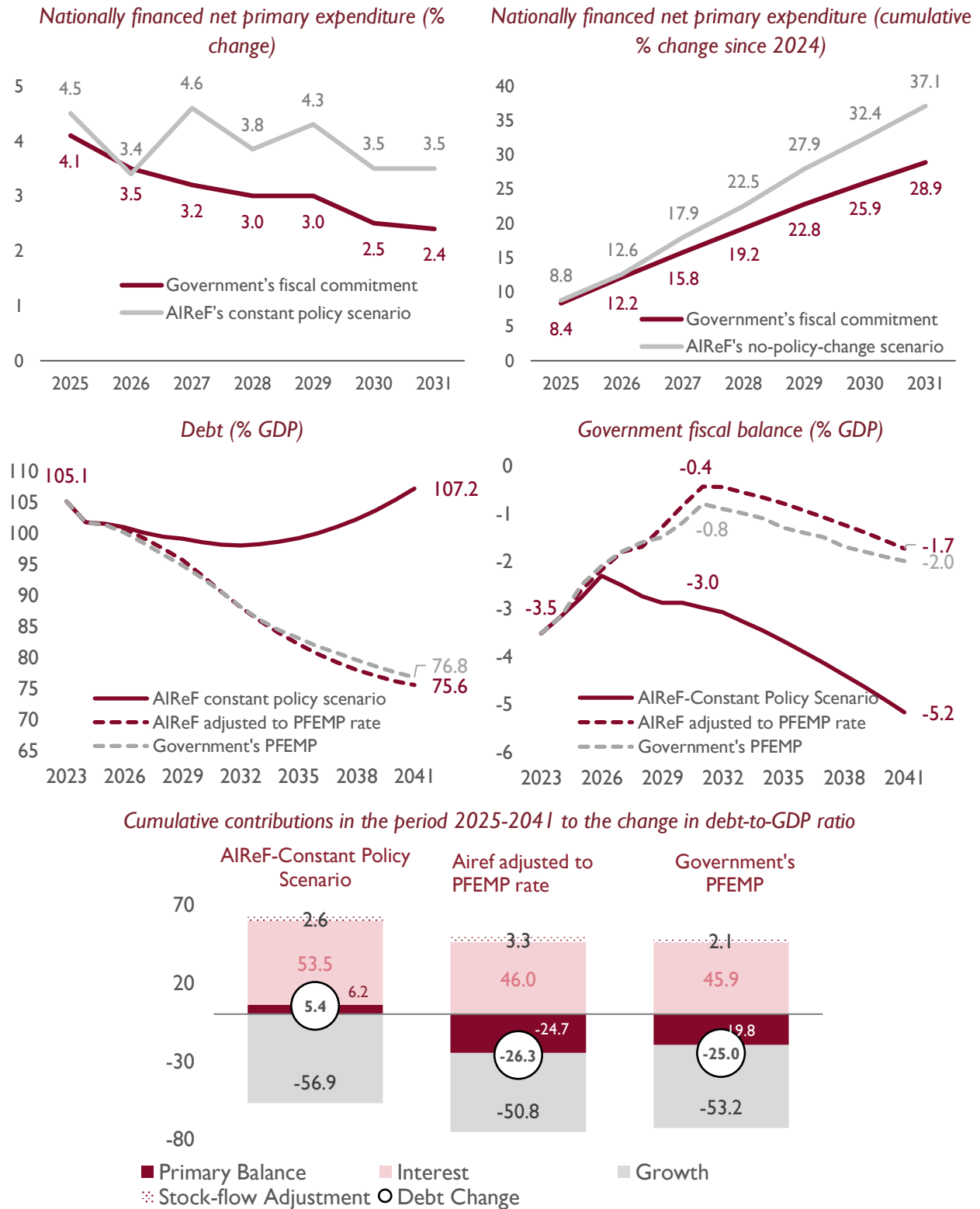
Source: AIReF

In its baseline projection, AIReF estimates a medium-term reduction in the ratio of public debt to GDP of 2.7 p.p. between 2024 and 2029, which would bring that ratio down to 99.1% at the end of the period. This downward path is mainly driven by nominal GDP growth, whose cumulative contribution would reach 19.3 p.p., with the effect of the GDP deflator accounting for 10.7 p.p. of this total. In parallel, the primary balance is projected to gradually improve, reaching a balanced position towards the mid-term horizon. The contribution of the public deficit is estimated at 13.2 points of GDP, which is almost all interest spending.

However, this debt reduction trend shows signs of exhaustion as the decade progresses. Forecasts point to a gradual slowdown in the pace of adjustment, which could come to a virtual halt by 2029. This slowdown would be explained, on the one hand, by the expected moderation in the contribution of nominal growth from 6.2% in 2024 to 3.7% in 2029, reflecting both lower inflation and lower real dynamism. On the other hand, the interest burden is expected to rise progressively from 2.4% to 2.9% of GDP over the same period. In addition, the primary balance is expected to stabilise at around 0% of GDP over the same period.

AIReF estimates that, under its baseline scenario and for the whole of the fiscal rule calibration period, the public debt ratio will increase by 5.4 points of GDP with respect to the 2024 level, reaching 107.2% in 2041. In addition, the public deficit would increase by 2 points of GDP. This deterioration in the debt ratio would be driven by an accumulation of deficits amounting to 59.7 points of GDP, of which 53.5 points of GDP would correspond to interest payments. This dynamic would not be sufficiently offset by the contribution of nominal GDP growth, which would reduce debt by 56.9 points of GDP.

The scenario in which the variable "Nationally financed net primary expenditure" grows at the rates estimated for 2025 and at those committed to in the Medium-Term Structural-Fiscal Plan (MTP) until 2031, shows a favourable evolution of the deficit and debt in the long term. According to the MTP forecasts, the deficit and debt ratios are projected to be reduced by 1.2 and 25 points of GDP by 2041, respectively, compared with 2024 levels. These projections are in line with AIReF's estimates, which project a 1.4 p.p. reduction in the deficit and a 26.3 p.p. reduction in the debt ratio.



Source: AIReF

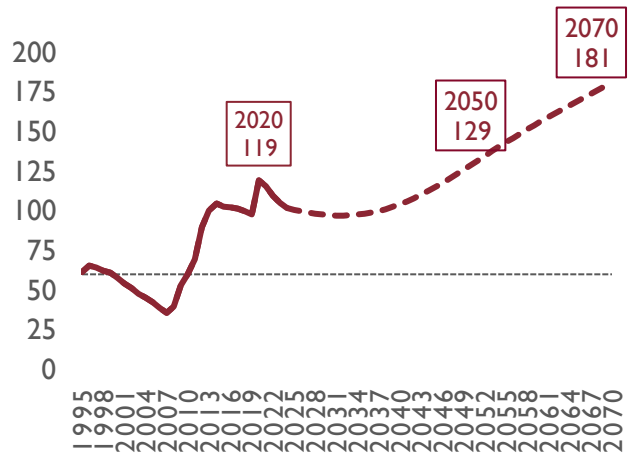
AIReF projects an unfavourable evolution of the debt-to-GDP ratio in the medium and long term. On the basis of growth projections, fiscal variables and interest rates, the debt ratio is estimated to reach 181% in the long term.

The 2030s will mark a turning point in debt evolution, with a return to a progressively intensifying upward path. As from 2030, the worsening of the primary balance, driven by the impact of population ageing, together with stabilised nominal growth at 3.2% and an increase in the average interest rate on debt, will lead to a rapid increase in the debt ratio, the acceleration of which will continue over the following two decades. In this context, the differential between the interest rate and economic growth (the so-called "snowball effect") will turn positive in 2032, further exacerbating debt dynamics and generating the need to achieve a primary surplus to contain debt growth.

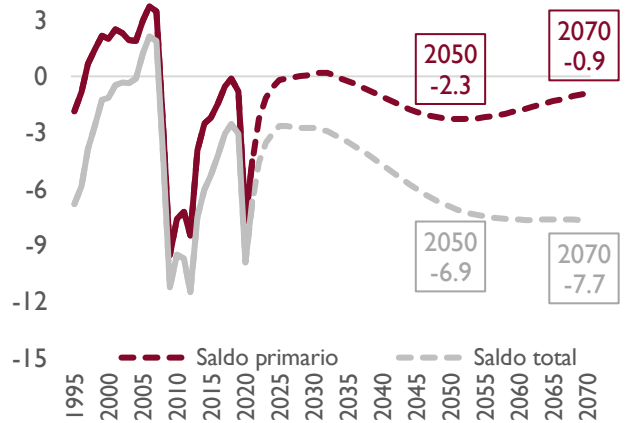
The upward trajectory of debt continues in the 2050s, despite AIReF estimating less demographic pressure on spending. The reduction in spending associated with the change in population structure estimated around 2050 will not be enough to offset the increase in interest spending which will continue to rise to reach 6.8% of GDP by 2070, leading the total deficit to reach a maximum of 7.7 points of GDP in that year. While the denominator effect will help mitigate the fiscal deterioration, the net impact will be an increase in the debt ratio to 181 points of GDP.

Gross medium- and long-term net borrowing is on an upward trend, increasing refinancing risk. Over the next 15 years, these needs are projected to remain contained, at levels similar to those recorded in recent years, hovering around 17% of GDP. However, in the medium to long term, net borrowing is estimated to exceed 20% of GDP as from 2040.

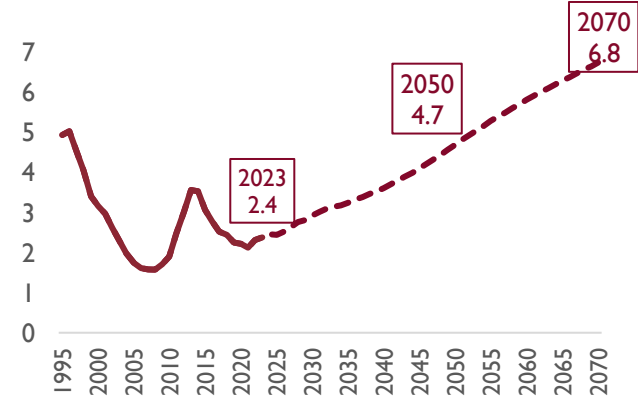
Debt (% GDP), long-term projections



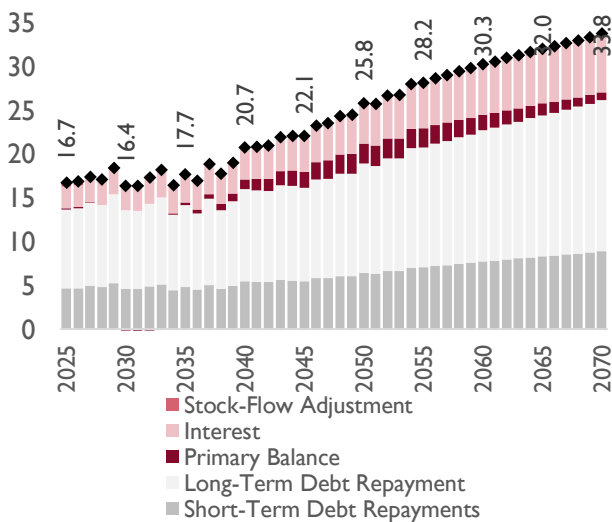
Government fiscal balance (% GDP)



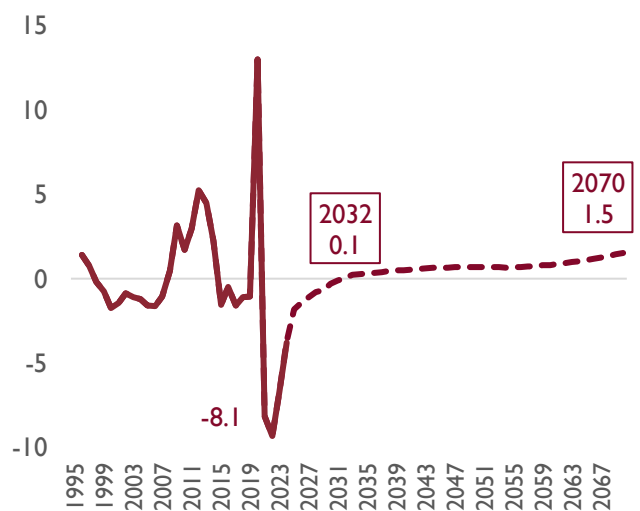
Interest (% GDP)



Gross net borrowing (% GDP)



Interest-growth differential (points of GDP)



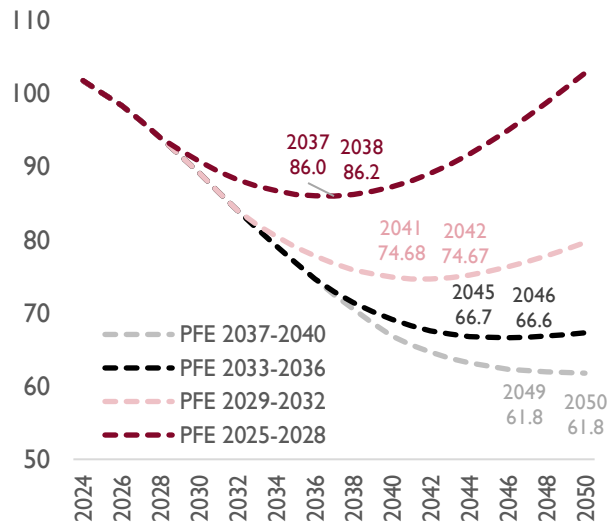
Source: AIReF

Source: AIReF

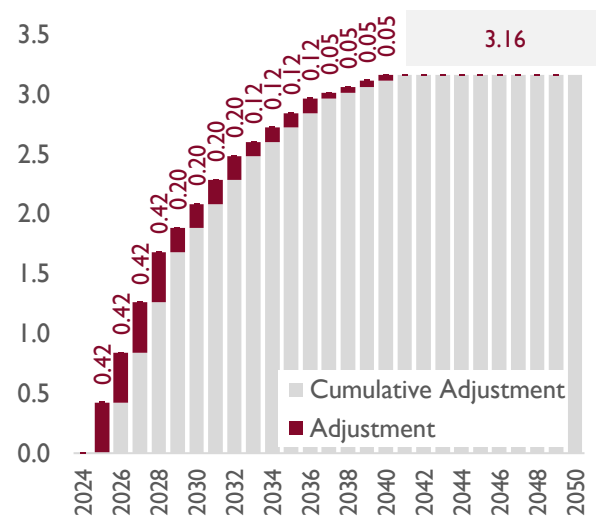
According to AIReF's current projections, a total adjustment of 3.16 points would be required over the next few years to ensure that debt follows a long-term downward path. This adjustment would be spread over four consecutive fiscal plans, each with a duration of four years, spanning a total of 16 years (2025-2040). The adjustments, applied uniformly within each MTP, would follow a downward profile. This adjustment would allow the debt ratio to follow a steady downward path, reaching 62% in 2050, which represents a reduction of 67 points compared with the baseline scenario and brings it very close to the 60% threshold set in the Maastricht Treaty.

Each MTP is calibrated so that, over the ten years following the end of the adjustment period, even in the most adverse scenario, the debt ratio maintains a downward path. The first MTP has committed to an annual adjustment of 0.42 points of GDP over the period 2025-2028, setting the debt forecast at a good starting point for subsequent revisions. While the debt ratio would stabilise in the worst-case scenario at the end of the adjustment calibration period, it would worsen again in subsequent years due to the impact of population ageing. To sustain a downward path, a second adjustment plan (2029-2032) would be necessary, with an additional adjustment of 0.2 p.p. per annum, thus ensuring that the debt ratio continues to decline in 2042. This process would be repeated with a third and fourth plan, ensuring that the debt ratio sustains a downward path not only at the end of the adjustment horizon (t+10), but also in the longer term. The adjustments required in subsequent plans would be progressively smaller, estimated at 0.12 and 0.05 p.p., respectively.

Contributions to the change in the primary balance of the ageing components (points of GDP)



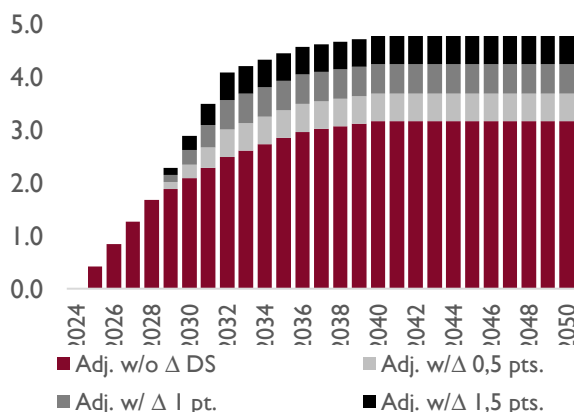
Contributions to change in debt of ageing components (points of GDP)



Source: AIReF

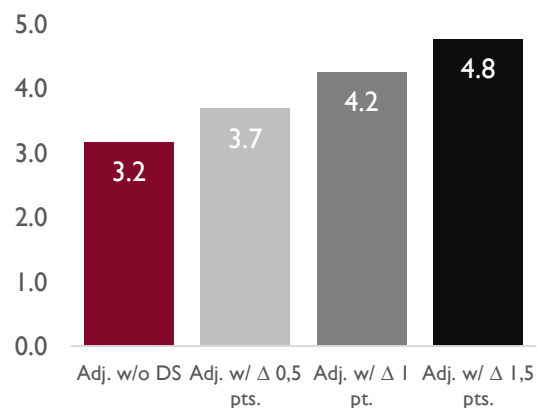
Although the possible application of the national escape clause would make it possible to absorb the increase in defence expenditure without compromising compliance with the First MTP, such an increase would entail a worsening of the future fiscal position as it would translate into higher deficit and debt levels. To sustain a downward long-term debt ratio path, it is estimated that an additional fiscal cutback of 0.13 points of GDP would be required for each 0.5 points of GDP increase in defence expenditure, to be implemented in the next fiscal plan.

Structural adjustment (points of GDP) under different assumptions of defence expenditure increases



Source: AIReF

Total structural adjustment (points of GDP) under different assumptions of defence expenditure increases



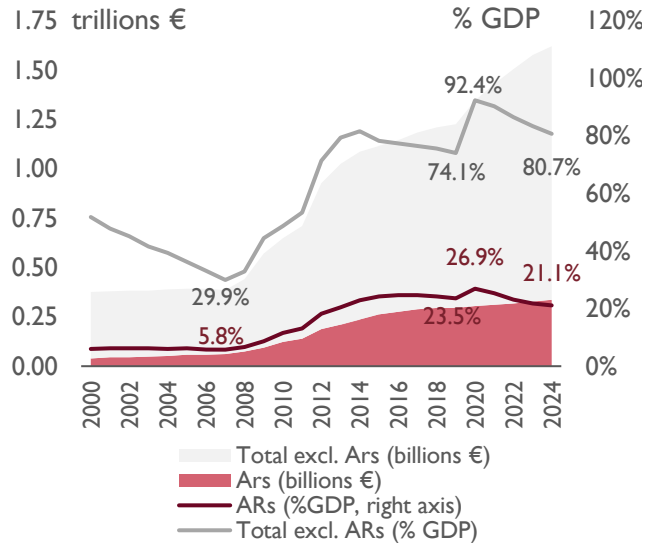
From the minimum reached in 2007 (5.8%), the debt-to-GDP ratio of the ARs increased by more than 20 points, reaching its maximum in 2020 (26.9%), coinciding with the upturn caused by the pandemic. Since then, the ratio has recorded a cumulative reduction of 5.8 points, standing at 21.1% of GDP at year-end 2024, below the levels of close to 24% at which the ratio had remained relatively stable in the years prior to the pandemic. The sub-sector as a whole exceeds the legal reference rate of 13% established in the LOEPSF by 8.1 points, with 2010 being the last year in which it fell below this reference rate.

The debt situation of the ARs varies considerably from one AR to another, with significant differences in debt levels in relation to their GDP. These differences have widened considerably during the crisis episodes. The difference between the AR with the highest level of debt (Valencia, 40.7 points of GDP) and the lowest (Canary Islands, 11.4 points) is 29.3 points. In general, most of the ARs have debt levels that exceed the reference rate established by law. Of the 17 ARs, 13 exceed the value of 13% of regional GDP.

The accumulation of historical debt levels has been marked by the financial crisis of 2008 and, to a much lesser extent, the crisis caused by the pandemic in 2020. The notable increases in debt seen in periods of recession are accompanied by some hysteresis or downward resistance in periods of expansion. When viewed with a historical perspective, the distribution of the annual change in the debt of advanced economies reveals a long rightward tail which warns that, just as some extreme shocks have led to sharp increases in debt, countervailing shocks that offset these movements are rare. The impact of these asymmetric shocks adds to an underlying upward trajectory in most advanced economies. Periods of debt contention have generally been few and short.

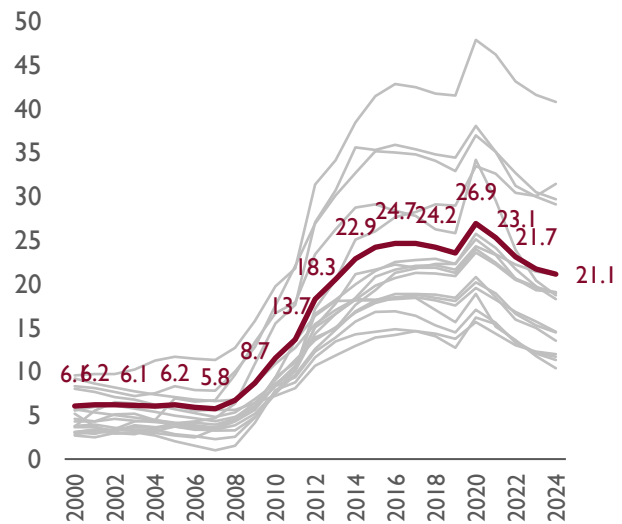
The response to the two crises has been very different at the sub-sector level. The shocks that lead to debt accumulation episodes tend to have a greater impact on the CG than on the ARs, both on the expenditure and on the revenue side. While in the financial crisis three quarters of the increase in the debt ratio was absorbed by the CG and SSFs (51 of the 69.5 points of GDP) and a quarter by the ARs (18.3 points), in the COVID crisis the CG and the SSFs assumed the entire cost (11.2 points) neutralising the impact on the ARs, which have even seen their debt level reduced (-1.7 points).

Debt (trillions euros and % GDP), ARs and others



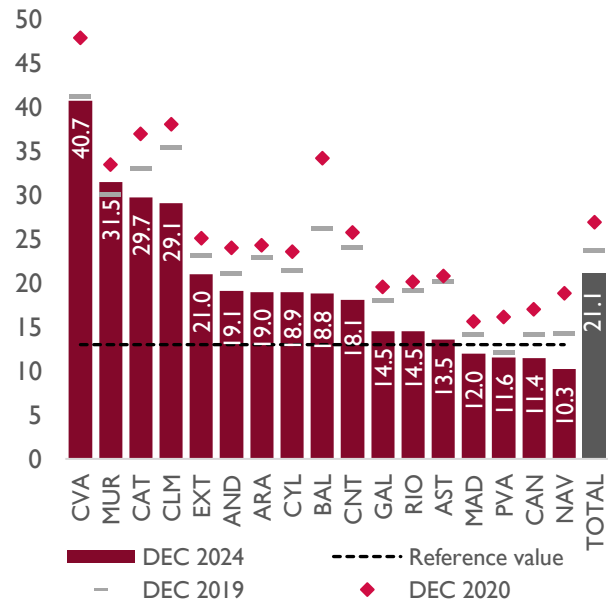
Source: Bank of Spain

Debt (% GDP), sub-sector and ARs



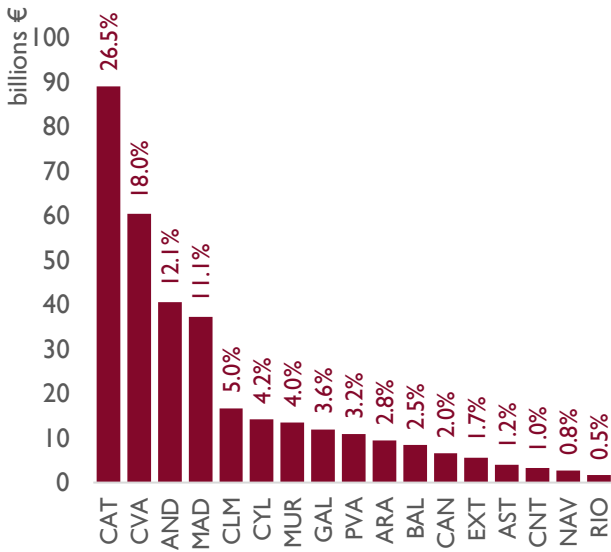
Source: Bank of Spain

Debt (% GDP) by AR as of December 2024 and December 2019



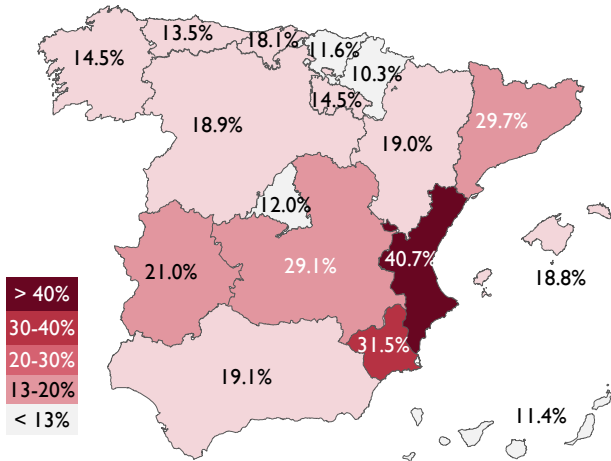
Source: Bank of Spain, INE and AIReF

Debt of the ARs (billion euros and % of total),
December 2024



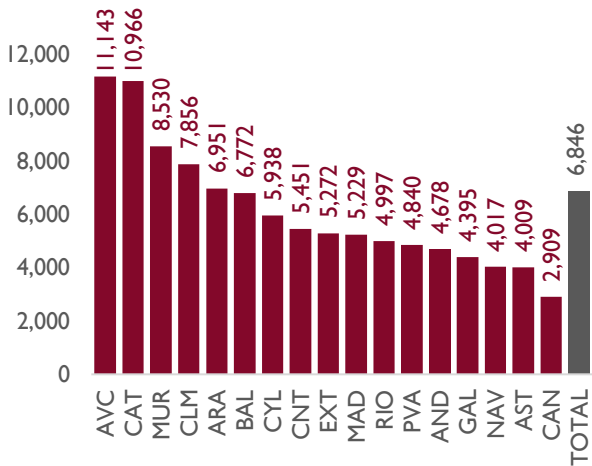
Source: Bank of Spain

Debt map of the ARs (% regional GDP), December 2024



Source: Bank of Spain

Debt per capita (euros), December 2024



Source: Bank of Spain (Continuous population statistics as of January 1st 2025) and AIReF

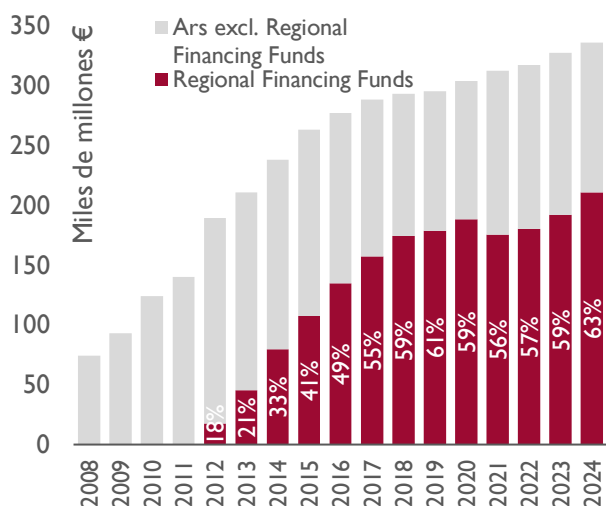
The ARs with the highest levels of debt in relation to their GDP are Valencia, Murcia, Catalonia and Castile-La Mancha, with a level of indebtedness representing around or more than 30% of their respective economies. Catalonia is the AR with the highest amount of debt in absolute terms, at €89bn (26.5% of the total debt of the ARs), followed by Valencia, with debt of €60.3bn (18% of the total). In contrast, Navarre, the Canary Islands, the Basque Country and Madrid have debt levels below the reference rate of 13% of their GDP, making them the least indebted regions.

The debt ratio has been reduced with respect to the pre-pandemic level in all ARs with the exception of Murcia. Since the peak reached in December 2020, the ARs that have most reduced their debt ratio have been the Balearic Islands and Castile-La Mancha (15.4 and 9 points respectively). Compared with the pre-pandemic level, the Balearic Islands is also the AR that has reduced its debt ratio the most (7.4 points), followed by Asturias and Castile-La Mancha (with a reduction of around 6.5 points). Despite being among the most indebted ARs, Catalonia and Valencia are among those that have reduced their debt ratios the most with respect to the peak reached in December 2020 (7.3 and 7.2 points respectively). Murcia, although it has reduced its debt ratio by 2 points since December 2020, has a debt level that is 1.3 points higher than in December 2019.

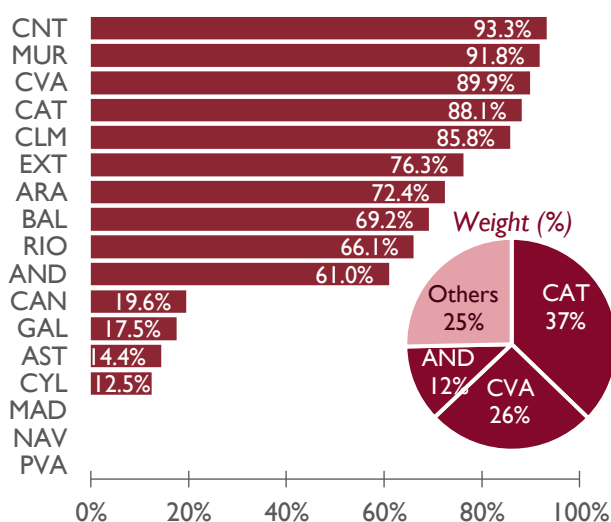
Compared with 2008, the level of debt of all the ARs is still considerably higher, with the growth in the debt of Valencia, Murcia and Castile-La Mancha standing out.

In terms of regional debt per capita, there is a marked disparity between the ARs at year-end 2024. Valencia and Catalonia have the highest levels, exceeding €11,000 and €10,900 per inhabitant, respectively, well above the national average, which hovers around €6,800. They are followed by other ARs such as Murcia, Castile-La Mancha and Aragon, all with figures above the average. At the other extreme, the Canary Islands stand out, with the lowest debt per capita (€2,909), followed by Asturias and Navarre, all with levels clearly below the national average. The difference between the AR with the highest and lowest debt amounts to more than €8,000 per inhabitant.

Debt of the ARs: extraordinary mechanisms and other (billion euros and % of total), Dec 2024



Weight (%) of Regional Financing Fund out of total debt



Source: Bank of Spain

Extraordinary financing mechanisms

The weight of the ARs' extraordinary financing mechanisms has remained stable in recent years at around 60%. After very rapid growth between 2012 and 2016 in the use of the mechanisms responsible for providing liquidity to the ARs (Regional Liquidity Fund, Financial Facility and Supplier Payment Fund), the weight of these funds in regional financing has remained very stable in the last period (2017-2024), at around 60%.

The use of the mechanisms has been very heterogeneous among the ARs, and even very different within each one over time. ARs such as Navarre and the Basque Country have never made use of this type of funding, while Madrid has not participated since 2020. Some ARs have significantly reduced their participation - Canary Islands (from 88% to 19.6%), Galicia (from 57% to 17.5%), Asturias (from 48% to 14.4%) - while others have increased it - Extremadura (from 23% to 76.3%), Rioja (from 24% to 66.1%).

At present, four groups of ARs can be distinguished in the use of funds:

- **Intensive use (>75%)** Cantabria, Murcia, Valencia, Catalonia, Castile-La Mancha and Extremadura.
- **High use (>50%)** Aragon, Balearic Islands, Rioja and Andalusia.
- **Low use (15-20%)** Canary Islands, Galicia, Asturias and Castile and Leon.
- **No use** in Navarre, Madrid and the Basque Country.

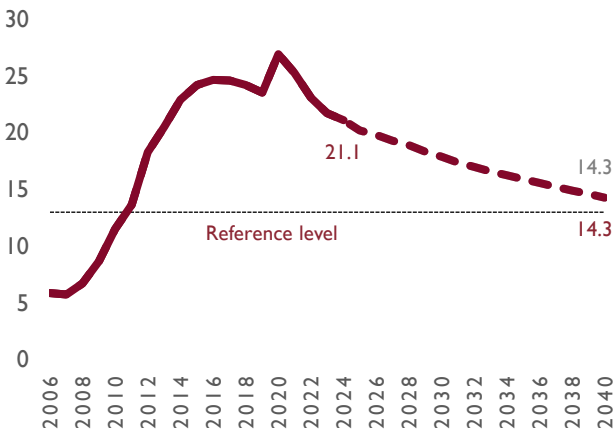
Three ARs - Catalonia, Valencia and Andalusia - account for 75% of the total value of the funds.

DEC 2024	CVA	MUR	CAT	CLM	EXT	AND	ARA	CYL	BAL	CNT	GAL	RIO	AST	MAD	PVA	CAN	NAV	TOTAL
Public Debt																		
(GDP %)	40.7	31.5	29.7	29.1	21.0	19.1	19.0	18.9	18.8	18.1	14.5	14.5	13.5	12.0	11.6	11.4	10.3	21.1
(% over subsector)	18.0	4.0	26.5	5.0	1.7	12.1	2.8	4.2	2.5	1.0	3.6	0.5	1.2	11.1	3.2	2.0	0.8	100.0
Regional Financing Fund																		
(% over AR debt)	89.9	91.8	88.1	85.8	76.3	61.0	72.4	12.5	69.2	93.3	17.5	66.1	14.4	0.0	0.0	19.6	0.0	62.8
(% over total Regional Financing Fund)	25.7	5.9	37.2	6.8	2.0	11.7	3.2	0.8	2.8	1.4	1.0	0.5	0.3	0.0	0.0	0.6	0.0	100.0

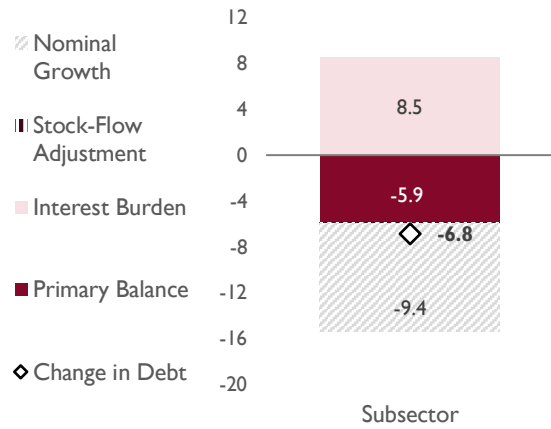
Debt projections

AIReF forecasts that, in a no-policy change scenario, the debt-to-GDP ratio of the regional sub-sector will fall in the medium term, although it will still be far from the 13% threshold in 2029. This downward path would be driven by expected GDP growth, although it would be partly offset by projected deficits. The projections assume a regulatory framework in which surpluses are fully allocated to debt reduction in the year they are generated and excess deficits are offset in the following year, without introducing additional measures. However, the pace of consolidation would be very moderate, with the ratio above 18% in 2029. This evolution, together with financial market expectations, would lead to the interest burden maintaining its weight of GDP over the period 2025-2029. In the longer term, and in a baseline scenario, AIReF's macro-fiscal forecasts point to a cumulative reduction of 6.8 p.p. in the debt ratio by 2040, reaching the reference rate of 13% in 2044.

Debt projections (% GDP) of the baseline scenario and year 13% reference rate is reached

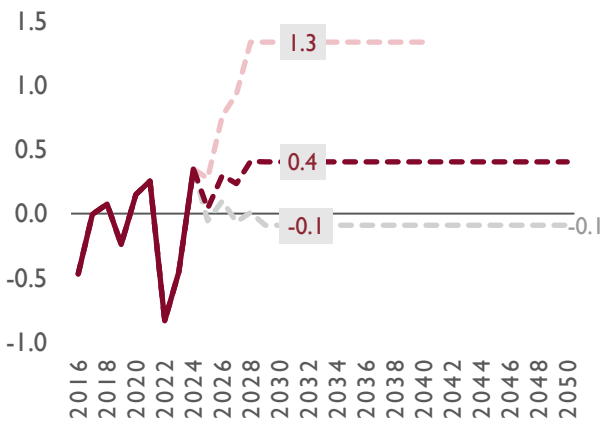


Cumulative change 2025-2040 in debt ratio (p.p.)

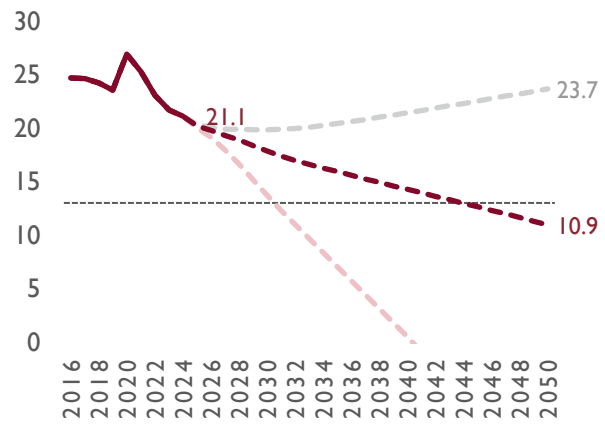


Considering a differentiated fiscal consolidation scenario² for each AR during the MTP adjustment period (2025-2028), such that each AR reaches the 13% reference rate by a given date, it is calculated that an annual cutback of 0.23 points of GDP would be necessary for the sub-sector as a whole. This would imply a cumulative improvement in the primary balance of 0.93 points of GDP, which would allow the reference rate of 13% of GDP to be reached in 2031 for the ARs as a whole. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points up to 2029 - would slow the reduction in the debt ratio and the 13% reference rate would not be reached in the period considered (until 2050).

Primary balance projections (% GDP)

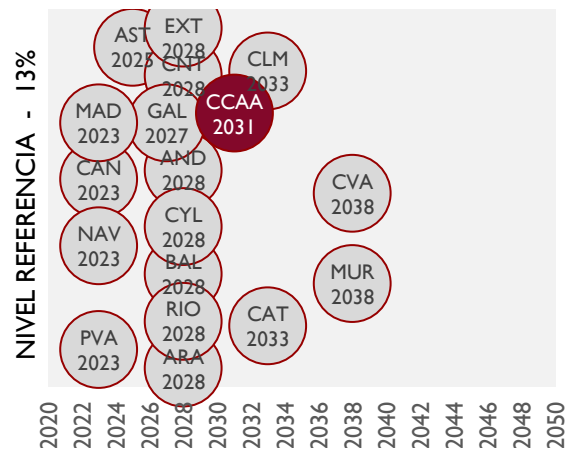
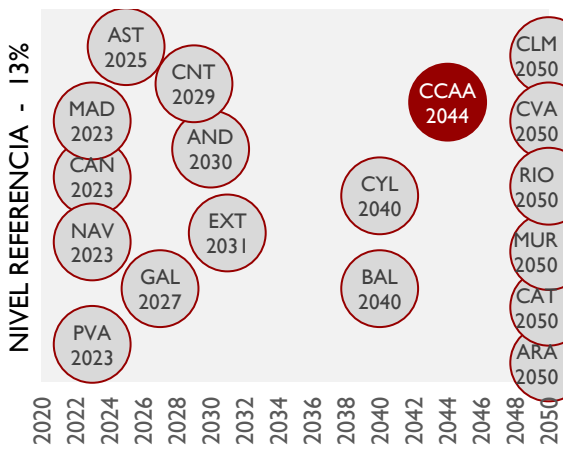


Debt projections (% GDP)



Year in which 13% reference rate is reached, under a baseline scenario

Year in which 13% reference rate is reached, under the adjustment scenario



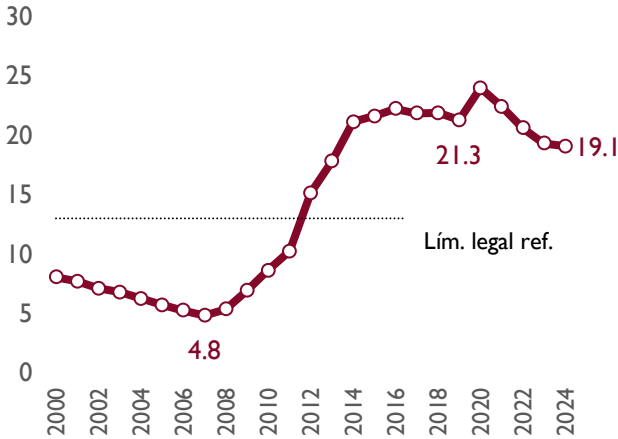
Source AIReF

¹ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

² The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

ANDALUSIA

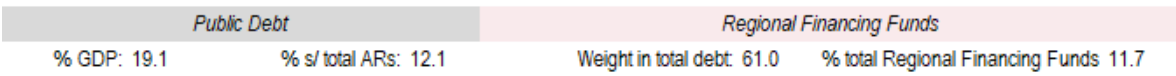
Evolution of the debt ratio (% GDP)



Source Bank of Spain

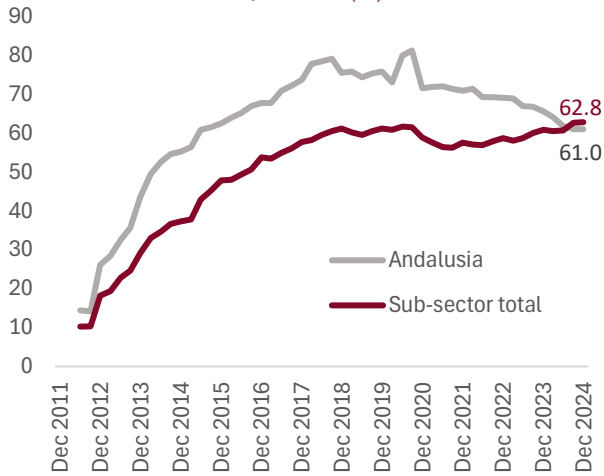
From a low in 2007 (4.8%), Andalusia's debt-to-GDP ratio increased by more than 19 points to reach a peak in 2020 (24%) at the height of the pandemic. Since that point, the ratio has fallen by 4.9 points to 19.1% of GDP at year-end 2024, below the levels of around 21% where the ratio had stabilised in the years prior to the pandemic. Andalusia exceeds the legal reference rate of 13% by 6.1 points, with 2011 being the last year in which the AR fell below this reference rate.

Latest data: Dec 2024



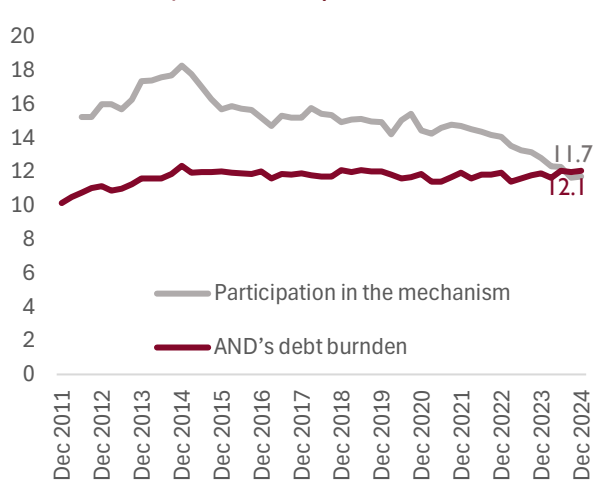
The weight of Andalusia's financing through extraordinary mechanisms has been reduced in recent years by more than 15 points to account for 61% of its total debt, a slightly lower percentage than that of the ARs as a whole (62.8%). Andalusia is the third most indebted AR (after Catalonia and Valencia) to the Regional Financing Fund, with a weight of 11.7% of the total, a percentage slightly lower than its debt (12.1%) of the total for the ARs.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Source Bank of Spain

Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Debt evolution, extraordinary mechanisms and credit rating

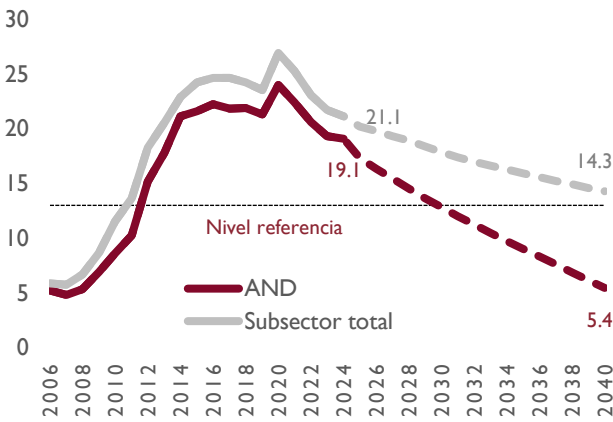
Credit Rating

On June 11th, 2024 Fitch withdrew its credit rating for Andalusia. Previously, in March 2024 it had established Andalusia's rating at 'BBB', two notches below its rating for Spain (A-). In April 2023, Standard & Poor's raised Andalusia's rating from 'BBB+' to 'A-', placing it in the upper medium grade category, in this case just one notch below its rating for Spanish government debt (A). Moody's has maintained the rating at the lower medium grade category (Baa2) since 2018, one notch below its rating for Spain (Baa1).

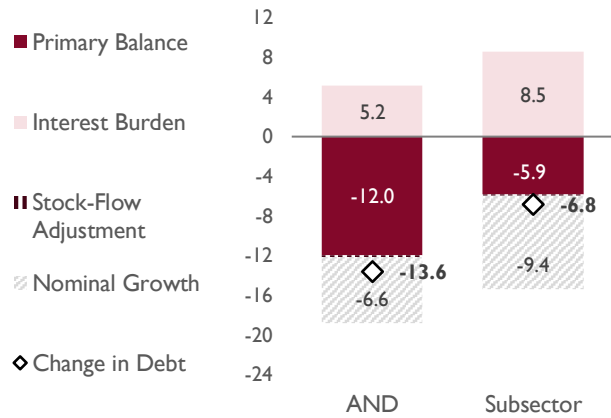
AND	Baa2	A-	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario¹, the debt ratio is projected to fall by 13.6 points of GDP by 2040. The favourable evolution of the primary balance will be the factor that contributes most to the reduction in the ratio, supported by economic growth and a decreasing financial burden as the debt is reduced, thus reaching the reference rate of 13% in 2028. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

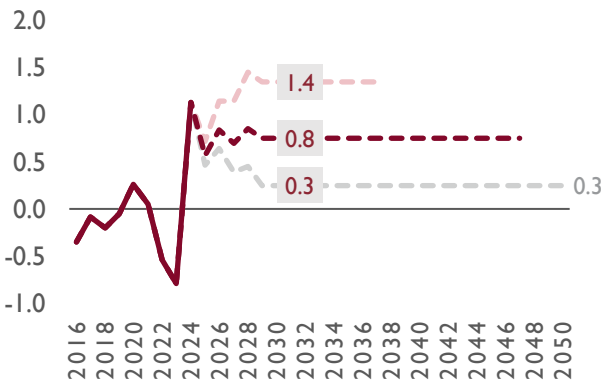


Cumulative change 2025-2040 in the debt ratio (p.p.)

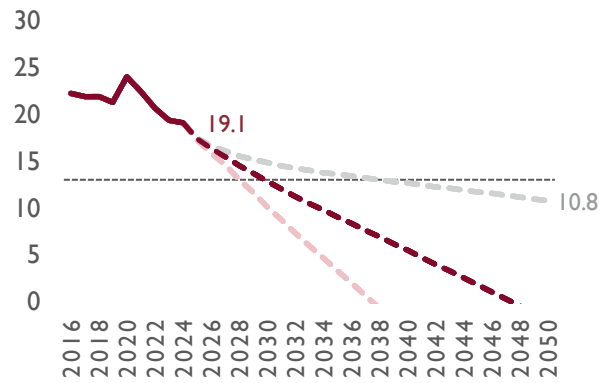


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.15 points of GDP would be required for the debt ratio to reach the reference rate by the end of the plan period². This would imply a cumulative improvement in the primary balance of 0.6 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would slow the reduction in the debt ratio, delaying the achievement of the 13% limit until 2038.

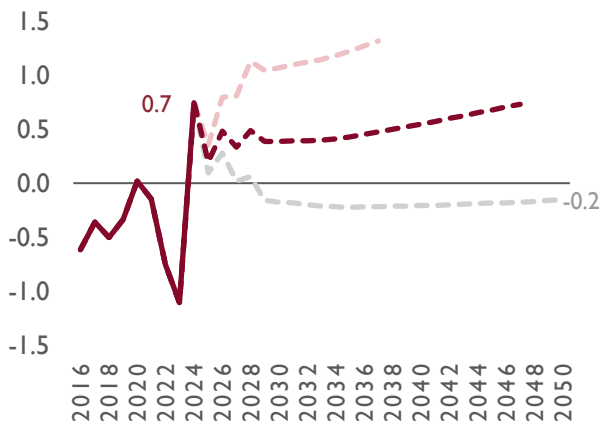
Primary balance projections (% GDP)



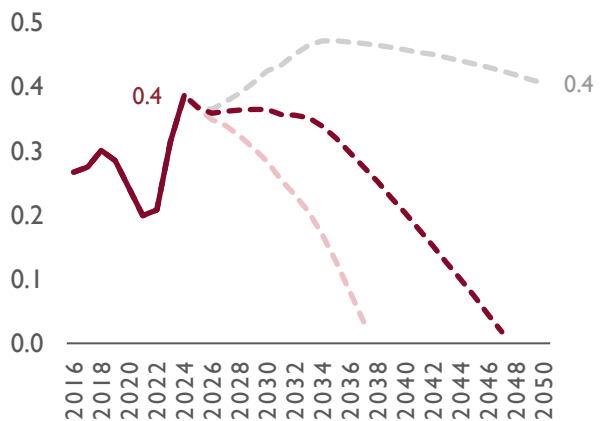
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



Source: AIReF

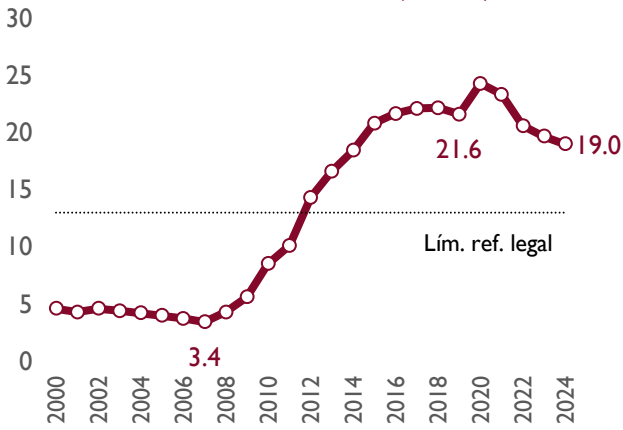
¹ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

² The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

— Baseline
- - - Worse Primary Balance Path (0.5 p.p. deterioration through 2029)
- - - Scenario with Required Adjustment to Reach 13% Level in 2028 (end of PEEMP)

ARAGON

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (3.4%), Aragon's debt-to-GDP ratio increased by more than 20 points to reach its maximum value in 2020 (24.3%) coinciding with the peak caused by the pandemic. Since that point, the ratio has fallen by 5.3 points to 19% of GDP at year-end 2024, below the levels of around 20% where the ratio had stabilised in the years prior to the pandemic. Aragon exceeds the legal reference rate of 13% by 6 points, with 2011 being the last year in which the AR was below this reference rate.

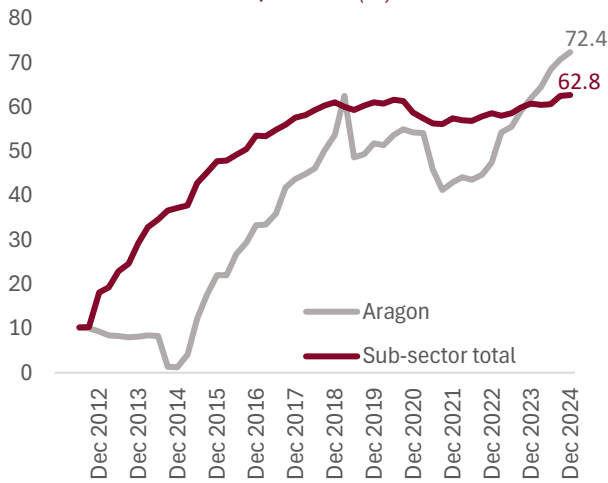
Source Bank of Spain

Latest data: Dec 2024

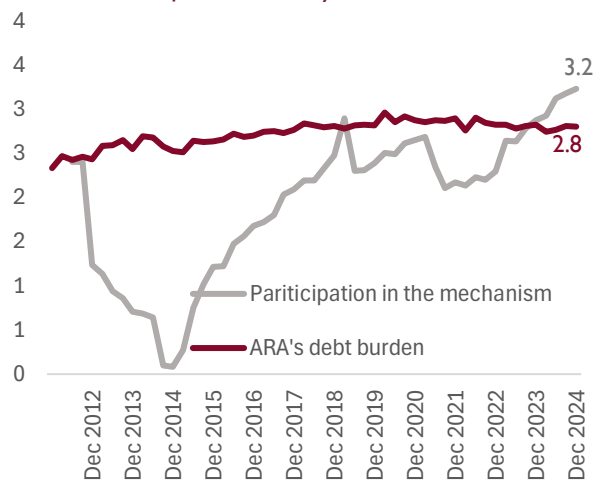
Public Debt		Regional Financing Funds	
% GDP: 19.0	% s/ total ARs: 2.8	Weight in total debt: 72.4	% total Regional Financing Funds: 3.2

The weight of Aragon's financing through **extraordinary mechanisms has increased in recent years by more than 30 points to account for 72.4% of its total debt**, a higher percentage than for the ARs as a whole (62.8%). Aragon's indebtedness through the Regional Financing Fund accounts for 3.2% of its total debt, which is also higher than its debt (2.8%) as a percentage of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

Credit rating

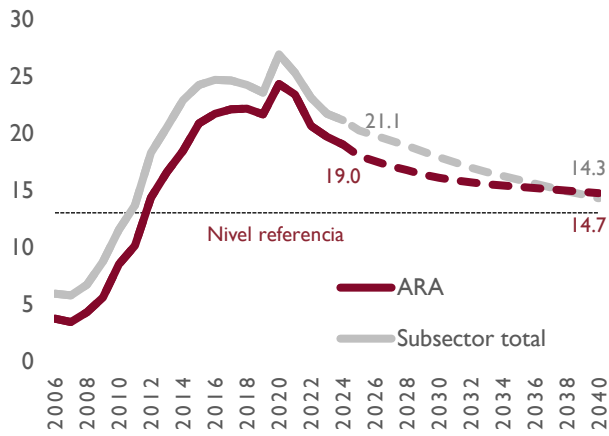
In April 2025, Standard & Poor's raised Aragon's rating from 'BBB' to 'A-', placing it in the upper medium grade category, just one notch below its rating for Spanish government debt (A).

ARA	..	A-	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

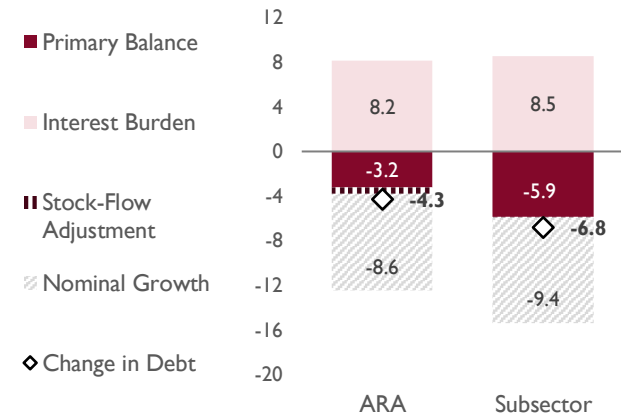
Debt evolution, extraordinary mechanisms and credit rating

According to AIReF's macro-fiscal forecasts and under a baseline scenario³, the debt ratio is projected to fall by 4.3 points of GDP by 2040. Economic growth will be the factor that contributes most to the reduction in the ratio, supported by a favourable evolution of the primary balance. The 13% reference rate would not be reached before 2050. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth also being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

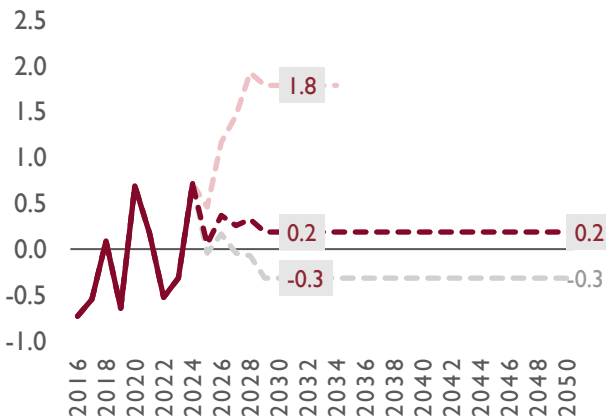


Cumulative change 2025-2040 in the debt ratio (p.p.)

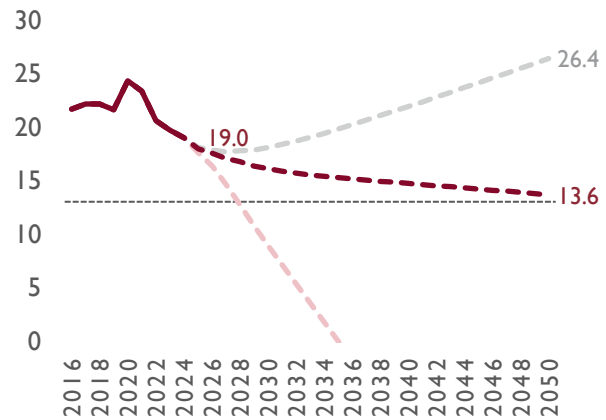


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.4 points of GDP would be required for the debt ratio to reach the reference rate by the end of the plan period⁴. This would imply a cumulative improvement in the primary balance of 1.6 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would generate an unfavourable dynamic of the debt ratio, resuming an upward path and falling short of the 13% reference rate.

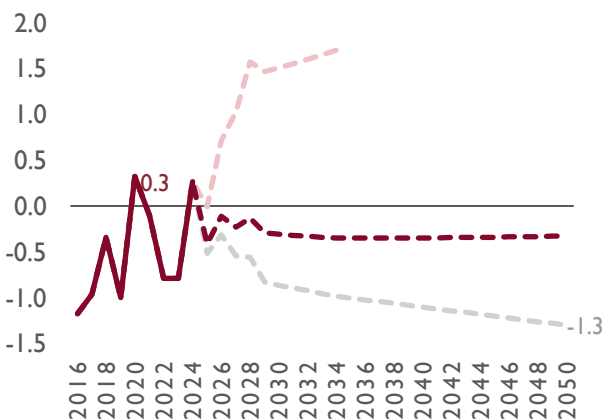
Primary balance projections (% GDP)



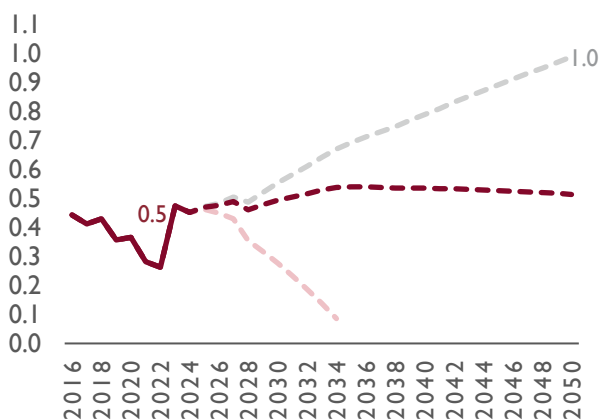
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



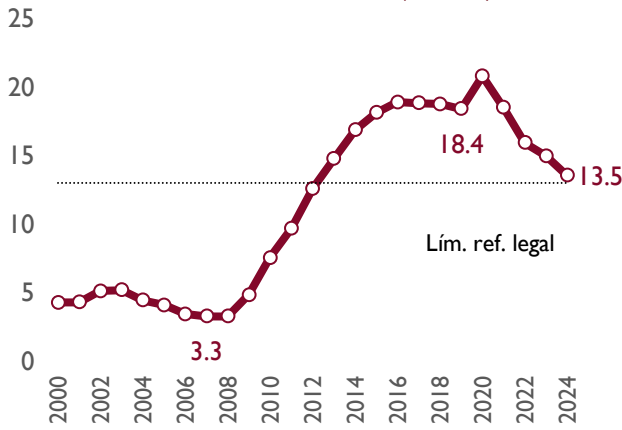
Source: AIReF

³ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

⁴ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

ASTURIAS

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (3.3%), the debt-to-GDP ratio in Asturias increased by more than 15 points to reach its maximum value in 2020 (20.8%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 7.3 points to stand at 13.5% of GDP at year-end 2024, below the pre-pandemic levels of over 18%. Asturias' debt ratio is close to the legal reference rate of 13%, exceeding it by only 0.5 points. The last year in which the AR was below this reference rate was 2012.

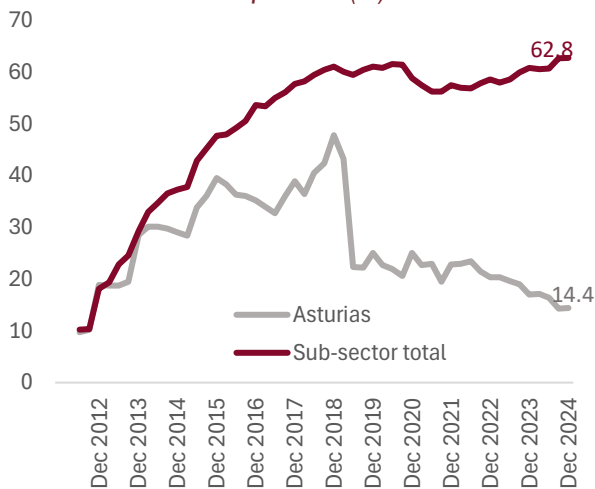
Source Bank of Spain

Latest data: Dec 2024

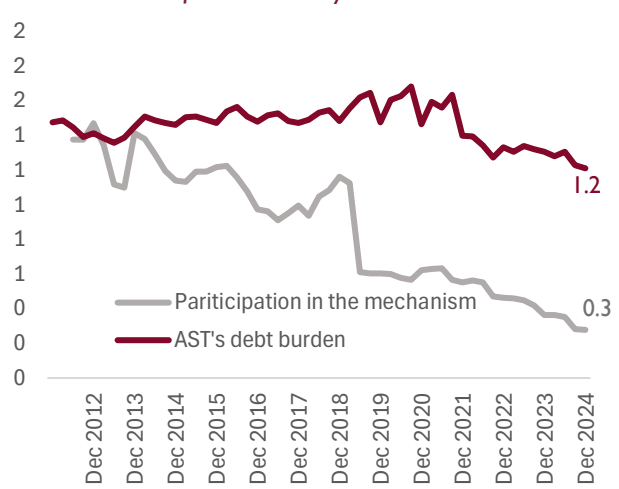
Public Debt	Regional Financing Funds
%GDP: 13.5	% total Regional Financing Funds: 0.3
% s/ total ARs: 1.2	Weight in total debt: 14.4

The weight of Asturias' financing through **extraordinary mechanisms** has fallen from the peak reached in 2018 by more than 30 points to account for 14.4% of its total debt, a lower percentage than that of the ARs as a whole (62.8%). Asturias' indebtedness through the Regional Financing Fund accounts for only 0.3% of its total debt, which is also lower than its debt (1.2%) as a percentage of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

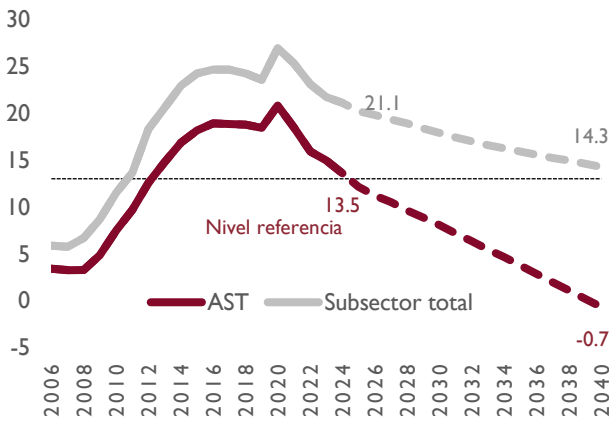
Credit rating

Since 2018, Moody's has maintained its lower medium grade rating (Baa1) at the same level as its rating for Spain.

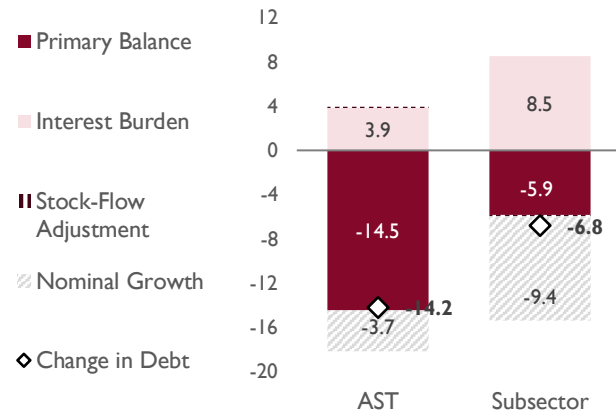
AST	Baa1	..	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario⁵, the debt ratio is projected to fall by 14.2 points of GDP by 2040. The favourable evolution of the primary balance will be the factor that contributes most to the reduction in the ratio, supported by economic growth and a decreasing financial burden as the debt is reduced, thus reaching the reference rate of 13% in 2025. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

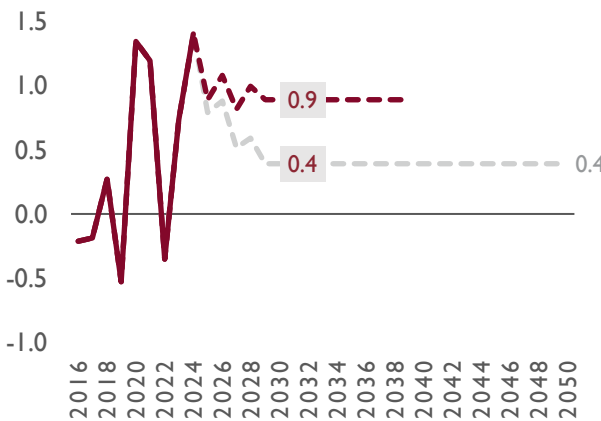


Cumulative change 2025-2040 in the debt ratio (p.p.)

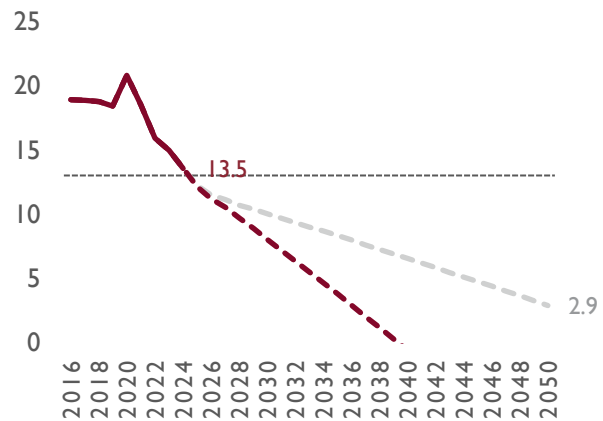


Considering a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - the reduction in the debt ratio would slow but remain within the 13% limit.

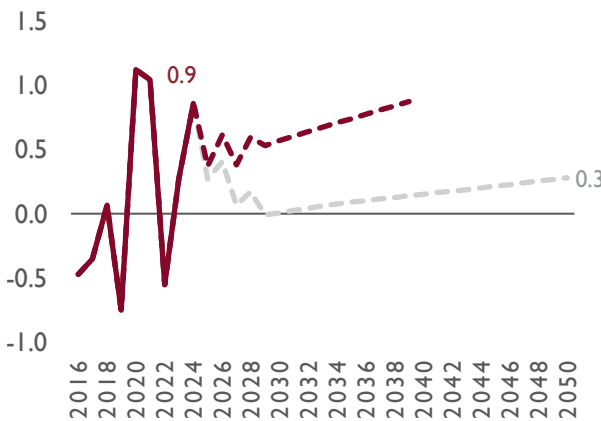
Projections for primary balance (% GDP)



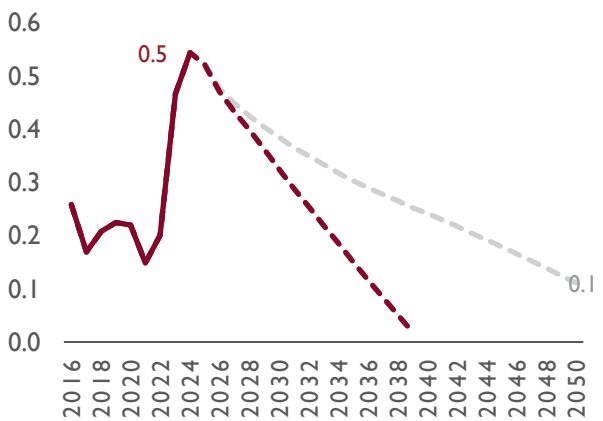
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



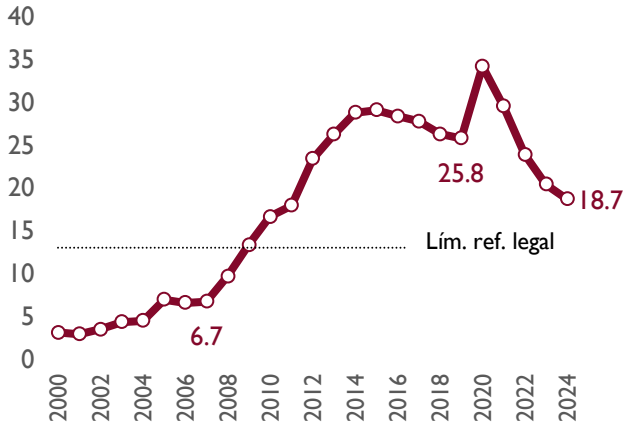
Source: AIReF

--- Baseline
--- Worse Primary Balance Path (0.5 p.p. deterioration through 2029)
--- Scenario with Required Adjustment to Reach 13% Level in 2028 (end of PFEMP)

⁵ The baseline scenario is based on projecting primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

BALEARIC ISLANDS

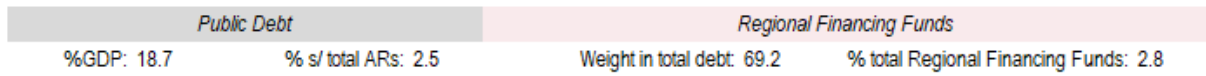
Evolution of the debt ratio (% GDP)



From the values reached before 2008 (below 6.7%), the debt-to-GDP ratio of the Balearic Islands increased by more than 25 points to reach its maximum value in 2020 (34.2%) coinciding with the peak caused by the pandemic. Since that point, the ratio has fallen by 15.5 points to 18.7% of GDP at year-end 2024, below the levels of over 25% recorded before the pandemic. The Balearic Islands exceeds the legal reference rate of 13% by 5.7 points, with 2008 being the last year in which the AR fell below this reference rate.

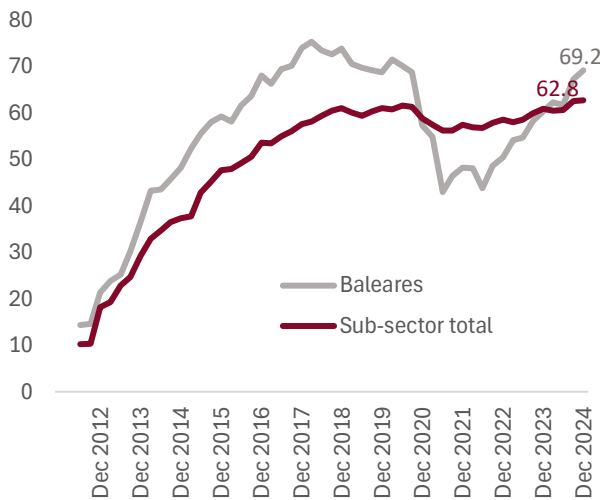
Source Bank of Spain

Latest data: Dec 2024

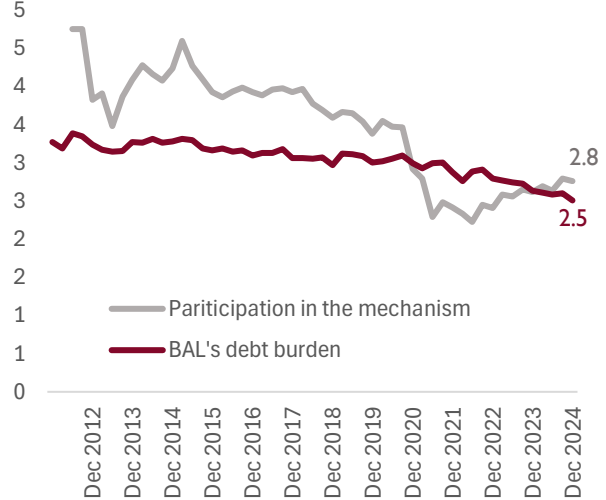


The weight of the Balearic Islands' financing through **extraordinary mechanisms has increased by more than 15 points since 2022 to account for 69.2%** of its total debt, a higher percentage than that of the ARs as a whole (62.8%). The Balearic Islands' indebtedness through the Regional Financing Fund accounts for 2.8% of the total, a slightly higher percentage than its debt (2.5%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

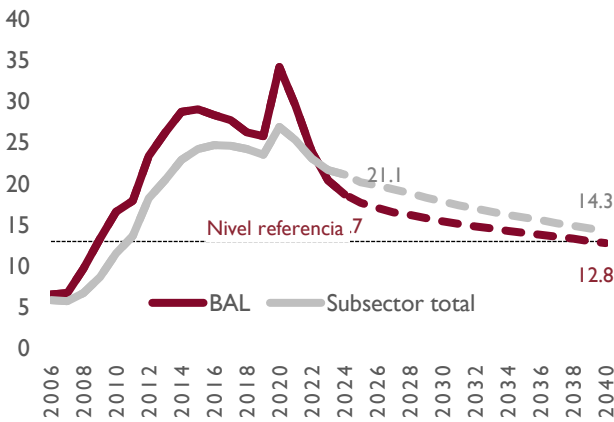
Credit rating

As of March 2023, the agency Standard & Poor's maintains the Balearic Islands' rating at the upper medium grade category 'A-', just one notch below its rating for Spanish government debt (A).

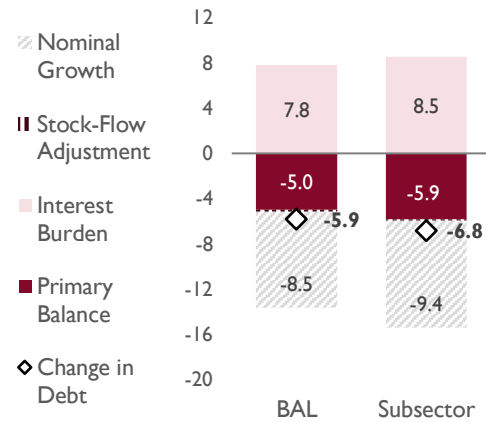
BAL	..	A-	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario⁶, the debt ratio is projected to fall by 5.9 points of GDP by 2040. Economic growth will be the factor that contributes most to the reduction in the ratio, supported by a favourable evolution of the primary balance, thus reaching the 13% reference rate in 2040. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction of the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

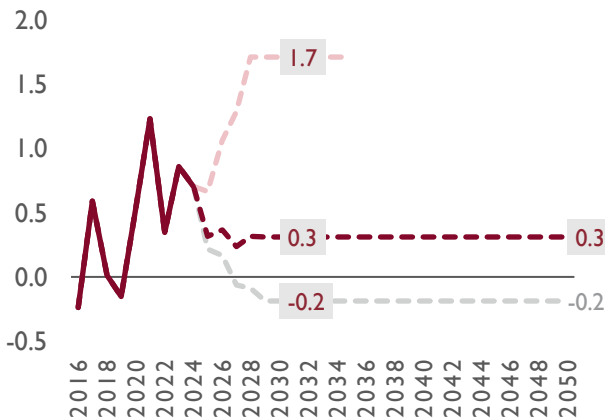


Cumulative change 2025-2040 in the debt ratio (p.p.)

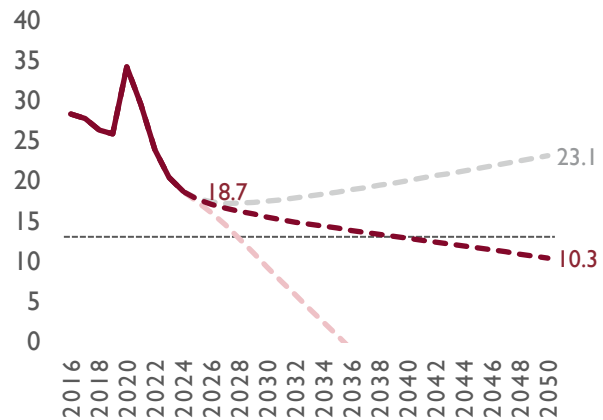


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.35 points of GDP would be required for the debt ratio to reach the reference rate by the end of the plan period⁷. This would imply a cumulative improvement in the primary balance of 1.4 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would slow the reduction in the debt ratio, falling short of the 13% reference rate.

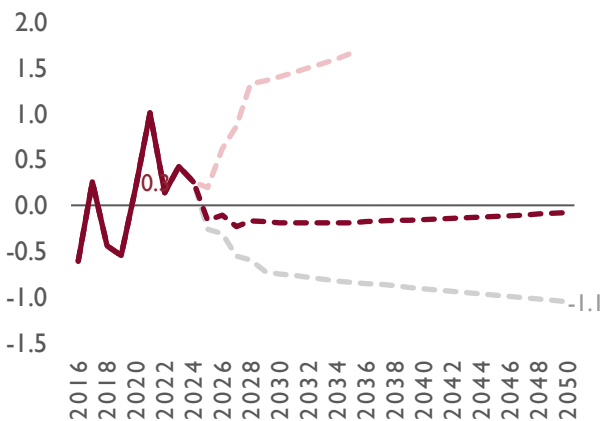
Primary balance projections (% GDP)



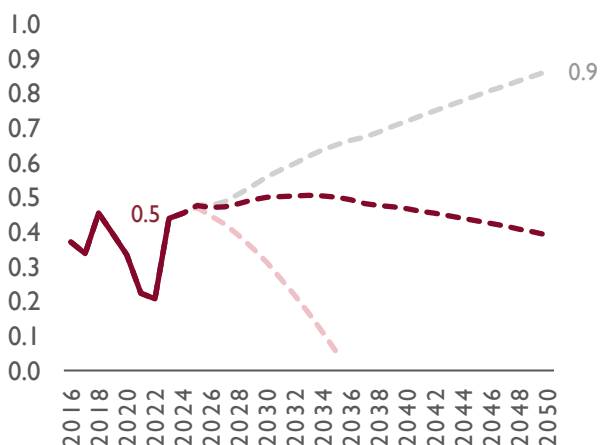
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



--- Baseline
--- Worse Primary Balance Path (0.5 p.p. deterioration through 2029)
--- Scenario with Required Adjustment to Reach 13% Level in 2028 (end of PFEMP)

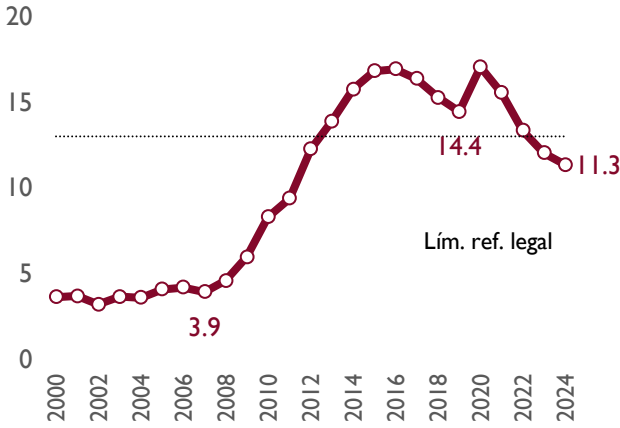
Source: AIReF

⁶ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

⁷ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

CANARY ISLANDS

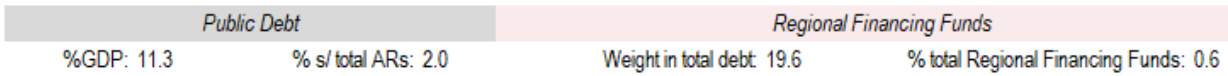
Evolution of the debt ratio (% GDP)



From the values reached before 2008 (around 4%), the debt-to-GDP ratio of the Canary Islands increased by more than 10 points to reach its maximum value in 2020 (17.1%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 5.7 points to 11.3% of GDP at year-end 2024, below the levels of over 15% recorded before the pandemic. Since 2023, the Canary Islands have met the legal reference rate of the debt ratio of 13%.

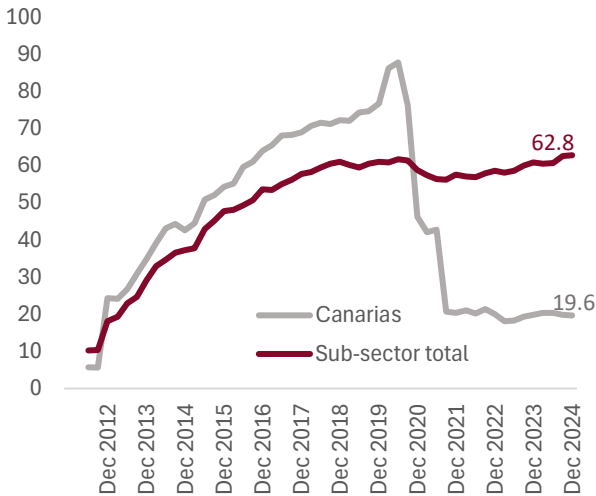
Source Bank of Spain

Latest data: Dec 2024

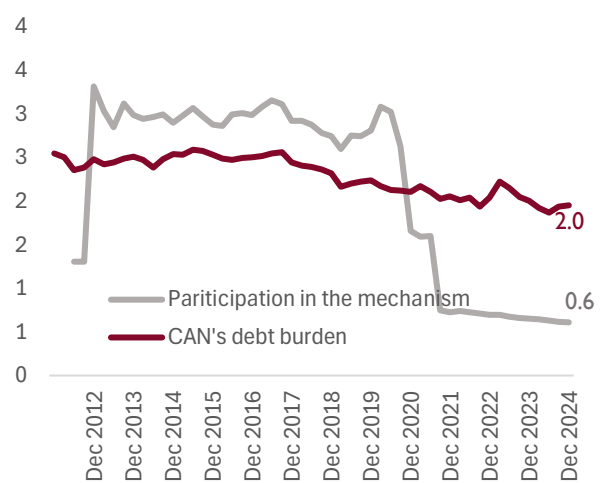


The weight of the Canary Islands' financing through **extraordinary mechanisms** has fallen from the peak reached in the second quarter of 2020 by 68 points, to account for 19.6% of its total debt, below that of the ARs as a whole (62.8%). The Canary Islands' indebtedness through the Regional Financing Fund accounts for 0.6% of the total, a lower percentage than its debt (2%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

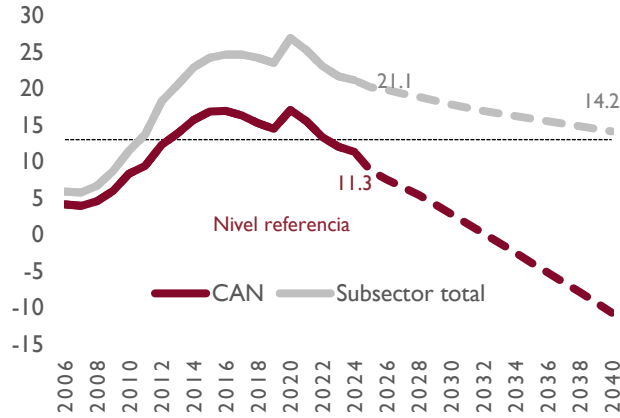
Credit rating

As of September 2019, Standard & Poor's maintains the rating of the Canary Islands in the upper medium grade 'A' category, on the same notch as its rating of the Spanish government debt (A). In May 2022, Fitch withdrew the rating of the Canary Islands, which it established at lower medium grade 'BBB-'.

CAN	..	A	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

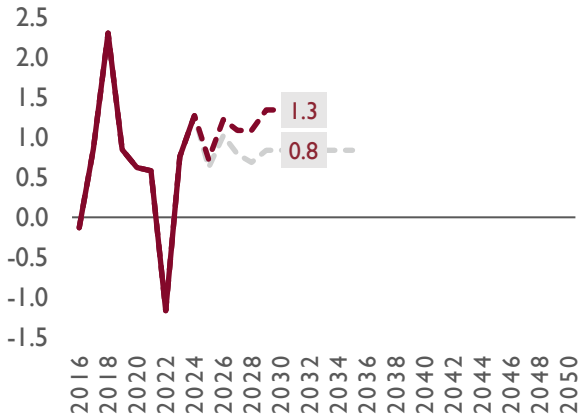
According to AIReF's macro-fiscal forecasts and under a baseline scenario, a progressive reduction in the public debt ratio is projected, which could even disappear at the start of the next decade. The favourable evolution of the primary balance will be the factor that contributes most to the reduction in the ratio, supported by economic growth and a decreasing financial burden as debt is reduced, with the reference rate of 13% having been reached in 2023. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected up to 2040, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

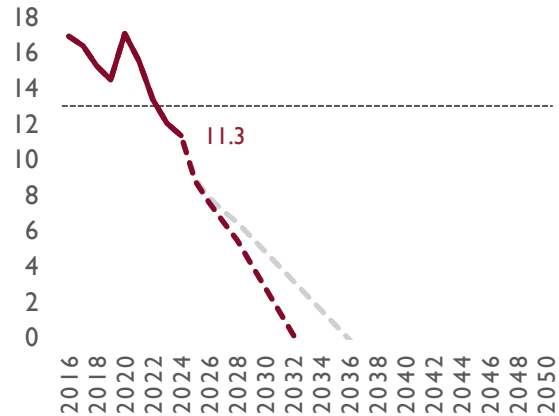


A more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would slow the pace of reduction of the ratio, delaying its eventual disappearance by four years.

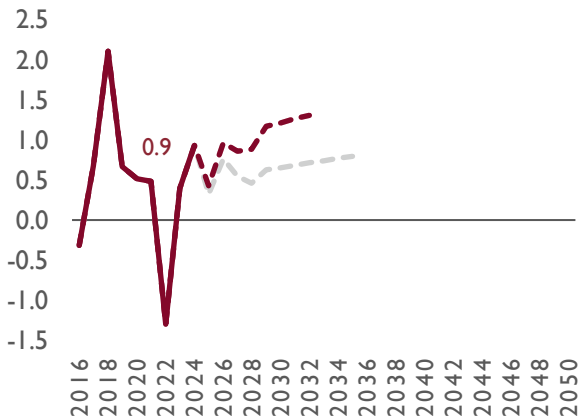
Projections for the primary balance (% GDP)



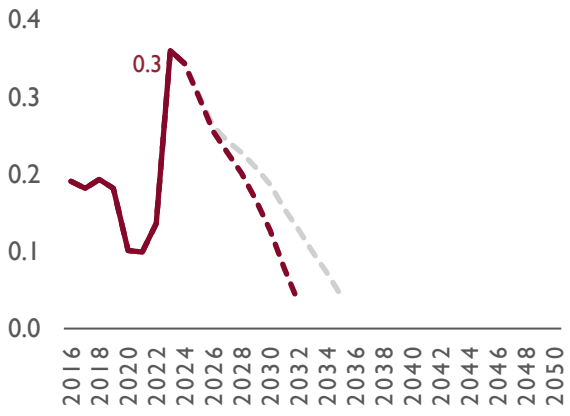
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)

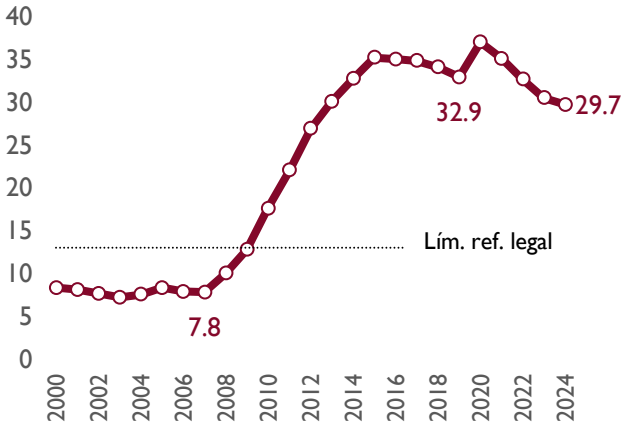


— Baseline
— Worse Primary Balance Path (0.5 p.p. deterioration through 2029)
- - - Scenario with Required Adjustment to Reach 13% Level in 2028 (end of PFEMP)

Source: AIReF

CATALONIA

Evolution of the debt ratio (% GDP)



From the values reached before 2008 (around 8%), Catalonia's debt-to-GDP ratio increased by more than 25 points to reach its maximum value in 2020 (37%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 7.3 points to 29.7% of GDP at year-end 2024, below the levels of over 30% reached in the years prior to the pandemic. Catalonia exceeds the legal reference rate of 13% by 16.7 points, with 2008 being the last year in which the AR fell below this reference rate.

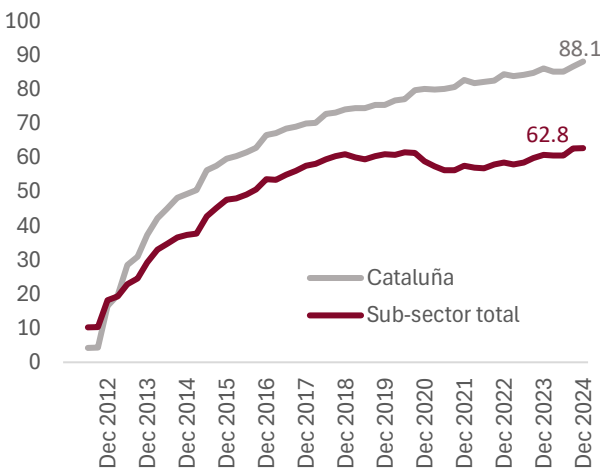
Source Bank of Spain

Latest data: Dec 2024

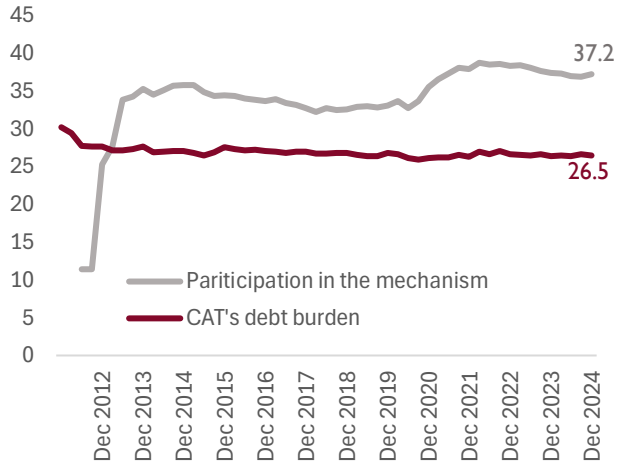
Public Debt		Regional Financing Funds	
%GDP: 29.7	% s/ total ARs: 26.5	Weight in total debt: 88.1	% total Regional Financing Funds: 37.2

The weight of Catalonia's financing through **extraordinary mechanisms has followed an upward trend since 2012, reaching 88.1%** of its total debt, a higher percentage than that of the Autonomous Regions as a whole (62.8%). Catalonia is the AR most indebted to the Regional Financing Fund (followed by Valencia and Andalusia), with a share of 37.2% of the total, a higher percentage than its debt (26.5%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

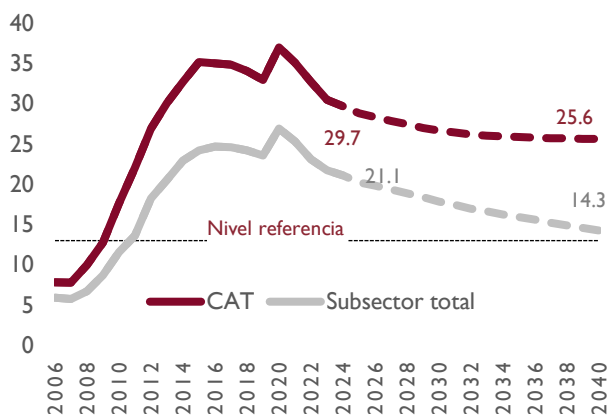
Credit rating

In March 2024, Fitch upgraded Catalonia's rating from 'BBB-' to 'BBB', placing it two notches below its rating for Spain (A-). The rating agency Moody's maintains its speculative non-investment grade rating (Ba1), three notches below its rating for Spain (Baa1).

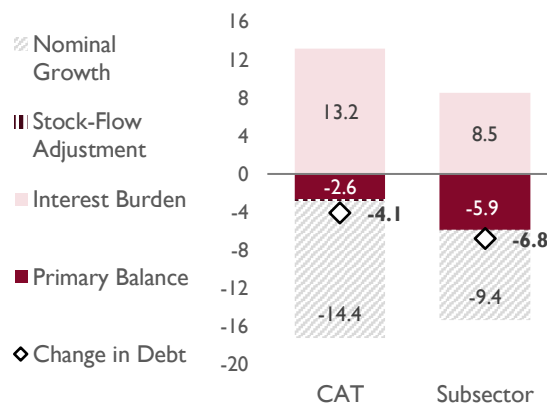
CAT	Ba1	..	BBB
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario⁸, the debt ratio is projected to fall by 4.1 points of GDP by 2040. Economic growth will be the factor that contributes most to the reduction in the ratio, supported by a slight improvement in the primary balance. The 13% reference rate is not projected to be reached. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

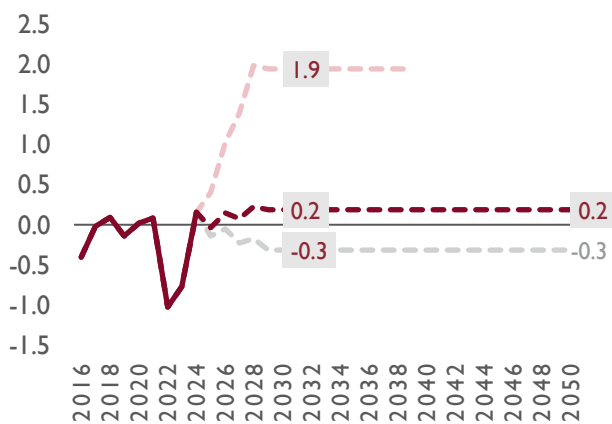


Cumulative change 2025-2040 in the debt ratio (p.p.)

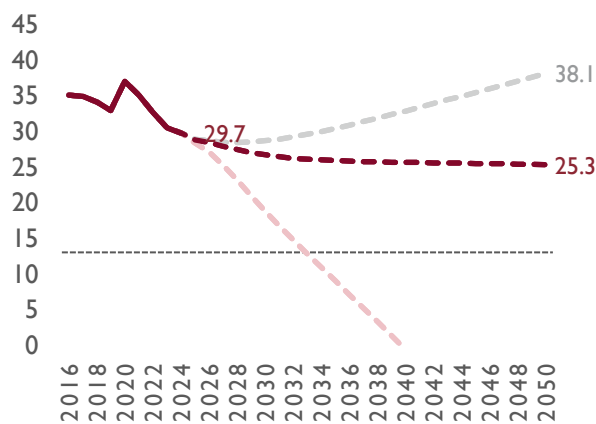


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.44 points of GDP would be required for the debt ratio to reach the reference rate in 2033, five years after the end of the plan period⁹. This would imply a cumulative improvement in the primary balance of 1.78 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would generate an unfavourable dynamic of the debt ratio, resuming an upward path, falling short of the 13% reference rate.

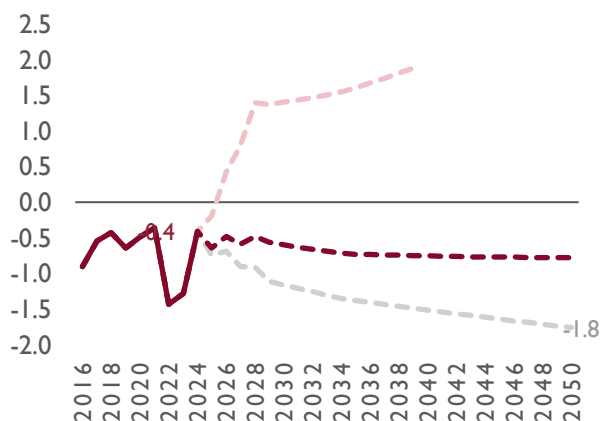
Primary balance projections (% GDP)



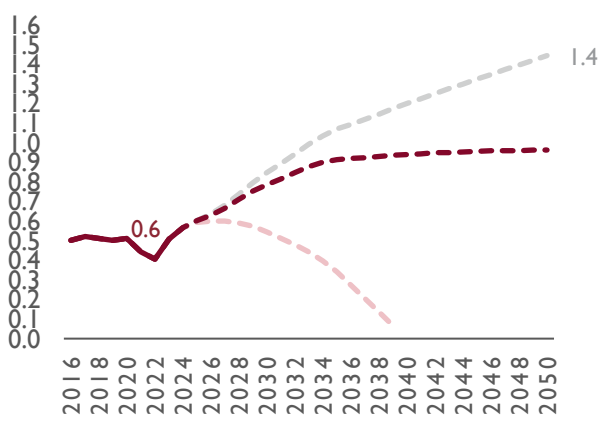
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



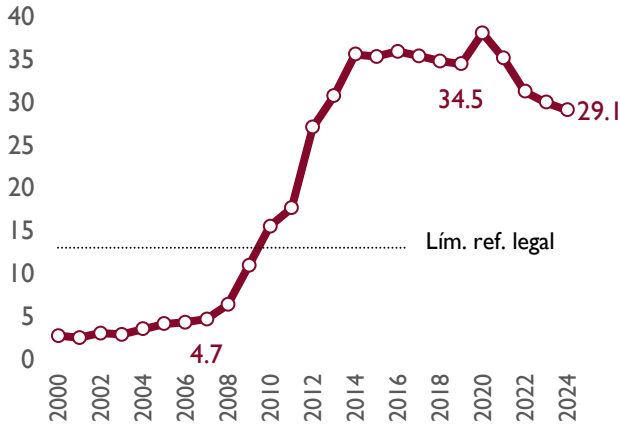
Source: AIReF

⁸ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

⁹ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

CASTILE-LA MANCHA

Evolution of the debt ratio (% GDP)



From the minimum values reached up to 2007 (below 4.7%), Castile-La Mancha's debt-to-GDP ratio increased by more than 30 points to reach its maximum value in 2020 (38.1%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 9 points to stand at 29.1% of GDP at year-end 2024, below the levels of around 35% where the ratio had stabilised in the years prior to the pandemic. Castile-La Mancha exceeds the legal reference rate of 13% by 16.1 points, with 2009 being the last year in which the AR was below this reference rate.

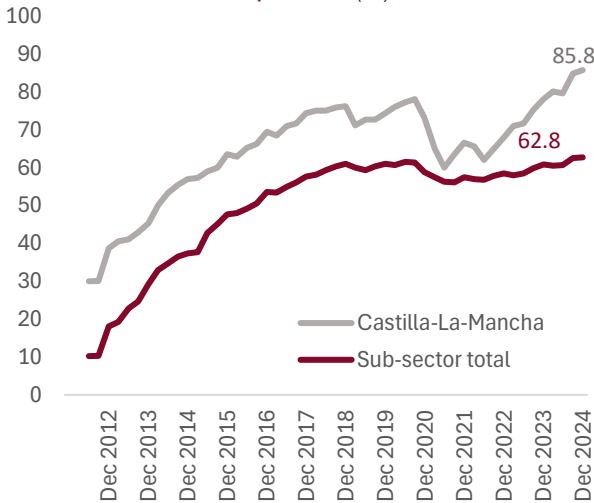
Source Bank of Spain

Latest data: Dec 2024

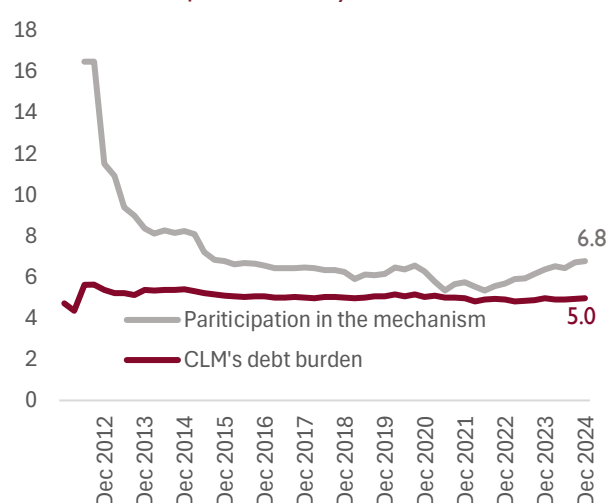
Public Debt		Regional Financing Funds	
%GDP: 29.1	% s/ total ARs: 5.0	Weight in total debt: 85.8	% total Regional Financing Funds: 6.8

The weight of Castile-La Mancha's financing through **extraordinary mechanisms** has increased in recent years by more than 20 points to account for **85.8%** of its total debt, a higher percentage than that of the ARs as a whole (62.8%). Castile-La Mancha's indebtedness through the Regional Financing Fund accounts for 6.8% of the total, a higher percentage than its debt (5%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

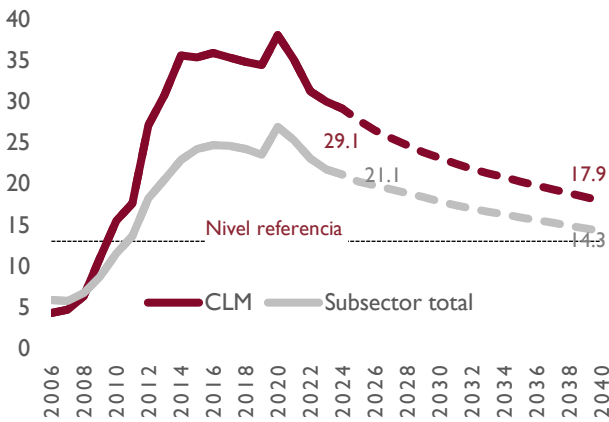
Credit rating

The rating agency Fitch maintains Castile-La Mancha's rating at a lower medium grade 'BBB-', three notches below its rating for Spain (A-). Moody's maintains the rating at speculative non-investment grade (Ba1), also three notches below its rating for Spain (Baa1).

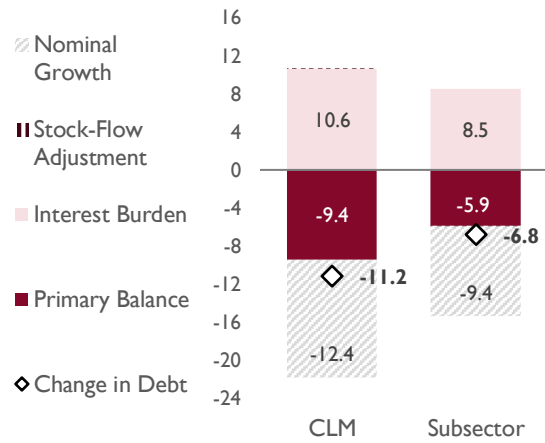
CLM	Ba1	..	BBB-
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario¹⁰, the debt ratio is projected to fall by 11.2 points of GDP by 2040. Economic growth will be the factor that contributes most to the reduction in the ratio, supported by the favourable evolution of the primary balance, reaching the reference rate of 13% in 2050. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction of the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

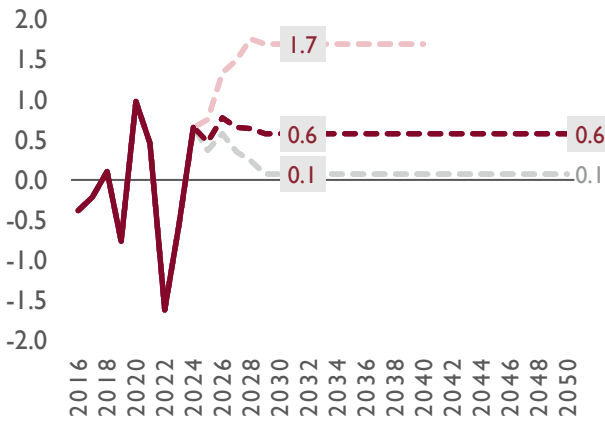


Cumulative change 2025-2040 in the debt ratio (p.p.)

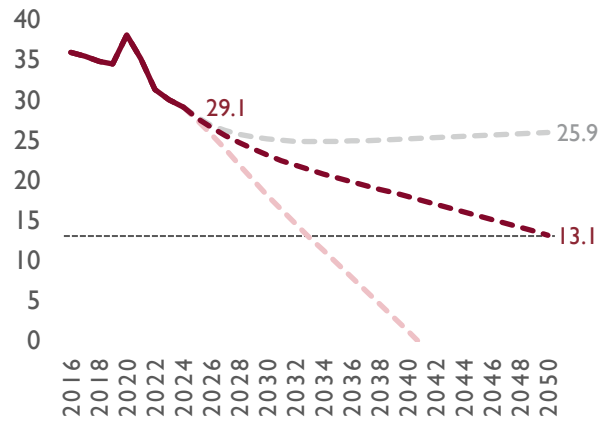


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.28 points of GDP would be required for the debt ratio to reach the reference rate in 2033, five years after the end of the plan period¹¹. This would imply a cumulative improvement in the primary balance of 1.12 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would slow the reduction in the debt ratio, falling short of the 13% reference rate.

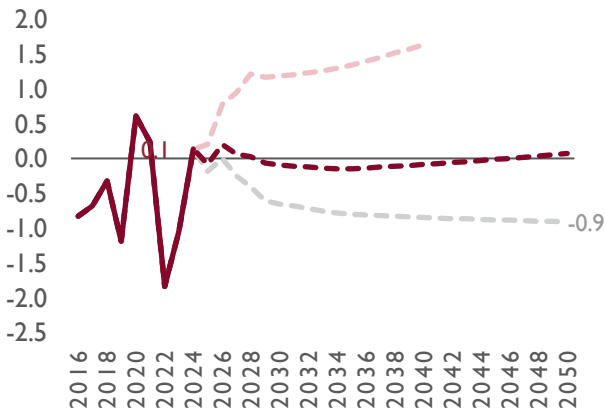
Primary balance projections (% GDP)



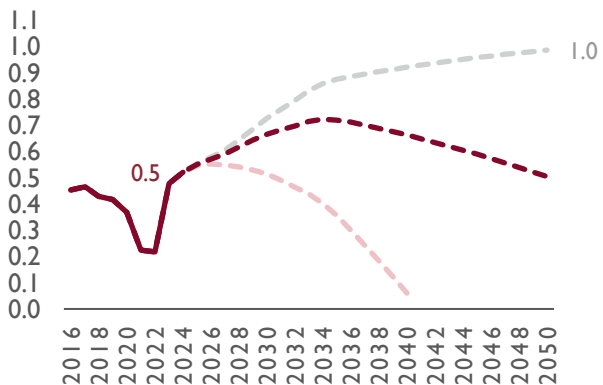
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



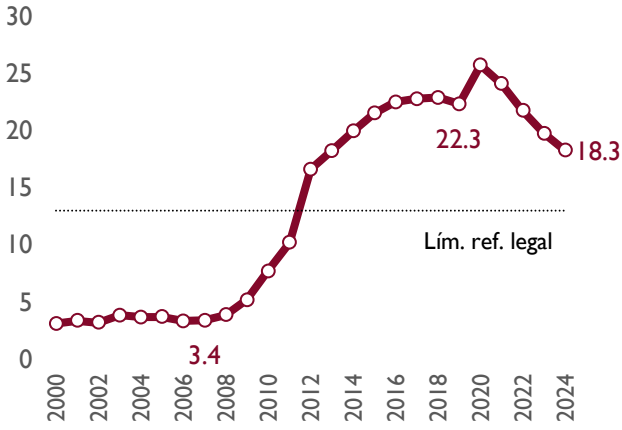
Source: AIReF

¹⁰ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

¹¹ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

CANTABRIA

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (3.4%), Cantabria's debt-to-GDP ratio increased by more than 22.4 points to reach its maximum value in 2020 (25.7%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 7.5 points to 18.3% of GDP at year-end 2024, below the levels of around 22% where the ratio had stabilised in the years prior to the pandemic. Cantabria exceeds the legal reference rate of 13% by 5.3 points, with 2011 being the last year in which the AR was below this reference rate.

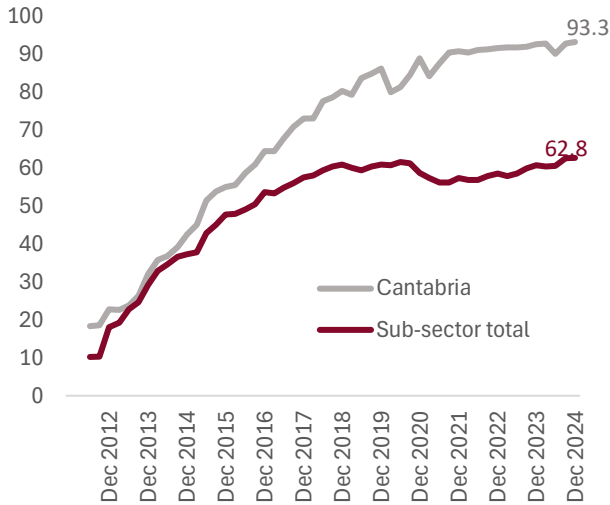
Source Bank of Spain

Latest data: Dec 2024

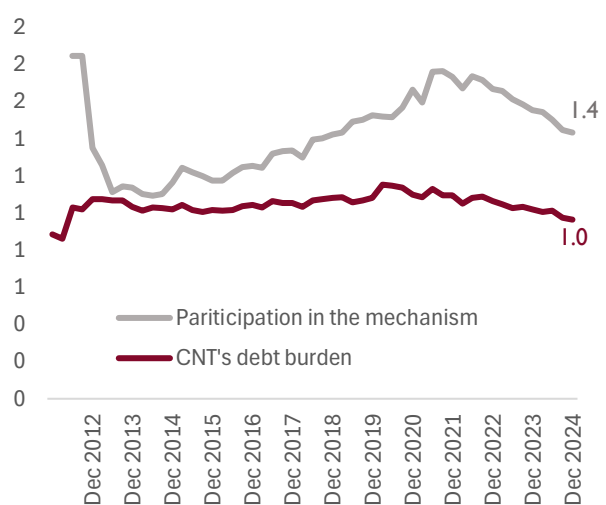
Public Debt		Regional Financing Funds	
%GDP: 18.3	% s/ total ARs: 1.0	Weight in total debt: 93.3	% total Regional Financing Funds: 1.4

The weight of Cantabria's financing through **extraordinary mechanisms** has followed an upward trend since 2012, reaching **93.3%** of its total debt, a higher percentage than that of the ARs as a whole (62.8%). Cantabria's indebtedness through the Regional Financing Fund accounts for 1.4% of the total, a higher percentage than its debt (1%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

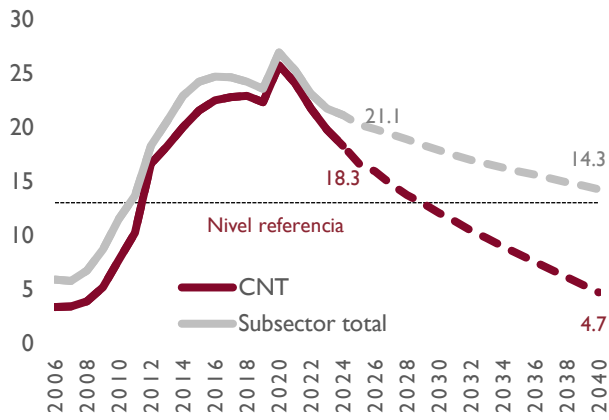
Credit Rating

On April 25th, 2025, the rating agency Fitch withdrew Cantabria's rating, which in 2024 was at medium-lower grade (BBB).

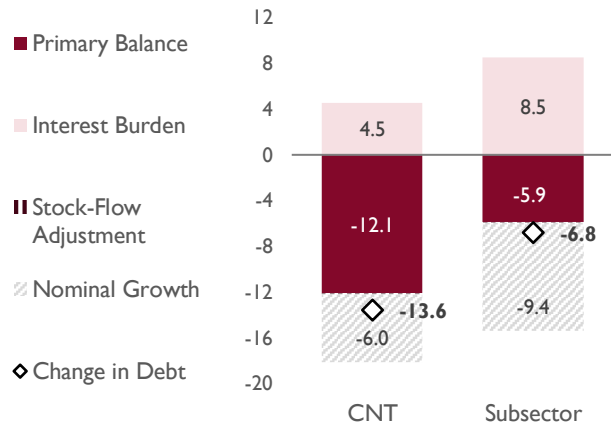
CNT	..	..	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario¹², the debt ratio is projected to fall by 13.6 points of GDP by 2040. The favourable evolution of the primary balance will be the factor that contributes most to the reduction in the ratio, supported by economic growth and a decreasing financial burden as the debt is reduced, thus reaching the reference rate of 13% in 2029. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

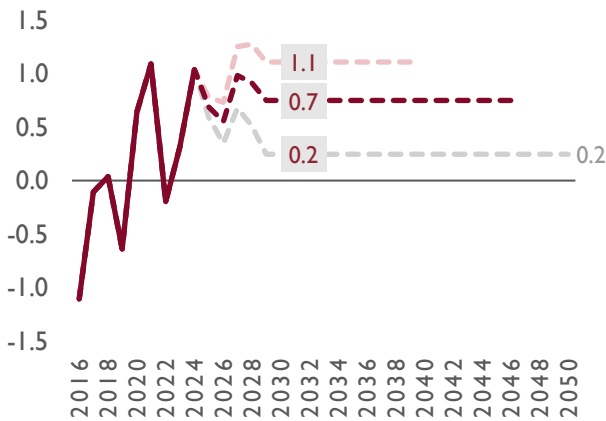


Cumulative change 2025-2040 in the debt ratio (p.p.)

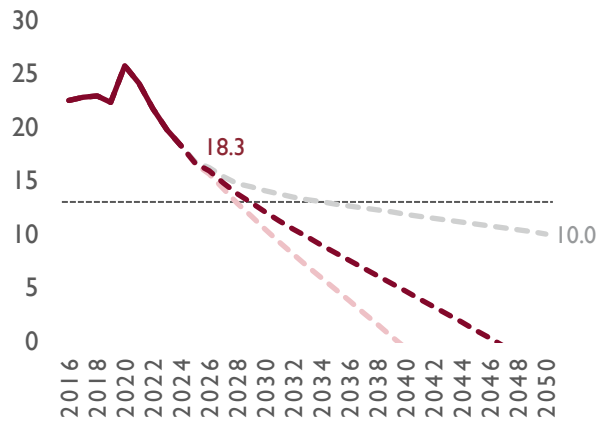


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.09 points of GDP would be required for the debt ratio to reach the reference rate by the end of the plan period¹³. This would imply a cumulative improvement in the primary balance of 0.36 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would slow the reduction in the debt ratio, delaying the achievement of the 13% limit until 2034.

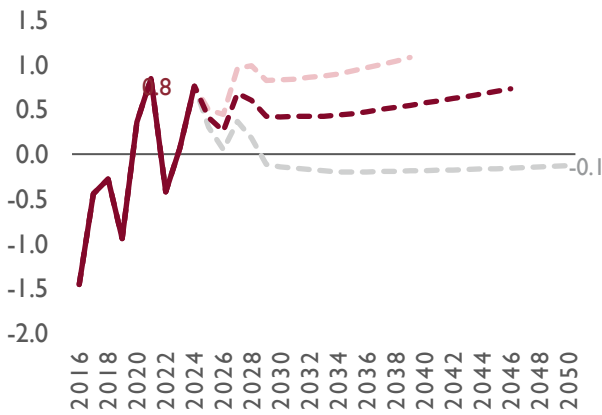
Projections for primary balance (% GDP)



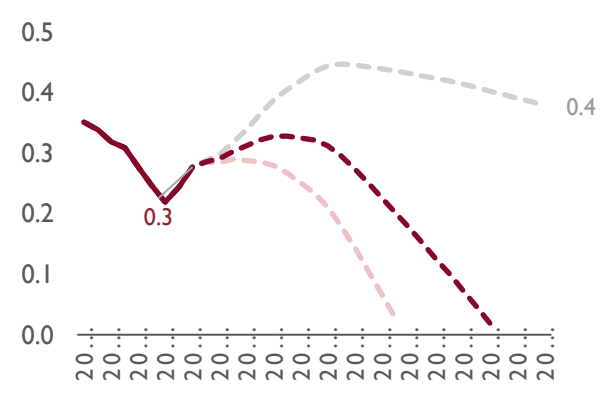
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



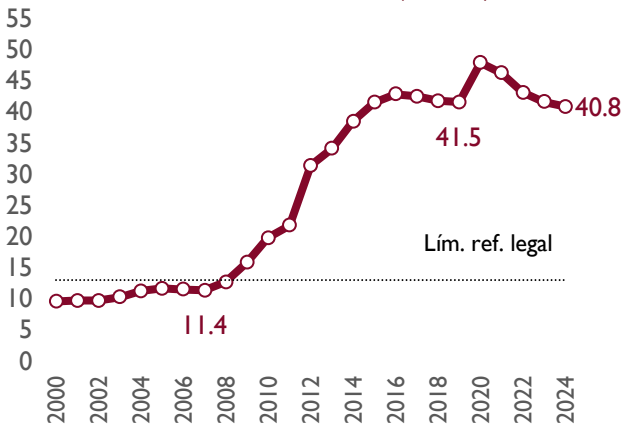
— Baseline
- - - Worse Primary Balance Path (0.5 p.p. deterioration through 2029)
- - - Scenario with Required Adjustment to Reach 13% Level in 2028 (end of PFEMP)

Source: AIReF

¹² The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.
¹³ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

VALENCIA

Evolution of the debt ratio (% GDP)



From the minimum values reached before 2007 (around 11.5%), the debt-to-GDP ratio of Valencia increased until it reached its maximum value in 2020 (47.9%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 7.1 points to 40.8% of GDP at year-end 2024, below the levels of around 42% recorded in the years prior to the pandemic. Valencia exceeds the legal reference rate of 13% by 27.8 points, with 2008 being the last year in which the AR fell below this reference rate.

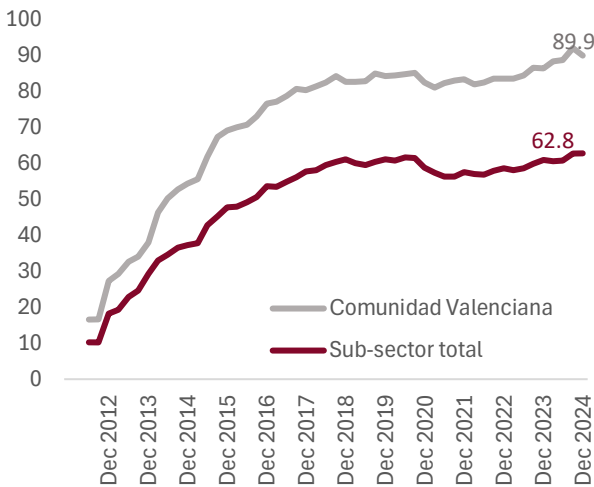
Source Bank of Spain

Latest data: Dec 2024

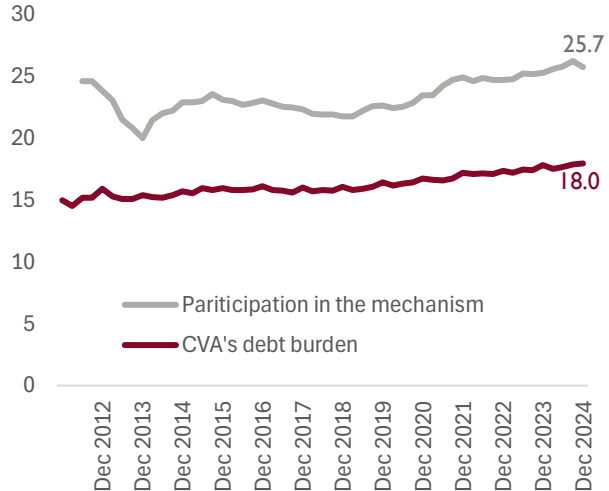
Public Debt		Regional Financing Funds	
%GDP: 40.8	% s/ total ARs: 18.0	Weight in total debt: 89.9	% total Regional Financing Funds: 25.7

The weight of Valencia's financing through **extraordinary mechanisms** has followed an upward trend since 2012, reaching **89.9%** of its total debt, a higher percentage than that of the ARs as a whole (62.8%). Valencia is the second most indebted AR (after Catalonia) to the Regional Financing Fund, with a share of 25.7% of the total, a higher percentage than its debt (18%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

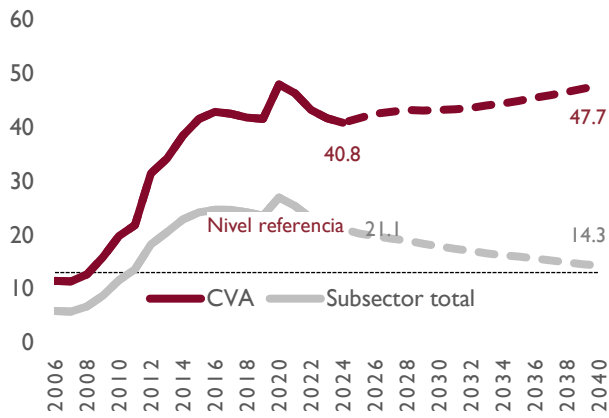
Credit rating

The rating agency Fitch places the rating of Valencia at a lower medium grade of 'BBB-', three notches below its rating for Spain (A-). Standard & Poor's places its rating in the speculative non-investment grade category, with a BB rating, below the Spanish government debt rating (A). Moody's maintains a speculative non-investment grade rating (Ba1), below its rating for Spain (Baa1).

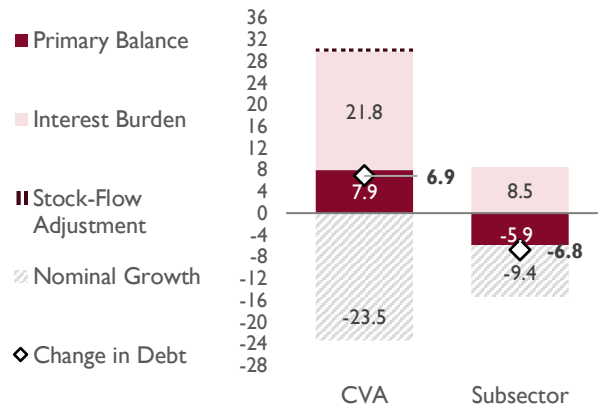
CVA	Ba1	BB	BBB-
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario¹⁴, the debt ratio is projected to increase by 6.9 points of GDP by 2040. The financial burden borne as debt rises is the factor that contributes most to the increase in the ratio, together with the primary deficit. The 13% reference rate will not be reached. Under the same scenario, the sub-sector as a whole is projected to fall by 6.8 points, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

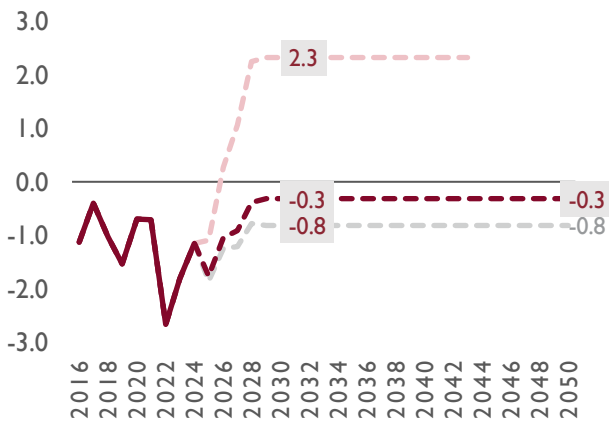


Cumulative change 2025-2040 in the debt ratio (p.p.)

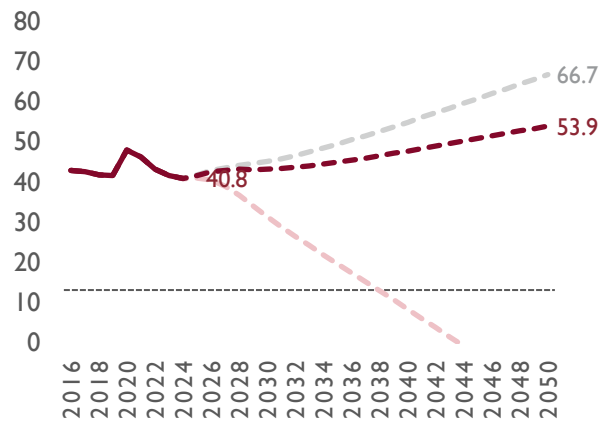


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.66 points of GDP would be required for the debt ratio to reach the reference rate in 2038, ten years after the end of the plan period¹⁵. This would imply a cumulative improvement in the primary balance of 2.64 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would exacerbate the unfavourable dynamic of the evolution of the debt ratio.

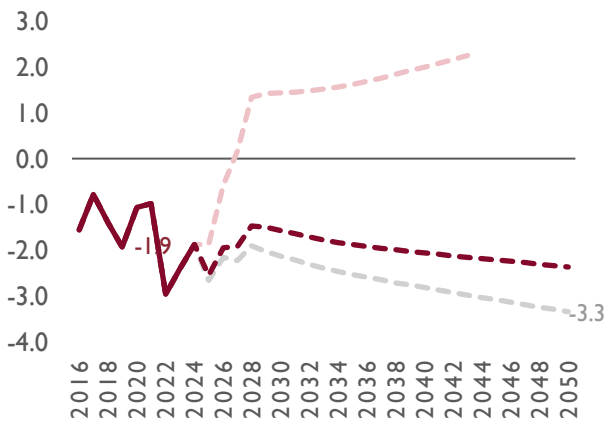
Projections for the primary balance (% GDP)



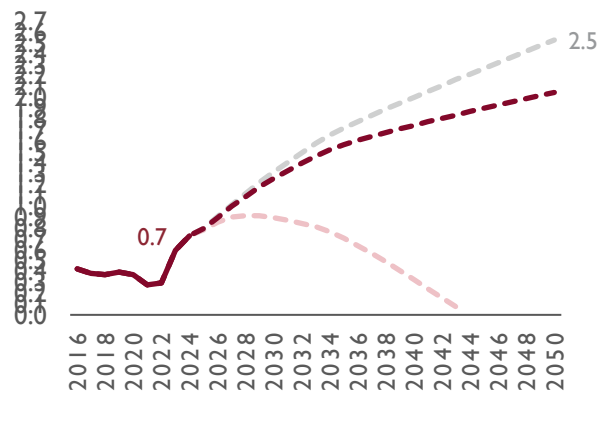
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



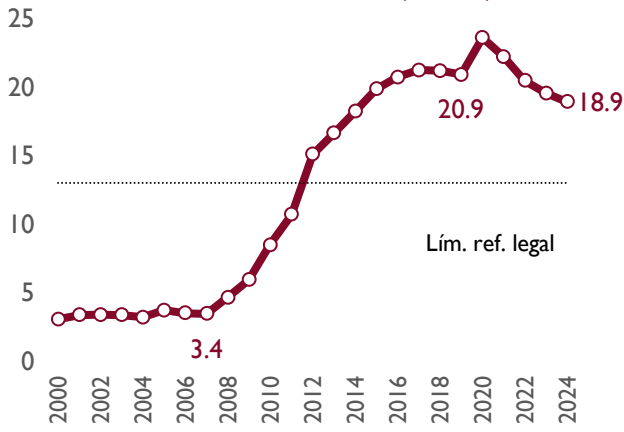
Source: AIReF

¹⁴ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

¹⁵ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

CASTILE AND LEON

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (3.4%), Castile and Leon's debt-to-GDP ratio increased by more than 20 points to reach its maximum value in 2020 (23.6%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 4.7 points to 18.9% of GDP at year-end 2024, below the levels of more than 20% that debt had reached in the years prior to the pandemic. Castile and Leon exceeds the legal reference rate of 13% by 5.9 points, with 2011 being the last year in which the AR was below this reference rate.

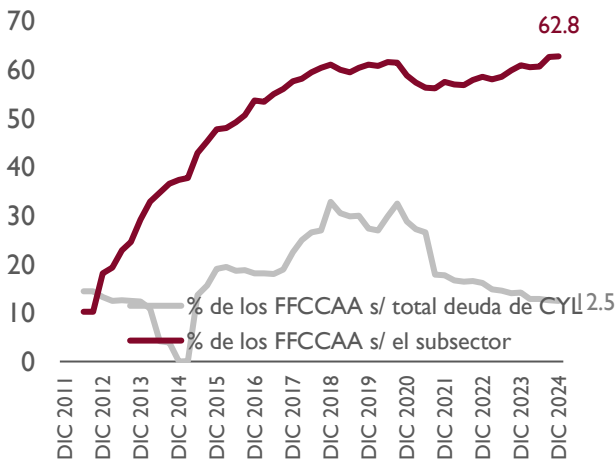
Source Bank of Spain

Latest data: Dec 2024

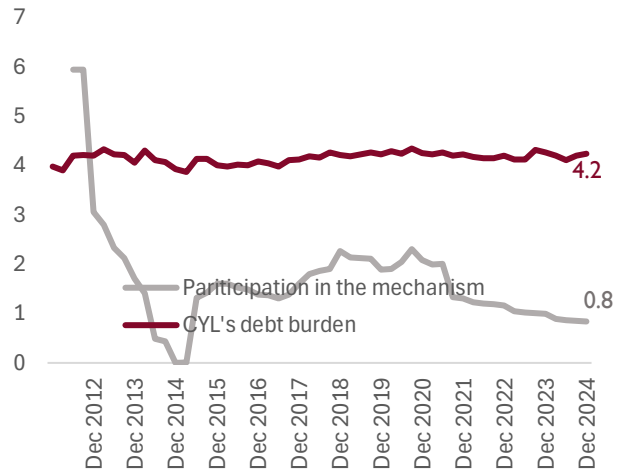
Public Debt		Regional Financing Funds	
%GDP: 18.9	% s/ total ARs: 4.2	Weight in total debt: 12.5	% total Regional Financing Funds: 0.8

The weight of Castile and Leon's financing through **extraordinary mechanisms has been reduced in recent years by 20 points to account for 12.5%** of its total debt, below that of the ARs as a whole (62.8%). Castile and Leon's indebtedness through the Regional Financing Fund accounts for 0.8% of the total, which is also lower than its debt (4.2%) as a percentage of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and participation in extraordinary mechanisms



Source Bank of Spain

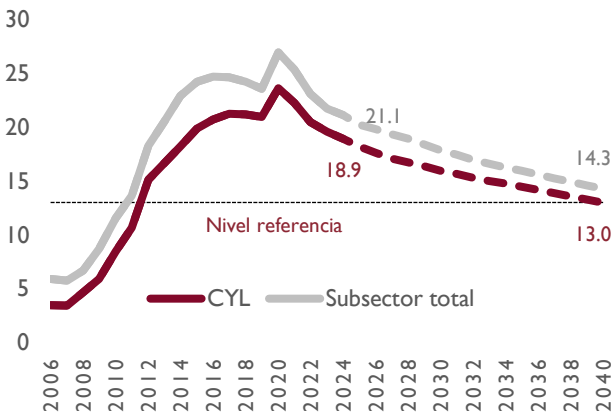
Credit rating

The rating agency Moody's has been maintaining its rating in the lower medium grade category (Baa1) since 2018, at the same level as its rating for Spain (Baa1).

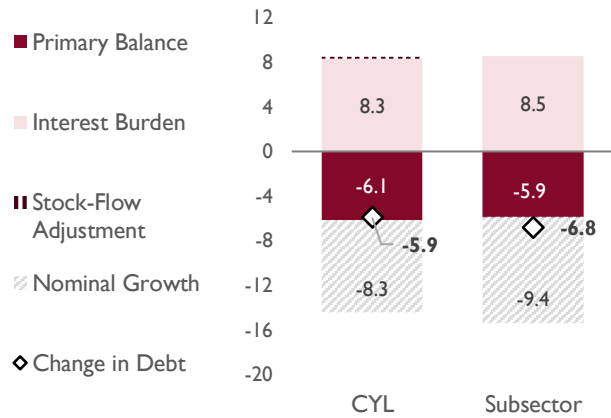
CYL	Baa1	..	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario¹⁶, the debt ratio is projected to fall by 5.9 points of GDP by 2040. Economic growth will be the factor that contributes most to the reduction in the ratio, supported by the favourable evolution of the primary balance, thus reaching the 13% reference rate in 2040. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

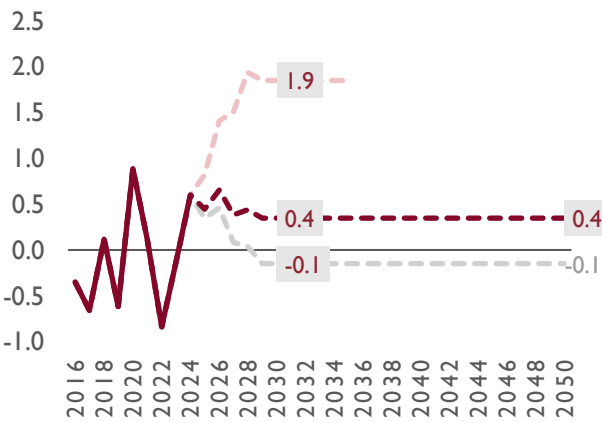


Cumulative change 2025-2040 in the debt ratio (p.p.)

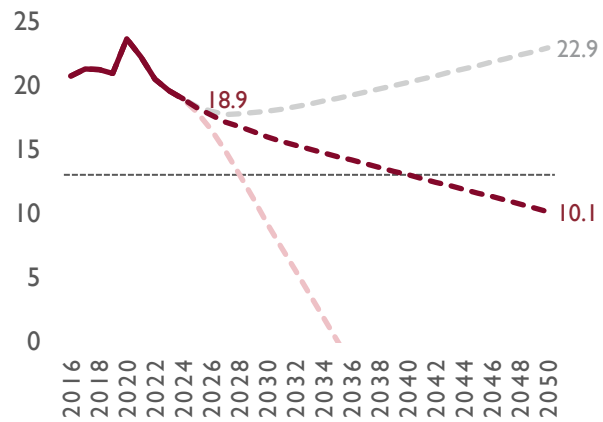


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.38 points of GDP would be required for the debt ratio to reach the reference rate by the end of the plan period¹⁷. This would imply a cumulative improvement in the primary balance of 1.5 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would generate an unfavourable dynamic in the debt ratio, returning to an upward path, falling short of the 13% reference rate.

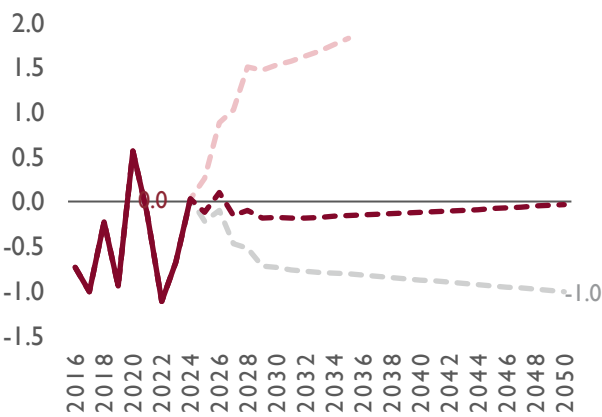
Primary balance projections (% GDP)



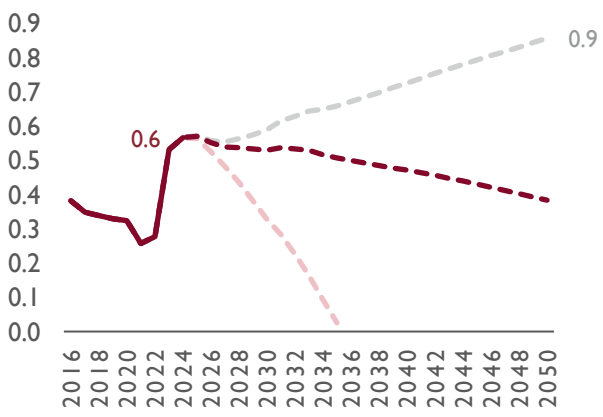
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



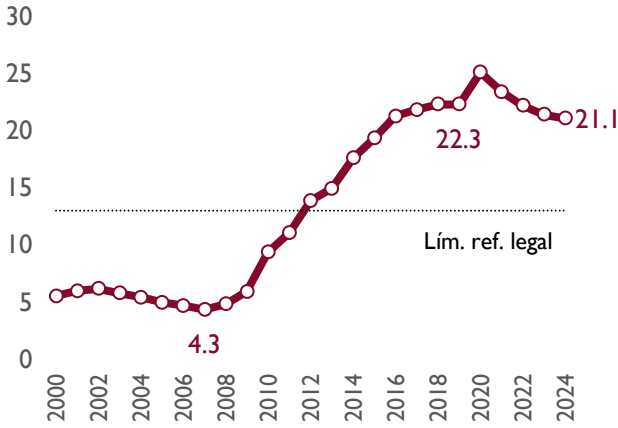
Source: AIReF

¹⁶ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

¹⁷ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

EXTREMADURA

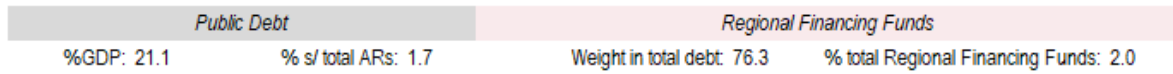
Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (4.3%), Extremadura's debt-to-GDP ratio increased by more than 20 points to reach its maximum value in 2020 (25.1%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 4 points to 21.1% of GDP at year-end 2024, below the levels of over 22% reached in the years prior to the pandemic. Extremadura exceeds the legal reference rate of 13% by 8.1 points, with 2011 being the last year in which the AR was below this reference rate.

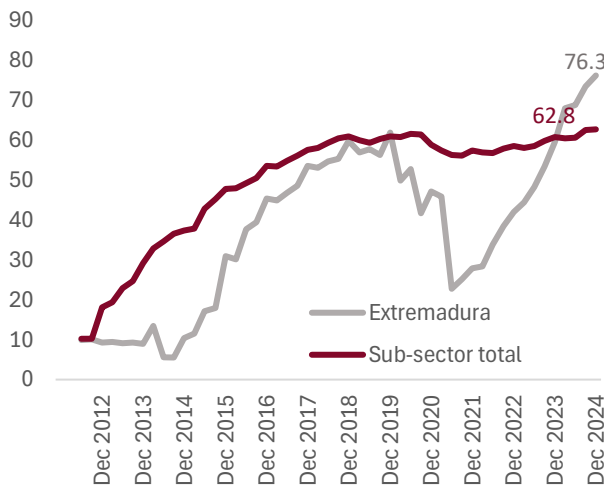
Source Bank of Spain

Latest data: Dec 2024

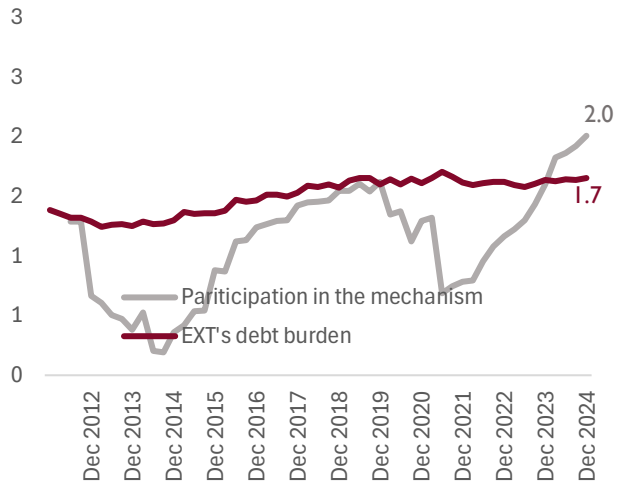


The weight of Extremadura's financing through **extraordinary mechanisms has increased since the second quarter of 2021 by more than 50 points to account for 76.3%** of its total debt, below that of the ARs as a whole (62.8%). Extremadura's indebtedness through the Regional Financing Fund accounts for 2% of the total, a higher percentage than its debt (1.7%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

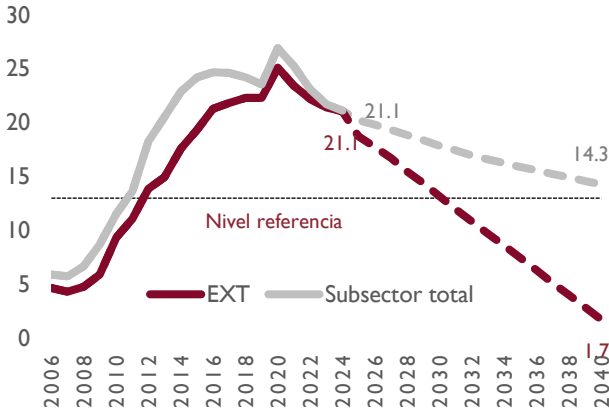
Credit rating

In April 2025 Standard & Poor's raised Extremadura's rating from 'BBB' to 'BBB+', placing it one notch below its rating for Spain (A-). The rating agency Moody's has maintained the rating at the lower medium grade category (Baa2) since 2018, one notch below its rating for Spain (Baa1).

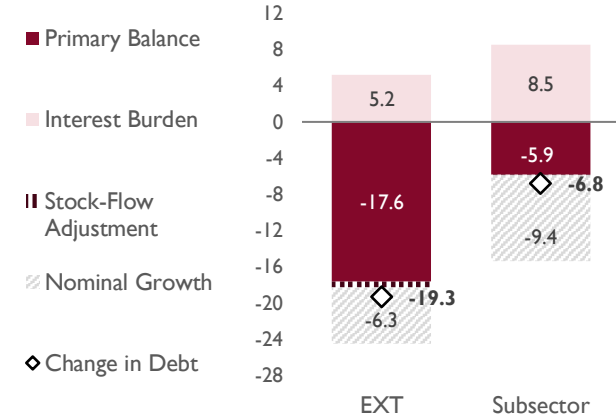
EXT	Baa2	BBB+	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario¹⁸, the debt ratio is projected to fall by 19.3 points of GDP by 2040. The favourable evolution of the primary balance will be the factor that contributes most to the reduction in the ratio, supported by economic growth and a decreasing financial burden as the debt is reduced, thus reaching the reference rate of 13% in 2031. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

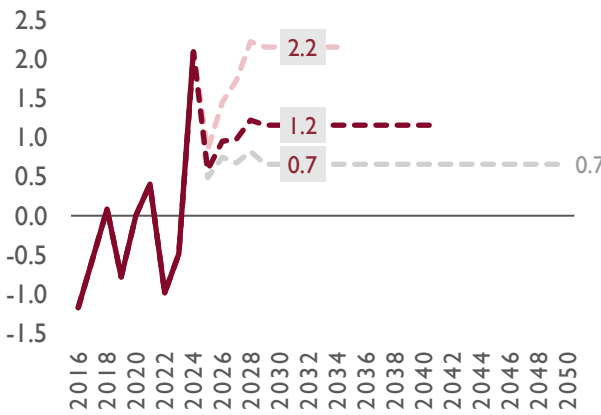


Cumulative change 2025-2040 in the debt ratio (p.p.)

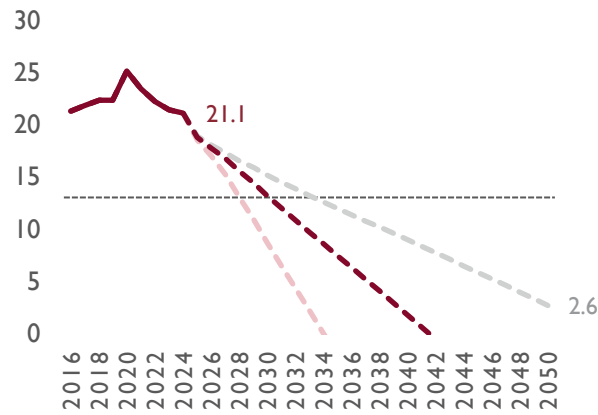


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.25 points of GDP would be required for the debt ratio to reach the reference rate by the end of the plan period¹⁹. This would imply a cumulative improvement in the primary balance of 1 point of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would slow the reduction in the debt ratio, delaying the achievement of the 13% limit until 2034.

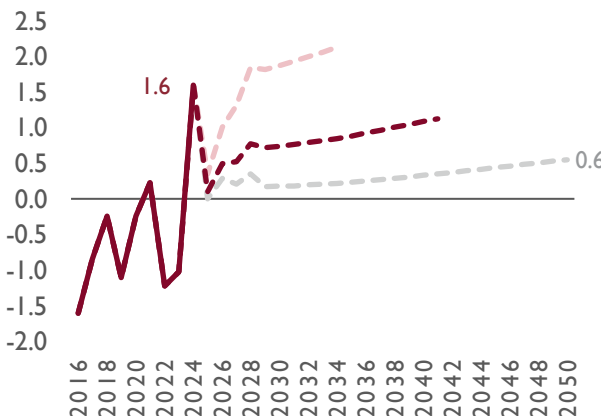
Primary balance projections (% GDP)



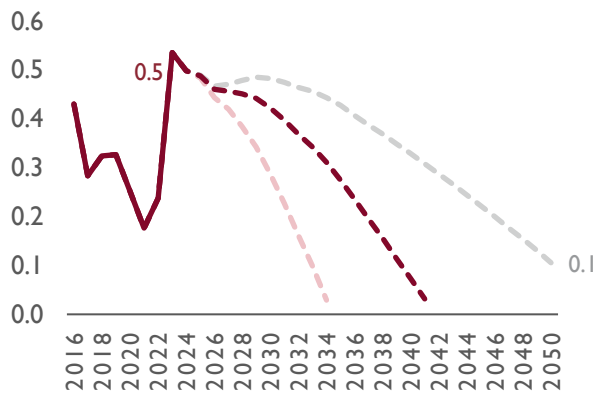
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



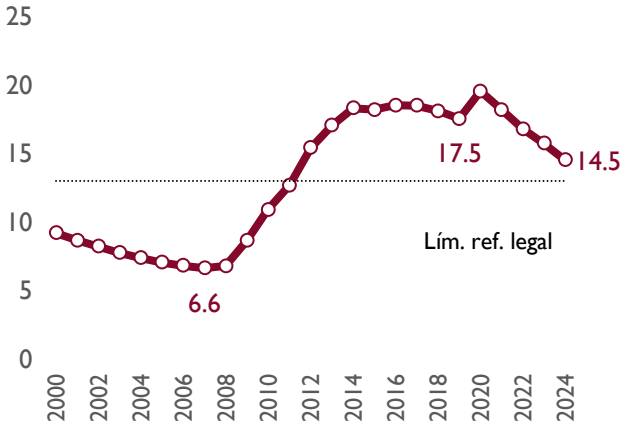
Source: AIReF

¹⁸ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

¹⁹ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

GALICIA

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (6.6%), Galicia's debt-to-GDP ratio increased by more than 10 points to reach its maximum value in 2020 (19.6%), coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 5 points to stand at 14.5% of GDP at year-end 2024, below the levels of around 18% where the ratio had stabilised in the years prior to the pandemic. Galicia exceeds the legal reference rate of 13% by 1.5 points, with 2011 being the last year in which the AR was below this reference rate.

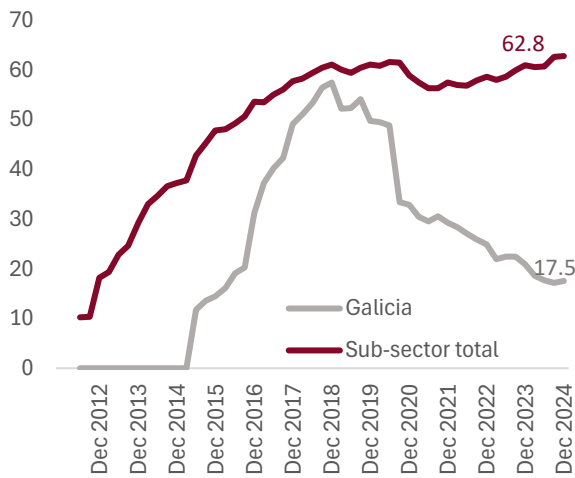
Source Bank of Spain

Latest data: Dec 2024

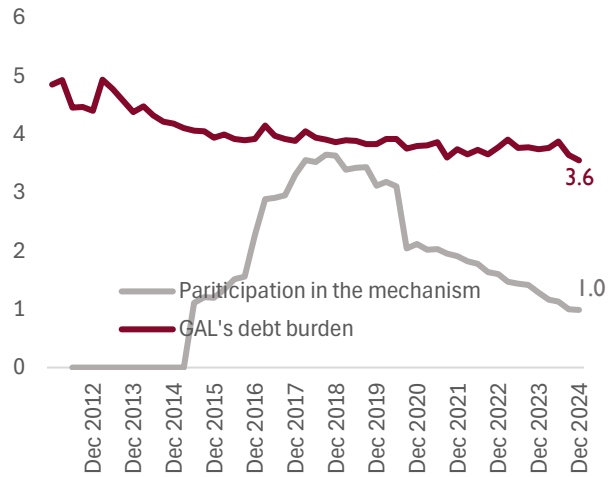
Public Debt		Regional Financing Funds	
%GDP: 14.5	% s/ total ARs: 3.6	Weight in total debt: 17.5	% total Regional Financing Funds: 1.0

The weight of Galicia's financing through **extraordinary mechanisms has been reduced in recent years by more than 35 points to account for 17.5%** of its total debt, below that of the ARs as a whole (62.8%). Galicia's indebtedness through the Regional Financing Fund accounts for 1% of the total, which is also lower than its debt (3.6%) as a percentage of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and participation in extraordinary mechanisms



Source Bank of Spain

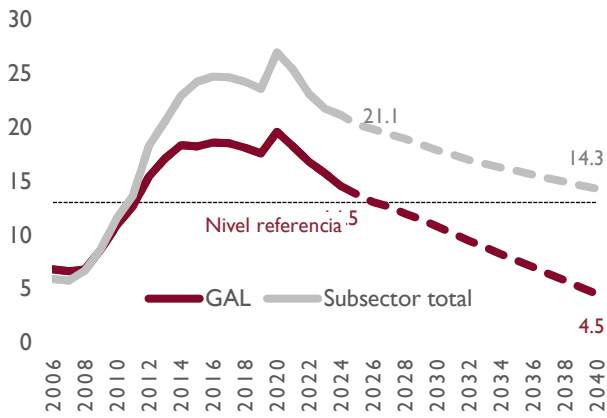
Credit rating

Standard & Poor's places Galicia's rating in the upper medium grade (A) category, the same rating it uses for Spanish government debt. The rating agency Moody's has maintained the rating in the lower medium grade category (Baa1) since 2018, the same rating as for Spain.

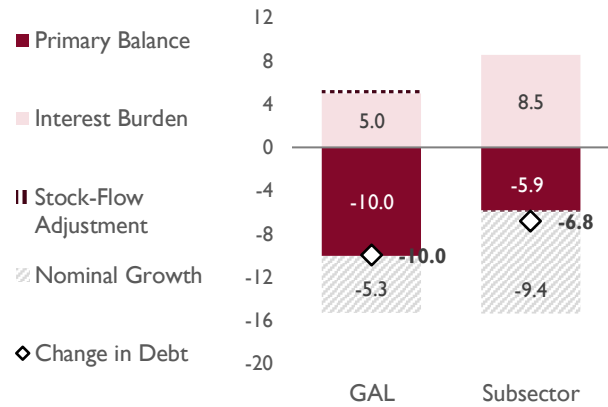
GAL	Baa1	A	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario²⁰, the debt ratio is projected to fall by 10 points of GDP by 2040. The favourable evolution of the primary balance will be the factor that contributes most to the reduction in the ratio, supported by economic growth and a decreasing financial burden as the debt is reduced, thus reaching the reference rate of 13% in 2027. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

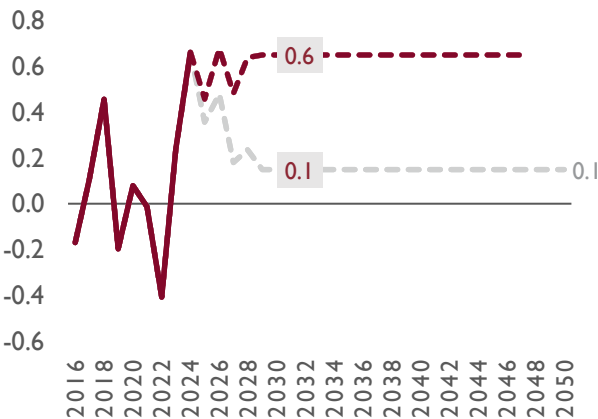


Cumulative change 2025-2040 in the debt ratio (p.p.)

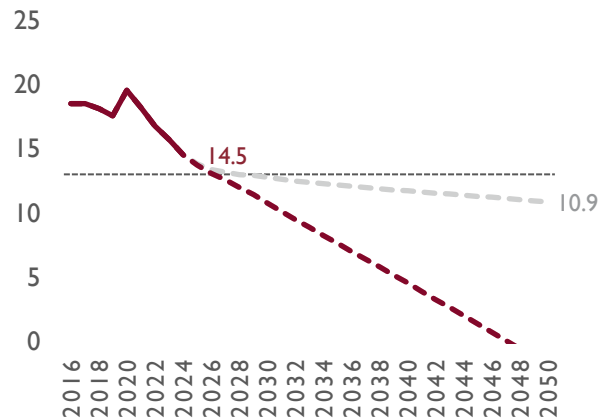


Considering a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - the reduction in the debt ratio would slow, delaying the achievement of the 13% limit until 2028.

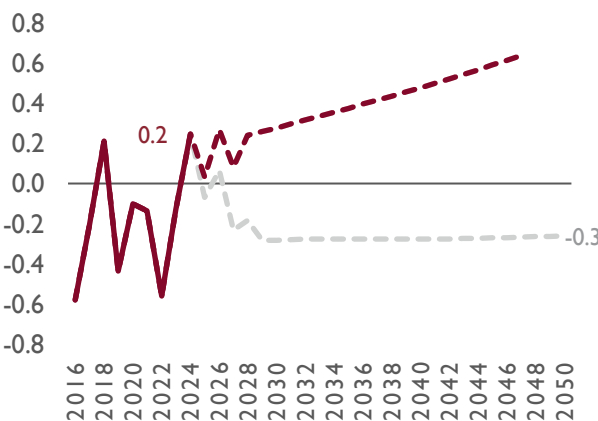
Primary balance projections (% GDP)



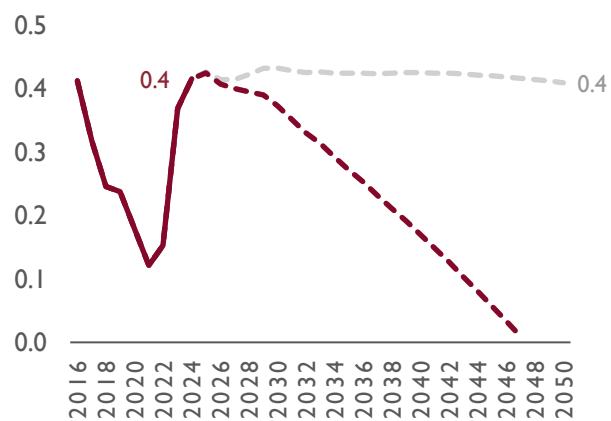
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



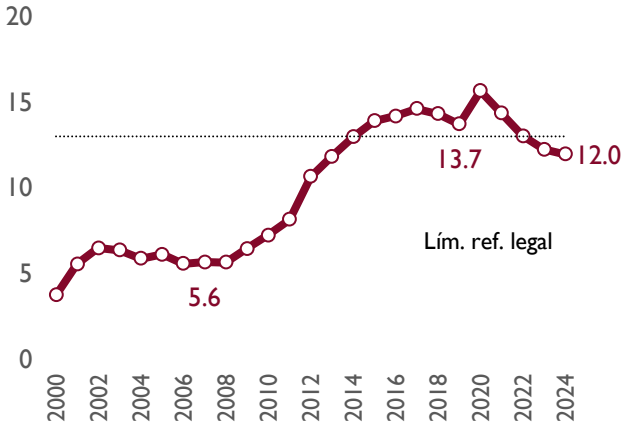
Source: AIReF

— Baseline
- - - Worse Primary Balance Path (0.5 p.p. deterioration through 2029)
- - - Scenario with Required Adjustment to Reach 13% Level in 2028 (end of PFEMP)

²⁰ The baseline scenario is based on projecting primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

MADRID

Evolution of the debt ratio (% GDP)



From the value reached in 2007 (5.6%), Madrid's debt-to-GDP ratio increased by 10 points to reach its maximum value in 2020 (15.7%) coinciding with the peak caused by the pandemic. Since that point, the ratio has fallen by 3.7 points to 12% of GDP at year-end 2024, down from levels above 14% in the years prior to the pandemic. Madrid's debt ratio has been below the legal reference rate of 13% since 2022.

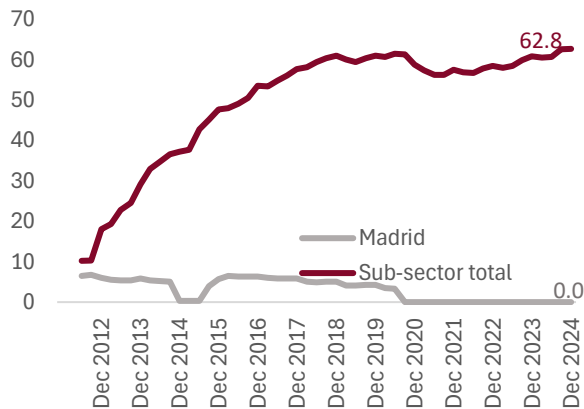
Source Bank of Spain

Latest data: Dec 2024

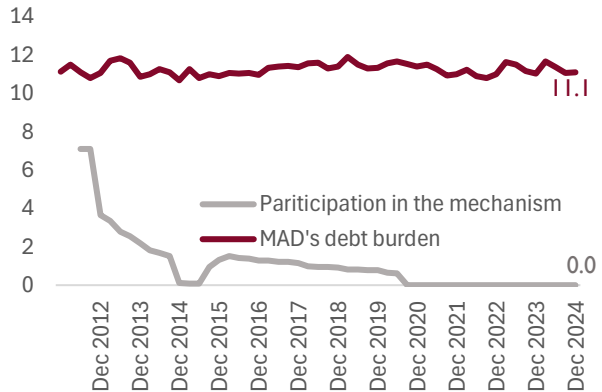
Public Debt		Regional Financing Funds	
%GDP: 12.0	% s/ total ARs: 11.1	Weight in total debt: 0.0	% total Regional Financing Funds: 0.0

The weight of Madrid's financing through **extraordinary mechanisms has been progressively reduced to zero since the third quarter of 2020**. Madrid is one of the three ARs that do not finance their debt through extraordinary mechanisms, together with the Basque Country and Navarre, which have the special features of the chartered regime. Madrid's debt accounts for 11.1% of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

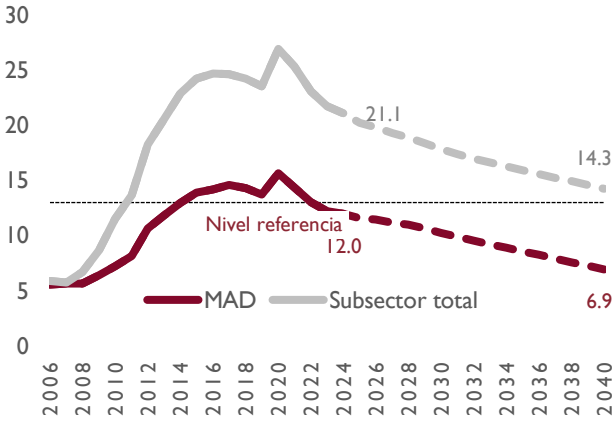
Credit rating

As of March 2024, the rating agency Fitch maintains Madrid's rating of upper medium grade (A-), the same rating as for Spain. Standard & Poor's has maintained the rating of upper medium grade (A) since 2022, the same rating as for the Government of Spain. The rating agency Moody's maintains the rating in the lower medium grade category (Baa1), again the same as its rating for Spain.

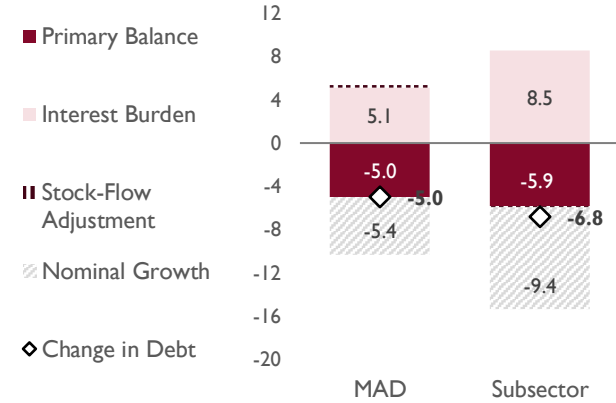
MAD	Baa1	A	A-
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario²¹, the debt ratio is projected to fall by 5 points of GDP by 2040. Economic growth will be the factor that contributes most to the reduction in the ratio, together with the favourable evolution of the primary balance and a declining financial burden as debt is reduced, with the reference rate of 13% being reached in 2022. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

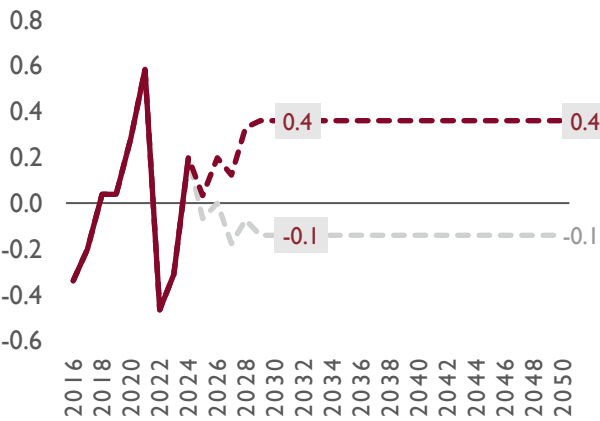


Cumulative change 2025-2040 in the debt ratio (p.p.)

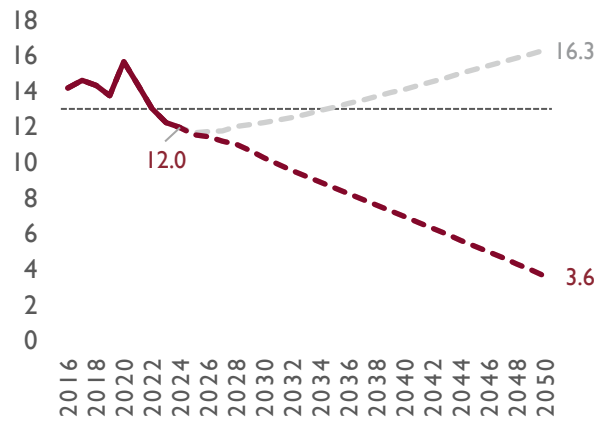


Considering a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - there would be a progressive increase in the debt ratio, exceeding the 13% limit from 2034 onwards.

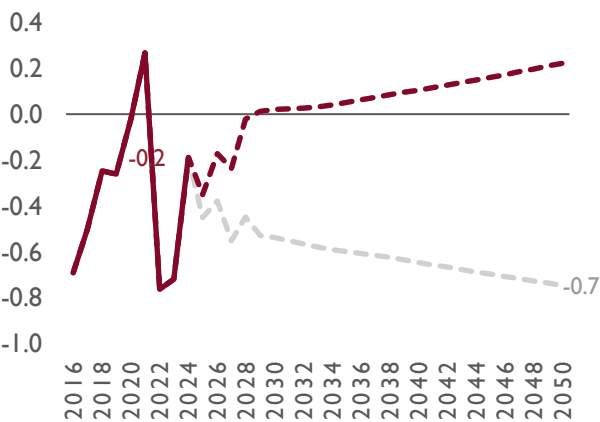
Primary balance projections (% GDP)



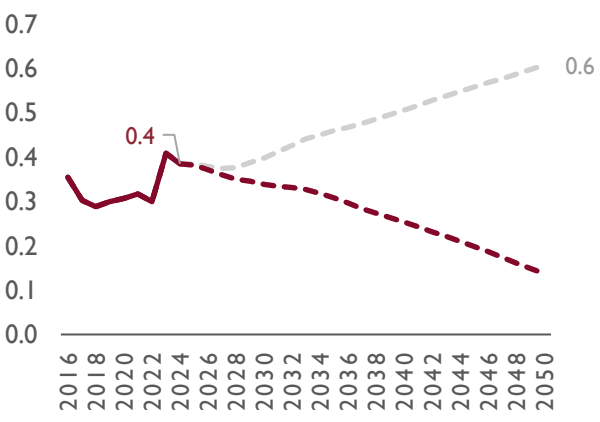
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



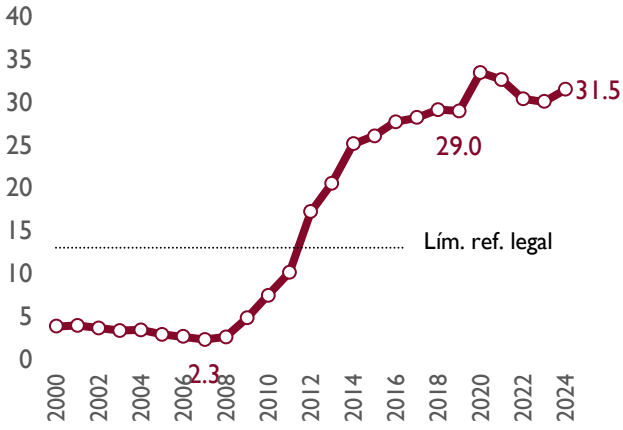
Source: AIReF

--- Baseline
 --- Worse Primary Balance Path (0.5 p.p. deterioration through 2029)
 --- Scenario with Required Adjustment to Reach 13% Level in 2028 (end of PFEMP)

²¹ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

MURCIA

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (2.3%), Murcia's debt-to-GDP ratio increased by more than 29 points to reach its maximum value in 2020 (33.5%) coinciding with the peak caused by the pandemic. Since that point, the ratio has fallen by 2 points to 31.5% at year-end 2024, above pre-pandemic levels, when the ratio was below 30%. Murcia exceeds the legal reference rate of 13% by 18.5 points, with 2011 being the last year in which the AR fell below this reference rate.

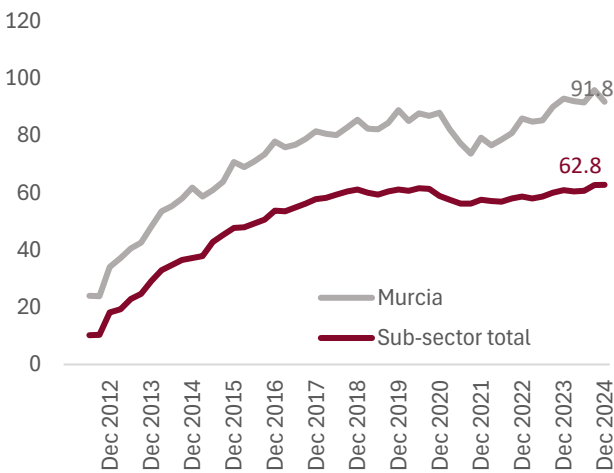
Source Bank of Spain

Latest data: Dec 2024

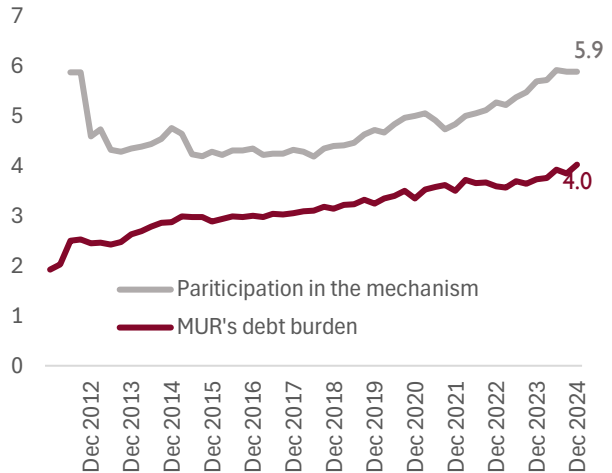
Public Debt		Regional Financing Funds	
%GDP: 31.5	% s/ total ARs: 4.0	Weight in total debt: 91.8	% total Regional Financing Funds: 5.9

The weight of Murcia's financing through **extraordinary mechanisms has increased in recent years by more than 15 points to account for 91.8%** of its total debt, below that of the ARs as a whole (62.8%). Murcia's debt through the Regional Financing Fund accounts for 5.9% of the total, a higher percentage than its debt (4%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share in extraordinary mechanisms



Source Bank of Spain

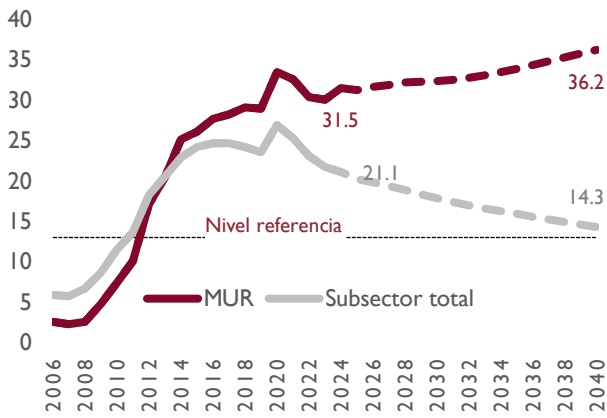
Credit rating

The rating agency Fitch maintains Murcia's rating at the lower medium grade 'BBB-', three notches below its rating for Spain (A-). Moody's maintains the rating at speculative non-investment grade (Ba1), below its rating for Spain (Baa1).

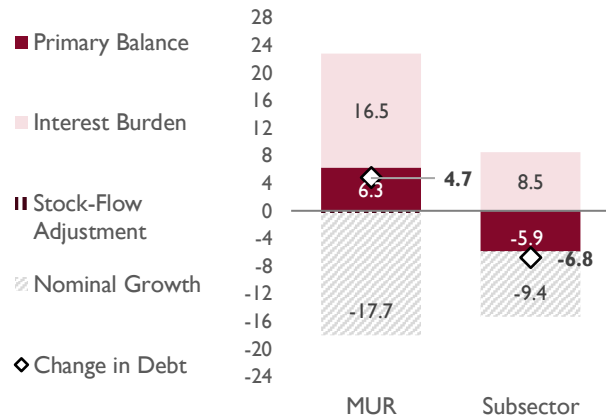
MUR	Ba1	..	BBB-
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario²², the debt ratio is projected to increase by 4.7 points of GDP by 2040. The financial burden borne as debt rises is the factor that contributes most to the increase in the ratio, together with the primary deficit. The 13% reference rate will not be reached. Under the same scenario, the sub-sector as a whole is projected to fall by 6.8 points, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

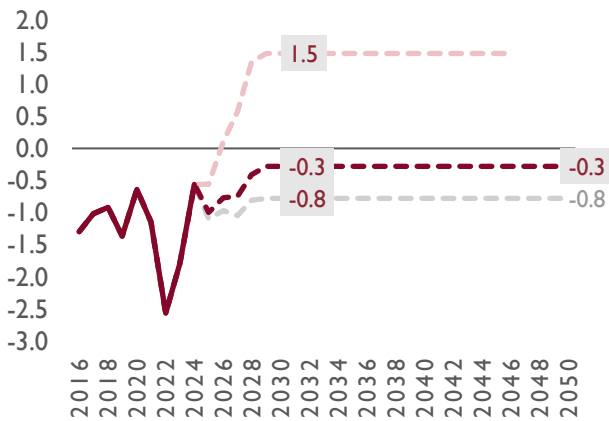


Cumulative change 2025-2040 in the debt ratio (p.p.)

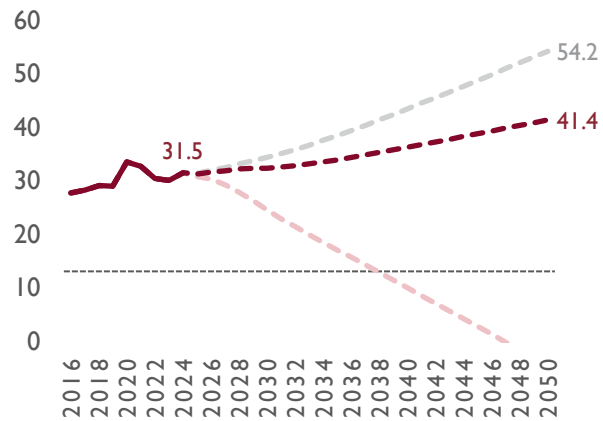


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.44 points of GDP would be required for the debt ratio to reach the reference rate in 2038, ten years after the end of the plan period²³. This would imply a cumulative improvement in the primary balance of 1.76 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would exacerbate the unfavourable dynamic of the evolution of the debt ratio.

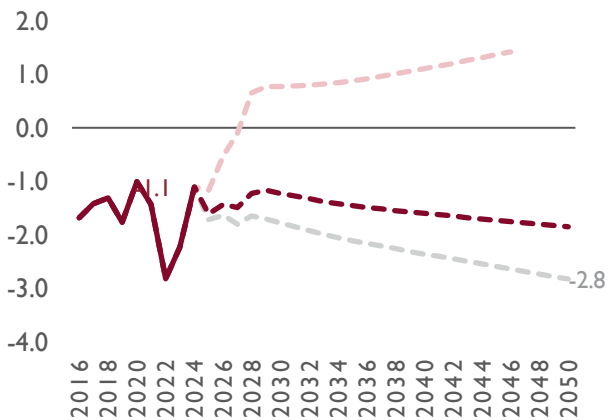
Projections for the primary balance (% GDP)



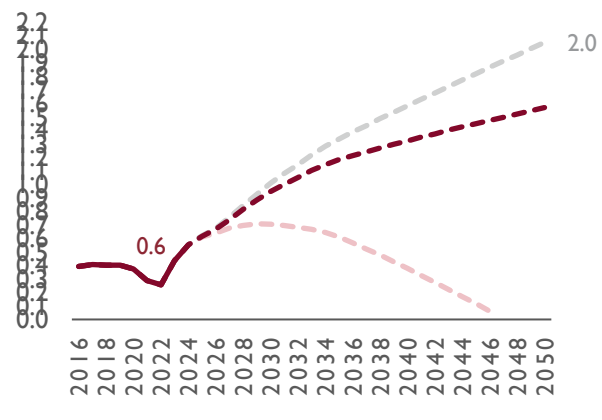
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)



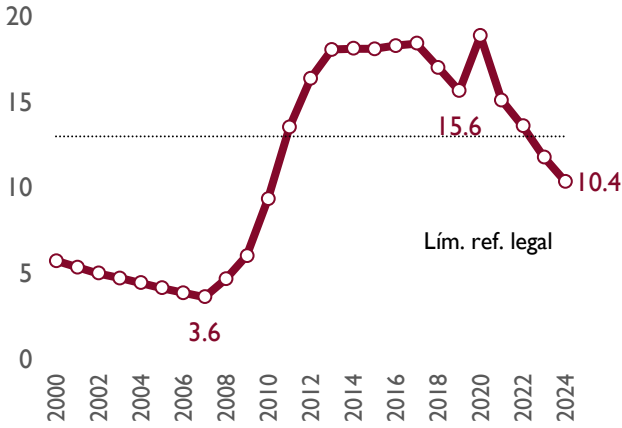
Source: AIReF

²² The baseline scenario is based on projecting primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

²³ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

NAVARRE

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (3.6%), Navarre's debt-to-GDP ratio increased by more than 15 points to reach its maximum value in 2020 (18.9%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 8.5 points to 10.4% of GDP at year-end 2024, below the levels of around 18% where the ratio had stabilised in the years prior to the pandemic. Navarre's debt ratio has been below the legal reference rate of 13% since 2023.

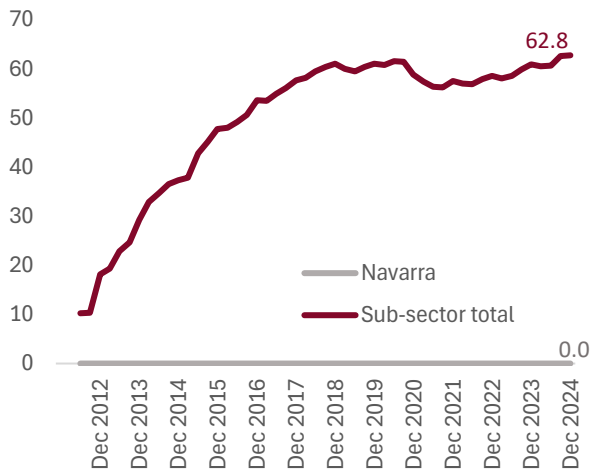
Source Bank of Spain

Latest data: Dec 2024

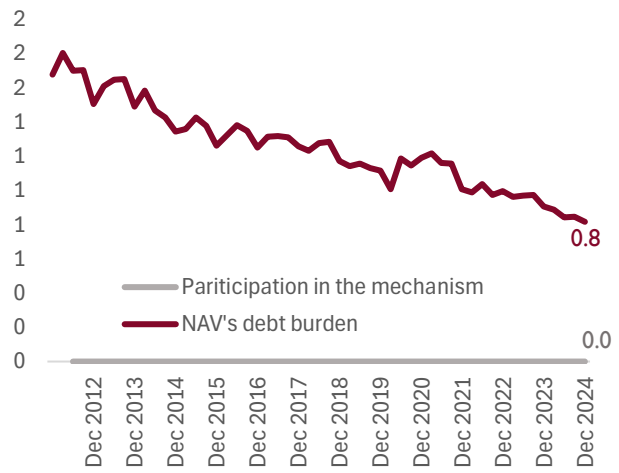
Public Debt		Regional Financing Funds	
%GDP: 10.4	% s/ total ARs: 0.8	Weight in total debt: 0.0	% total Regional Financing Funds: 0.0

Navarre, together with the Basque Country, does not participate in the extraordinary regional financing mechanisms through the Regional Financing Fund. Navarre's debt accounts for 0.8% of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

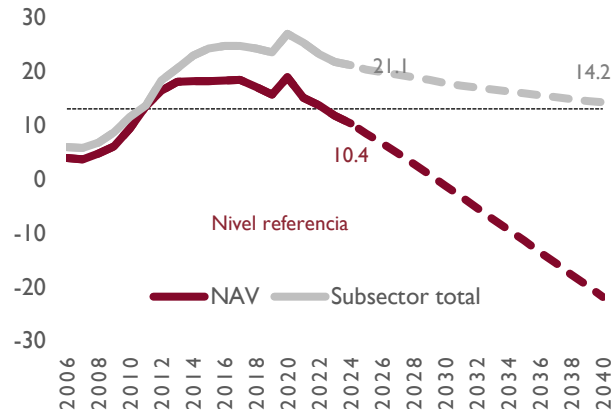
Credit rating

Since 2019, the rating agency Standard & Poor's has maintained Navarre's rating in the high-grade category (AA-), above its rating for Spain and Spanish government debt (A).

NAV	..	AA-	..
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

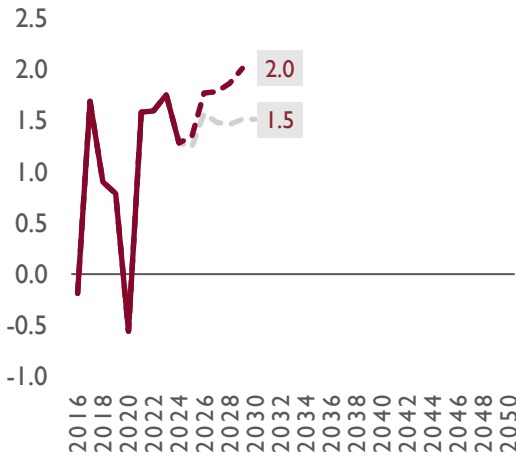
According to AIReF's macro-fiscal forecasts and under a baseline scenario, a progressive reduction in the public debt ratio is projected, which could even disappear by the end of the decade. The favourable evolution of the primary balance will be the factor that contributes most to the reduction in the ratio, supported by economic growth and a decreasing financial burden as the debt is reduced, with the reference rate of 13% being reached in 2023. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected up to 2040, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and the year the reference rate is reached

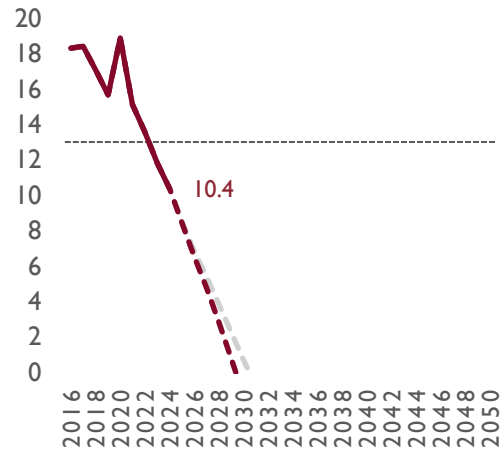


A more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would slow the pace of reduction of the ratio, delaying its eventual disappearance by one year.

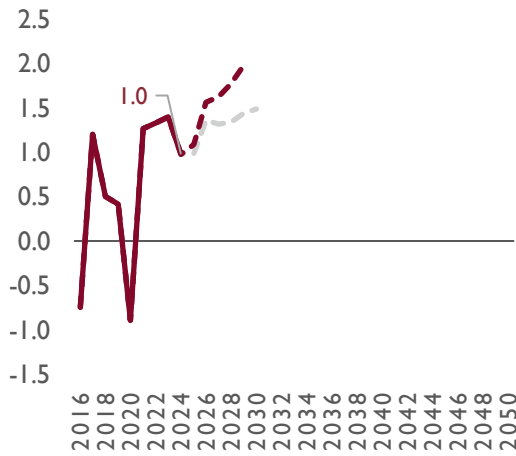
Projections for the primary balance (% GDP)



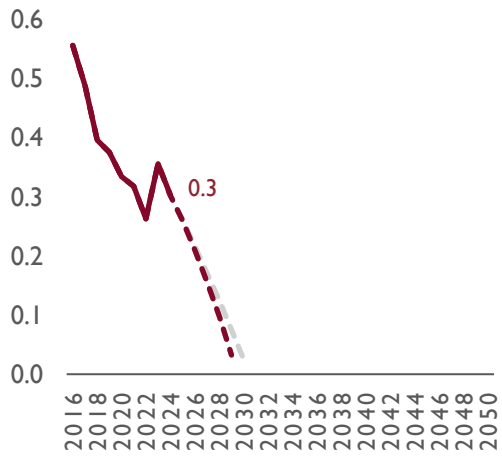
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)

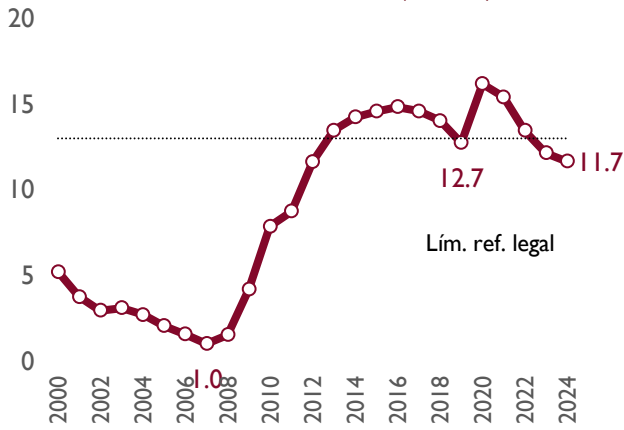


Legend:
 - - - Baseline
 - - - Worse Primary Balance Path (0.5 p.p. deterioration through 2029)
 - - - Scenario with Required Adjustment to Reach 13% Level in 2028 (end of PFEMP)

Source: AIReF

BASQUE COUNTRY

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (1%), the Basque Country's debt-to-GDP ratio increased by more than 15 points to reach its maximum value in 2020 (16.2%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 4.5 points to 11.7% of GDP at year-end 2024, below the levels of around 14% where the ratio had stabilised in the years prior to the pandemic. The Basque Country's debt ratio has been below the legal reference rate of 13% since 2023.

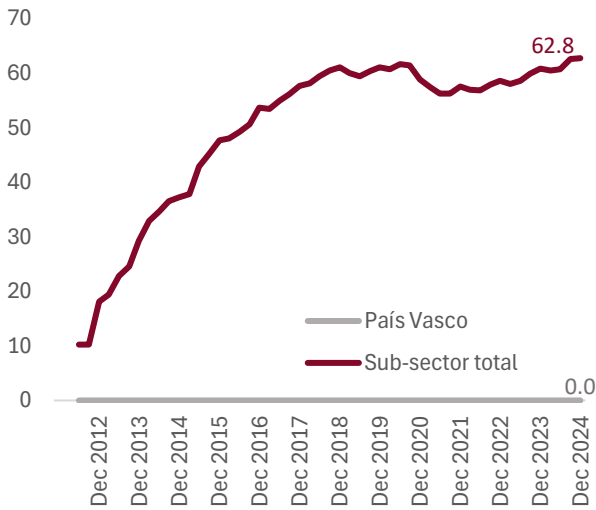
Source Bank of Spain

Latest data: Dec 2024

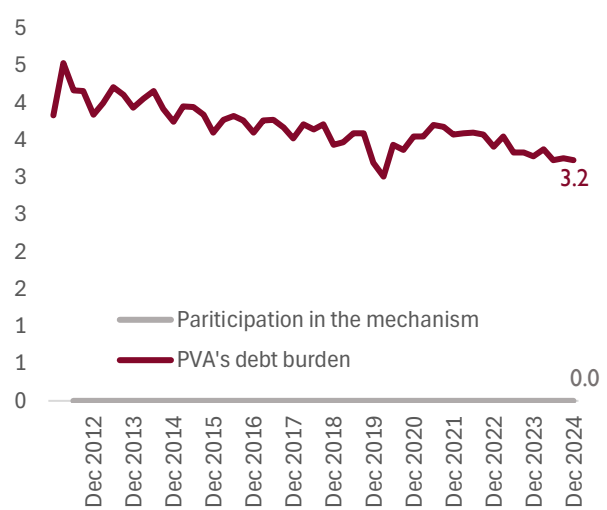
Public Debt		Regional Financing Funds	
%GDP: 11.7	% s/ total ARs: 3.2	Weight in total debt: 0.0	% total Regional Financing Funds: 0.0

The Basque Country, together with Navarre, does not participate in the extraordinary regional financing mechanisms through the Regional Financing Fund. The debt of the Basque Country accounts for 3.2% of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

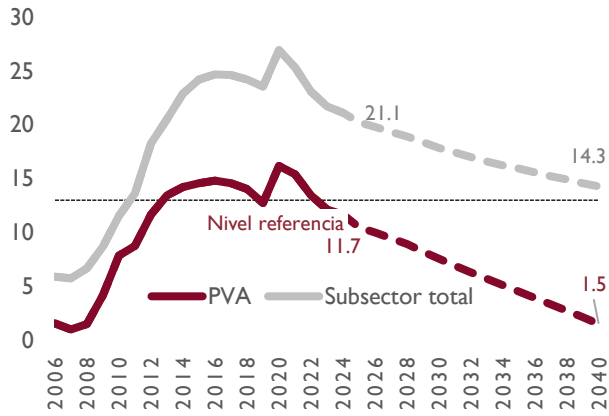
Credit rating

Since 2022, the rating agency Fitch maintains an upper medium grade rating (A), placing it one notch above its rating for Spain (A-). Standard & Poor's maintains a high grade rating of 'AA-', two notches above its rating for Spanish government debt (A). The rating agency Moody's maintains an upper medium grade rating (A3), one notch above its rating for Spain (Baa1).

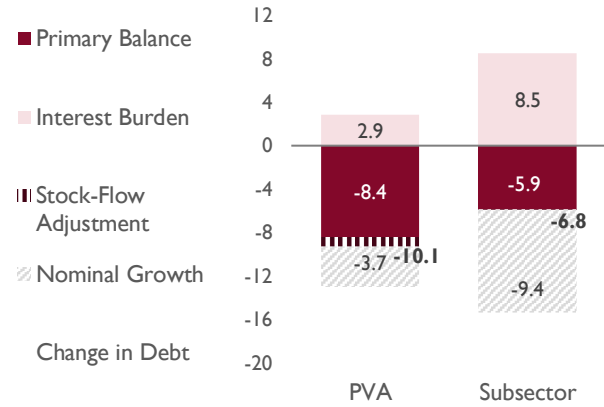
PVA	A3	AA-	A
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario²⁴, the debt ratio is projected to fall by 10.1 points of GDP by 2040. The favourable evolution of the primary balance will be the factor that contributes most to the reduction in the ratio, supported by economic growth and a decreasing financial burden as the debt is reduced, with the reference rate of 13% having been reached in 2023. Under the same scenario, a reduction for the sub-sector as a whole of 6.8 points is projected, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

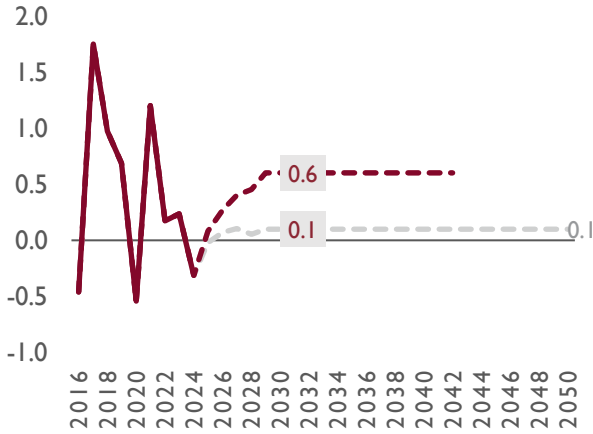


Cumulative change 2025-2040 in the debt ratio (p.p.)

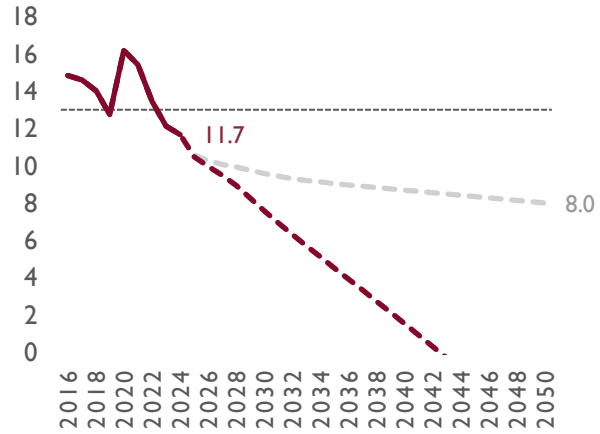


Considering a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - the dynamics of the reduction in the debt ratio would slow until the reference rate is reached, although it would not exceed the 13% reference rate.

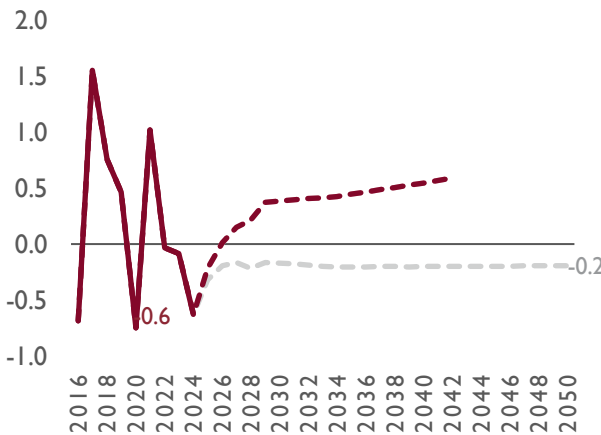
Primary balance projections (% GDP)



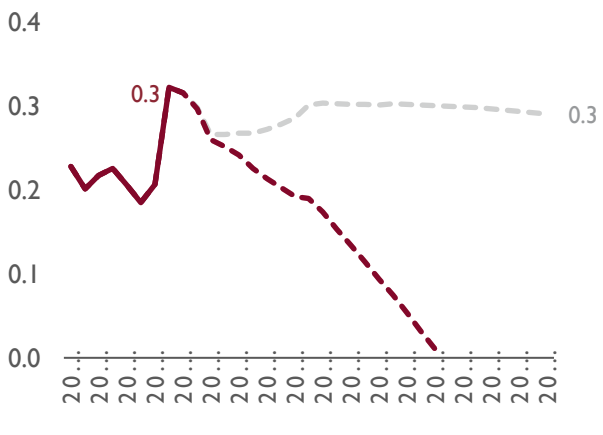
Debt projections (% GDP)



Government fiscal balance projections (% GDP)



Interest projections (% GDP)

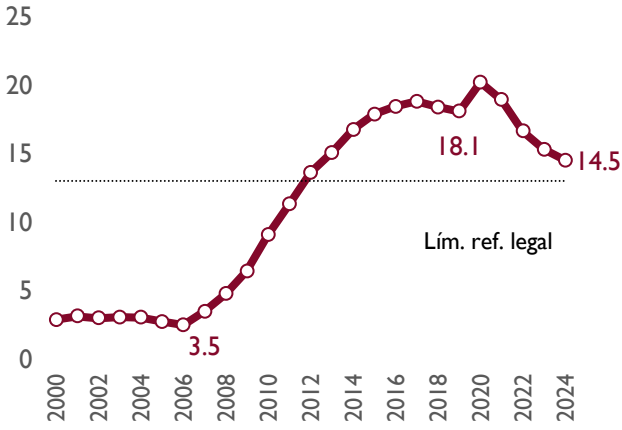


Source: AIReF.

²⁴ The baseline scenario is based on projecting primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

RIOJA

Evolution of the debt ratio (% GDP)



From the minimum reached in 2007 (3.5%), the debt-to-GDP ratio in Rioja increased by more than 15 points to reach its maximum value in 2020 (20.2%) coinciding with the peak caused by the pandemic. Since then, the ratio has fallen by 5.7 points to stand at 14.5% of GDP at year-end 2024, below the levels of over 18% reached in the years prior to the pandemic. Rioja exceeds the legal reference rate of 13% by 1.5 points, with 2011 being the last year in which the AR fell below this reference rate.

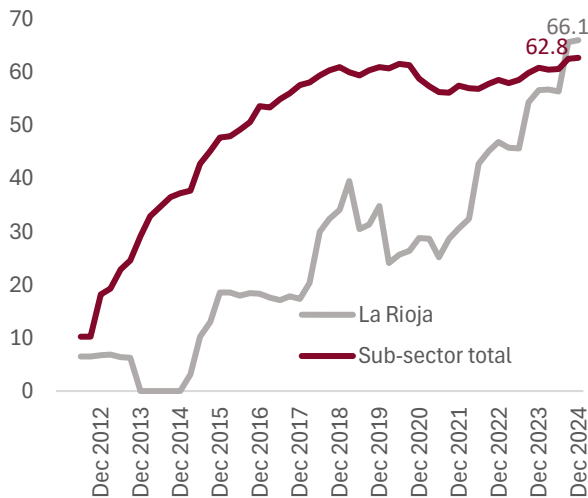
Source Bank of Spain

Latest data: Dec 2024

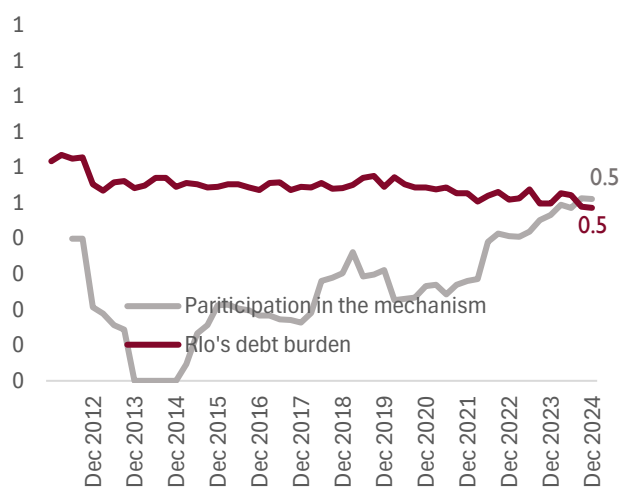
Public Debt		Regional Financing Funds	
%GDP: 14.5	% s/ total ARs: 0.5	Weight in total debt: 66.1	% total Regional Financing Funds: 0.5

The weight of Rioja's financing through **extraordinary mechanisms** has increased in recent years by more than 30 points to account for 66.1% of its total debt, above that of the ARs as a whole (62.8%). Rioja's debt through the Regional Financing Fund accounts for 0.5% of the total, the same percentage as its debt (0.5%) out of the regional total.

Weight of extraordinary mechanisms over the total debt of the AR (%)



Weight of debt as a percentage of total debt and share of extraordinary mechanisms



Source Bank of Spain

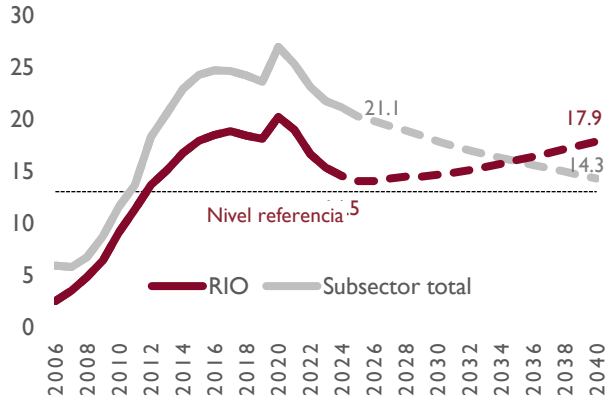
Credit rating

Since March 2024, the rating agency Fitch has maintained the lower medium grade rating of 'BBB+', one notch below its rating for Spain (A-). In March 2024, Fitch raised its rating for Spain to A-.

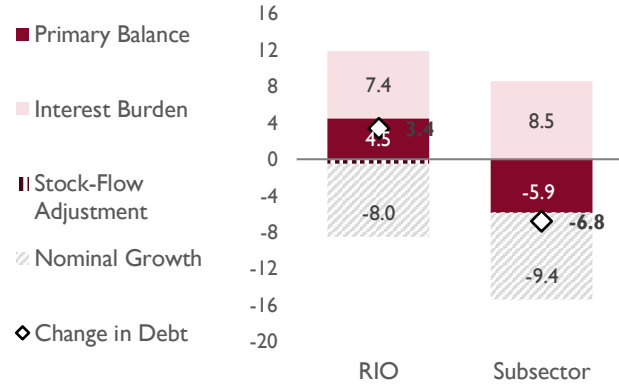
RIO	..	..	BBB+
Quality	Moody's	S&P	Fitch
Prime	Aaa	AAA	AAA
High grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper medium grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Lower medium grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-investment grade speculative	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-

According to AIReF's macro-fiscal forecasts and under a baseline scenario²⁵, the debt ratio is projected to increase by 3.4 points of GDP by 2040. The increase in the financial burden as debt rises will be the factor that contributes most to the increase in the ratio, together with the primary deficit. The 13% reference rate will not be reached. Under the same scenario, the sub-sector as a whole is projected to fall by 6.8 points, with economic growth being the main contributor to the reduction in the ratio.

Debt projections (% GDP) of the baseline scenario and year the reference rate is reached

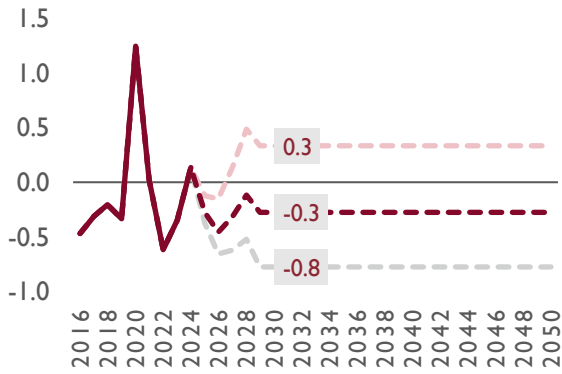


Cumulative change 2025-2040 in the debt ratio (p.p.)

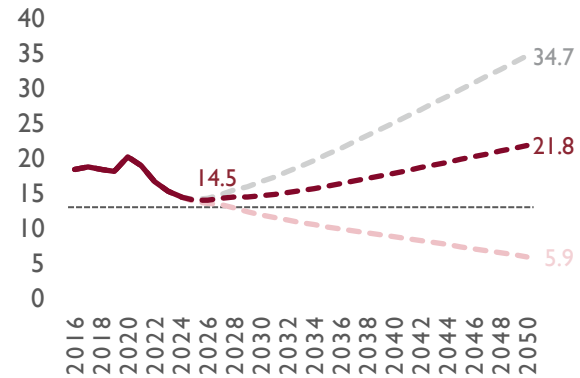


Considering a scenario of fiscal consolidation during the MTP adjustment period (2025-2028), an annual adjustment of 0.15 points of GDP would be required for the debt ratio to reach the reference rate by the end of the plan period²⁶. This would imply a cumulative improvement in the primary balance of 0.6 points of GDP. Furthermore, a more pessimistic scenario for the evolution of the primary balance - with a deterioration of 0.5 points until 2029 - would exacerbate the unfavourable dynamic of the evolution of the debt ratio, with the 13% reference rate not being reached.

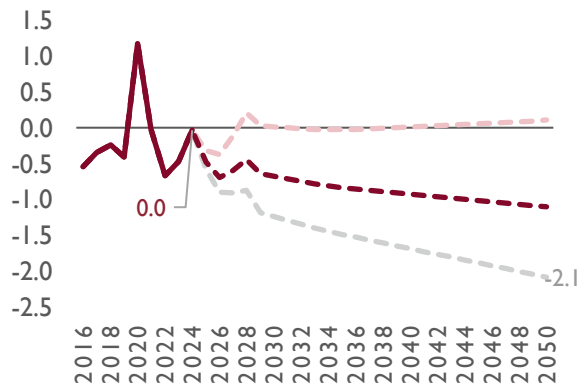
Primary balance projections (% GDP)



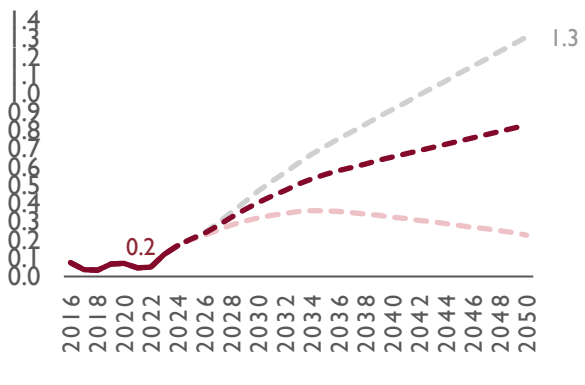
Debt projections (% GDP)



Fiscal balance projections (% GDP)



Interest projections (% GDP)



²⁵ The baseline scenario is based on the projection of primary balances until 2029, maintaining the fiscal balance constant as a percentage of GDP thereafter.

²⁶ The necessary adjustment is calibrated over a four-year period, with the aim of reaching the 13% reference rate at a date determined by the distance between the debt ratio recorded in 2024 and that threshold. This methodology aims to ensure the realism of the adjustments. Depending on the starting point, the target date may be at the end of the plan (2028), five years later (2033) or ten years later (2038).

