Beyond Bundeslaender – Spanish regions

NORD/LB Floor Research

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Beyond Bundeslaender:

Spanish regions

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Beyond Bundeslaender: Spanish regions

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Introduction and structure of Spain

The Kingdom of Spain is divided into 17 regions referred to as "autonomous communities", which were formed between 1979 and 1983 through the adoption of the Statutes of Autonomy. These regions have their own institutional and administrative structures that encompass wide-ranging powers in areas such as education, healthcare and social policy. They are supplemented by Ceuta and Melilla, two Spanish exclaves located on the north African coast, which have been designated as autonomous cities. The autonomous communities are made up of 50 provinces in total, which in turn are split into a total of 8,131 municipalities. The 17 autonomous regions of Spain reflect not only its political and administrative structure but also take account of the ethnic and linguistic diversity of the nation. For example, Catalan, Basque and Galician are designated as official languages alongside Spanish in the relevant regions. This cultural heterogeneity contributes to regional identity and significantly influences the political landscape of Spain. In certain regions, such as Catalonia and the Basque Country, powerful separatist movements are demanding greater autonomy or even full independence from the Spanish state. In this context, the crisis surrounding the independence referendum in Catalonia in 2017 shaped the political and social landscape. While these separatist movements have not been quite so active in recent years, regional independence remains a core issue. In the area of fiscal policy, some autonomous communities benefit from special arrangements. For example, the Basque Country and Navarre each draw advantages from the "foral" system, which grants them wide-ranging autonomy in terms of taxation. Both regions collect central taxes of their own accord and initially retain these revenues in full. Subsequently, they pay a fixed contribution to the state, which covers their participation in national responsibilities. Overall, Spain's federal system is of huge importance for the administration and economic development of the country in that it allows flexibility for the autonomous communities to adapt to their specific regional circumstances while simultaneously operating within a unified Spain.

Political system

Spain is a parliamentary monarchy that transitioned to become a democratic constitutional state following the end of the Franco dictatorship in the mid-1970s. Spain joined the European Union in 1986, which precipitated deeper political and economic ties at the European level. The head of state, currently King Felipe VI, is the commander in chief of the armed forces, although his role is primarily representative in nature. The executive is led by the Prime Minister, who is elected by parliament and holds the power to set the policy agenda for the government. The Prime Minister is appointed by the King once they have demonstrated that they have the confidence of the Congress of Deputies (Congreso). Spain has a bicameral parliament comprising the Congress of Deputies and the Senate (Senado). The former is directly elected by the people, whereas the Senate is elected partly by the electorate and partly by the autonomous communities. Each of the autonomous communities has its own government and parliament, which serves to underline the federal structure of Spain.

Current political situation

There has been a major shift in the political landscape in Spain over the past few years, with many new parties becoming established both to the left of the social democratic Spanish Socialist Workers' Party (PSOE; Partido Socialista Obrero Español) and right of the conservative PP (Partido Popular), which has led to increasing fragmentation within the party-political landscape of Spain. This was made particularly clear at the general election in July 2023, which was called following the early dissolution of parliament. The two major parties, PP and PSOE, each increased their share of the vote in comparison with the previous general election in 2019, together accounting for more than 60% of the votes cast. However, these results did not provide the easiest conditions for forming a government, as no party achieved an absolute majority. Moreover, there was no prospect of a two-party coalition except for a grand coalition between the PP and PSOE. Although PP won the most seats, it was unable to form a stable (governing) majority in an increasingly fragmented parliament. As a result, the incumbent Prime Minister Pedro Sánchez (PSOE) was invited to form a new government by the King. With the backing of the left-wing alliance Sumar and the support of nationalists from the Basque Country, Catalonia and Galicia, Sánchez was ultimately able to secure a majority for his re-election as Prime Minister. However, this support came with a proviso: Sánchez was forced to make concessions to the Catalan "Junts" party (Together for Catalonia) by agreeing to grant amnesty to Catalan separatists. The background to this is the controversy surrounding the independence referendum held in Catalonia in 2017, in which 90% of the votes cast were in favour of Catalan independence (turnout: 43%). However, in advance of the vote, the Constitutional Court of Spain declared that the Catalan independence referendum was illegal. This led to a major political crisis in Spain, culminating in the dismissal of the government of Catalonia by the central government in Madrid, which in turn sparked huge protests across the country. The amnesty law, which formed the basis for the political coalition, was finally passed in May 2024 and led to renewed political tensions. The European elections in June 2024 did not reveal any significant shift in the composition of the party-political landscape in Spain. PP increased its vote share to 34.2% (+1.1 percentage points versus 2023), while PSOE lost ground with a marginal reduction to 30.2%. The third strongest force was the far-right party Vox, which claimed a vote share of 9.6%. Political tensions remain high, which creates ongoing uncertainty and ultimately weakens the stability of the government.

Spain – economic structure

With a population of around 48.6 million people and nominal GDP of around EUR 1.6tn, Spain is the fourth largest economy in the EU. It is one of the world's most developed nations, reflected in a HDI score of 0.918. The economic structure is heavily geared towards the service sector, which accounts for around 75% of gross value added. Around 22% is attributable to industry, and just under 3% to agriculture and forestry. Tourism also plays a vital role in the Spanish economy: in 2024, Spain ranked second for international visitor numbers and tourism revenues. Traditionally, Spain has been a net importer in terms of foreign trade. However, for several years now it has repeatedly recorded current account surpluses and robust export growth. Spain's most important export markets are its fellow EU Member States, which were the destination for around 63% of goods exports in 2023, followed by the UK, the USA and markets in North Africa. The primary exports include cars, metals, food and chemical products. At EUR 897.3bn, Spain was ranked in 13th place globally for Foreign Direct Investment (FDI) in 2023. The most important sectors for investment are construction, infrastructure and energy. This broad export and investment basis bolsters Spain's position as an attractive destination for international capital investments.

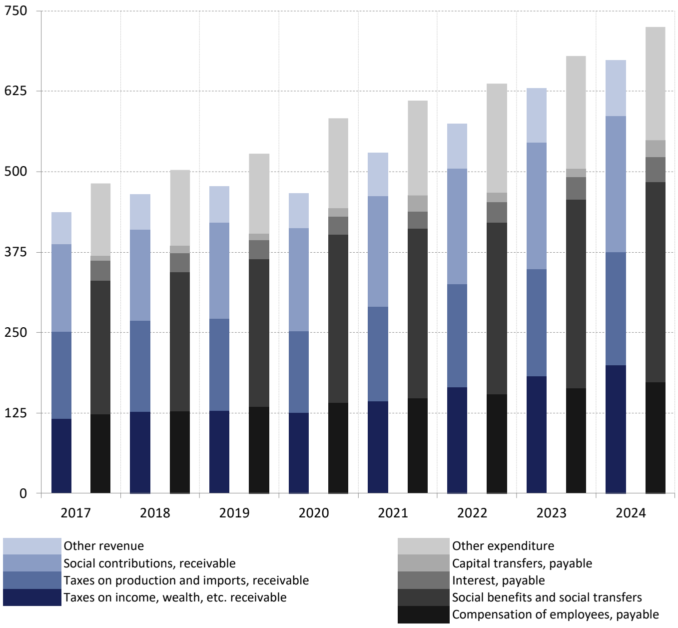
Key figures 2024

Nominal GDP (2023)
EUR 1,594bn (EUR 1,497bn)
Real GDP growth (2023)
+3.5% (+2.5%)
Nominal GDP per capita (2023)
EUR 32,630 (EUR 30,980)
Unemployment (2023)
10.5% (12.2%)
Budget balance (2023)
EUR -51.3bn (EUR -50.0bn)
Balance/GDP (2023)
-3.2% (-3.3%)
Debt/GDP (2023)
101.6% (105.2%)

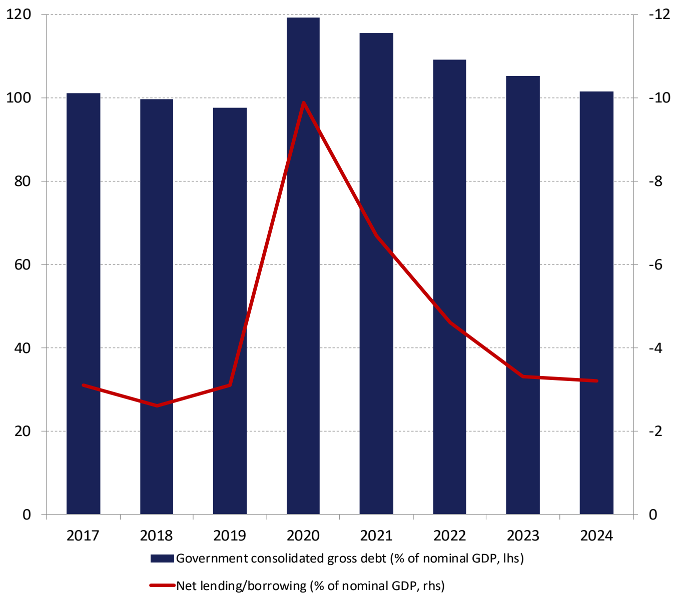
Economic development

With the real estate bubble bursting from 2007 onwards, Spain suffered an abrupt structural collapse. Following an extended cycle of growth, the resultant global financial crisis hit Spain particularly hard: Spanish banks encountered serious financial difficulties, sovereign debt sky-rocketed to 105.1% of nominal GDP by 2014, and unemployment hit a historic high of 26.1% in 2013. It was only in 2014 that an economic recovery began to set in, which lasted until the outbreak of the COVID-19 pandemic. Spain was severely impacted by this crisis: at its worst, the collapse in economic output in real terms came to -11.2% – the sharpest decline suffered by any of the major Eurozone economies. However, on the back of a successful vaccination drive and comprehensive fiscal stabilisation measures, the economy recovered strongly in 2021 with growth in real terms of +6.4% year on year. With demand normalising again and the simultaneous emergence of supply-side bottlenecks, inflation also trended upwards in Spain from 2021 onwards. Following a decade of low inflation, this initially rose to 3% before peaking at 8.3% in 2022 in the wake of the Russian invasion of Ukraine and the resultant energy price shocks. The European Commission is currently projecting real economic growth of +2.9% for the full year 2025. For the two subsequent years, GDP is expected to increase by +2.3% and +2.0% respectively. Furthermore, structural vulnerabilities remain in Spain's growth model. These relate to a labour market with many temporary and insecure jobs, low productivity growth and significant regional disparities, which all contribute to constraining growth and increasing the country's susceptibility to external shocks. At the same time, Spain is in the process of implementing core reform elements of the national Recovery and Resilience Plans, through which, if consistently applied, it is hoped that a broader growth base, increased resilience and more stability in the reduction in the debt ratio can be achieved in the medium term. While unemployment fell in 2024 to its lowest level (10.5% in Q3/2025) since 2007, it remains the highest across the entire Eurozone. Overall, Spain presents a picture of robust cyclical recovery. However, it is also one of persistent structural challenges that remain equally relevant for public budgets, regional financing and sub-sovereign issuers.

State revenues vs. government spending (EURbn)



Sovereign debt vs. budget balance (%)



Source: Eurostat, NORD/LB Floor Research

Autonomous communities: capital market activities

At present, with the exception of Cantabria and La Rioja, all of the autonomous communities of Spain have bonds outstanding. In this publication, we shall be taking a more detailed look at nine of the 17 issuers (shown in **bold** below). Sorted by their Bloomberg tickers, these are as follows:

- **ANDAL (Andalusia)**
- **ARAGON (Aragon)**
- BALEAR (Balearic Islands)
- **BASQUE (Basque Country)**
- CANARY (Canary Islands)
- **CASTIL (Castile and León)**
- CCANTA (Cantabria)
- **GENCAT (Catalonia)**
- **JUNGAL (Galicia)**
- JUNTEX (Extremadura)
- LRIOJA (La Rioja)
- **MADRID (Madrid)**
- MANCHA (Castile La Mancha)
- MURCIA (Murcia)
- **NAVARR (Navarre)**
- **PRIAST (Asturias)**
- VALMUN (Valencian Community)

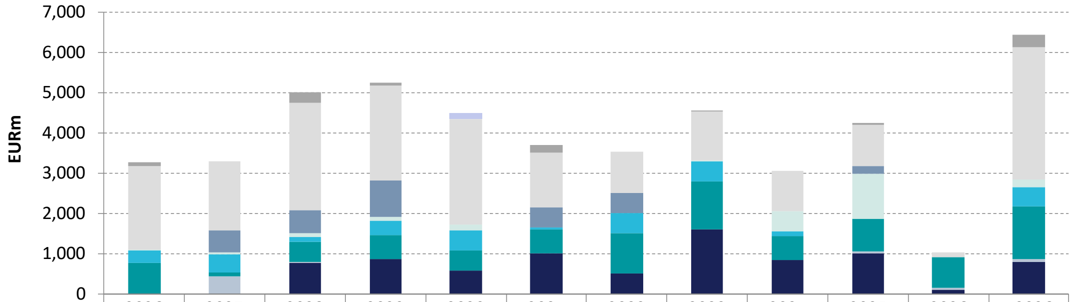
Source: Bloomberg, NORD/LB Floor Research

Financial ties between the state and the autonomous communities

The Spanish regions, i.e. the autonomous communities, benefit from a strong institutional framework and an explicit guarantee from the Spanish state. The financial relationship between the autonomous communities and the state is divided into two models: the general system, in which the state is mostly in charge of tax legislation and collection, applies to 15 out of the 17 sub-sovereigns. Under the general system, the autonomous communities receive a share of the respective taxes collected in their territory – for example 50% of VAT and income tax revenues along with 100% of revenues from inheritance tax. However, a mechanism known as the “foral” system applies to both the Basque Country and Navarre, allowing these regions far broader autonomy in terms of financial policy, in that tax legislation and collection is primarily the responsibility of the regions themselves. The standardised financial system in the autonomous communities (with the exception of the Basque Country and Navarre) envisages an explicit equalisation mechanism (horizontal), which primarily redistributes tax revenues. In addition, these regions receive direct transfer payments from the Spanish state (vertical equalisation). As such, the Spanish financial equalisation system consists of three funds:

- The “**Guarantee Fund for Fundamental Public Services Transfer**” is the largest fund and aims to ensure that fundamental state services are provided equally in the regions.
- The “**Global Sufficiency Fund**” includes additional transfer payments from the state which are tied to the revenues of the respective region.
- The “**Convergence Funds**” include a “Competitiveness Fund” for the support of regions with below-average financing and a “Cooperation Fund” for regions with below-average per capita GDP.

Outstanding bonds of relevant Spanish regions



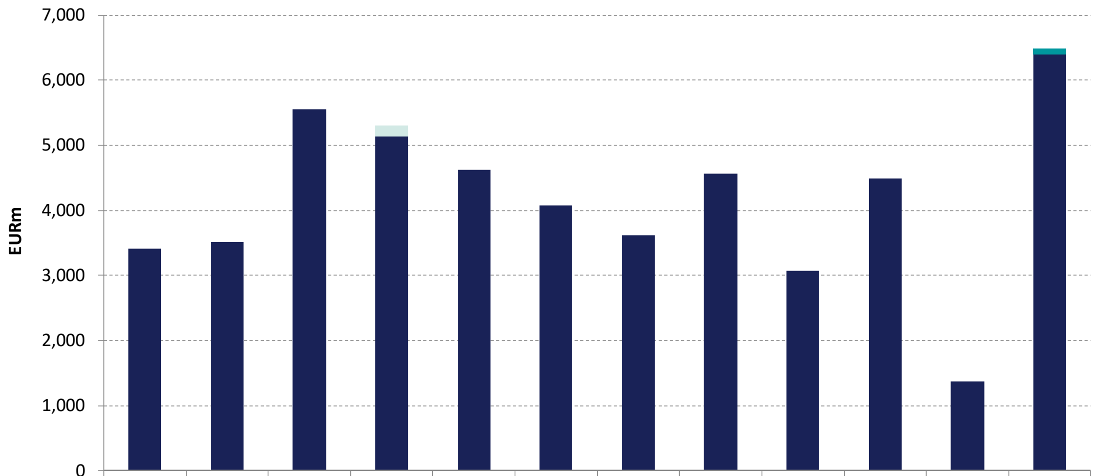
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	>2036
PRIAST	0	0	0	0	131	0	0	0	0	0	0	0
NAVARR	100	0	260	58	0	200	0	15	0	60	0	316
MADRID	2,086	1,700	2,655	2,375	2,631	1,364	1,025	1,210	1,000	1,020	131	3,275
JUNGAL	0	550	575	900	0	500	500	0	0	200	0	0
GENCAT	20	50	111	90	140	0	0	18	500	1,120	0	198
CASTIL	316	453	100	360	500	44	500	500	115	0	0	482
BASQUE	760	100	500	600	500	600	1,000	1,200	600	805	750	1,293
ARAGON	0	438	24	0	0	0	0	0	0	55	55	75
ANDAL	0	0	780	861	584	1,000	500	1,600	850	1,000	100	801

Source: Bloomberg, NORD/LB Floor Research

Volume of the Spanish regions sub-segment

The overall market for Spanish regional bonds adds up to the equivalent of approx. EUR 50bn distributed over 175 ISINs. Of this figure, 173 bonds (volume: EUR 49.8bn) are denominated in EUR, with just a single bond each denominated in USD and JPY respectively. With an outstanding volume in the amount of EUR 20.5bn spread across 50 bonds, MADRID clearly dominates the market, followed by BASQUE (EUR 8.7bn), ANDAL (EUR 8.1bn) and CASTIL (EUR 3.4bn). In total, 50 of the 175 outstanding bonds fulfil the criteria of a benchmark bond. In this regard, MADRID has one ISIN of just under EUR 2bn, while the two smallest bonds in the segment were placed by JUNTEX as well as MADRID and amount to just EUR 10m.

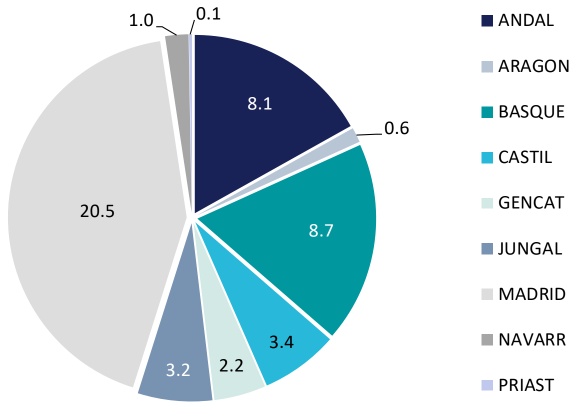
Outstanding bonds of all Spanish regions by currency



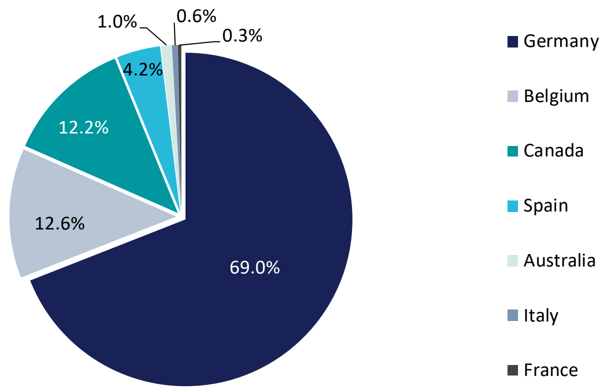
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	>2036
JPY	0	0	0	0	0	0	0	0	0	0	0	98
USD	0	0	0	161	0	0	0	0	0	0	0	0
EUR	3,407	3,519	5,560	5,148	4,625	4,078	3,618	4,560	3,065	4,496	1,366	6,392

Source: Bloomberg, NORD/LB Floor Research

Breakdown of the regions displayed (EURbn)



Country weighting within the iBoxx € Regions

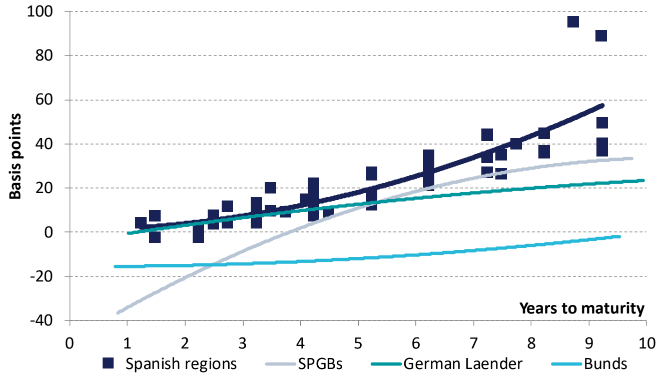


Source: Bloomberg, NORD/LB Floor Research

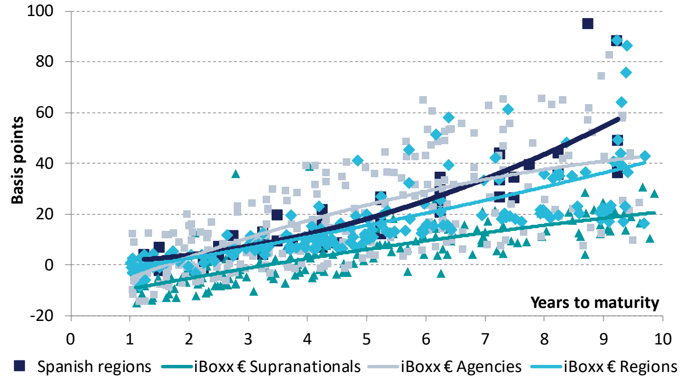
Spanish regions in the iBoxx € Regions and review of spreads

As shown in the previous section, the entire Spanish market for regional bonds amounts to EUR 50.1bn, of which EUR 20.5bn alone is attributable to the MADRID ticker. In global terms, the indisputable leading issuer group remains the German Laender, which account for 69.0% of the composition of the iBoxx € Regions. After Belgium (12.6%) and Canada (12.2%), Spanish regions are ranked in fourth place with a share of 4.2%. Australia (1.0%) rounds off the top five. Apart from the volumes, the spread situation is also always worth highlighting: relative to the iBoxx € Regions, the Spanish sub-sovereigns trade at premiums in the medium and long maturity segments. Compared to the spread structure in our last analysis in October 2024, the risk premiums of Spanish sub-sovereigns have fallen significantly. This can also be seen in comparison with issuers from the iBoxx € Agencies. Here, Spanish regions only offer pick-up opportunities at the long end. The Spanish spread performance in the recent past is also noticeable in a direct comparison with German Laender. At the short end, there are hardly any spread differences, but the risk premiums rise as the maturity increases. We see the positive economic development and the efforts to consolidate the budget, which led to rating upgrades and thus a better assessment of creditworthiness, as the main drivers of this. Moreover, all issuers are likely to be open to private placements and certain expectations in terms of yield on the part of institutional investors.

Generic ASW spreads – a comparison



ASW spreads of Spanish regions vs. iBoxx € indices



Source: Bloomberg, NORD/LB Floor Research; data as at 02 February 2026

Andalusia (ANDAL)

General information

Homepage

Population (2024)*
8,619,616

Capital city
Seville

Nominal GDP (2023)*
EUR 200.0bn

Nominal GDP per capita (2023)*
EUR 23,200

Unemployment (Q3/2025)
15.3%

Debt (as a % of GDP, Q3/2025)
18.3%

Bloomberg ticker
ANDAL

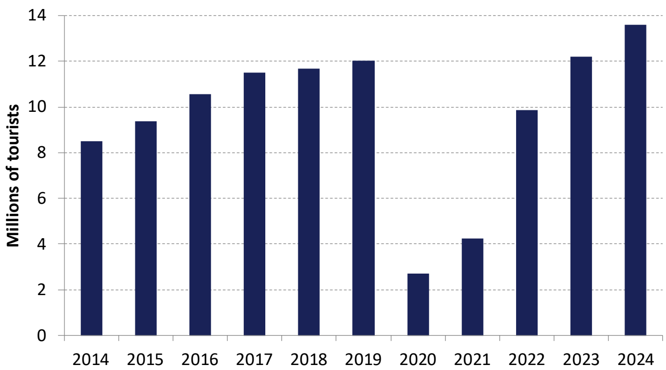
Outstanding volume
EUR 8.1bn

Ratings	Long-term	Outlook
Fitch	-	-
Moody's	A3	stab
S&P	A-	stab

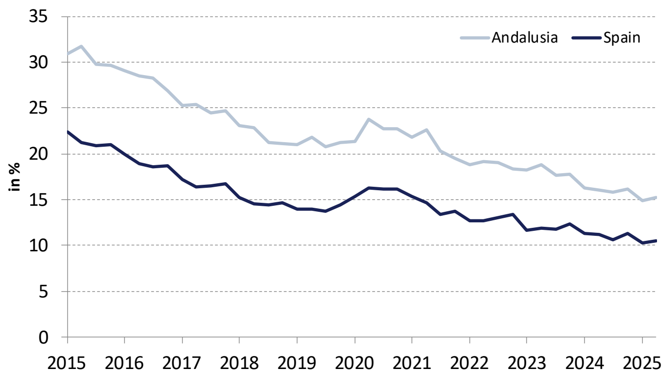
* Provisional values

Andalusia is the southernmost autonomous community on the Spanish mainland and the second largest in terms of area. It borders the regions of Extremadura and Castile-La Mancha to the north, Murcia to the east and Portugal to the west. Moreover, Andalusia is bounded by the Mediterranean Sea and the Atlantic Ocean to the south. With a population of approx. 8.6 million people, Andalusia is the most populous region of Spain. In 2023, it generated approx. 13.3% of the national gross domestic product (GDP). Seville, the capital of Andalusia, serves as the political and economic centre of the region. In fiscal terms, the autonomous community paints a robust picture, although structural challenges remain. In 2023, nominal GDP amounted to around EUR 200bn, with the result that Andalusia was ranked in third place among the Spanish regions presented in this publication. In the same year, GDP per capita came to EUR 23,200, which is roughly 25% below the Spanish average (approx. EUR 31,000). In economic terms, the region recorded moderate growth: for 2024, real GDP is projected to grow by +3.2% year on year. The robust service and tourism sectors, along with a consistently strong agricultural base, constitute key growth drivers. In addition to agriculture and tourism, renewable energies represent an increasingly relevant sector of the economy. With the *Plataforma Solar de Almería* in Tabernas, Andalusia is home to Europe's largest research institute for solar thermal energy. High unemployment remains a central challenge for the sub-sovereign: in the third quarter of 2025, the unemployment rate amounted to 15.3%. While the value has been drastically reduced since 2013, it remains well above the national average. In terms of debt, the trend in Andalusia is stable: the debt-to-GDP ratio came to approx. 19% in 2024, corresponding to a volume of EUR 40.5bn or EUR 4,670 per capita. The institutional environment can be regarded as solid, with the region having a clearly defined Sustainable Finance Framework at its disposal. It also pursues an active debt management approach with an average term of just under six years in relation to its liabilities. The refinancing strategy continues to combine sovereign-backed credit lines with a gradual return to the capital market. Overall, Andalusia is fiscally solid and institutionally stable despite persistent structural weaknesses on the labour market and comparatively low per capita economic output. This confirms the image of a region with reliable creditworthiness and a sustainable consolidation path.

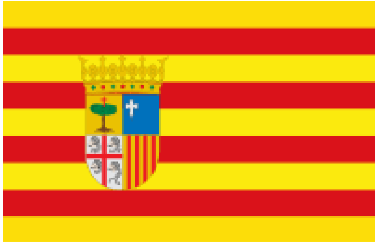
International tourists per year



Unemployment rate over time



Source: Issuer, INE, NORD/LB Floor Research



General information

[Homepage]

Population (2024)*

1,347,834

Capital city

Zaragoza

Nominal GDP (2023)

EUR 46.7bn

Nominal GDP per capita (2023)

EUR 34,700

Unemployment (Q3/2025)

8.5%

Debt (as a % of GDP, Q3/2025)

18.4%

Bloomberg ticker

ARAGON

Outstanding volume

EUR 0.6bn

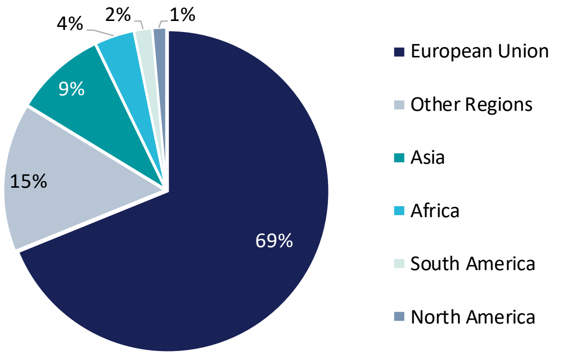
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	-	-
S&P	A-	stab

* Provisional values

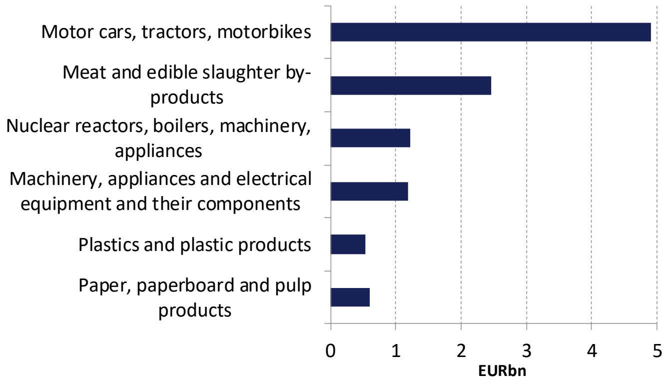
Aragon (ARAGON)

Aragon is situated in the north-east of the Iberian Peninsula and comprises the provinces of Zaragoza, Huesca and Teruel. The region borders France, Catalonia, Valencia, Castile-La Mancha, Castile and León, La Rioja and Navarre. With a population of around 1.3 million people, Aragon is one of the smaller autonomous communities of Spain. However, it covers 9.4% of the land mass. The population density of just 28 inhabitants/km^2 serves to underscore the rural character of the region. More than half of the population lives in the capital Zaragoza, an industrial and logistical hub in north-east Spain. The nominal GDP amounted to EUR 46.7bn in 2023, while GDP per capita came to EUR 34,700 – around 12% in excess of the national average. The growth rate of economic output is estimated at +2.6% year on year for 2024, which is slightly below the national average. Industry constitutes the cornerstone of the economy, with the automotive sector, food processing and increasingly the logistics and service sector all playing important roles. The region benefits from its strategically advantageous geographical location between Madrid, Barcelona and southern France. For example, one of the largest logistics hubs in Europe, used by companies such as Inditex, DHL and DB Schenker, is located just 10km from Zaragoza. This is reflected in an above-average intensity of exports: in 2023, exports corresponded to around 39% of the regional GDP. The conditions pertaining to the labour market have markedly improved in recent years. In Q3/2025, unemployment amounted to 8.5%, which is well below the Spanish average of 10.5%. In fiscal terms, Aragon is on a solid footing. The debt-to-GDP ratio amounted to 18.9% in 2024, which can be classified as moderate when set against other Spanish regions (average 19.6%). Against this backdrop, the sub-sovereign seeks to strengthen its investment power on the basis of EU programmes and targeted credit lines. In signing for an EIB loan of EUR 234m in 2025, the government of Aragon is co-financing projects within the framework of the EU's regional development programme for 2021-2027 (EU regional and cohesion policy). The aim here is to invest in the green and digital transformation, social infrastructure and employment, particularly in structurally weak areas. This complements the regional policy focus on sustainable development and social cohesion, as enshrined in the UN's global plan "Agenda 2030". Aragon presents the impression of an economically diversified and fiscally stable region. Its key challenges are less centred around aspects of fiscal discipline and more in relation to industrial modernisation and retaining young skilled workers over the long term.

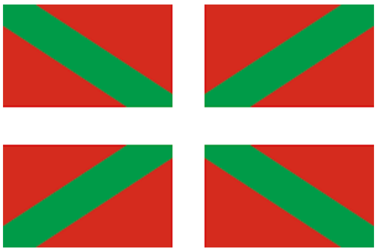
Export destinations 2024



Most important export sectors 2024



Source: Issuer, Ministry of Economy, Trade and Enterprise, NORD/LB Floor Research



Basque Country (BASQUE)

General information

Homepage

Population (2024)*
2,230,452

Capital city
Vitoria-Gasteiz

Nominal GDP (2023)*
EUR 87.9bn

Nominal GDP per capita (2023)*
EUR 39,500

Unemployment (Q3/2025)
7.0%

Debt (as a % of GDP, Q3/2025)
11.8%

Bloomberg ticker
BASQUE

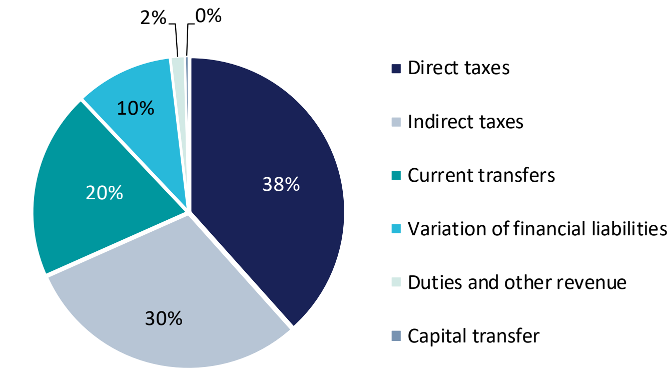
Outstanding volume
EUR 8.7bn

Ratings	Long-term	Outlook
Fitch	A+	stab
Moody's	A2	stab
S&P	AA-	stab

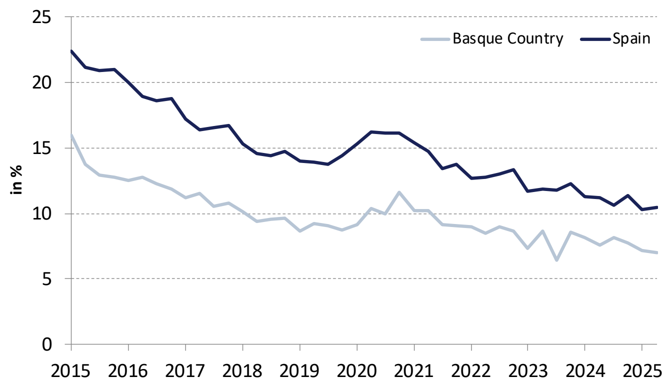
* Provisional values

The Basque Country (País Vasco) is a region of northern Spain situated on the Atlantic coast that borders France to the north-east. The autonomous community, which has a population of around 2.2 million people, encompasses the provinces of Álava, Biscaya and Gipuzkoa. It therefore ranks among the smaller regions of Spain, although at the same time it is one of the strongest in economic terms. The capital is Vitoria-Gasteiz, while Bilbao, which is home to numerous industrial and financial companies, serves as the economic centre of the sub-sovereign. In 2023, the Basque Country generated nominal GDP of EUR 87.9bn and therefore contributed 5.9% to the national economic output of Spain. At EUR 39,500, GDP per capita came in well above the national average (approx. EUR 31,000). Real economic growth is projected to reach +2.8% year on year for 2024 and +2.0% year on year in 2025, meaning that the region would be slightly below the national trend. The industrial backbone of the Basque Country consists of a diversified structure with a focus on automotive, mechanical engineering, energy, railway and aerospace technology. Added to this, the region boasts a strong innovation landscape with four universities and several technology hubs, which contributes to the Basque Country's status as a leading proponent of Industry 4.0 technology within Spain. The labour market is exceptionally stable, with an unemployment rate of 7.0% (Q3/2025). The region is among the most fiscally solid sub-sovereigns, whereby gross debt in 2024 amounted to 11.6% of regional GDP. Fitch most recently awarded a long-term rating of A+ (outlook: stable) and in this context pointed to the conservative debt management, exceptionally strong liquidity position and limited contingent liabilities. A unique feature of the region is its own tax and financing system (Concierto Económico), which grants the community practically full autonomy in the imposition of direct and indirect taxes. The provinces collect the taxes and transfer a fixed "Cupo" contribution to the central government. This structure ensures stable revenue streams and a high degree of planning certainty. In 2025, the regional pursued a forward-looking financing strategy with a focus on extending the maturities of liabilities, diversifying the investor base and keeping variable interest components below 20%. To this end, the Basque Country placed a sustainability bond worth EUR 700m (10y), supplemented by long-term private placements (30y) and bilateral loans (<10y). Overall, the Basque Country presents a picture of a fiscally conservative and institutionally stable issuer that is highly developed in economic terms with a clearly defined sustainability agenda.

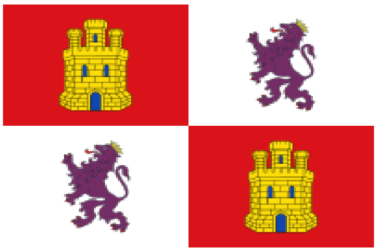
Breakdown of revenue sources (Q1/2024)



Unemployment rate over time



Source: Issuer, Eustat, INE, NORD/LB Floor Research



Castile and León (CASTIL)

Covering an area of around 94,000km², Castile and León is not only the largest autonomous community in Spain, but one of the largest sub-sovereigns in the EU at the same time. However, with a population of around 2.4 million people and a population density of just 25 inhabitants/km², it is also one of the most sparsely populated regions in Europe. While there is no official capital, Valladolid, which is home to the regional parliament and is the seat of government, assumes this mantle on a de facto basis. In 2023, nominal GDP amounted to EUR 70.9bn, with GDP per capita coming in at EUR 29,700 (slightly below the national average of approx. EUR 31,000). With unemployment of 8.7% in Q3/2025, Castile and León is in a much better position than the national average (10.5%). The region boasts a diversified economy: industry and construction together contribute 28% to gross value added, followed by public services (24%) as well as financial and business services (21%). Key industries include mechanical engineering, automotive manufacturing and food production. Preliminary GDP growth is projected at +2.4% year on year for 2024 and is expected to settle slightly below the Spanish average of around +2% year on year in 2025. Castile and León plays a leading role in the energy sector: in 2024, 92.8% of the electricity generated was obtained from renewable sources. At 27,080 GWh, the autonomous community produces more than twice as much energy as it consumes, making it Spain's largest producer of renewable energy. Its geographical location, with over 3,000 hours of sunshine annually and a network of rivers spanning approx. 900km, provides optimal conditions for solar and hydropower. From a fiscal perspective, the region can be regarded as stable. The budget increased to EUR 14.6bn in 2025 (+3.6% Y/Y), while the deficit was calculated at EUR -76.6m. Interest expenses came to EUR 378m (+10.1% Y/Y), which corresponds to less than 3% of the total budget. As at Q3/2025, gross debt totalled 18.7% of regional GDP. To promote investment and sustainable growth, the region subscribed to an EIB loan of EUR 74m in Q2/2025, which serves to co-finance projects in the areas of agriculture, forestry and climate adaptation. The loan volume comes as part of a programme with a volume of EUR 245m as part of the EU's cohesion and climate strategy. Overall, Castile and León can be seen as a financially solid and institutionally stable region that plays a leading role in the area of energy policy. It pursues a conservative budget approach with a clear focus on sustainable development.

General information

Homepage

Population (2024)*
2,388,350

Capital city
Undefined
Seat of government: Valladolid

Nominal GDP (2023)*
EUR 70.9bn

Nominal GDP per capita (2023)*
EUR 29,700

Unemployment (Q3/2025)
8.7%

Debt (as a % of GDP, Q3/2025)
18.7%

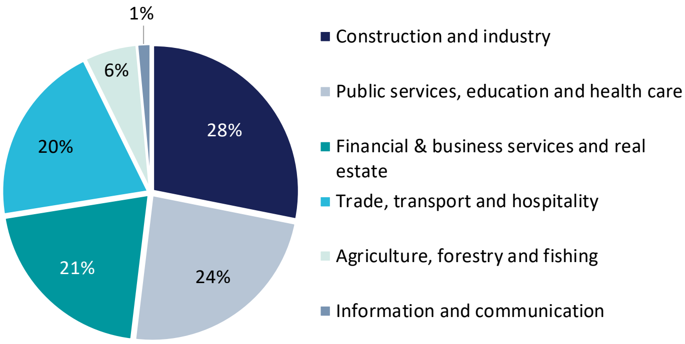
Bloomberg ticker
CASTIL

Outstanding volume
EUR 3.4bn

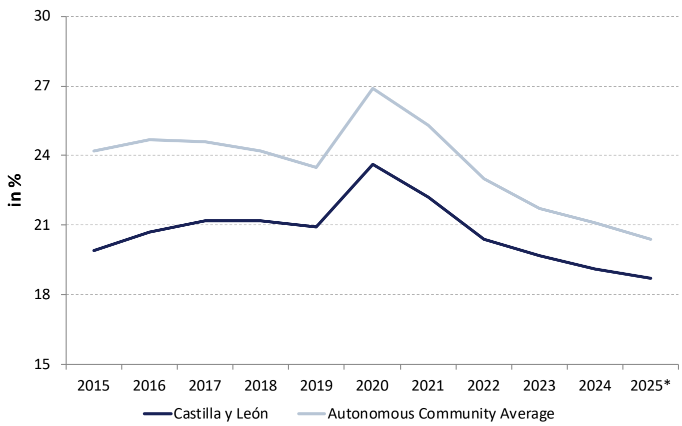
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	A3	stab
S&P	-	-

* Provisional values

Gross value added by sector (2023)



Debt ratio as a % of GDP



Source: Issuer, Castile and León Institute of Statistics, Eurostat, NORD/LB Floor Research; * Provisional value

Catalonia (GENCAT)

Situated along the Mediterranean coast in north-east Spain, Catalonia is among the economically strongest regions and, with a nominal GDP of around EUR 281.8bn (2023), accounts for roughly 18.8% of the national economic output. With a population of around 8 million people, the region's GDP per capita of EUR 35,300 comes in above the Spanish average. Real GDP growth of +3.0% year on year has been projected for 2024 and +2.6% year on year for 2025. The economy of Catalonia is diversified with an emphasis on innovation. Barcelona has in particular developed into a leading technology and innovation location within Europe in recent years. More than 2,000 start-ups and international technology centres of global corporations make the Catalan capital a key business location. At approx. 75%, the service sector made the largest contribution to gross value added in 2024, while industry and construction together accounted for roughly 20%. Tourism remains one of the most important growth drivers: in Q1/2025, the number of international visitors exceeded the pre-COVID-19 level from 2019 by +11.2%. From a political and social perspective, Catalonia is experiencing a period of relative stability after years of severe tensions. The prosperity of Catalonia and the distinct cultural identity of the Catalan population have for many decades provided the backdrop to separatist movements, which in 2017 culminated in a controversial independence referendum. In the regional elections in 2025, however, the parties championing the separatist cause lost their absolute majority in the Catalan parliament for the first time since 1980. The current political course is more moderate and focused on dialogue with Madrid. Within the framework of the NGEU programme, Catalonia received around EUR 6.9bn in November 2024, with the aim of driving the ecological and digital transformation. Catalonia's revenue base is solid, with income tax and VAT contributing 74.2% (EUR 31.4bn) to total tax receipts of EUR 42bn in 2024. The deficit improved from -4.5% of GDP in 2010 to -0.1% in 2024. Public investments were concentrated on railway (EUR 391m), healthcare (EUR 368m) and road infrastructure (EUR 278m). The government pursues a conservative financing strategy with a focus on extending the average term of its liabilities, limiting variable interest components and planned gross funding needs of EUR 8.5bn in 2026. Catalonia boasts a diversified economy and can be regarded as a fiscally solid, institutionally stable region with strong innovative capacity and a clear sustainability agenda.

General information

Homepage

Population (2024)*
8,034,743

Capital city
Barcelona

Nominal GDP (2023)*
EUR 281.8bn

Nominal GDP per capita (2023)*
EUR 35,300

Unemployment (Q3/2025)
8.2%

Debt (as a % of GDP, Q3/2025)
28.4%

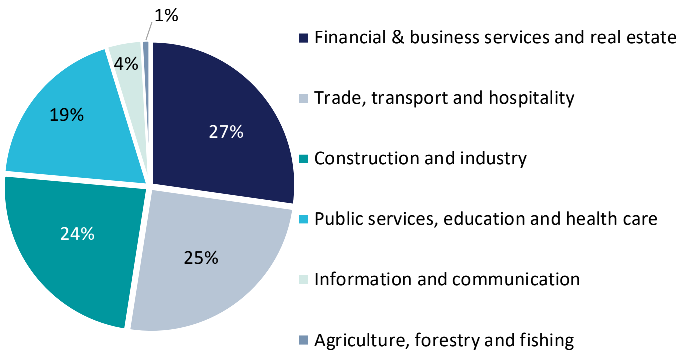
Bloomberg ticker
GENCAT

Outstanding volume
EUR 2.2bn

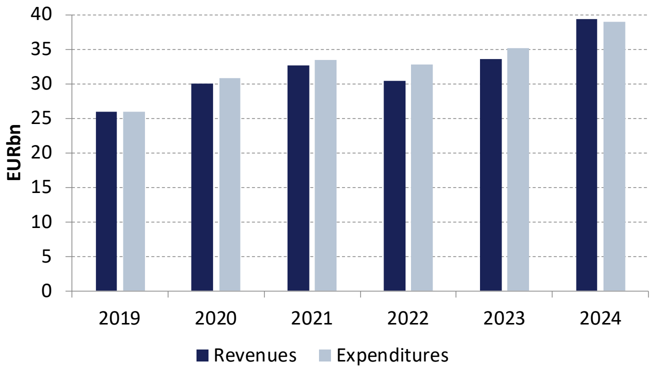
Ratings	Long-term	Outlook
Fitch	BBB+	stab
Moody's	Baa3	stab
S&P	-	-

* Provisional values

Gross value added by sector (2023)



Public revenues vs. expenditures over time



Source: Issuer, Statistical Institute of Catalonia, Eurostat, NORD/LB Floor Research

Galicia (JUNGAL)

Situated in the north-west of Spain on the Atlantic coast, Galicia borders Portugal to the south as well as Castile and León and Asturias to the east. The region is home to around 2.7 million people (2024), which corresponds to 5.6% of the Spanish population. Moreover, Galicia has one of the oldest demographic structures in Spain with an average age of approx. 48 years. In 2023, the nominal GDP of Galicia amounted to EUR 77.4bn, which equates to roughly 5.6% of the GDP of Spain. In the same year, GDP per capita came to EUR 28,600, which is well below the national average. Real growth of +2.4% year on year is projected for 2024 and +2.2% year on year for 2025. As at Q3/2025, unemployment amounted to 8.0%, which is well below the levels seen in many other regions of Spain. Galicia's economic structure is diverse. Aside from the dominant textile industry – the global market leader Inditex, which owns brands such as Zara and Massimo Dutti, is headquartered in Galicia – the shipbuilding, automotive manufacturing and food processing sectors play a central role. The industrial sector generates approx. 20% of the region's gross value added, while trade, transport and hospitality together account for a share of 24%. Galicia benefits from efficient port cities in the shape of A Coruña and Vigo, which serve as important export hubs for the Atlantic region. Tourism is increasingly contributing to regional economic growth, with a particular emphasis in this context on pilgrimages along the Camino de Santiago (Way of St. James). In 2024, the number of pilgrims returned to a pre-COVID-19 level again, which helped to strengthen the employment and local services markets. In parallel, the Galician government is investing in clusters (e.g. in areas such as the marine economy, textiles, the automotive industry and renewable energies) via the Galician Agency for Regional Development (IGAPE) in order to promote innovations, company formations and supply chains. Galicia pursues a fiscally conservative approach. Gross debt has fallen from 19.7% of GDP in the pandemic year of 2020 to 14.2% as at Q3/2025. As such, the region has one of the lowest debt levels out of all the autonomous regions of Spain. Since 2020, Galicia has been issuing sustainable bonds on the capital market for refinancing purposes under its [Sustainable Finance Framework].

General information

[Homepage]

Population (2024)*
2,703,353

Capital city
Santiago de Compostela

Nominal GDP (2024)*
EUR 77.4bn

Nominal GDP per capita (2023)*
EUR 28,600

Unemployment (Q3/2025)
8.0%

Debt (as a % of GDP, Q3/2025)
14.2%

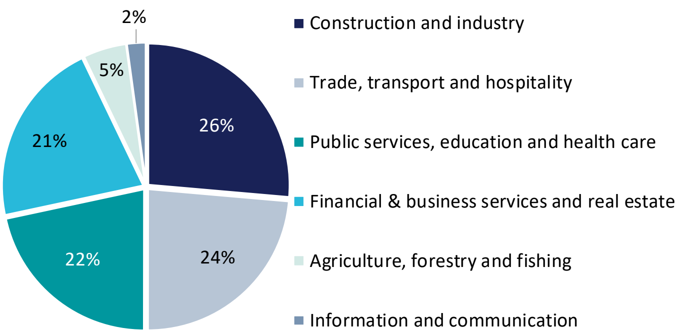
Bloomberg ticker
JUNGAL

Outstanding volume
EUR 3.2bn

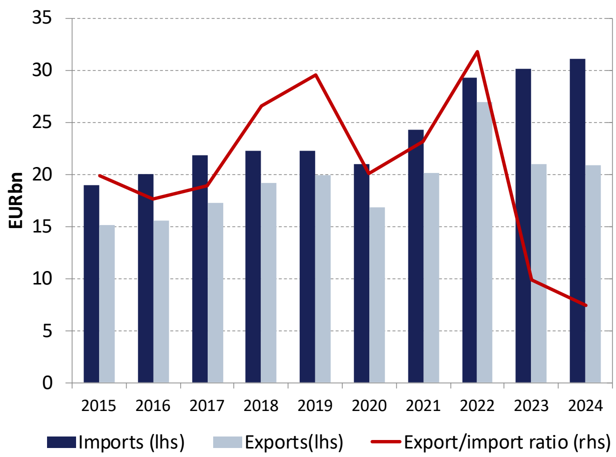
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	A3	stab
S&P	A+	stab

* Provisional values

Gross value added by sector (2023)



Export/import ratio



Source: Issuer, Ministry of Economy, Trade and Enterprise, Eurostat, INE, NORD/LB Floor Research

Madrid (MADRID)

The autonomous community of Madrid, which also encompasses the capital of Spain of the same name, constitutes the economic and financial heartland of the country. Home to around 7.0 million people, Madrid accounts for 14.4% of the Spanish population. The nominal GDP per capita came to EUR 42,200 in 2023, which was around 36% above the national average. As such, Madrid is one of Europe's most prosperous regions. The economy is strongly service-oriented and characterised by significant growth dynamics. Since 2015, real GDP has increased by +21%, far in excess of the national average of +13.2%. The region experienced a rapid recovery following the pandemic-related slump: in 2023, nominal GDP had already climbed +19.5% higher than the pre-crisis level of 2019. The service sector dominates the regional economy, accounting for 33.9% (2023) of gross value added, followed by trade, transport, and hospitality (23.6%). Madrid enjoys a reputation as an international financial and business centre with a high level of start-up and investment activities. In 2024, 23% of all business start-ups across Spain originated in the Madrid region, which also attracted 54.3% of total foreign direct investment (EUR 15.3bn). In addition, millions of tourists visit the capital each year: in 2023, a total of 11.2 million visitors were registered (+5.7% Y/Y), with total tourist spending increasing by +20% to EUR 16.1bn. Unemployment, which peaked at 13.5% during the COVID-19 pandemic (Q4/2020), fell to 8.0% in Q3/2025. In fiscal terms, Madrid presents solid budget data and pursues an efficient debt management policy. In Q3/2025, debt amounted to 11.5% of regional GDP and therefore came in well below the average across all autonomous communities (19.6%). The region has excellent capital market access and ranks as the most active issuer in the Spanish sub-sovereign segment. Madrid makes regular use of sustainable financing instruments, including green and sustainability bonds, with a focus on areas such as affordable housing, public transport and healthcare. In June 2025, Madrid became the first sub-sovereign issuer ever to place a European Green Bond and therefore assumed a pioneering role in this segment (cf. weekly publication dated 11 June). For 2026, the sub-sovereign has communicated an estimated refinancing requirement of EUR 3.7bn. Moreover, the Madrid Metro and the municipal transport operator EMT Madrid have their own sustainability frameworks in place and appear on the capital market under the METMAD ticker. The combination of economic strength, fiscal discipline, excellent reputation among investors and clearly defined sustainability strategy makes Madrid one of the most influential sub-sovereign issuers in Europe.

General information

Homepage

Population (2024)*
7,001,715

Capital city
Madrid

Nominal GDP (2023)*
EUR 293.1bn

Nominal GDP per capita (2023)*
EUR 42,200

Unemployment (Q3/2025)
8.0%

Debt (as a % of GDP, Q3/2025)
11.5%

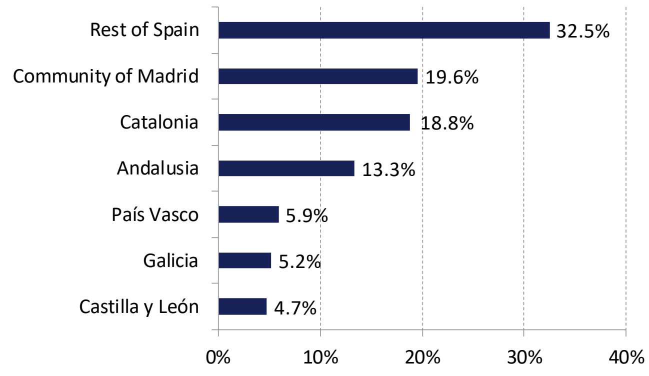
Bloomberg ticker
MADRID

Outstanding volume
EUR 20.5bn

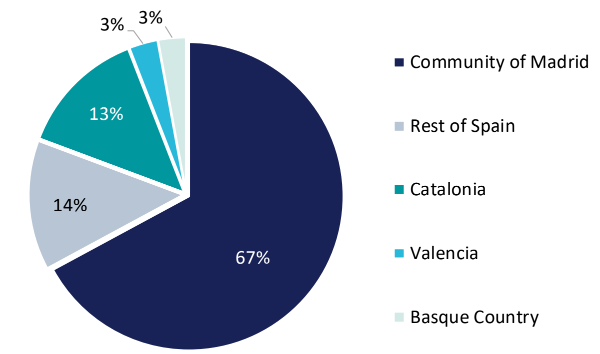
Ratings	Long-term	Outlook
Fitch	A-	pos
Moody's	A3	stab
S&P	A	stab

* Provisional values

Spanish regions – contributions to national GDP (2023)



Regional FDI breakdown (2024)



Source: Issuer, Madrid Institute of Statistics, INE, NORD/LB Floor Research

Navarre (NAVARR)

Navarre is situated in northern Spain on the border with France. With a population of more than 678,000 people, it is one of the smaller, albeit one of the most economically productive, autonomous communities. The region borders the Basque Country to the west, Aragon to the east and La Rioja to the south. Pamplona is the capital of Navarre and with a population of around 208,000 inhabitants is the only major city in the region. In geographical terms, Navarre is strategically located within the logistics corridor between the economic centres of Bilbao, Zaragoza and Madrid. With nominal GDP of EUR 25.0bn (2023), Navarre only ranks in mid-table among the Spanish regions, but with GDP per capita of EUR 37,100, it is one of the most productive economic areas in Spain – behind Madrid and the Basque Country. Real economic growth amounted to +2.2% year on year in 2023 and is provisionally projected to reach +2.5% year on year for 2024. As at Q3/2025, unemployment came to 7.3%, meaning that Navarre has one of the lowest unemployment rates of all autonomous communities in Spain. The economic structure is broadly diversified: in 2023, the service sector was the dominant economic force, accounting for 57.9% of all registered companies, followed by trade (20.8%) and industry, including construction (21.4%). The automotive sector is of vital importance: the VW Group operates one of its largest plants in southern Europe in Landaben, which manufactures roughly 275,000 vehicles per year and supports a network of regional suppliers. In addition, sectors such as renewable energies, biotechnology and food processing are becoming increasingly important. Navarre is one of Spain's leading regions for wind power and covers around 80% of its electricity needs from renewable sources. In terms of fiscal policy, the region benefits from the "foral" system, which grants Navarre practically total autonomy in relation to tax affairs. This independence allows the regional government to develop tax incentives of its own accord, with a particular emphasis in this regard on promoting research, innovation, SMEs and the agricultural industry. A progressive corporate tax system, targeted investment subsidies and R&D deductions enhance the appeal of the region for businesses. In fiscal terms, Navarre enjoys a solid budget position and low debt level. The debt-to-GDP ratio stood at 10.3% in 2024 and was therefore below the average of the autonomous communities as a whole. Overall, the impression we gain of Navarre is of an economically diversified, fiscally robust and institutionally stable region.

General information

Homepage

Population (2024)*
678,338

Capital city
Pamplona

Nominal GDP (2023)*
EUR 25.0bn

Nominal GDP per capita (2023)*
EUR 37,100

Unemployment (Q3/2025)
7.3%

Debt (as a % of GDP, Q3/2025)
9.9%

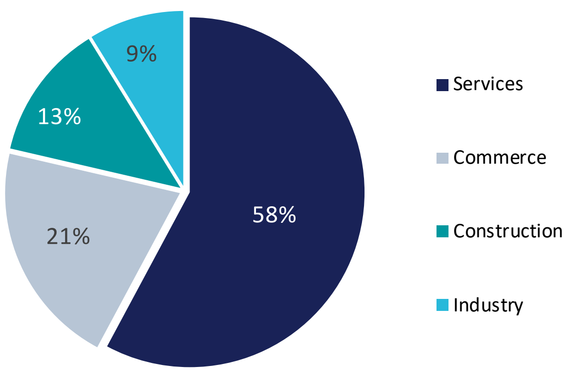
Bloomberg ticker
NAVARR

Outstanding volume
EUR 1.0bn

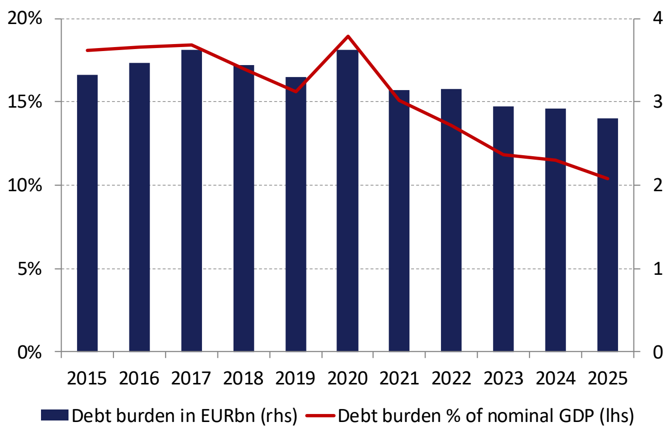
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	-	-
S&P	AA	stab

* Provisional values

Breakdown of regional companies by sector (2024)



Debt trend over time



Source: Issuer, Navarre Institute of Statistics, INE, NORD/LB Floor Research

Asturias (PRIAST)

Asturias is located in north-west Spain, bordering Galicia to the west, Castile and León to the south and Cantabria to the east. Covering an area of roughly 10,604 km² and with a population of around one million inhabitants (2024), Asturias ranks as one the smaller regions in Spain. In economic terms, Asturias generated nominal GDP of EUR 28.3bn in 2023, which equates to around 1.9% of Spanish GDP. At roughly EUR 28,100 (2023), GDP per capita came in below the national average. For 2025, growth of +2.0% year on year is projected, which is again below the Spanish average of +3.0% year on year. Unemployment fell from 11.8% in Q2/2024 to 9.0% in Q3/2025, which reflects the recovery that has set in on the labour market. Nevertheless, employment in the traditional industrial sectors of mining, steel production and heavy industry, for example, continues to fall, which poses long-term challenges for the region. In terms of its economic structure, Asturias remains highly industrialised, whereby the industrial sector accounted for around 20.6% of gross value added in 2023. Key value drivers include the production of steel, zinc and aluminium, in addition to the shipbuilding industry. Moreover, Asturias benefits from energy-intensive industries and the extensively developed Port of Gijón. The energy mix remains heavily dependent on coal: in 2024, 35.7% of electricity production was linked to coal, while 43.5% was generated from renewable energies, in particular hydropower. In fiscal terms, Asturias has a moderate debt level: in gross terms, the debt-to-GDP ratio amounted to 13.5% in 2024, which is on the low side in comparison with other regions of Spain. The budget plan for 2025 envisaged a volume of EUR 6.7bn. Taxes account for approx. 52.3% of total revenues, with income tax and VAT representing the most significant revenue sources in this regard. At EUR 4.4bn and 66% of the budget, social expenditures make up the largest expense item. In fact, this item rose by +7.0% year on year in 2024. Overall, the data depicts Asturias as a region with clear structural challenges, particularly in terms of demographic changes and the industrial sector. Nevertheless, underlying potentials are waiting to be unlocked owing to the region's solid budgetary position, moderate debt level and stable institutional conditions, especially in connection with the energy transition and modernisation of infrastructure.

General information

[Homepage]

Population (2024)*
1,008,028

Capital city
Oviedo

Nominal GDP (2023)*
EUR 28.3bn

Nominal GDP per capita (2023)*
EUR 28,100

Unemployment (Q3/2025)
9.0%

Debt (as a % of GDP, Q3/2025)
12.6%

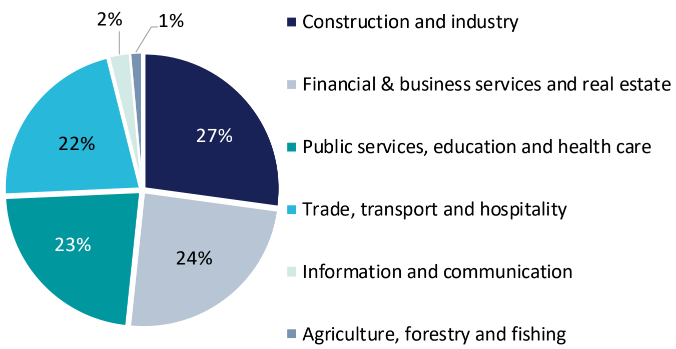
Bloomberg ticker
PRIAST

Outstanding volume
EUR 0.1bn

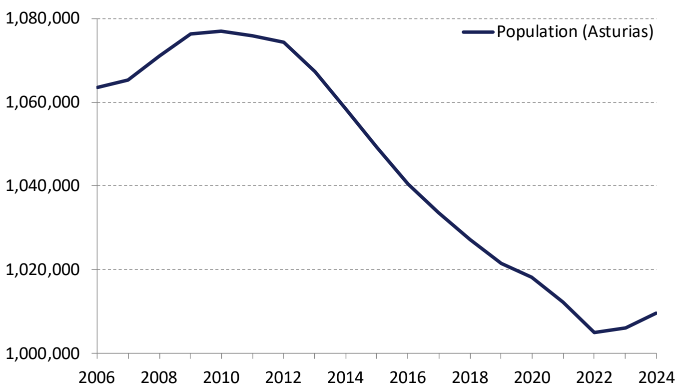
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	A3	stab
S&P	-	-

* Provisional values

Gross value added by sector (2023)



Population development over time



Source: Issuer, Asturias Institute of Statistics, Eurostat, INE, NORD/LB Floor Research

Regulatory overview for RGLA* / ** (examples)

Issuer	Risk weight	LCR classification	NSFR classification	Solvency II classification
Belgian regions	0%	Level 1	0%	preferred (0%)
German Laender	0%	Level 1	0%	preferred (0%)
French regions	0%	Level 1	0%	preferred (0%)
Italian regions	20%	Level 2A	15%	non-preferred (individual review)
Portuguese regions	20%	Level 2A	15%	preferred (0%)
(Guaranteed bonds: Madeira)	(0%)	(Level 1)	(0%)	
Spanish Regions	***0%***	***Level 1***	***0%***	***preferred (0%)***

* Regional governments and local authorities
** NB: in the absence of an explicit guarantee from the respective nation state, the current LCR level is dependent on the relevant rating (see CQS classification and LCR classification of assets).
Source: NORD/LB Floor Research

Exceptions to scope of application of the Leverage Ratio (CRD Art. 2 no. 5) (examples)

EU	Central banks of Member States
Germany	Kreditanstalt für Wiederaufbau (KfW), Rentenbank, regional promotional banks explicitly listed under No. 5, undertakings which are recognised under the "Wohnungsgemeinnützigkeitsgesetz" as bodies of state housing policy and are not mainly engaged in banking transactions, and undertakings recognised under this same law as non-profit housing undertakings
Italy	Cassa Depositi e Prestiti (CDP)
Portugal	Caixas Económicas existing on 01 January 1986, with the exception of those incorporated as limited companies and Caixa Económica Montepio Geral
France	Caisse des Dépôts et Consignations (CDC)
Spain	***Instituto de Crédito Oficial (ICO)***

Source: CRD IV, NORD/LB Floor Research

Regional governments and local authorities (solvency stress factor allocation of 0% possible; examples)

Country	Regional and local governments
Belgium	Communities (Communautés/Gemeenschappen), regions (Régions/Gewesten), municipalities (Communes, Gemeenten) & provinces (Provinces, Provincies)
Germany	Laender, municipalities & municipal associations
France	Regions (régions), municipalities (communes), "Départements"
Portugal	"Região Autónoma dos Açores" and "Região Autónoma da Madeira"
Spain	***Autonomous regions (comunidades autónomas) and local government (corporación local)***

Source: (EU) 2015/2011, NORD/LB Floor Research

Summary of Spanish regions

Risk weight	0% (EBA list)
LCR classification	Level 1
NSFR classification	0%
Solvency II classification	Preferred (0%)

Source: NORD/LB Floor Research

Liability mechanism

The Kingdom of Spain provides an explicit guarantee for the autonomous communities. This is something that not even the German Laender can offer, as the principle of federal loyalty in Germany (Bundestreue) is implicit in nature. The mechanism of vertical and horizontal financial equalisation on the basis of the three elements described above ensures financial stability. As economically strong autonomous communities, the Basque country and Navarre also benefit from the "foral" system, likewise outlined above, that affords both regions far-reaching autonomy in defining fiscal policy.

Issuer (ticker)	Population (2024)*	Unemployment (Q3/2025)	Nom. GDP per capita (2023)	Outstanding volume	No. of bonds	Of which ESG	Rating
ANDAL	**8,619,616**	**15.3%**	**23,200**	**EUR 6.7bn**	**24**	**10**	**- / A3 / A-**
ARAGON	**1,347,834**	**8.5%**	**34,700**	**EUR 0.6bn**	**6**	**-**	**- / - / A-**
BALEAR	1,221,403	5.8%	34,400	EUR 0.6bn	2	-	- / - / A-
BASQUE	**2,230,452**	**7.0%**	**39,500**	**EUR 8.7bn**	**20**	**11**	**A+ / A2 / AA-**
CANARY	2,228,862	14.6%	24,300	EUR 0.8bn	7	-	- / - / A+
CASTIL	**2,388,350**	**8.7%**	**29,700**	**EUR 3.4bn**	**16**	**2**	**- / A3 / -**
CCANTA	591,563	7.6%	28,500	-	-	-	- / - / A+
GENCAT	**8,034,743**	**8.2%**	**35,300**	**EUR 2.2bn**	**14**	**-**	**BBB+ / Baa3 / -**
JUNGAL	**2,703,353**	**8.0%**	**28,600**	**EUR 3.2bn**	**8**	**5**	**- / A3 / A+**
JUNTEX	1,052,790	13.6%	23,600	EUR 0.1bn	3	-	- / Baa1 / BBB+
LRIOJA	324,399	7.7%	32,800	-	-	-	BBB+ / - / -
MADRID	**7,001,715**	**8.0%**	**42,200**	**EUR 20.5bn**	**50**	**20**	**A- / A3 / A**
MANCHA	2,098,853	12.6%	25,800	EUR 0.4bn	4	-	BBB / Baa3 / -
MURCIA	1,571,933	12.9%	25,900	EUR 0.05bn	2	-	BBB / Baa3 / -
NAVARR	**678,338**	**7.3%**	**37,100**	**EUR 1.0bn**	**12**	**4**	**- / - / AA**
PRIAST	**1,008,028**	**9.0%**	**28,100**	**EUR 0.1bn**	**1**	**-**	**- / A3 / -**
VALMUN	5,316,541	11.7%	26,500	EUR 0.3bn	4	-	BBB / Baa3 / BB
Spain	48,418,773	10.5%	30,980	EUR 1,307bn	58	1	Au / A3 / A+u

* Provisional values
Source: Bloomberg, INE, Eurostat, NORD/LB Floor Research (Rating: Fitch / Moody's / S&P)

Sustainable bonds – Madrid sets the standard in the sub-sovereign segment
Madrid, in particular, is further expanding its position as a leading issuer in the Spanish sub-sovereign segment by consistently turning to green and sustainability bonds as a key source of refinancing. This focus reflects both the strong capital market reputation that Madrid enjoys and the increasing institutional maturity of its regional ESG strategy. Other Spanish regions have also increasingly made use of ESG formats. The total volume of fresh EUR benchmarks in sustainable format issued by Spanish sub-sovereigns amounted to EUR 4.7bn in 2025, split between seven individual ISINs. MADRID and ANDAL were responsible for the largest supply in this segment, at EUR 1.5bn each, while BASQUE also issued a sustainability bond with a volume of EUR 700m. Furthermore, CASTIL and JUNGAL each raised EUR 500m in sustainable bonds. Against the backdrop of ambitious climate targets and high investment requirements, we expect that the Spanish regions will continue to account for a significant share of the ESG supply across Europe.

Conclusion
Spanish sub-sovereigns are gaining further importance in the current market environment. Despite recording growth over recent years, the Spanish regional bond market must still be considered a niche market (total market volume EUR 50.1bn). At the same time, however, the autonomous communities offer structurally attractive diversification and yield opportunities. With the largest outstanding volume in this segment, Madrid is a key benchmark issuer in particular. Issuance activities in other regions expand the universe of investable securities, making Spanish regional bonds a viable alternative to more established markets such as the German Laender. Opportunities are arising for investors in maturity segments outside the sovereign debt market and, more selectively, in relation to private placements. Nevertheless, at the same time, the quality of investor relations remains a weakness in many regions, whereby publications are occasionally outdated and access to information can be limited. Making transparency standards more professional would be a crucial step in an effort to adequately reflect the heterogeneity of the autonomous communities and to further strengthen confidence among international investors.

Appendix
Publication overview

Covered Bonds:

- **Issuer Guide – Covered Bonds 2025**
- **Risk weights and LCR levels of covered bonds** (updated semi-annually)
- **Transparency requirements §28 PfandBG Q3/2025** (quarterly update)
- **Transparency requirements §28 PfandBG Q3/2025 Sparkassen** (quarterly update)
- **Covered bonds as eligible collateral for central banks**
- **EBA report on the review of the EU covered bond framework**

SSA/Public Issuers:

- **Issuer Guide – German Laender 2025**
- **Beyond Bundeslaender: Canadian Provinces**
- **Beyond Bundeslaender: Belgium**
- **Beyond Bundeslaender: Greater Paris (IDF/VDP)**
- **Issuer Guide – European Supranationals 2025**
- **Issuer Guide – Non-European Supranationals (MDBs) 2025**
- **Issuer Guide – German Agencies 2025**
- **Issuer Guide – French Agencies 2025**
- **Issuer Guide – Nordic Agencies 2025**
- **Issuer Guide – Dutch Agencies 2025**
- **Issuer Guide – Austrian Agencies 2025**
- **Issuer Guide – Spanish Agencies 2025**
- **Issuer Guide – Non-European Agencies 2025**

Fixed Income Specials:

- **ESG-Update 2025**
- **ECB preview: Job rota instead of rate focus**

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