Good morning and welcome to this presentation for investors of the Sustainable Financing Strategy of the Basque Government.

We are really pleased to have the opportunity to explain the main issues of our country and of our Government, and I hope that at the end of this meeting you are able to know a bit more about us. I’m sure you will, indeed.

My name is Pedro Azpiazu, Minister of Economy and Finance of the Basque Government and there are here with me Yurdana Burgoa, Chief of Staff and Coordination, and Arantza Larrauri, Director of Finance.

Basque Country has over 7.300 square kilometres and around 2,2million population. We represent the 4,63% of Spanish population. Basque GDP per capita was 8% higher than the European average in 2022, and 22% above Spanish average.

We are a well-connected country, with good logistics, international airports, railway connections and motorways.

Our country is among the countries with high innovation, compared to the average represented by the European Union.

Five years ago, when we first started with sustainable debt, we announced that our strategy would be to continue with the issuance of sustainable bonds in the future. Today, we can say that this year we have reached 5.000 millions of sustainable debt with our Basque Bond.
A financial strategy that has been possible because Euskadi has an excellent rating granted by the main rating agencies, which makes going on the market a success, which implicitly recognizes the solidity of the Basque economy and the strength of our finances.

Proof of this is that each issue has had much higher demand from investors. Thus, for example, the last issue in February 2024 (600M€) has achieved seven times more demand.

The interest of the European financial market in these issues is reflected in the average placement by country, with a very diverse representation. Surrounding countries, such as France (€122M) and Germany (€116M), have shown great interest in these placements, as have other countries on the continent such as the United Kingdom, Austria, Italy and Luxembourg. It is important to highlight that 15% of investors came from the Basque Country.

This is the best example of the international recognition that each Basque public debt issue in sustainable bonds obtains. The Basque Government continues with the firm intention of playing an important role in the development of the sustainable bond market, and promoting responsible and efficient financing to address the environmental, economic and social challenges of Euskadi.

To do this, it is necessary to have a sustainable financing framework, which in our case is aligned with the 2030 Agenda of the Basque Government and 11 categories of programs are eligible to be financed. These are:

1. Affordable housing.
2. Access to essential services such as Education and Health.
3. Socioeconomic Development.
4. Employment promotion.
5. Renewable energy.
6. Clean Transportation.
7. Pollution prevention and control.
8. Sustainable water and wastewater management.
11. Adaptation to Climate Change.

The selection of programs to be financed are 75% social projects and 25% green projects, all included in the Basque Government’s budget, and is carried out by the Sustainability Bond Committee of our Government.

This committee is formed by four representatives of our ministry, and one representative from each of the other ministries of our government involved: Economic Development, Sustainability and Environment; Employment and Social Policies; Health and Education.

Personnel expenses, financial costs, contingency funds, financial assets and liabilities are all excluded from this financing.

The Basque Government’s Sustainability Bond Committee evaluates compliance with the established criteria and prepares an impact report on each sustainable bond issued within the 12 months following the disbursement date of each one.

We would like to stress that the Basque Country has its own specific financing system that is different from the rest of the Spanish regions. The system known as "the economic agreement" allows the Basque Country to
manage and collect practically all taxes and to have regulatory capacity over a significant proportion of its revenue.

With our income, we finance via quota the State´s competences which we don´t develop, such as the crown, army or customs. Then, with the remaining funds we finance our own competences. This implies great responsibility and the need to be very rigorous in decision making.

Our debt has the same framework as the Spanish one.

The ”Basque Economic Agreement” is recognized by Spanish constitution and European institutions. The Basque Economic Agreement dates from 1878.

To conclude, I would like to offer you a few brief comments on the economic evolution of the Basque Country, which we consider important to understand the Basque reality.

- The Basque economy is growing well above the euro area and that has had a strong impact on the collection of taxes and on the end in the finances of our government, which is registering a tiny deficit and maintaining a rating above the sovereign.

- In 2022, the pre-pandemic level of GDP per capita was exceeded, which grew by 10,5% compared to 2021, resulting in Basque GDP per capita being 9% higher than the European average in 2022 and 22% above the Spanish average.

- Our industrial specialisation is the characteristic that best explains our economy. The weight of the industrial sector is significantly above the European average (23,7% versus 20,5%) and far above the Spanish average.
• The regional competitiveness indicator places Euskadi at the head of the autonomous communities and 40.7% above the average for Spain.

• Euskadi is among the top 14 countries in the world in the Human Development Index, according to the United Nations.

• In the financial section, we must highlight the solidity of the public accounts, in the opinion of the main rating agencies:

We maintain a “AA-” rating (two steps above the Spanish rating) with a stable outlook.

Thus, last March the S&P agency maintained the “stable” outlook for Euskadi and the same rating (“AA-”, two steps above the State rating).

An evaluation that was added to the improvement indicated shortly before by the Moody’s agency, by maintaining the “A3” rating and moving the outlook for Euskadi from “stable” to “positive”.

Thanks for your attention and if you have any questions, we are glad to answer them.