

BASQUE GOVERNMENT

Sustainable Bond 2019

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Y ECONOMÍA

MINISTRY OF FINANCE AND ECONOMY



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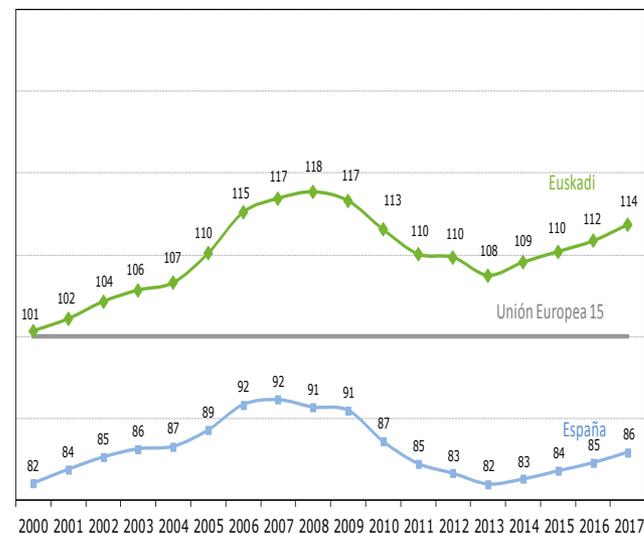
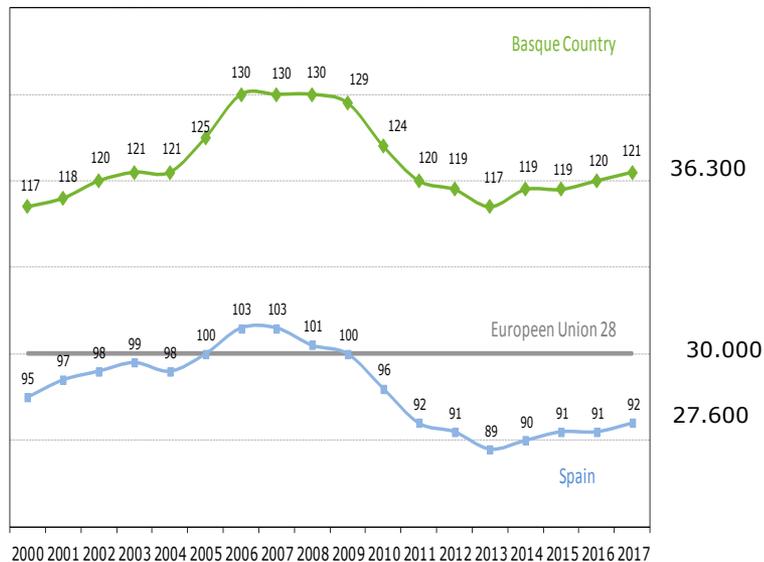
- 1. Features of the Basque economy**
2. Current situation of the economy and forecasts
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A dynamic economy that stands out in Europe.

- In general, the Basque GDP per inhabitant, measured in PPP, is 20% higher than that of the European average and is 30 points higher than the Spanish average.
- The provisional data for 2018 suggests that we are improving with respect to the European average.

GDP per capita in PPP



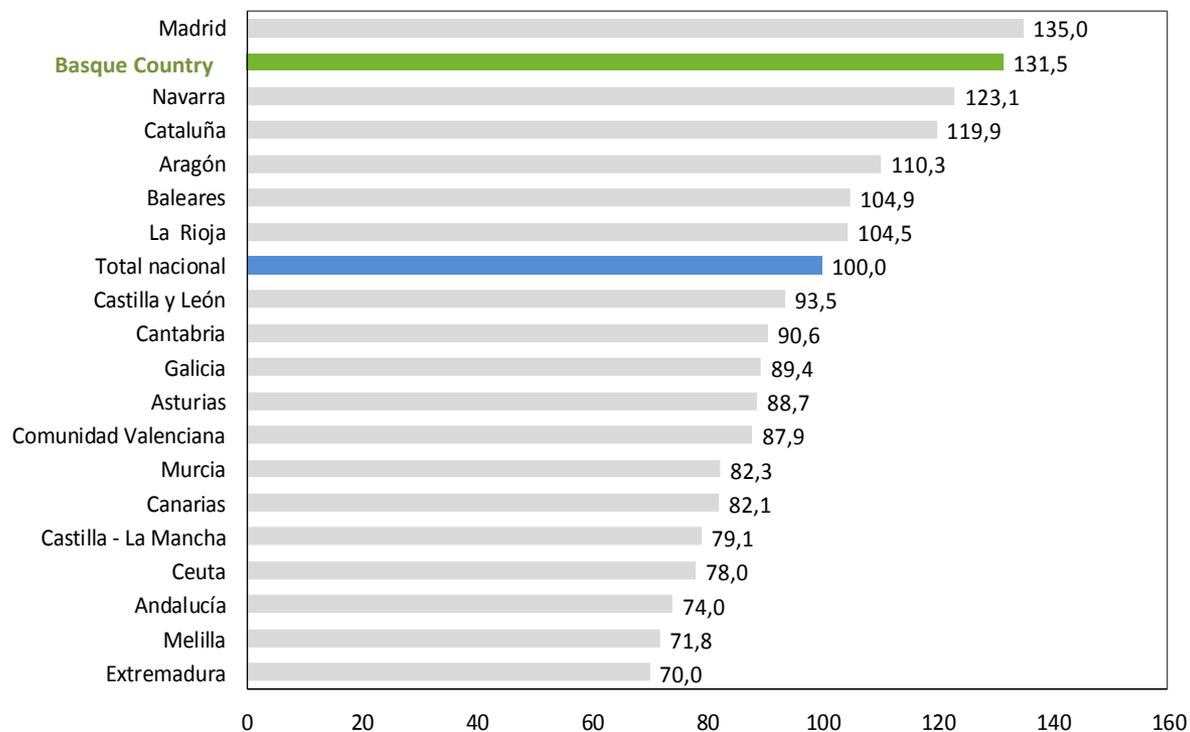
Source: Own preparation with Eurostat data.



The Basque Country is the second most advanced autonomous community

- The data for 2017, the latest published by the INE, clearly shows that we are still in the second position in GDP per capita, behind Madrid.
- The capitals of a European state usually have some advantages over the rest.

GDP per capita in 2017



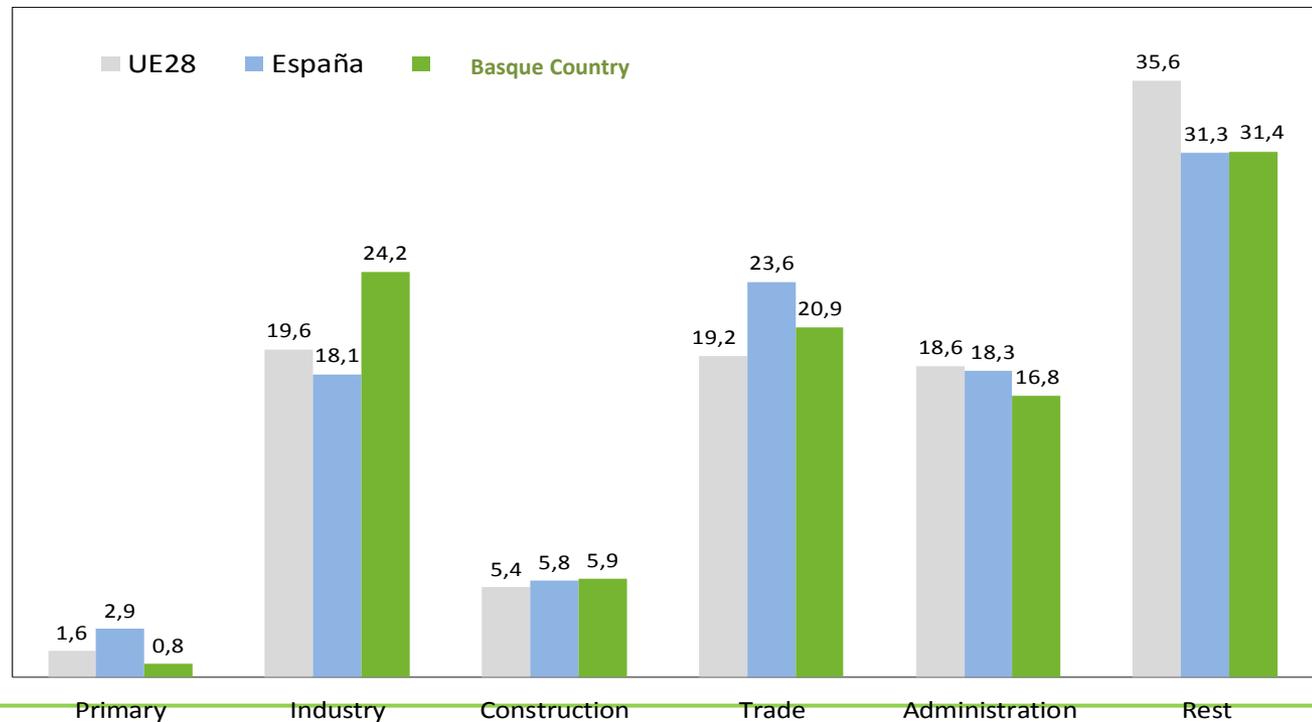
Source: INE. Base 2010. Regional Accounting December 2018.



Significant importance in the industrial sector

- It can be appreciated that the Basque Country has, in proportion, more industry than Spain and the European Union.
- By contrast, we have less services. Among these, it can be highlighted that the public administration (including public and private education, health and social services) has a relatively low percentage.
- The construction adjustment is surprising, reaching 10.3% of the added value in the times of the bubble (2007) and which is now almost at the European level.

Sectoral structure over GVA. 2017



Main Clusters and Industrial Specialisation

ENERGY



68,000 Jobs
€44,000 M

AUTOMOTIVE



36,583 Jobs
€15,004 M

AEROSPACE



12,546 Jobs
€1,755 M

RAILWAY



14,176 Jobs
€2,600 M

MARITIME



14,210 Jobs
€2,150 M.

MACHINERY



5,672 Jobs
€1,180 M

ELECTRONICS & ICT



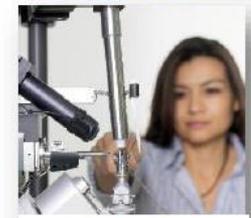
10,840 Jobs
€2,840 M

ECOINDUSTRIES



20,000 Jobs
€4,000 M

BIOSCIENCES



2,700 Jobs
€376 M



Beyond the GDP: Human Development Index 2017

- The GDP per capita is being criticised as an incomplete measure of welfare. For this reason, other indicators are being compiled. One of them is the United Nations human development rate.
- It also takes into account the GDP, life expectancy, years of schooling and literacy rate.
- The Basque Country is among the top 15 countries in the world in this indicator.

Very high human development index

Puesto		%	Puesto		%
1	Noruega	0,953	11	Dinamarca	0,929
2	Suiza	0,944	12	Canadá	0,926
3	Australia	0,939	13	Estados Unidos	0,924
4	Irlanda	0,938	14	Basque Country	0,922
5	Alemania	0,936	15	Reino Unido	0,922
6	Islandia	0,935	16	Finlandia	0,920
7	Hong Kong, China (RAE)	0,933	17	Nueva Zelanda	0,917
8	Suecia	0,933	18	Bélgica	0,916
9	Singapur	0,932	19	Liechtenstein	0,916
10	Países Bajos	0,931	20	Japón	0,909

Source: United Nations Development Programme (UNDP). Human Development Report 2018 and Eustat. Social Indicators. IDH. Data for the Basque Country is provisional.



Beyond the GDP: Regional Social Progress Index

- This indicator was established in 2016 by the European Commission for the 272 European regions. The Basque Institute for Competitiveness participated in its compilation.
- It includes 50 variables grouped into twelve fields.
- The Basque Country has a leading position in Spain and lags somewhat behind with respect to the European countries.

EU-SPI Regional Social Progress Index

Position	Countries	%	Position	Autonomous Community	%
1	Denmark	79.53	1	Madrid	70.17
2	Finland	79.18	2	Basque Country	69.95
3	Sweden	78.14	3	Navarra	67.91
4	Holland	77.91	4	Cantabria	67.34
5	Luxemburg	71.45	5	Castilla y León	66.92
6	Austria	71.15	6	Asturias	66.35
7	Ireland	71.09	7	Aragón	66.29
8	United Kingdom	70.82	8	La Rioja	66.15
9	Germany	70.65	9	Comunidad Valenciana	64.74
10	Basque Country	69.65	10	Galicia	64.44
11	Belgium	67.80	11	Murcia	63.78
12	France	67.33	12	Cataluña	63.67
13	Slovenia	66.03	13	Canarias	63.61
14	Spain	65.14	14	Extremadura	63.11
15	Estonia	62.98	15	Castilla la Mancha	62.68

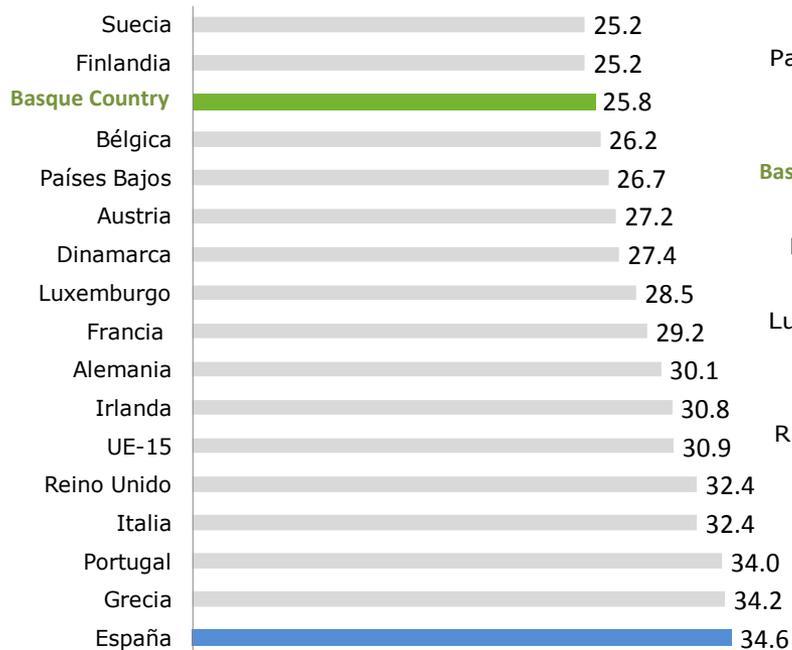
Source: European Commission. Report February 2016.



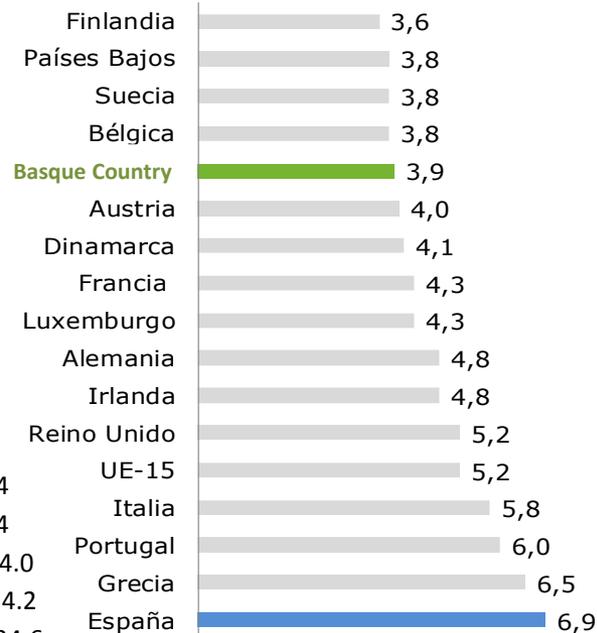
Beyond the GDP: Inequality Indicators. 2016

- The most recent information available places the Basque Country among the most egalitarian regions in Europe, just behind Sweden and Finland (Gini Index) and behind the same two countries and Belgium and the Netherlands (Index S80/S20).
- The position of Spain at the opposite end of the ranking can also be appreciated here.

Gini Index



S80/S20



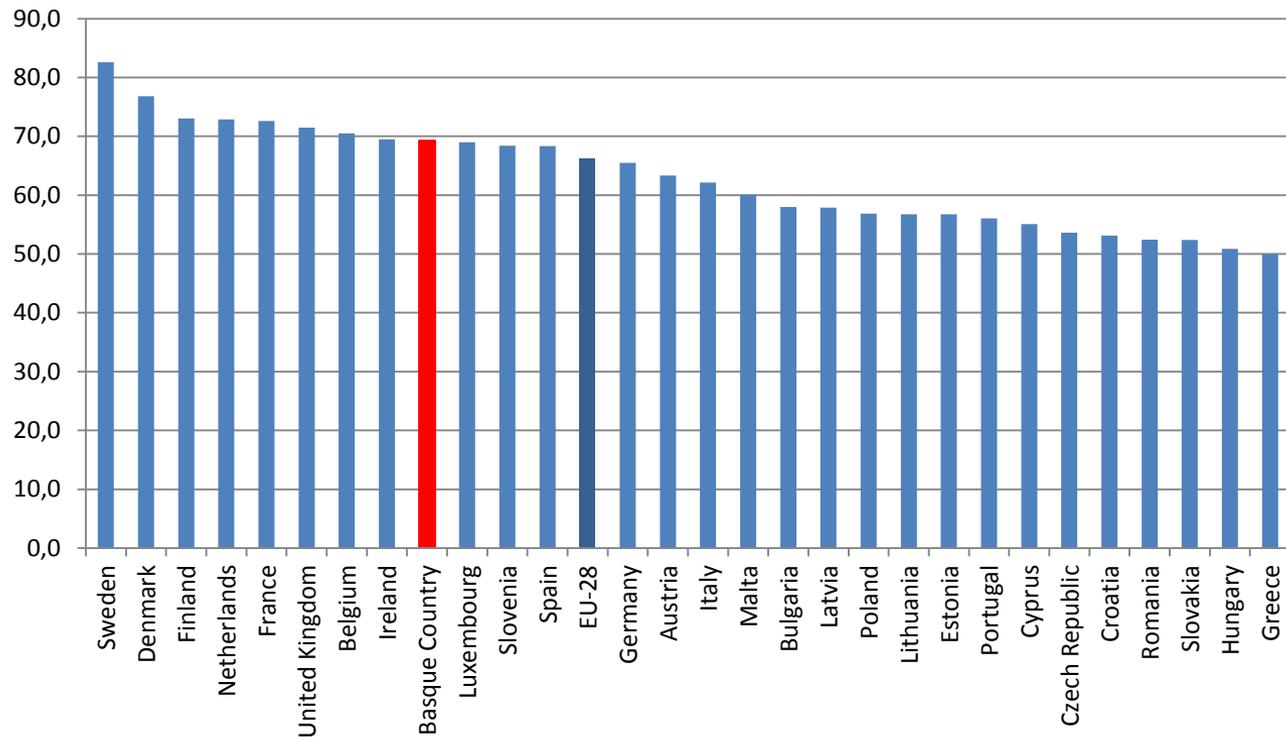
European data refers to 2015 and data for the Basque Country corresponds to 2016.

Source: Eurostat-SILC and EPDS 2016.



Beyond the GDP: Gender equality index. 2015

- Ranks among the top European Countries



Source: Eustat Basque Statistical Office.



Europe 2020: Indicators for Europe 2020

	European Union 28	Basque Country	Spain
OCCUPATION			
Occupation rate (20-64 years) (%)			
Total	72.2	70.2	65.5
Women	66.5	66,3	59.6
Men	78.0	74.2	71.5
R+D			
Gross domestic product in R+D (% GDP)	2.07	1.85	1.19
CLIMATE AND ENERGY			
Greenhouse gas emissions, base year 1990=100	77.6	90.6	116.4
Quota of renewable energies in final gross energy consumption (%)	17.0	14.3	17.3
Primary energy consumption, base year 2005=100	90.0	81.2	86.3
Final energy consumption, base year 2005=100	92.9	90.9	84.4
EDUCATION			
Early school leaving rate (18-24 years) (%)			
Total	10.6	5.4	18.3
Women	8.9	5.2	14.5
Men	12.1	5.6	21.8
Level of higher education (30-34 years) (%)			
Total	39.9	46.1	41.2
Women	44.0	57.2	47.5
Men	34,9	36.1	34.8
POVERTY			
Population at risk of poverty or exclusion (union of the following 3) (%)			
Population who live in homes with very low work intensity (%)	10.5	10.2	14.9
Population at risk of poverty after social transfers (%)	17.3	16.4	22.3
Population in a situation of grave material deprivation (%)	6.7	6.4	5.1

Source: Eustat and Eurostat.



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International Environment: Growth of the GDP

- In the absence of more precise information, the data available suggests that 2018 was similar to 2017.
- Both the developed and emerging economies moderated their growth by one decimal point, the same as the Basque Country.
- The quarterly evolution shows a clear slowdown in Europe, even greater than that of the Basque economy.

	Year-on-year variation rate					
	2017	2018	2018			
			I	II	III	IV
World Economy	3.8	3.7	4.0	3.9	3.6	---
Developed Economies	2.4	2.3	2.6	2.5	2.2	---
European Union	2.4	1.9	2.3	2.2	1.8	1.4
- Basque Country	2.9	2.8	3.1	2.9	2.6	2.4
- Spain	3.0	2.5	2.8	2.5	2.4	2.4
- Germany	2.5	1.5	2.1	2.0	1.2	0.6
- France	2.3	1.5	2.2	1.7	1.3	0.9
- Italy	1.6	1.0	1.4	1.2	0.6	0.1
- United Kingdom	1.8	1.4	1.3	1.4	1.6	1.3
United States	2.2	2.9	2.6	2.9	3.0	3.1
Japan	1.9	0.7	1.3	1.4	0.1	0.0
Developing Economies	4.7	4.6	5.0	4.9	4.6	---
China	6.9	6.6	6.8	6.7	6.5	6.4
India	6.7	7.3	7.5	7.8	7.2	--
Russia	1.5	1.7	1.7	1.5	1.4	--
Brazil	1.1	1.1	1.2	0.9	1.3	1.1

Source: FMI, La Caixa, Eurostat, OCDE y Eustat.



Very slight slowdown of the economy

- The Basque Country has completed five years of recovery and its GDP far exceeds that of before the crisis. More specifically, that of 2018 was 7% above that of 2008.
- However, a slight slowdown in the quarterly evolution can be appreciated.

Evolution of the Gross Domestic Product



Source: Prepared by the Economy and Planning Department with data from Eustat.

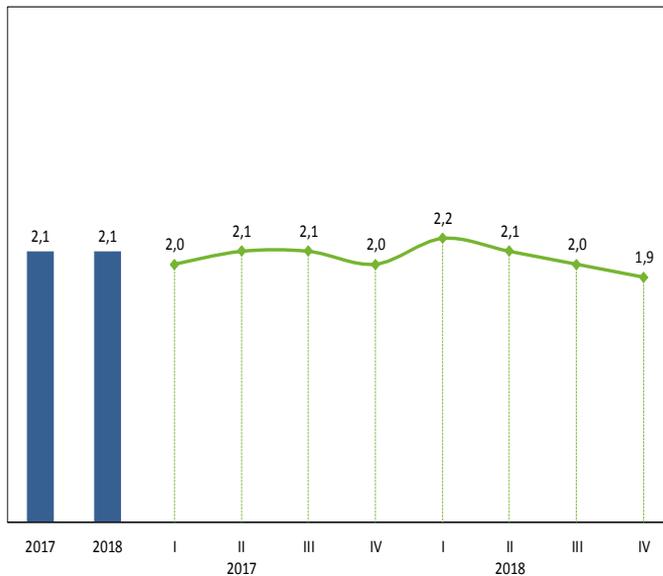


Employment generation is maintained

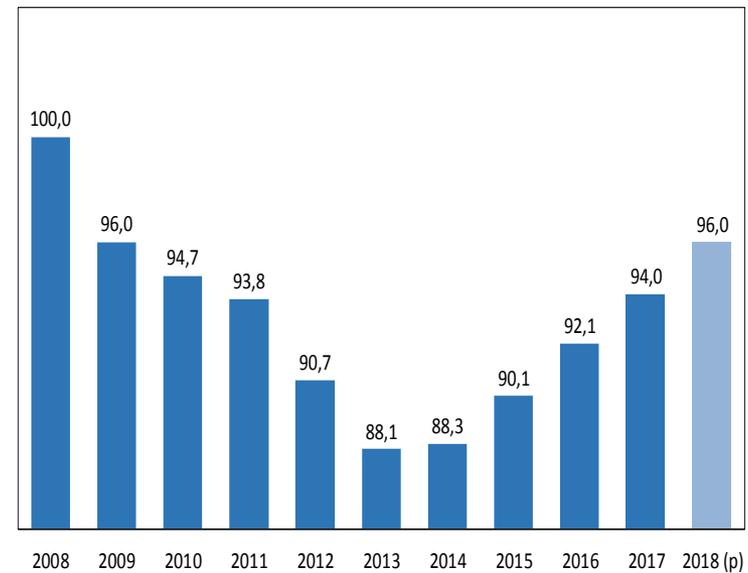
- The generation of employment continues to be important, at around 2.0% However, a slight slowdown in the pace can be appreciated, although it is less pronounced than that of the GDP.
- Just 4% of employment that existed in 2008 has yet to be recovered. In other words, around 40,000 full-time jobs.

Evolution of Jobs

Year-on-year variation rate



Employment in 2008 = 100



Source: Preparation by the Economy and Planning Department with data from Eustat. Economic accounts



Construction joins the upward trend in GDP

- Although the increase in 2018 is only one decimal point less than 2017, the quarterly evolution prevents us from talking about stability in growth. The slowdown is evident.
- Industry underwent a considerable moderation in the second half of 2018, which we think will be temporary.

Evolution of the GDP on the supply side

	2017	2018	2018 variation rates			
			I	II	III	IV
GDP (p.m.)	2.9	2.8	3.1	2.9	2.6	2.4
Primary Sector	6.8	2,3	-3.0	0.8	-4.6	17,1
Industry and Energy	3.1	2,1	3.7	3.1	1.9	-0,2
Construction	3.8	4,3	2.7	4.1	4.8	5,6
Services	2.7	2,9	3.1	2.8	2.7	2,9
Trade, Hotel and Catering and Transport.	4.0	2,8	3.1	2.7	2.5	3,0
Public Admin.. Education and Health	2.2	2,4	2.9	2.3	2.1	2,2
Rest of services	2.2	3,1	3.1	3.0	3.2	3,1
Gross Added Value	2.9	2,8	3.1	2.9	2.6	2,4
Net Taxes on Products	2.8	2,7	3.1	2.8	2.6	2,5

Source: Eustat. Series adjusted for seasonal variation.



Basque Government Forecasts: Supply Perspective

- By sectors, a slight loss of momentum is expected in the three main activities throughout the year.
- The incognito is industry, affected by questions that may be temporary, such as diesel and the new emissions regulation.

Evolution of the GDP on the Supply Side

Year-on-year variation rates

	2018	2019	2019			
			I	II	III	IV
GDP (p.m.)	2.8	2.2	2.1	2.3	2.2	2.2
Primary Sector	2.3	-9.2	-9.9	-8.5	-9.9	-8.6
Industry	2.1	1.7	1.1	1.9	1.8	2.0
Construction	4.3	3.9	4.5	4.0	3.7	3.4
Services	2.9	2.5	2.6	2.6	2.5	2.3
Gross Added Value	2.8	2.3	2.2	2.4	2.3	2.2
Tax on Production	2.7	1.9	1.9	2.1	2.0	1.9

Source: Economy and Planning Department (March 2019).



Basque Government Forecasts: Job Market

- The still excellent evolution of the GDP will enable net employment to continue being generated this year, although at a slower rate than the 2.0% in recent years. We calculate an advance of 1.5%, compatible with increased productivity of around 0.7%.
- The unemployment rate will go down from the annual average of 10%. The reduction in the number of people unemployed and the arrival of new job seekers will prevent the unemployment rate from rising to the rate of recent years.

Evolution of employment and unemployment rate

			Year-on-year variation rates			
	2018	2019	2019			
			I	II	III	IV
Employment	2.1	1.5	1.7	1.6	1.6	1.4
Unemployment Rate	10.3	9.9	10.4	10.0	9.6	9.8

Source: Economy and Planning Department (March 2018).



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Sustainability mandate of the Basque Government (1)

The Basque Government has an Agenda Euskadi Basque Country 2030 that reflects the degree of alignment and contribution of the Government Program with the 17 Sustainable Development Goals and 100 targets of the UN 2030 Agenda for Sustainable Development (Agenda 2030).

We see Agenda 2030 as an opportunity for the Basque Country because it is fully in step with our priorities: human development guaranteeing essential services for all, and sustainable growth generating job opportunities to higher levels of quality. This is the Basque model of growth and social welfare, now strengthened by the presentation of Agenda Euskadi - Basque Country 2030.

This Agenda Euskadi Basque Country 2030 represents a decisive step in the determination of the Basque Executive to focus its public policies on the challenges identified in the Agenda 2030 of United Nations. It is the First Agenda Euskadi Basque Country 2030 whose temporal scope covers the period 2016-2020.

It includes 93 of the 175 commitments acquired by the Basque Government in its Government Program, 80 Planning Instruments, 19 Legislative Initiatives and 50 Indicators. An effort that will make it possible to effectively align public policies in Euskadi with this universal Agenda 2030, and make visible the contribution of Euskadi to the implementation of the Agenda 2030 and the achievement of the Sustainable Development Goals.



Sustainability mandate of the Basque Government (2)

UNITED NATIONS AGENDA 2030		PROGRAMA 2017-2020 GOBIERNO VASCO						
OBJETIVOS DESARROLLO SOSTENIBLE (ODS)	SPHERES OF IMPORTANCE	COUNTRY OBJECTIVES	COMMITMENTS	INITIATIVES	INDICATORS	STRATEGIC PLANS	SECTORAL PLANS	LAWS
17	5	15	175	650	100	15	54	28
1. An end to poverty 2. An end to hunger/food 3. Healthy lifestyle 4. Inclusive education 5. Gender equality	 PEOPLE	20% reduction in poverty Increased life expectancy Higher birth rate School dropout rate <8%. 75% of the population <25 years Basque-speaking Among the top 4 countries in terms of gender equality	65	225	33	Social Services Strategic Plan Health Plan 5th Professional Training Plan 4th University Plan 7th Equality Plan Strategic Agenda for the Basque language	18	10
6. Water and sanitation 7. Sustainable consumption and production 8. Climate change 9. Sea resources 10. Ecosystems	 PLANET	20% reduction in CO2 emissions	10	35	11	4th Environmental Framework Programme	11	3
11. Economic growth and employment 12. Infrastructures and innovation 13. Energy 14. Reducing inequality 15. Cities and urban settlements	 PROSPERITY	Unemployment < 10% 20,000 young people with job experience 125% of the EU's GDP 25% industrial GDP 100 strategic innovation projects Leader in terms of transparency indexes	64	278	51	Strategic Employment Plan Basque Industry 4.0 Industrialisation Plan Basque Science and Technology Plan 2017-2020 Tourism, Trade and Consumption Plan Governance and Public Innovation Plan	16	13
16. Peace and justice	 PEACE	Disarming and dissolving ETA	24	80	3	Co-habitation and Human Rights Plan Public Security Plan	6	2
17. Partnerships / cooperation for development	 PARTNERSHIP	New political status	12	32	2	"Euskadi - Basque Country" Internationalisation Strategy	3	



Sustainability bond framework at a glance

This Sustainability Bond Framework is aligned with the Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines 2017. Bonds issued under this framework will promote the UN Sustainable Development Goals Agenda 2030.

The net use of proceeds will be used to finance and/or refinance eligible categories and projects are included in the General Budget and corresponding budgetary programmes of the Basque Government and will always be part of the current budget of the fiscal year of issuance date of each Sustainability bond.

Eligible categories are: Affordable Housing, Access to essential services: Education and Healthcare, Socioeconomic advancement , Employment generation , Renewable Energy, Clean Transportation, Pollution prevention and control, Sustainable water and wastewater management, Terrestrial and aquatic biodiversity conservation, Energy Efficiency and Climate Change Adaptation

A robust project evaluation and selection process will be undertaken by the Basque Government when reviewing the allocation process: the Basque Government Sustainability Bond Committee evaluates their compliance with the defined relevant eligibility criteria

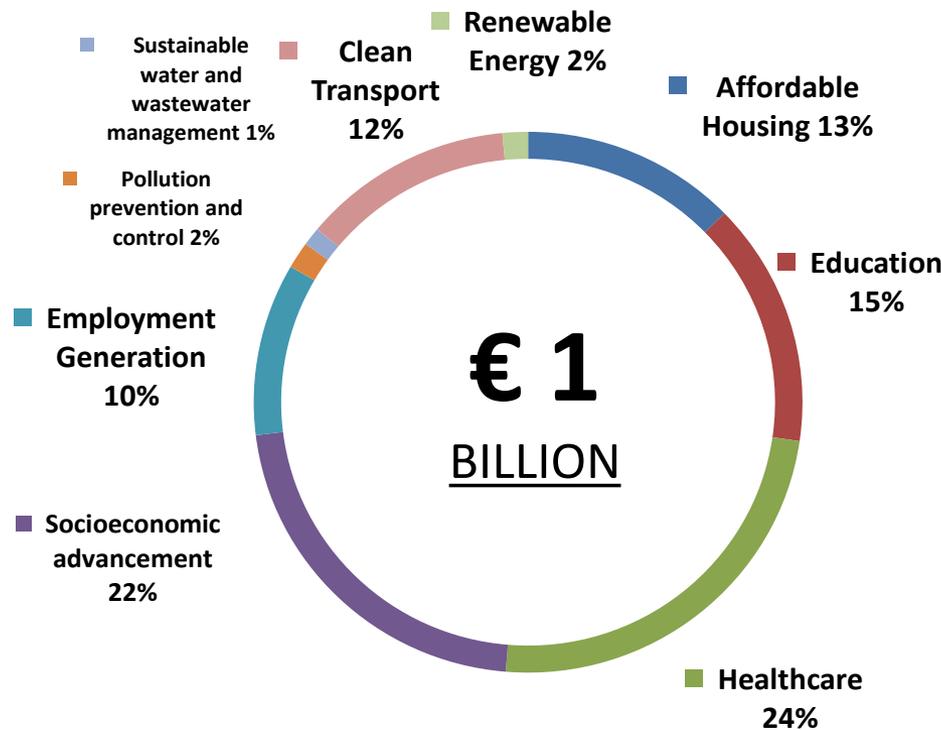
The Basque Government will report on impact on each Sustainability Bond issued within 12 months since settlement date.

Supported by an external review: Sustainalytics has provided with a Second Party Opinion which will be available on the issuer's website as well as the Sustainability Bond Framework.

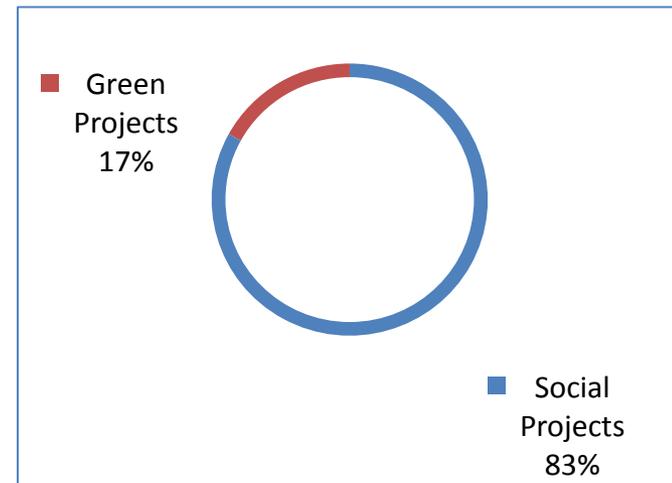


Selected Eeligible Assets for 2019 Sustainability Bond

By Projects



By Category of Projects



Eligible Assets: Social Projects

Affordable housing	127,000,000	Socio-economic advancement	217,500,000
Financing of supplementary housing benefit (PCV) and housing benefit (PEV)	68,000,000	Financing of social emergency assistance programmes	27,500,000
Financing of Bizigune programme	20,000,000	Financing of family support benefits	40,000,000
Building of homes to rent	12,000,000	Financing of income security allowance	150,000,000
Aid to refurbish and/or renovate homes and buildings	22,000,000		
Gaztelagun programme	5,000,000	Job creation	103,000,000
Education	146,000,000	Local employment support and development projects – county employment plans	21,000,000
Building and equipping nurseries and primary schools	30,000,000	Financing of labour market integration – career guidance for disadvantaged collectives, qualified young people	8,000,000
Building and equipping secondary and vocational training schools	24,000,000	Financing of Lehen aukera programme	3,000,000
Financing of contract-programme and investment University of the Basque Country	9,000,000	Financing of programmes to promote employment – jobs supporting people with disabilities, recruitment of over-35s, special job centres	35,500,000
Non-university scholarships	57,000,000	Financing of training programmes – sandwich courses for young people, training for unemployed people	35,500,000
University scholarships	26,000,000		
Health	240,000,000		
Financing of the expenses of running the Basque Health Service: Osakidetza	110,000,000		
Financing of hospital and non-hospital pharmacy expenses	75,000,000		
Healthcare investments – expansion of existing hospitals, health centres, equipment	55,000,000		
		TOTAL €	833,500,000



Eligible Assets: Green Projects

Clean transport	124,500,000	
Supply of new trams	14,500,000	
Construction of new infrastructure – doubling tracks, new trams in Vitoria-Gasteiz, Donostia-San Sebastian train line [popularly known as “Topo”]	60,000,000	Financing investment in ETS [Basque train network]
Financing railway operators	50,000,000	Financing 30 m of running costs in ETS and 20 in contributions to the CTB [Biscay transport consortium]
Contamination control and prevention		Financed by the 4421, 5121 and 7311 programmes, for a total of 42 m
Sustainable management of water and waste water		
Conservation of terrestrial and aquatic biodiversity		
Energy efficiency		
Climate change adaptation		
Renewable energy		

	Budget programmes	Total	Elegible
4421	Environmental protection	22,789,407	16,000,000
5121	Hydraulic administration and planning	13,861,952	11,000,000
5131	Rail transport management and infrastructure	182,066,829	124,500,000
7311	Energy (EVE group without SHESA)	26,526,476	15,000,000
		245,244,664	166,500,000



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Financing System

- **The Basque Country's financing system is different to the other autonomous communities in Spain, and it has its own tax system.**
- **Full authority to manage, levy and collect practically all taxes.**
- **Relations between the Basque Country and the Spanish State are governed by the Economic Agreement.**
- **The Basque Country collects and contributes with the relevant quota to the services that the Spanish State continues to provide in this area.**

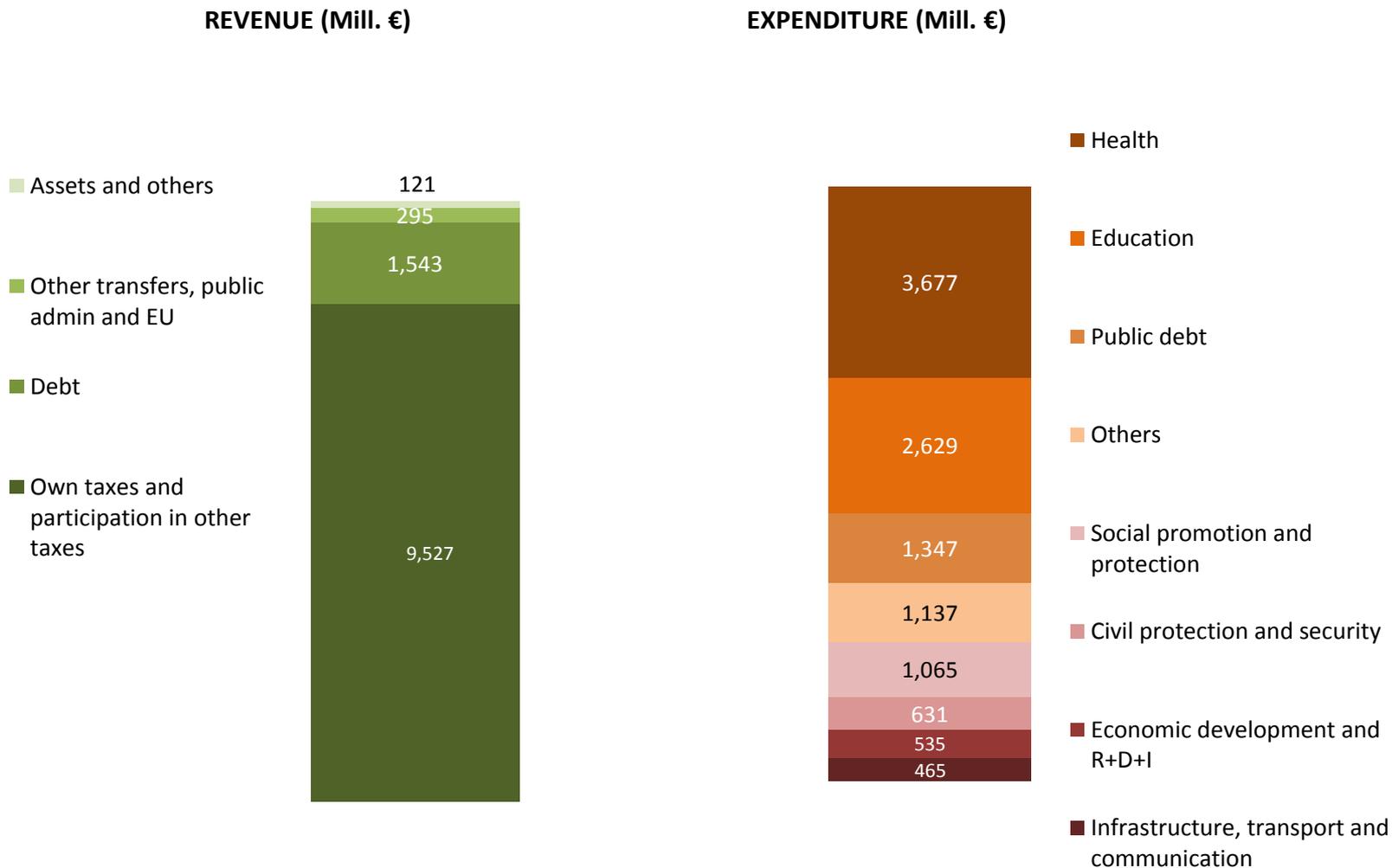


Collection 2018 and forecast 2019

		(Million euros)
	2018	2019
DIRECT TAXES		
Personal income tax	5,407,3	5458,6
Corporation tax	1,476,0	1299,6
Wealth tax	184,8	170,1
Inheritance and gift tax	132,0	135,4
Other direct taxes	92,3	97,2
<u>Total Direct Taxes</u>	<u>7,292,4</u>	<u>7160,9</u>
INDIRECT TAXES		
Value Added Tax	5835,9	6015,6
Excise duties	1,421,6	1637,6
Hydrocarbons	906,7	1100
Manufactured tobacco products	373,1	394,2
Alcohol, fermented beverages and intermediate products	49,8	48,3
Beer	24,2	25,1
Electricity	67,8	70
Property conveyance tax	160,0	166,5
Document duty	46,9	47,9
Other indirect taxes	106,1	115,8
<u>Total Indirect Taxes</u>	<u>7570,5</u>	<u>7983,4</u>
FEES AND OTHER REVENUE	<u>118,5</u>	<u>121,0</u>
<u>TOTAL AGREED TAXES</u>	<u>14,981,5</u>	<u>15265,4</u>



Basque Government 2018 Budget (*)



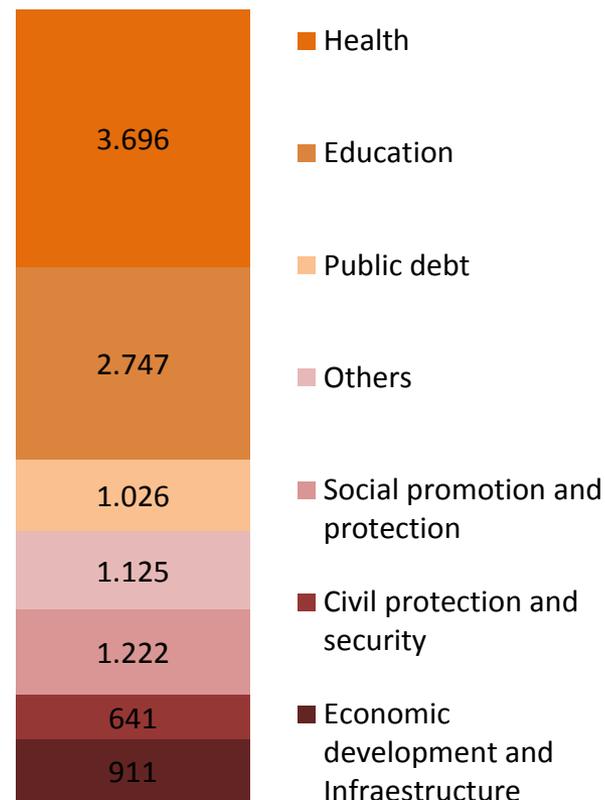
(*) In 2019, the 2018 budget has been extended.



Basque Government 2019 Budget (*)

REVENUE (Mill. €) 11.386

EXPENDITURE (Mill. €) 11.367



() In 2019, the 2018 budget has been extended.*



From Deficit to surplus

- ✓ The Basque Country has shown strict fiscal discipline, meeting all the set deficit objectives.
- ✓ From 2017 onwards it has registered a surplus

Basque Country							
Public deficit over GDP							
							Forecast
2012	2013	2014	2015	2016	2017 (*) Surplus	2018 Surplus	2019 Surplus
-1.46%	-1.15%	-1.01%	-0.68%	-0.62%	1.50%	0.68%	0.20%

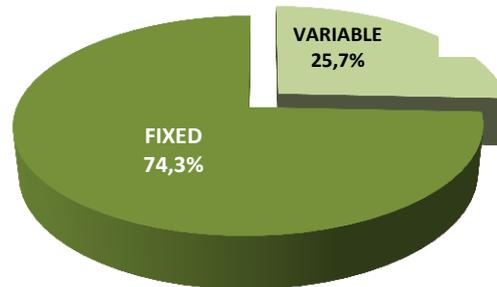
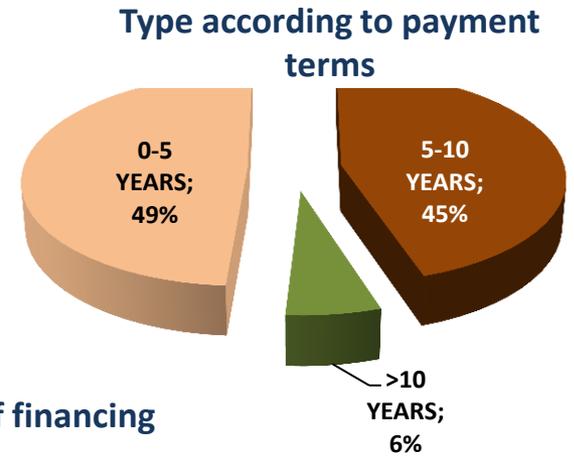
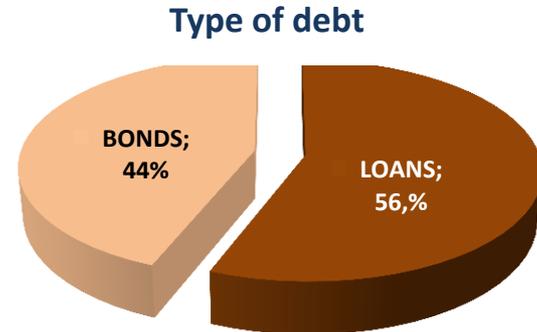
* Includes Agreement over the “Concierto Económico”



Current debt

Debt as of 31/12/2018 (Thousand €)	
Loans	5,112,344
Bonds	4,021,939
Total debt	9,134,283
% GDP (forecast)	13,6%

Financing needs 2019 (Mill. €)	
Gross issues	831
Net issues	0

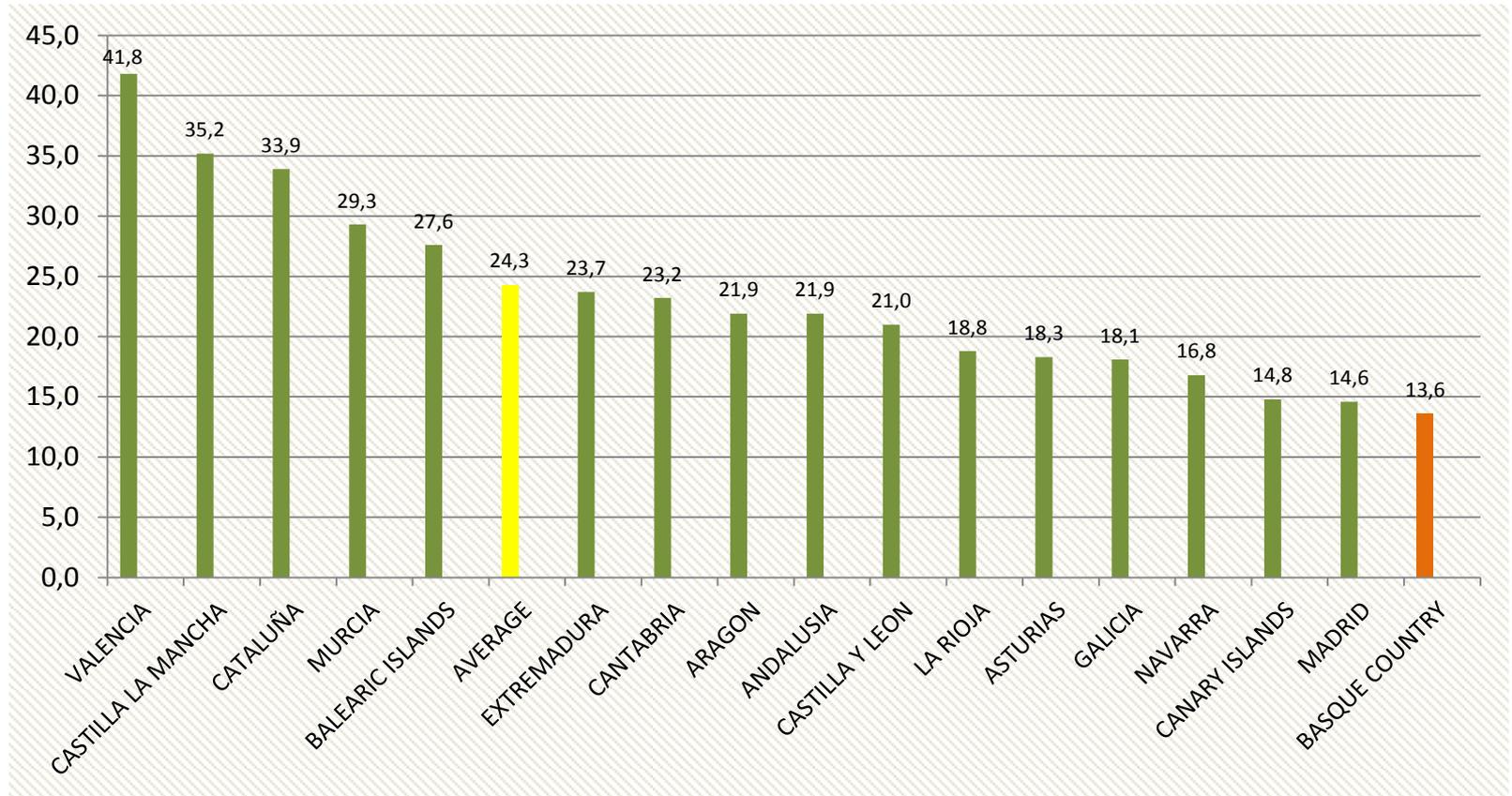


AVERAGE COST (%)	AVERAGE LIFE (years)
1,82%	5,15

Source: Basque Government.



Comparisons between Autonomous Communities Debt (EDP)/GDP



Source: Bank of Spain.



Basque Government 2018 €500m Inaugural 10yr Sustainable bond



1.45% due April 2028

On 5th June 2018, HSBC acted as Joint Bookrunner on the highly successful inaugural Sustainable 10y transaction for the Basque Govt

The deal represents the first transaction from a Southern European borrower in the aftermath of the Italian political crisis and the issuer's comeback to Benchmark Euro capital markets

The transaction was preceded by an extensive European Roadshow, which along with the SRI angle resulted in a outstanding international participation accounting for 66% of the total allocation

Strong demand of EUR 1.6bn allowed Basque Government to print at SPGB+15 bps, the tightest spread vs. Bonos achieved by a Spanish region in a public benchmark and -5 bps inside IPTs

The deal consolidates HSBC's #1 position in the Spanish Public Sector and Sustainable Capital Markets and it is a testament of strong perception of Basque Country among the international investor community

Summary Terms & Conditions

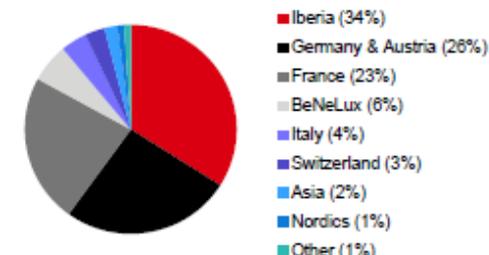
Issuer:	Basque Government
Ratings:	A3 / A+ / A- (Moody's / S&P / Fitch)
Format:	Sustainable Bond
Pricing Date:	5 th June 2018
Settlement:	15 th June 2018
Maturity:	30 th April 2028
Size:	EUR 500m
Coupon:	1.45%, annual, Act/Act ICMA
Reoffer spread:	SPGB 1.4% 04/2028 + 15 bps
Reoffer Price / Yield:	99.346% / 1.522%
Denominations:	EUR 1k + EUR1k
ISIN	ES0000106619
UoP:	Allocated to a mix of beneficial environmental and social projects according to the Basque Government Sustainable Framework ¹
HSBC Role:	Joint Bookrunner

Execution highlights

- On Tuesday, 5th June, Basque Government launched its inaugural EUR 500m 10-year Sustainable Bond at SPGB 1.4% 04/2028 +15 bps
- Basque Government announced the mandate on 16th May 2018 to meet investors across Paris, Frankfurt, Dusseldorf, Madrid and Bilbao, allowing the issuer to present its Sustainable Framework¹ along with its 2030 agenda which advances UN Sustainable Development Goals and UN 2030 Agenda for Sustainable Development
- Books were officially opened at 14:30h CET on Monday 4th June with IPTs of SPGB 1.4% 04/2028 +20 bps following a 2-day execution strategy
- Demand was strong from the outset, enabling the issuer to set price guidance at SPGB 1.4% 04/2028 + 19 bps with EUR 750m of bids
- With the book growing at a good pace throughout the morning, a sharp 5 bps move vs. IPTs was taken to land at +15 bps supported by EUR 1.6bn orderbook
- International distribution was extremely well diversified with German & Austrian accounts (26%) leading the way, followed by France (23%), BeNeLux (6%), Italy (4%), Switzerland (3%) and Asia (2%)
- Asset Managers and Insurance & PF dominated the allocation with 82% combined, complemented by Banks & PB (16%) and CB & Ols (2%)

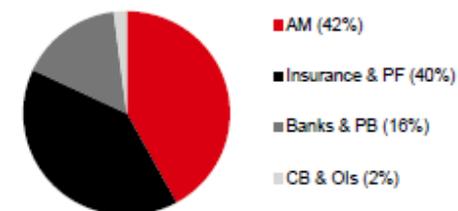
Distribution by Geography

% of allocation



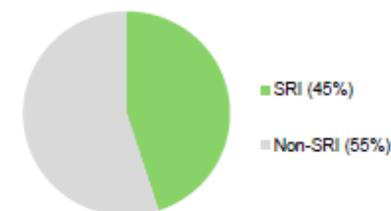
Distribution by Investor Type

% of allocation



Dedicated and committed SRI

% of allocation



Rating: Above the Sovereign rating by S&P and Moody's

- The rating agencies place a very positive value on its government management policies and fiscal autonomy, as well as its diversified economic base and long-standing industrial cultures.

Current rating		
Agency	Basque Country	Spain
Moody's	A3 (stable outlook)	Baa 1 (stable outlook)
S&P	A+ (positive outlook)	A- (positive outlook)
Fitch	A- (stable outlook)	A- (stable outlook)

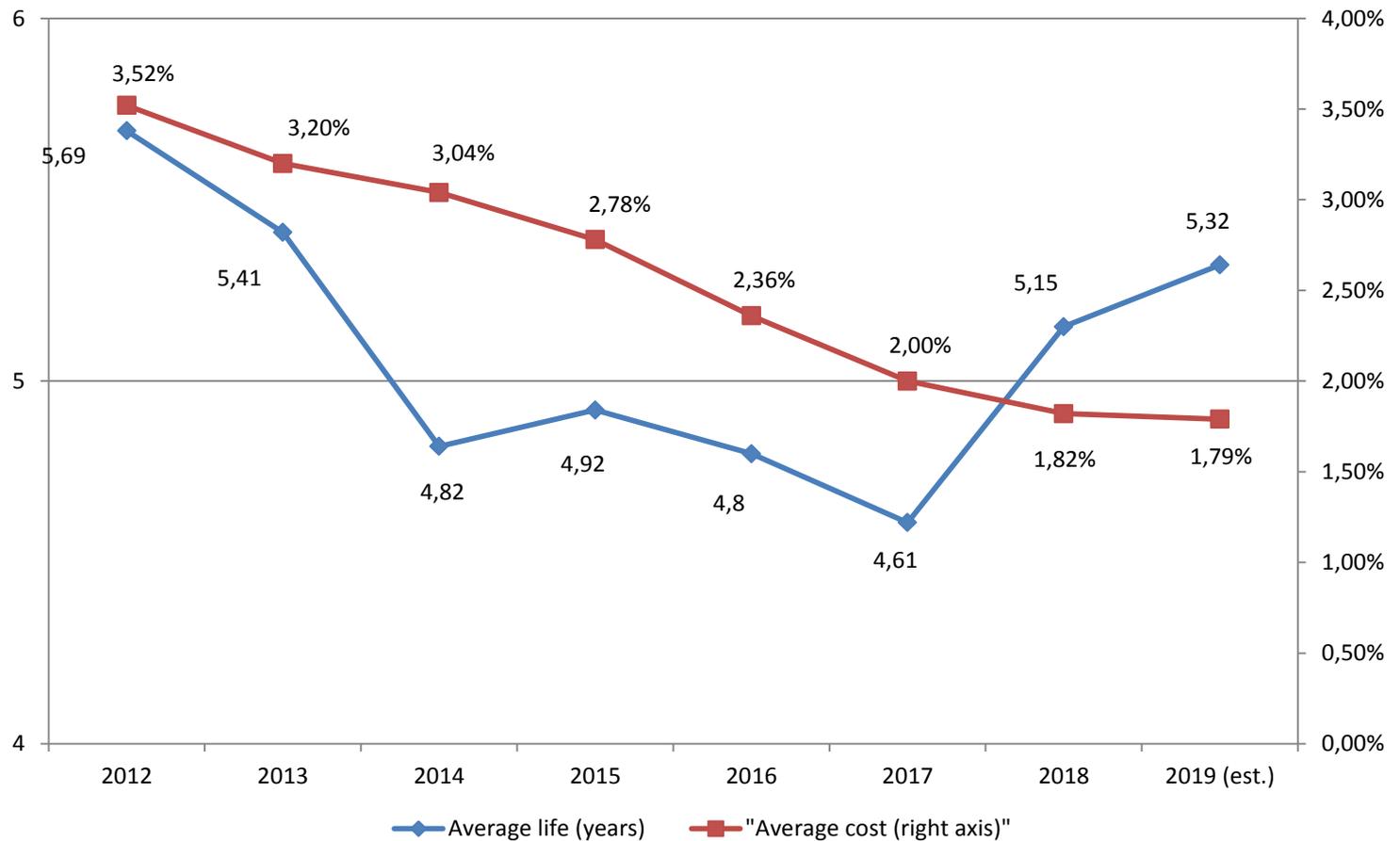
Source: S&P, Moody's and Fitch.



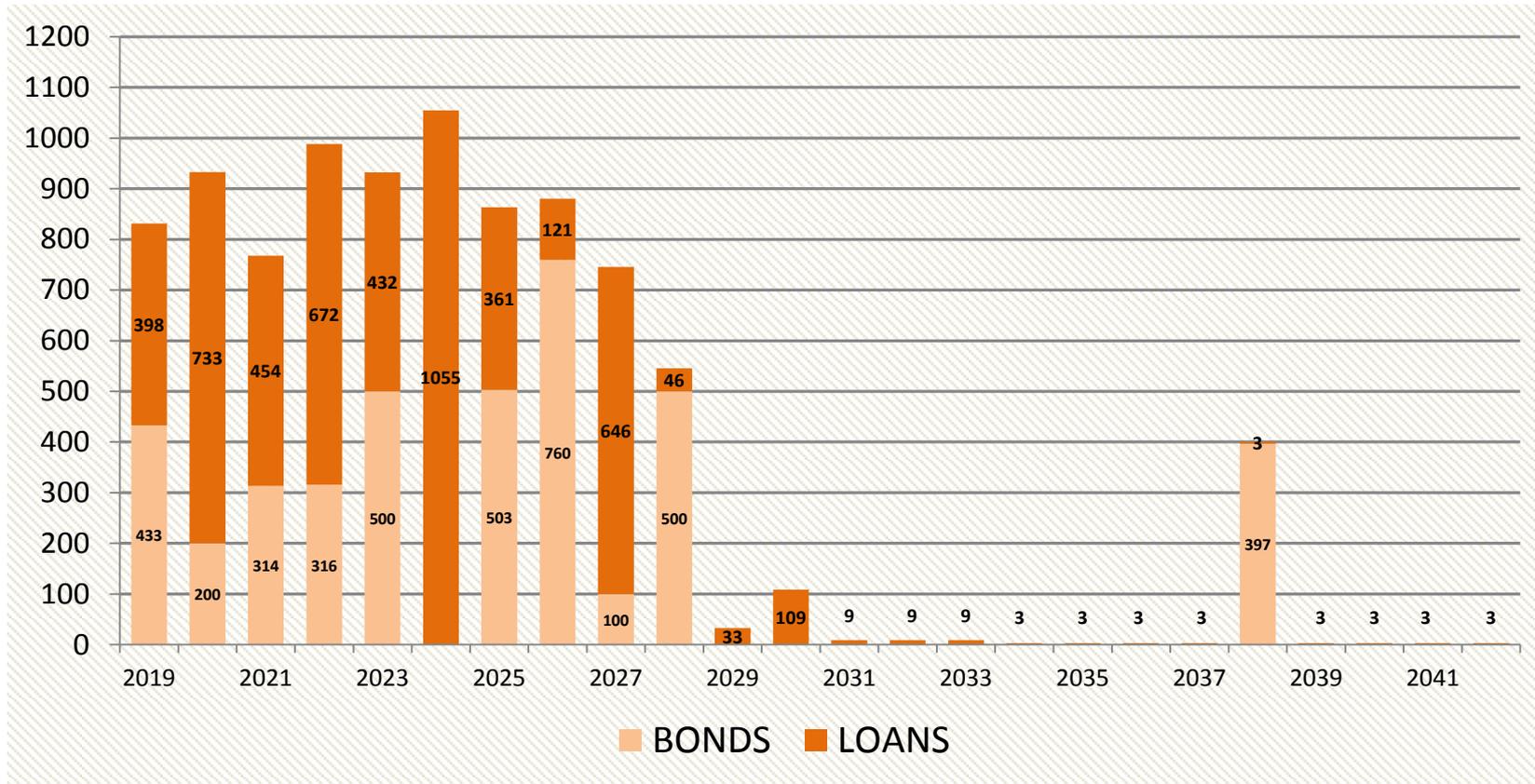
- 1. To regularly issue sustainability bonds in upcoming years of around 500-600 M€**
 - To expand the investor base with sustainable bonds
 - To strengthen liquidity
- 2. To increase the average maturity of the debt by issuing lower amounts at a longer period**
- 3. To diversify funding, by combining issues and loans**



Average life and Average cost



Maturity profile as of 31/12/2018



Source: Department of Finance and Economy



Public Debt in the Basque Country

- Issues in circulation on 31/12/2018

Issue data

ISIN code	Date Issue	Issue volume	Coupon (%)	Maturity	Issue rate
ES0000106437	28/10/2009	433,247,000	4.150	28/10/2019	Fixed
ES0000106528	26/03/2013	200,000,000	4.900	26/03/2020	Fixed
ES0000106510	20/04/2011	313,500,000	6.375	20/04/2021	Fixed
ES0000106593	18/04/2017	315,639,000	0.600	30/04/2022	Fixed
ES0000106544	13/04/2015	500,000,000	1.250	13/04/2023	Fixed
ES0000106445	07/01/2010	502,800,000	4.600	07/01/2025	Fixed
ES0000106551	16/03/2016	569,726,000	1.750	16/03/2026	Fixed
ES0000106577	30/12/2016	190,000,000	1.466	30/12/2026	Fixed
ES0000106585	16/03/2017	100,000,000	1.703	30/04/2027	Fixed
ES0000106601	28/02/2018	397,027,000	2.500	28/02/2038	Fixed
ES0000106619	15/06/2018	500,000,000	1,450	30/04/2018	Fixed



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

Article 135 of the Constitution states ... " Loans to meet payment on the interest and capital of the State's Public Debt shall always be deemed to be included in budget expenditure and may not be subject to amendment or modification as long as they conform to the terms of issue."

In terms of Organic Law Article 14.5 of the Law on Financing of the Autonomous Communities states: "The public debt of the autonomous communities and the securities of an equivalent nature issued by them shall be subject, to the same rules and shall enjoy the same benefits and conditions as the Public Debt of the State".

Article 14 of the Organic Law 2/2012 of 27 April on Budgetary Stability and Financial Sustainability provides: "The payment of interest and principal on the debt of public administrations shall have absolute priority over any other expenses" .



Contents



The Basque Government

Mr Pedro María Azpiazu, Minister of Finance and Economy

Mr Alberto Alberdi, Deputy Minister of Economy, Finance and Budget

Mr Francisco Javier Arnaez, Director of Financial Policy

Mr Jordi Campás, Director of Economy and Planning

Mr Hernando Lacalle, Director of Budget Management

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Thank you for your attention

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THE ECONOMY