GENERALITAT VALENCIANA

Investors Presentation

September 2018

Economic outlook

The Valencian Community

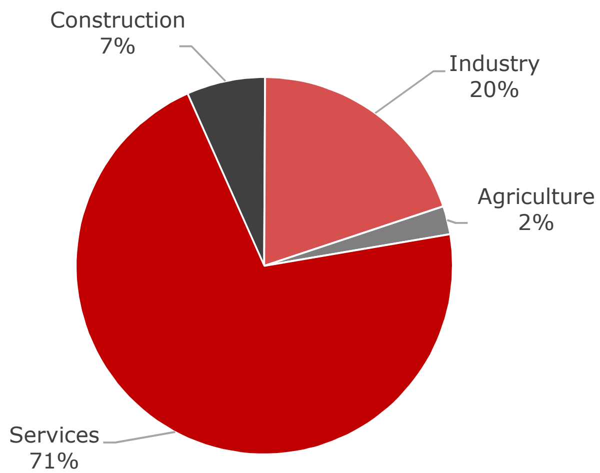
	Valencia	Spain
Surface (km²)	**23,255** *4.6%*	**505,990** *100%*
Population Jan'18 (m)	**4.9** *10.5%*	**46.7** *100%*
GDP 2017 (€ bn)	**109** *9.4%*	**1,164** *100%*
GDP per capita 2017 (€)	**22,055** *88.2%*	**24,999** *100%*

- The Valencian Community was established in 1982
- Located on the Eastern coast of Spain
- Mid–sized region that constitutes c. 5% of the national territory
- It incorporates the provinces of Valencia, Alicante and Castellon

Source: Instituto Nacional de Estadística (INE)

The Valencian Community: Economic structure

GROSS VALUE ADDED (2017)



EXPORTS*

	Valencia	Spain
Exports / Imports (%) June'18 (last 12 months)	**111.90%**	**90.87%**
Exports (% of GDP) 2017 (full year)	**27.0%**	**23.8%**

- Valencia has an open, dynamic and diversified economy
- **Services** weighed 71% of the regional GDP in 2017
  - Tourism represents a high share (13% of GDP)
- The **industrial sector** represented 20% of the regional GDP in 2017
  - The industrial base includes automotive, food and beverages, chemical, building materials and textile companies
  - The automotive industry represented 27% of regional exports ⇒ Ford's plant is regarded as one of the most efficient in Europe.
- Highly-intensive in **exports**, compared to Spain
  - 27% of Valencia's GDP (vs 23.8% in Spain)
- The Valencian Community holds a fundamental strategic position for commercial interconnections

**Exports of goods*

Source: INE and Secretaría de Estado de Comercio

The Valencian Community: Economic structure

A strong industry sector*:

- The Valencian region is leader in Spain in the production of **ceramic tiles**. It accounts for almost **95%** of the country's production
- The region concentrates **62%** of the **footwear** national production (**45%** of total exports)
- **Furniture** production in the region represents **16%** of Spain's total production (**23%** of total exports)
- **Agri-food industry**: It accounts for almost **8%** of the total national production (**13%** of total exports)
- **Chemical industry** represents **8%** of the total output (**10%** of total exports)

Highly competitive services:

- Valencia's port is the leading commercial port on the West Mediterranean in terms of containerised cargo volumes
- 8.9 million of **foreign tourists** visited the region in 2017 (+15% yoy)

Services. Gross Value Added by activity. 2017	€ m	% of Spain
Trade and repair. Transportation, hotels and storage.	24,148	9.7%
Information and communications	2,299	5.2%
Financial and insurance activities	3,674	8.7%
Real estate activities	12,267	10.8%
Professional, scientific and technical activities	6,221	7.0%
Public Administration and defence. Compulsory S. Security. Education. Human health and social work activities	17,254	8.9%
Artistic, recreation and entertainment services	4,171	10.0%
Total services	**70,034**	**9.1%**

**Share of total production correspond to 2014. Share of exports over total Spain correspond to full year 2016.*

Source: Conselleria de Economía Sostenible, Sectores Productivos, Comercio y Trabajo, INE and Secretaría de Estado de Comercio

The Valencian Community: Strengths

- **Solid GDP growth rate, above the Spanish average during the last years:**

GDP growth	Valencia	Spain
2015	3.3%	3.4%
2016	3.5%	3.3%
2017	3.2%	3.1%
2018 (F)	3.0% / 2.9%	2.9% /2.8%
2019 (F)	2.7% /	2.5% /

- **Favorable domestic outlook:**
  - Economic growth driven by internal demand
  - Job creation, which leads to an increase in Households' Disposable Income
  - Improved credit terms and low core inflation
  - Implementation of structural reforms

- **Strong external sector:**
  - Led by the auto sector and semi-manufactured products, boosted by increases in productivity
  - Tourism dynamics

- **Tailwinds: expansionary monetary policy**

(F): Forecast: BBVA Research / Funcas

Source: INE, Conselleria de Hacienda y Modelo Económico

The Valencian Community: Weaknesses

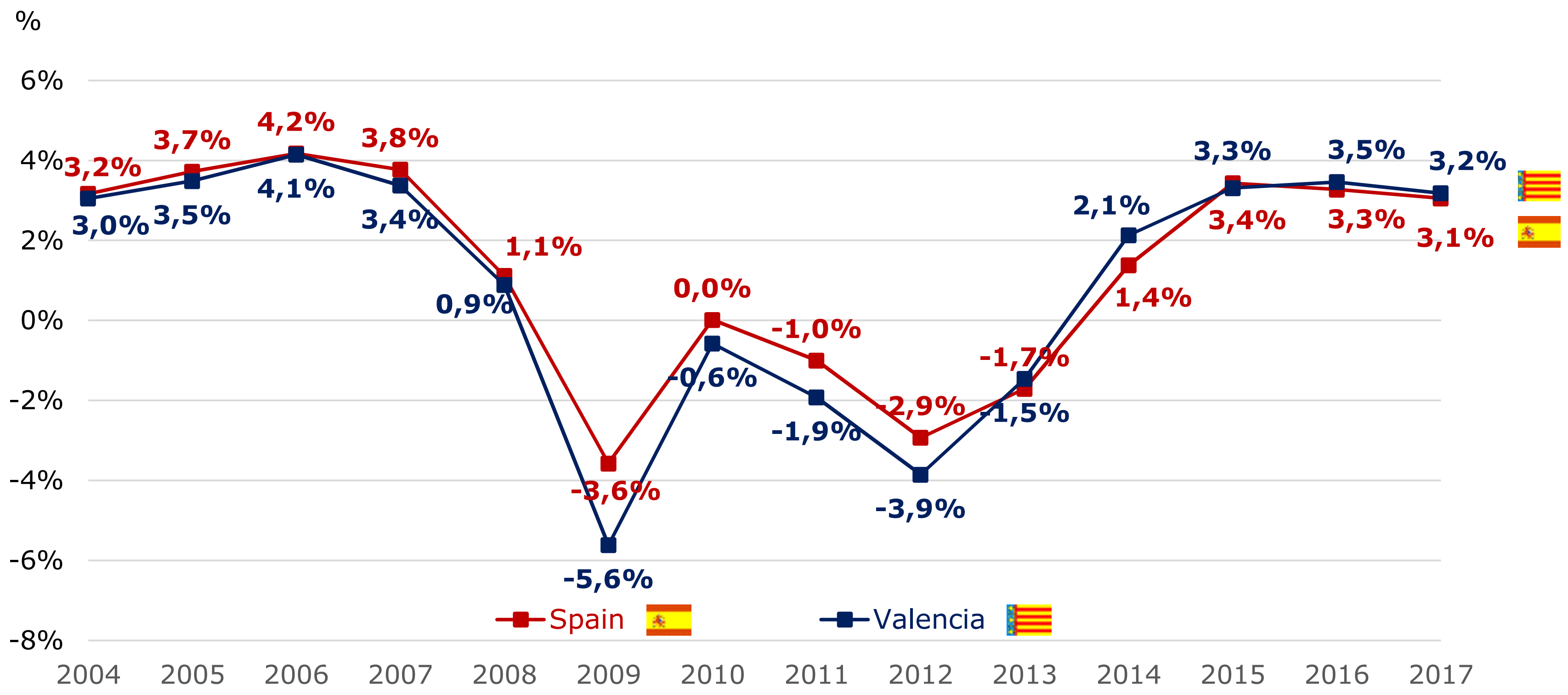
- **Key macro figures slightly worse than national average**
  - GDP per capita: 12 pp gap as of 2017 (Spain: 100 vs Valencia: 88)
  - Unemployment rate: due to a labour market highly correlated with the economic cycle
- **Imbalances in the current regional financing system…**
  - It has led to continuous deviations in the deficit target
  - Uncertainty about the final outcome of the reform of the regional financing model, after the committee of experts report and the recent change of Government of Spain
- **… which partly led Valencia to be region with the highest relative regional indebtedness**
  - In 2Q18, debt to GDP represented 41.8% of Valencia's GDP (vs 24.7% for the average of Spanish regions)
- **Political situation in Catalonia**
  - Possible delay in the reform of the regional financing model
- **Brexit: higher exposure to UK relative to other Spanish regions**

Source: INE, Conselleria de Hacienda y Modelo Económico and BBVA Research

The Valencian Community in figures: GDP

- **Valencia's GDP has grown at a higher rate than Spain since 2013**

GDP GROWTH (yoy, %)

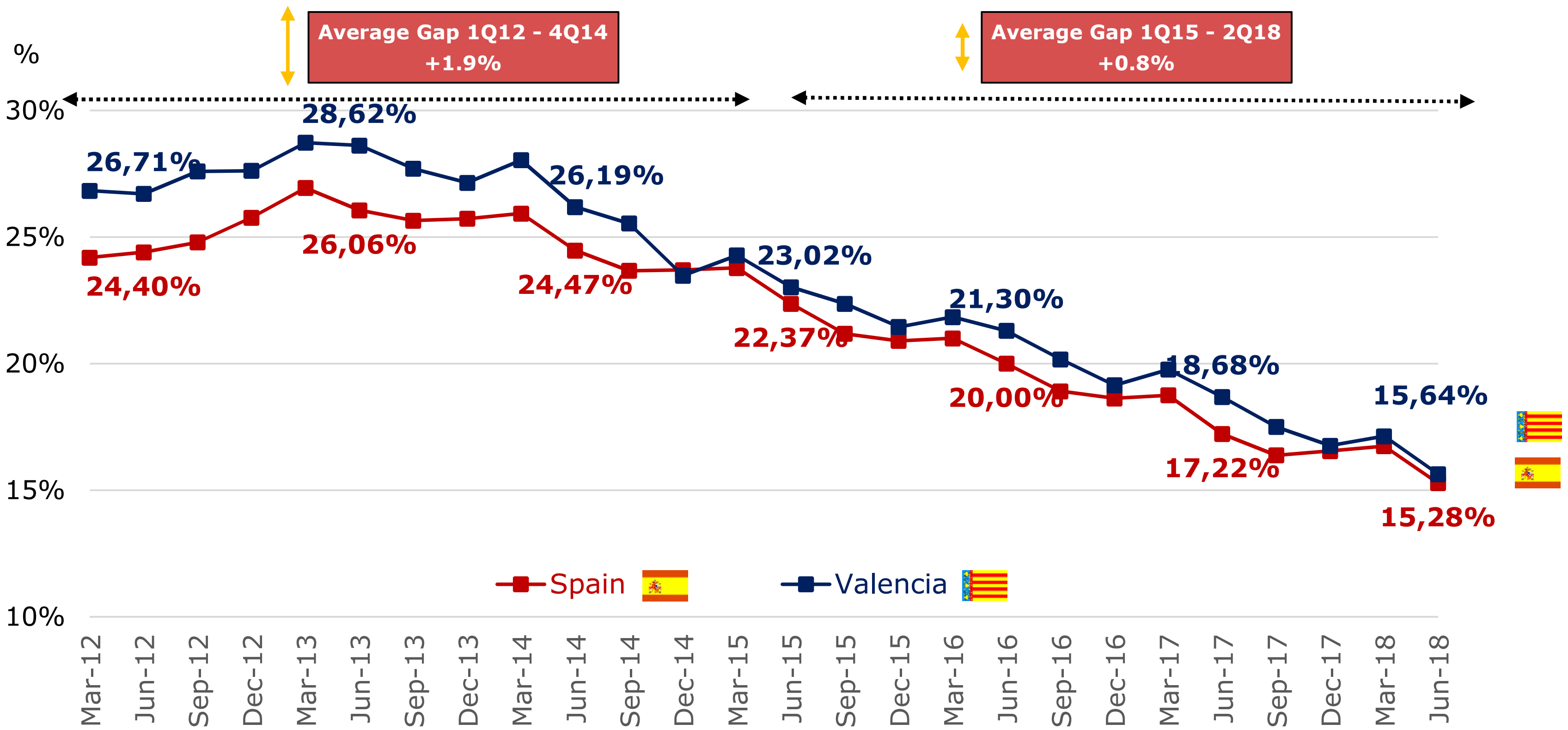


Source: INE

The Valencian Community in figures: Unemployment

- **Reduction in the gap between Spanish and Valencian unemployment rate**
  - From 1.9% (average 2012-2014) to 0.8% (average 2015-2018). Current gap: 0.4%

UNEMPLOYMENT RATE (Quartely, %)

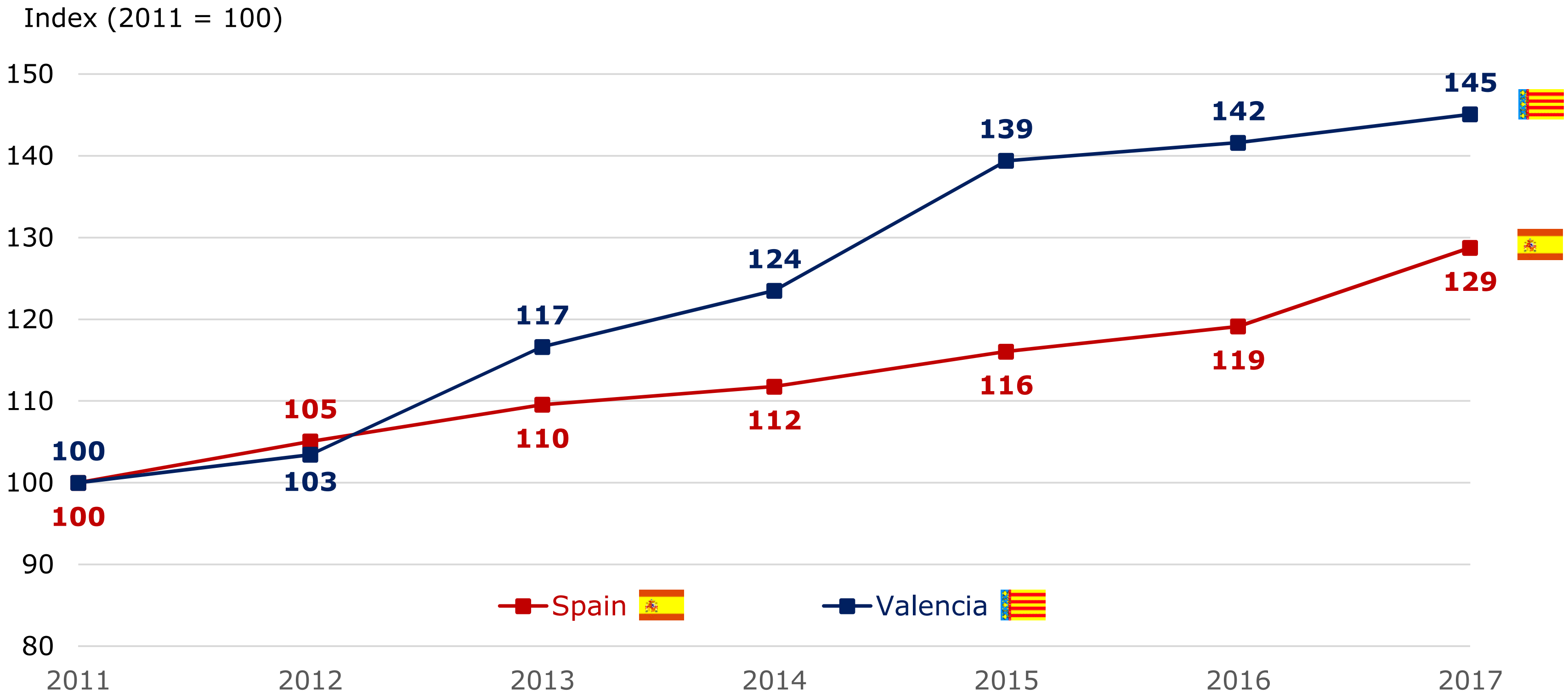


Source: INE

The Valencian Community in figures: Exports

- **Exports have increased by 45% since 2011, significantly above data for the whole country**

EXPORTS OF GOODS (Index, 2011 = 100)

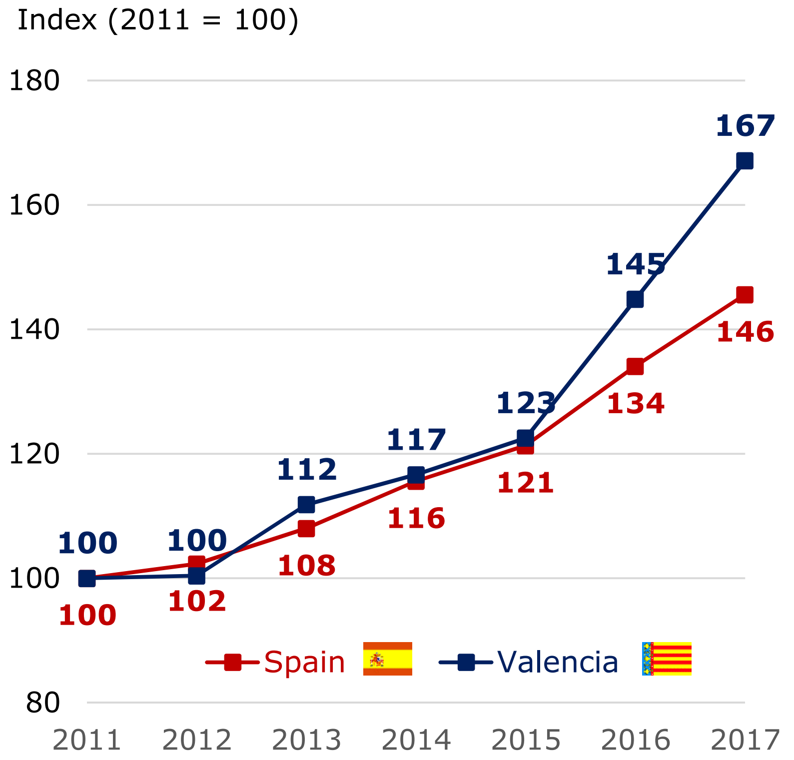


Source: Ministerio de Industria, Comercio y Turismo and Conselleria de Hacienda y Modelo Económico

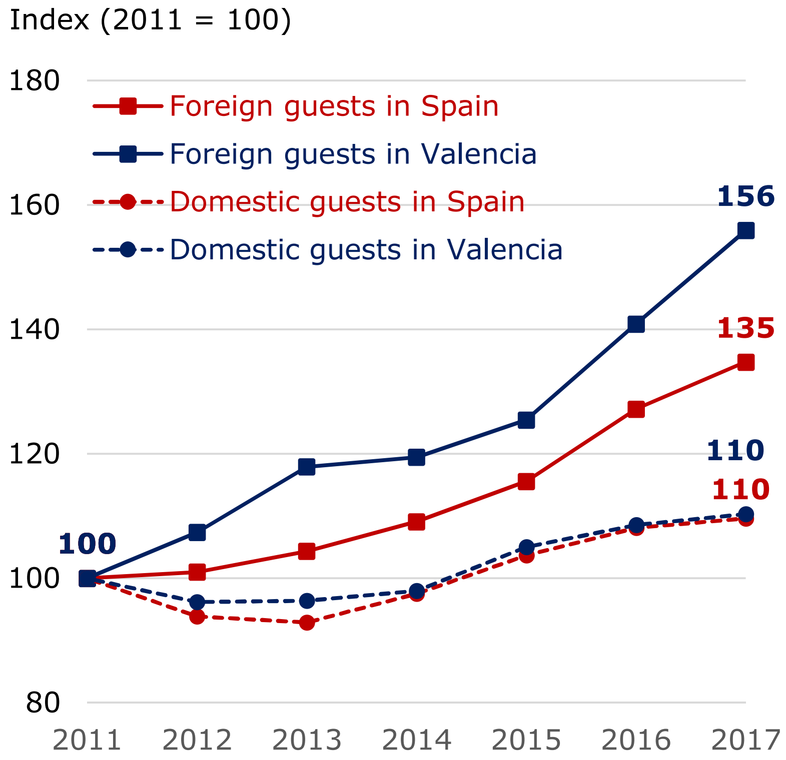
The Valencian Community in figures: Tourism

- **2017 set a historical record in No. of tourists, both in Spain and Valencia (82m and 9m)**
  - Valencian Community is ranked in the top 5 destinations in Spain

TOURISTS (Index , 2011 = 100)



GUESTS IN HOTELS (Index, 2011 = 100)



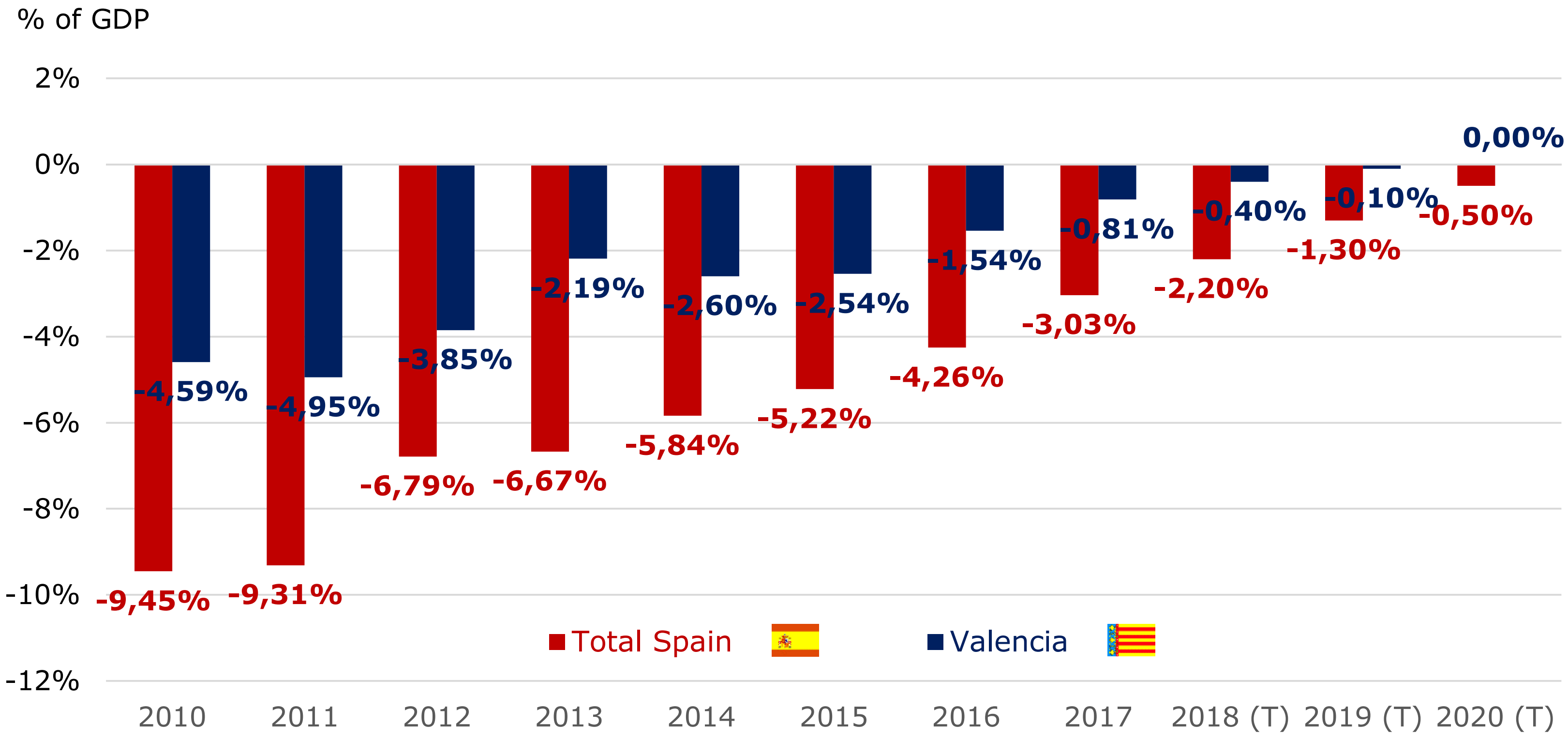
Source: INE

Fiscal targets and budget

Fiscal targets

- **National and Regional deficit targets (T) for next 3 years are already set**

BUDGET BALANCE (% of GDP)



**Total Spain Deficit excludes support to the financial sector*

Source: Ministerio de Hacienda

Budget outturn: Revenues

Revenues (€ m)	2012 (1)	2013 (2)	2014 (3)	2015 (4)	2016 (5)	2017 (6)	Var. 2017/2016 (6)-(5)		Var. 2017/2012 (6)-(1)	
							€m	%	€m	%
Direct taxes	3,917	2,949	2,956	3,069	3,496	4,394	899	26%	477	12%
Indirect taxes	6,329	5,131	5,504	5,610	6,160	6,625	465	8%	296	5%
Fees, sales & other revenues	631	569	596	677	857	685	-172	-20%	54	9%
Current transfers	-487	1,869	1,201	1,106	1,262	1,210	-52	-4%	1,697	-348%
Property incomes	9	9	42	6	3	8	5	167%	-1	-11%
Operating revenues	**10,399**	**10,527**	**10,299**	**10,468**	**11,778**	**12,922**	**1,144**	**10%**	**2,523**	**24%**
Disposal of real investments	1	1	57	0	0	1	1	413%	0	0%
Capital transfers	204	248	139	103	235	88	-147	-63%	-116	-57%
Capital revenues	**205**	**249**	**196**	**103**	**235**	**89**	**-146**	**-62%**	**-116**	**-57%**
Non-financial revenues	**10,604**	**10,776**	**10,495**	**10,571**	**12,013**	**13,011**	**998**	**8%**	**2,407**	**23%**
Financial assets	6	6	67	38	119	42	-77	-65%	36	600%
Financial liabilities	6,751	2,928	9,820	8,844	6,968	5,720	-1,248	-18%	-1,031	-15%
Financial revenues	**6,757**	**2,934**	**9,887**	**8,882**	**7,087**	**5,762**	**-1,325**	**-19%**	**-995**	**-15%**
Total revenues	**17,361**	**13,710**	**20,382**	**19,453**	**19,100**	**18,773**	**-327**	**-2%**	**1,412**	**8%**

Source: Ministerio de Hacienda and Conselleria de Hacienda y Modelo Económico

Budget outturn: Expenditure

Expenditure (€ m)	(1) 2012	(2) 2013	(3) 2014	(4) 2015	(5) 2016	(6) 2017	(6)-(5) Var. 2017/2016 €m	Var. 2017/2016 %	(6)-(1) Var. 2017/2012 €m	Var. 2017/2012 %
Personnel expenses	4,647	4,750	4,900	5,222	5,342	5,438	96	2%	791	17%
Purchase goods & services	4,523	3,207	3,897	4,024	3,463	3,457	-6	0%	-1,066	-24%
Financial expenses	957	1,184	1,229	658	351	467	116	33%	-490	-51%
Current transfers	3,519	3,327	3,098	3,627	3,854	4,265	411	11%	746	21%
Operating expenditure	**13,646**	**12,468**	**13,124**	**13,531**	**13,010**	**13,627**	**617**	**5%**	**-19**	**0%**
Real investment	512	370	410	352	301	369	68	23%	-143	-28%
Capital transfers	870	822	830	431	269	418	149	55%	-452	-52%
Capital expenditure	**1,382**	**1,192**	**1,240**	**783**	**570**	**787**	**217**	**38%**	**-595**	**-43%**
Non financial expenditure	**15,028**	**13,660**	**14,364**	**14,314**	**13,580**	**14,414**	**834**	**6%**	**-614**	**-4%**
Financial assets	1,844	389	779	588	440	620	180	41%	-1,224	-66%
Financial liabilities	149	149	4.041	4,014	3,747	3,450	-297	-8%	3,301	2,215%
Financial expenditure	**1,993**	**538**	**4,820**	**4,602**	**4,187**	**4,070**	**-117**	**-3%**	**2,077**	**104%**
Total expenditure	**17,021**	**14,198**	**19,184**	**18,916**	**17,767**	**18,484**	**717**	**4%**	**1,463**	**9%**

Source: Ministerio de Hacienda and Conselleria de Hacienda y Modelo Económico

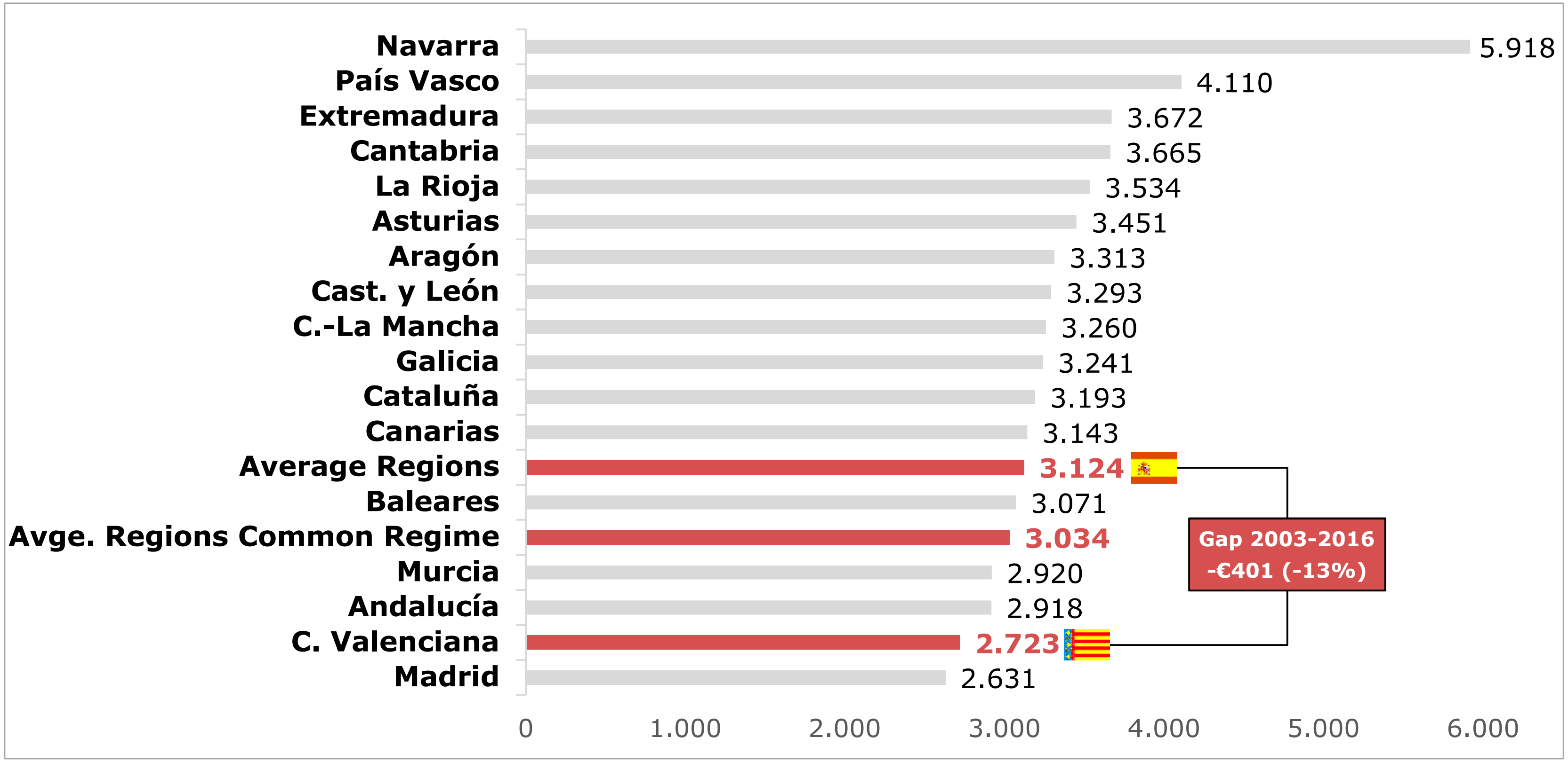
Budget result in 2017

- **During 2017 operating revenues have grown by 10%**
  - Boosted by the increase in Direct taxes (26%)
  - Indirect taxes have also proved resilient on a yearly basis (increased by 8%)
- **Operating expenditure has increased by 5%**
  - Current transfers increase by 11% (€ 411 m)
  - Finance expenses increase by 33% (€ 116 m) as a result of the reversal of the measures approved related to the extraordinary liquidity mechanisms' s interest rates (0% interest rate in 2015 and in the first interest payment in 2016). Nevertheless, debt average cost remains low.
  - Current transfers increase € 411 million (11%)
- **The 2012 -2017 budget figures evolution shows**
  - Sustained reduction of the operating balance over the period 2012 – 2017. From € 3.247 million to € 704 million.
- **Valencia expects to meet deficit targets in the coming years supported by the upcoming change in the financing system.**
  - 2017 ESA's Deficit-to-GDP ratio quite close to the target (0,81% v/s 0,6%)

Analysis of the region’s expenditures and revenues

- **The Valencian Region public spending has been the second lowest among the Spanish regions on average…**

Regional Public Expenditure Adjusted. Average 2003-2016 (€ per inhabitant)

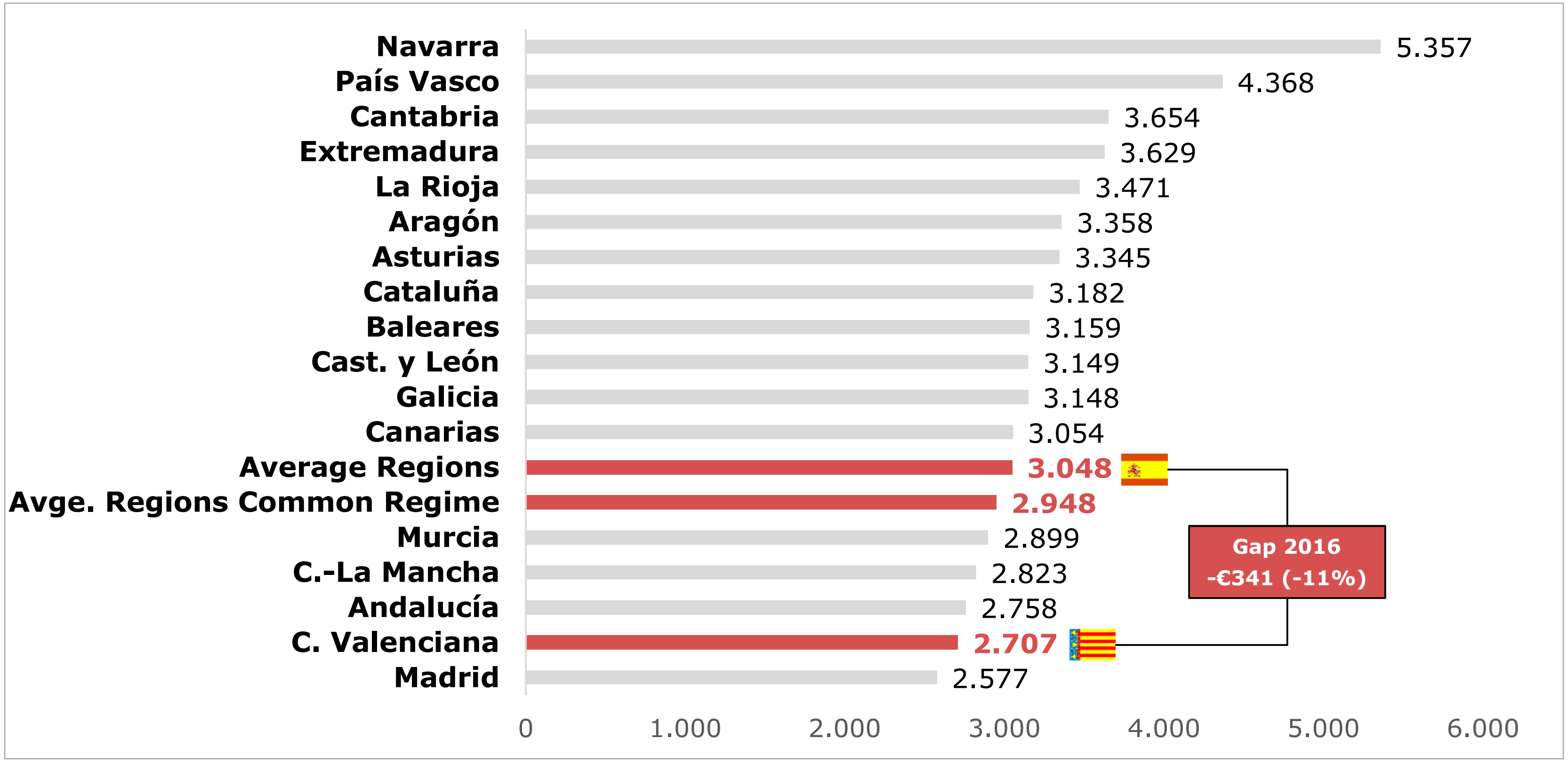


Source: FEDEA, ‘Las finanzas autonómicas en 2016 y entre 2003 y 2016’, by Ángel de la Fuente

Analysis of the region’s expenditures and revenues

- **… and the second if we just take into consideration 2016**

Regional Public Expenditure Adjusted. 2016 (€ per inhabitant)

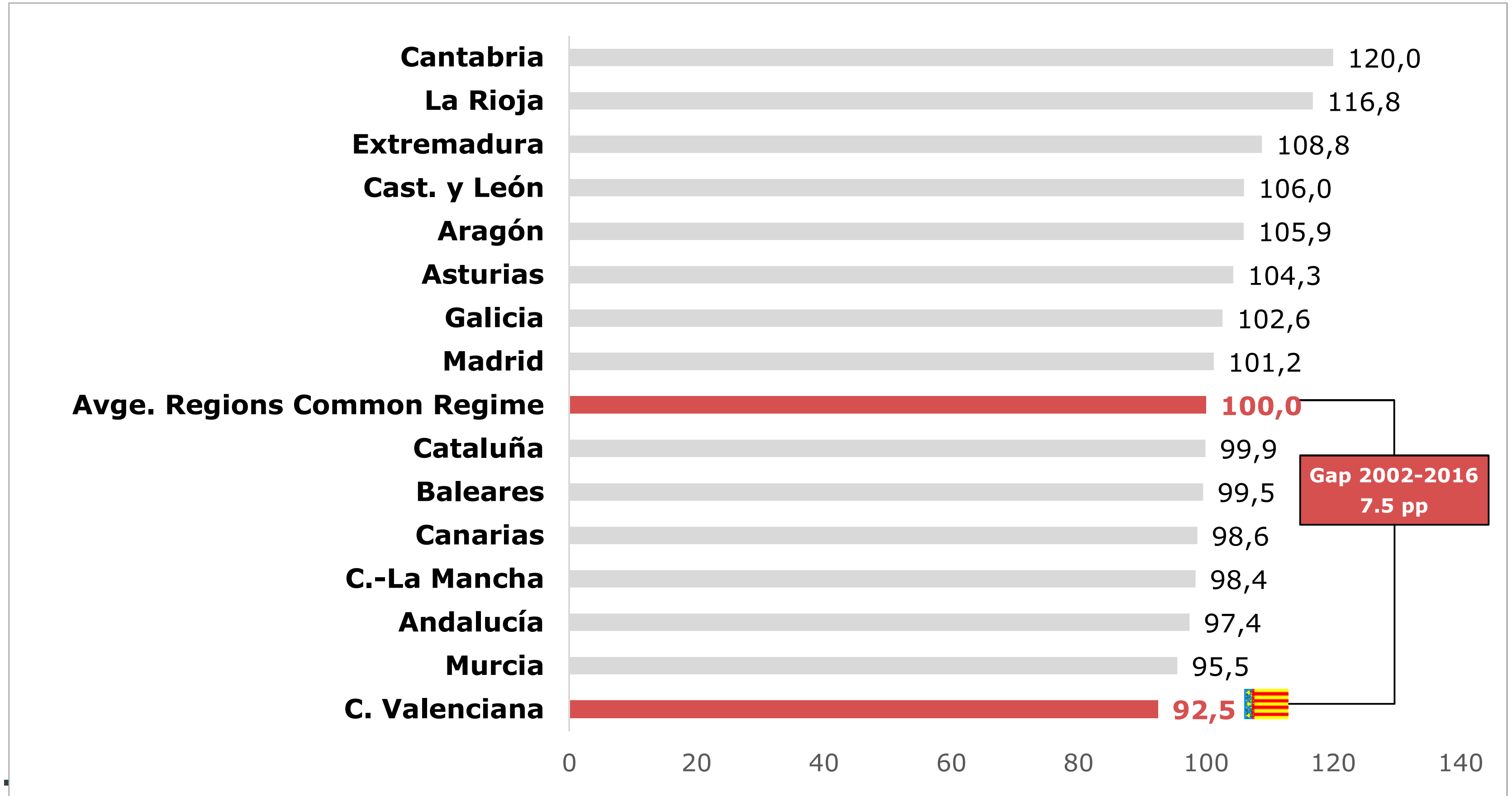


Source: FEDEA, ‘Las finanzas autonómicas en 2016 y entre 2003 y 2016’, by Ángel de la Fuente

Analysis of the region’s expenditures and revenues

- **Valencian Region has been the worst financed during the period 2002-2016**

Adjusted financing per-capita post equalisation transfers. Average 2002- 2016 (Spain = 100)

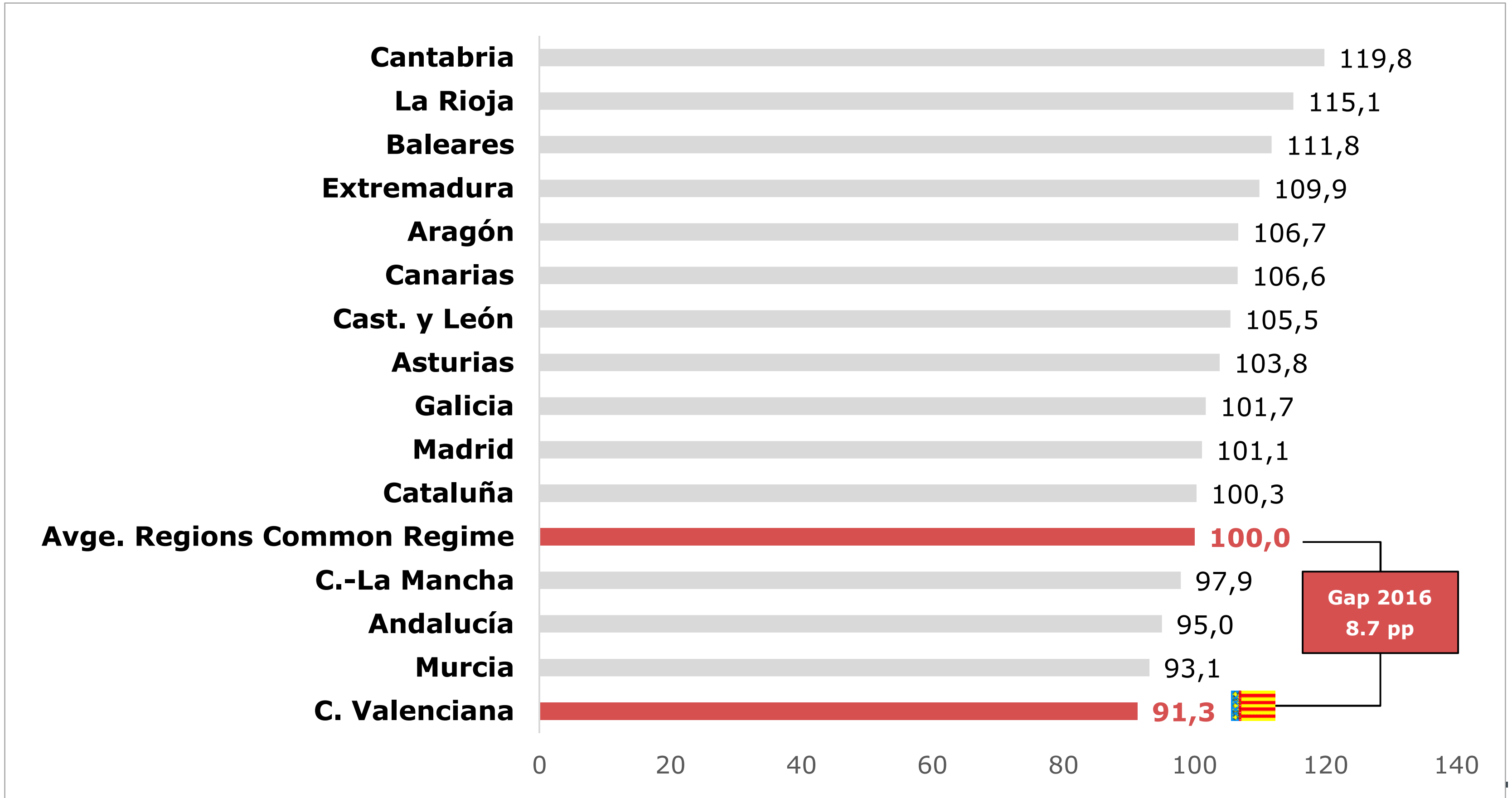


Source: FEDEA, ‘La evolución de la financiación de las CCAA de régimen común 2002-2016’, by Ángel de la Fuente.

Analysis of the region’s expenditures and revenues

- **… and it has been also the worst financed in 2016**

Adjusted financing per-capita post equalisation transfers. 2016 (Spain = 100)



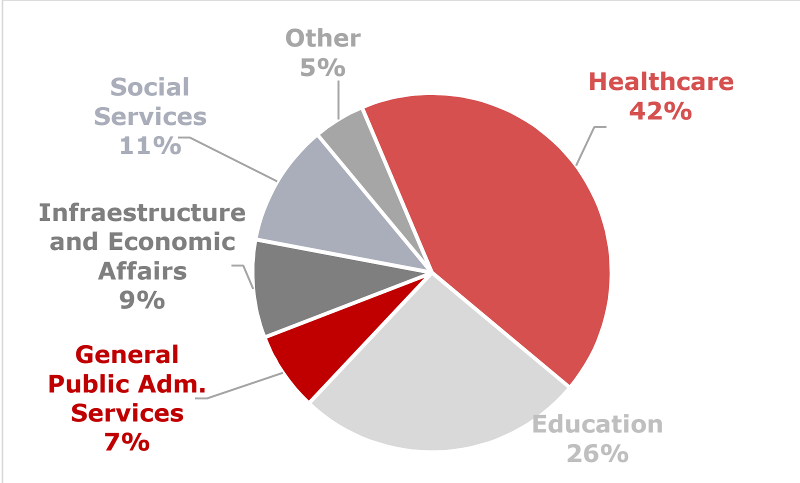
Source: FEDEA, ‘La evolución de la financiación de las CCAA de régimen común 2002-2016’, by Ángel de la Fuente.

Institutional Framework

Institutional Framework

- Spain has been a **Quasi-federal State** since 1978
- The Spanish Government Administration has the following **levels:**
  1) Central Government
  2) 17 autonomous communities
  3) 50 provinces
  4) and 8,000 plus municipalities
- The **autonomous communities** are mainly responsible for:
  - Healthcare
  - Education and Universities
  - Environment
  - Infrastructures
  - Social Services
  - Employment
  - Economic Activities

AUTONOMOUS COMMUNITIES
Public expenditure by areas (2016)



- Public expenditure at the autonomous community level represents around **35% of total Spanish public expenditure**

Source: Ministerio de Hacienda. Data of 2016 regarding to budget liquidation.

Responsibilities of the European Regions

	Spain	Germany	Austria	Belgium	Italy		France
					Ordinary Status	Special Status	
Education	✓	✓	✓	✓	✗	✓	✓ (second.)
Healthcare	✓	✓ (p)	✓	✓ (p)	✓	✓	✗
Transport	✓	✓	✓	✗	✓	✓	✓
Economy	✓	✓	✓	✗	✓	✓	✓
Justice	✓	✓	✓	✗	✗	✗	✗
Universities	✓	✓	✗	✗	✗	✗	✗
Police	✓	✓	✗	✗	✗	✗	✗
Infrastructures	✓	✓	✓	✗	✗	✓	✗
Environment	✓	✗	✓	✗	✗	✓	✓
Housing	✓	✗	✓	✗	✓	✓	✗
Local entities	✓	✗	✓	✗	✗	✓	✗
Culture	✓	✗	✗	✓	✗	✗	✓
Tourism	✓	✗	✗	✗	✗	✗	✓
Employment	✓	✗	✗	✗	✗	✗	✓
Social Services	✓	✗	✗	✗	✗	✗	✗

Source: Conselleria de Hacienda y Modelo Económico

Supervision Framework

A. Regional debt sustainability and management

- Debt is approved by the Valencian annual budget law
- Issuance of long term debt must be authorized by the central government's *Consejo de Ministros*
- Stability and Budgetary General Law
- Autonomous Communities Financial Law (LOFCA):
  - Debt burden can not exceed 25% of operative revenues ⇒ The rule does not apply until 2020.
  - Funds must be spent on financing public works (real investments) ⇒ The rule does not apply until 2020.

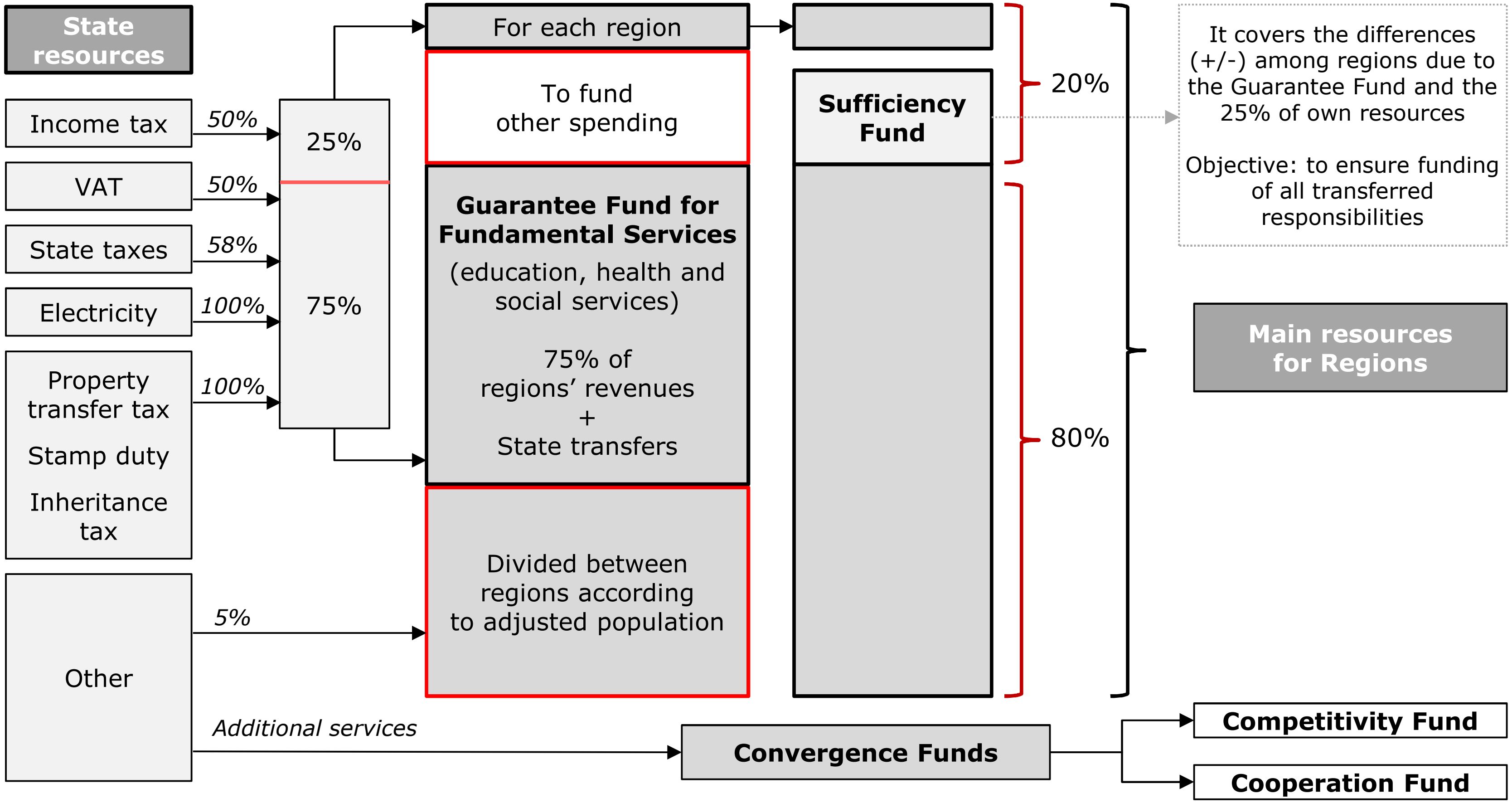
B. Institutional support from the central administration

- **1. Revenues**
  - Equalisation of the 75% regional taxes through the Guarantee of Basic Public Services Fund (GBPSF), according to adjusted population
  - Revenues are less dependant from regional economic cycle
  - The model penalises the tax rate reduction policies
  - Global Sufficiency Fund (GSF) is an additional equalisation fund; Compensation Fund is used to reduce the deviation of financing per capita; Cooperation Fund for Autonomous Communities where the level of GDP per capita is lower than average
- **2. Expenditure**
  - Increasing annual population is updated yearly for increasing the public resources
  - Central Government guarantees a minimum level of provision of public services (healthcare, education and social services) by law (Art. 15 LOFCA)
  - Central Government ensures that CC.AA.'s resources are enough for its responsibilities

Financing System for Spanish Regions

- **Revenues**
  - Full responsibility (*'cupo' system*): Basque Country and Navarre
  - The remaining Autonomous Communities have partial substantial responsibilities on revenues:
    - 50% Income Tax
    - 50% Value Added Tax (VAT)
    - 58% Special Taxes (alcohol, tobacco and gasoline)
    - 100% Electricity Taxes
    - 100% Inheritance Tax
    - 100% Stamp Duty
    - 100% Gambling Tax
    - Other Taxes and Duties

Financing System for Spanish Regions



Current financing system should have been reviewed in 2014

Source: AFI and Ministerio de Hacienda

National legal framework

- **Spanish Constitution reform: New debt ceiling and stability budget principle law**
  - Approved by almost absolute majority of the Parliament, it sets both debt and deficit limits for all government levels, including regional and local
  - **Art. 135: 'Financial burden payments are priority'** ⇒ <u>Interest and public debt payments have priority over any other expenditure</u>
  - It came into force on 27th Sep 2011

- **Spanish Law on Budgetary and Financial Sustainability of Public Administration**
  - It leaves no room for doubt: fiscal consolidation is a must
  - Implements Article 135 of the Spanish Constitution

Key Points	
Structural Balance	0%. Exceptions must be approved by a majority in Parliament
Public Debt	60% of GDP or EU target: 44% for central government, 13% for regional government and 3% for local authorities
Application	These limits will not come into force until 2020 (for all public administrations) Until then, there will be a phase-in period
Expenditure Rule	Medium term GDP growth reference rate (according to EC methodology and published in an economic situation report)
Budgets	Budgetary framework medium term (minimum 3 years)

National legal framework

- Reforms are quite in line with other carried out by our European peers
- German legislation states that revenues and expenditure must be balanced, in principle, without recourse to credit, but this rule is applied differently to the Federal Government and the Landers

	Spanish constitution	German constitution
Central government	Max. structural deficit: 0.26% of GDP	Max. structural deficit: 0.35% of GDP
Regional government	Max. structural deficit: 0.14% of GDP	Zero deficit Debt can only be taken on for amortization
Exceptions to the limits	Natural disasters, recession or extraordinary emergency situations beyond the State control Exceptions must be approved by a majority in Parliament	Natural disasters, recession or extraordinary emergency situations which considerably worsen the State's financial situation Requires a majority motion from the members of the Bundestag
Application	Limits will not come into force until 2020 for all public administrations	Law already in force for the central government (since 1st Jan 2016) For Landers it will be applied from 1st Jan 2020
Special aid to regions with difficulties in fiscal consolidation	For the time being, no such aid is forecasted	Potential access to aid for fiscal consolidation for five regions in exchange of their commitment to meeting certain targets during the transitional period

Source: BBVA Research

National legal framework

- **Under the following framework, Central Government guarantees regional budgetary and debt discipline**

Preventive Mechanisms	▪ Fiscal objectives established by Central Government ▪ Regional Economic and Financial Plans (EFP) to be approved by Central government ▪ Budgetary and debt control ▪ Non compliance risk warning: 1 month to adopt new measures
Corrective Mechanisms	▪ Automatic corrective measures ▸ Authorization for all debt operations (long term only following EFP approval) ▸ Preliminary report from Ministry of Treasury for any subsidy or agreements ▪ Rebalancing Plans
Enforcement Measures	▪ Causes: No EFP submitted, not approved, no compliance EFP ▪ Measures: ▸ 15 day adoption of a plan to cut expenditure ▸ Possible exercise of regulatory authority on taxes granted by central government

Financial Situation

Generalitat Valenciana: Ratings

RATINGS

	Long Term	Short Term
Moody's (April'18)	**Ba1 (Stable outlook)**	**NP**
S&P (May'18)	**BB (Positive outlook)**	**B**
Fitch (April'18)	**BBB- (Stable outlook)**	**F3**

OTHER FEATURES

- Management through a **special agency** until August 2018⇒ **Institut Valencià de Finances.** After Decree 119/2018, debt management falls under the "Conselleria de Hacienda y Modelo Económico" responsibility.
- Funding **until 2011** has been done in **international capital markets** ⇒ EMTN and ECP
- Since Dec'15 the EUR marketable debt instruments issued by regional and local governments located in the Euro area have been **eligible for regular PSPP** purchases (no primary purchases), as long as they meet the other conditions of eligibility, including a minimum rating
- Spanish regions enjoy the **same regulatory treatment as sovereigns** for banks and insurance companies:
  - 0% risk weighted and Level 1 LCR (0% haircut) for banks under Basel III and CRD IV
  - 0% capital charges for insurance companies under Solvency II
  - Also eligible under Eurosystem haircut category II, similar to that supranational debt

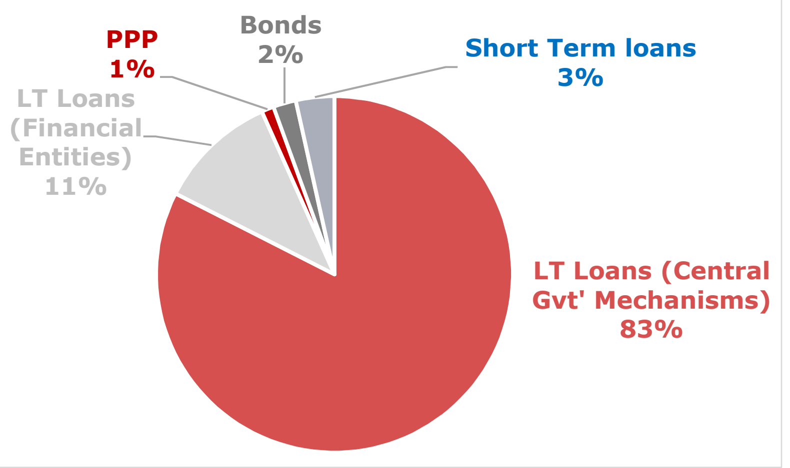
Generalitat Valenciana: Total Debt (ESA 2010)

MAIN FIGURES (2Q18)

DEBT DISTRIBUTION	€ m
General Administration	44,353
Other entities included in the Public Administration Sector	1,969
Total debt (2Q18)	46,322

Debt / GDP (2Q18)	41.8%

BREAKDOWN BY TYPE



Source: Banco de España

Funding Support Mechanisms from Central Government

- **Regional Liquidity Fund (FLA)**
  - Since 2012, it has guaranteed financial aid until Autonomous Regions regain access to financial markets
  - It has been replaced by the Fund for the Financing of Spanish Regions (FFSR)
- **Fund for the Financing of Spanish Regions (FFSR)**
  - Created by RD 17/2014, it centralises all liquidity support from central government to regions
  - Intention of central government to recentralise the funding of Spanish regions and increase the monitoring. There is no 'temporary' mention in the definition, reinforcing the idea of permanence
  - 4 different layouts:

FINANCIAL FACILITY	▪ Target: previous non-FLA regions and current FLA regions which fulfil the goals of budget stability, public debt and average payment period to suppliers ▪ Non ex-ante rebalancing plan is requested
LIQUIDITY FUND	▪ Target: regions which do not meet the condition on average payment period to suppliers ▪ Outstanding loans under the FLA programme have been transferred to this fund.
SOCIAL FUND	▪ Optional format that allowed Spanish regions to refinance their pending debt with municipalities up to 31 December 2014
SUPPLIER PAYMENTS FUND	▪ Same purpose as the previous one ▪ Legally terminated from 1 January 2015

Funding Support Mechanisms from Central Government

- **Fund for the Financing of Spanish Regions (FFSR)**
  - The Financing Facility and the Liquidity Fund have similar funding goals
  - Cash requirements due to:
    - i) Bonds maturities
    - ii) Long Term Loans maturities
    - iii) Funding needs derived from regional deficits
    - iv) The 2008/2009 financing System negative liquidation repayments
    - v) Other financial operations approved by the central government
  - Rating agencies expect Spanish regions to return progressively to markets in the short term with limited funding needs. On the mid/long term, regions are expected to tap the market again on a standalone basis, to prevent an excessive accumulation of central government borrowing.
  - CDGAE has authorized the return to the market of those regions that are under the Financial Facility Fund.
  - **Pros:**
    - ✓ Liquidity and funding support to regions during critical episodes
    - ✓ Extremely low financing costs
    - ✓ Reduction in the average payment time to suppliers
  - **Cons:**
    - ✗ Loss of financial autonomy
    - ✗ Loss of access to capital markets

Source: BBVA Research and Conselleria de Hacienda y Modelo Económico

Funding Support Mechanisms from Central Government

- **Several mechanisms have been instrumented since 2012…**

	2012		2013		2014		2015		2016		2017		2018		TOTAL	
	Amount	Cost	Amount	Cost	Amount	Cost	Amount	Cost	Amount	Cost	Amount	Cost	Amount	Cost	Disbursed	Outstanding
ICO financial maturities	**2,781**	EUR 6M + 454 bp	-	-	-	-	-	-	-	-	-	-	-	-	**2,781**	**0.00**
FLA and Social Fund	**3,830**	5.13%	**3,119**	3.82%	**6,057**	2.097%	**8,760**	0.834%	**6,968**	0.475%	**5,409**	0.840%	**3,113**	0.90%	**37,256**	**33,277**
Suppliers Payment Fund	**4,351**	EUR 3M + 525 bp	**70**	EUR 3M + 395 bp	**2,221**	3.34%	-	-	-	-	-	-	-	-	**7,573**	**4,933**
			931	3.34%			-	-	-	-	-	-	-	-		
TOTAL	**10,962**		**4,120**		**8,278**		**8,760**		**6,968**		**5,409**		**3,113**		**47,610**	**38,210**

- **All mechanisms improved in 2015 their financial conditions to 0.834%**
- **Estimated 2018 FLA loan amount: €5,486 m**

Data for cost stand for interest rate initial conditions. Data in € m and %.

Source: Conselleria de Hacienda y Modelo Económico, as of 30 June 2018

Funding Support Mechanisms from Central Government

- **Significant cost savings thanks to the central government strong support**

ESTIMATION OF SAVINGS

€ m	2014 (A)	2015 (A)	2016 (A)	2017 (A)	2018 (B)	2019 (F)	2020 (F)
Financial expenses	1,229	658	351	467	493	439	479
Savings related to 2014	-	571	878	762	736	790	750

(A) Actual / (B) Budget / (F) Forecast

Source: Conselleria de Hacienda y Modelo Económico

Debt Market Approach and Financing

FUNDING STRATEGY (General Administration)

€ m	2018	2019	2020
Redemptions (Securities and Long term loans)	4,640.5	5,189.9	5,892.2
Net Issuance Medium–Long term*	545.3	204.7	91.2
Gross Issuance Medium-Long Term	**5,185.8**	**5,394.6**	**5,983.4**

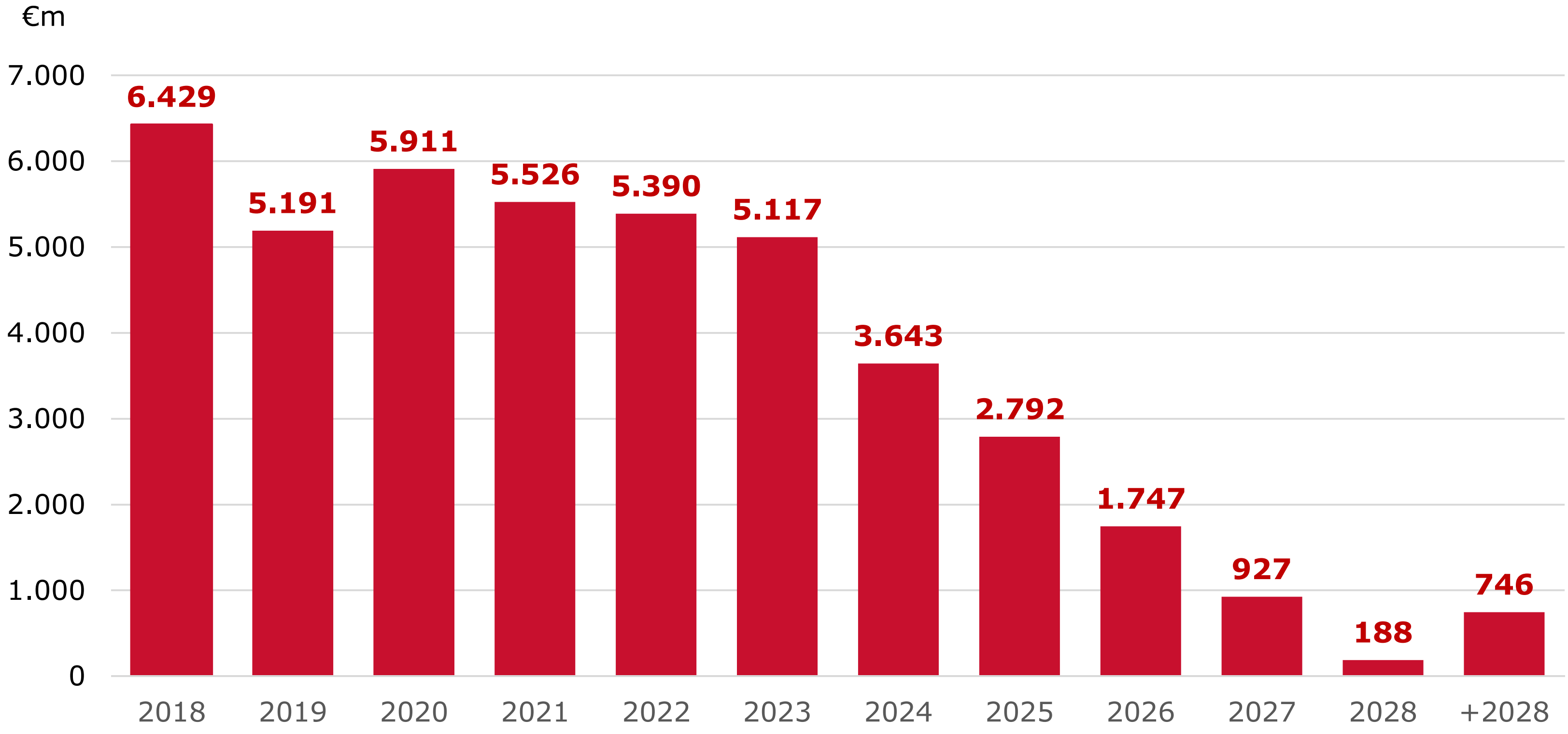
**Net Issuance Medium-Long term includes current year deficit needs and the 2008-2009 regional financing system negative liquidation.*

Source: Conselleria de Hacienda y Modelo Económico, as of 31 December 2017

Debt Market Approach and Financing

- **Improvement in current Debt Maturity profile thanks to the Central Government funding support**

GENERALITAT VALENCIANA DEBT: MATURITY PROFILE (General Administration)

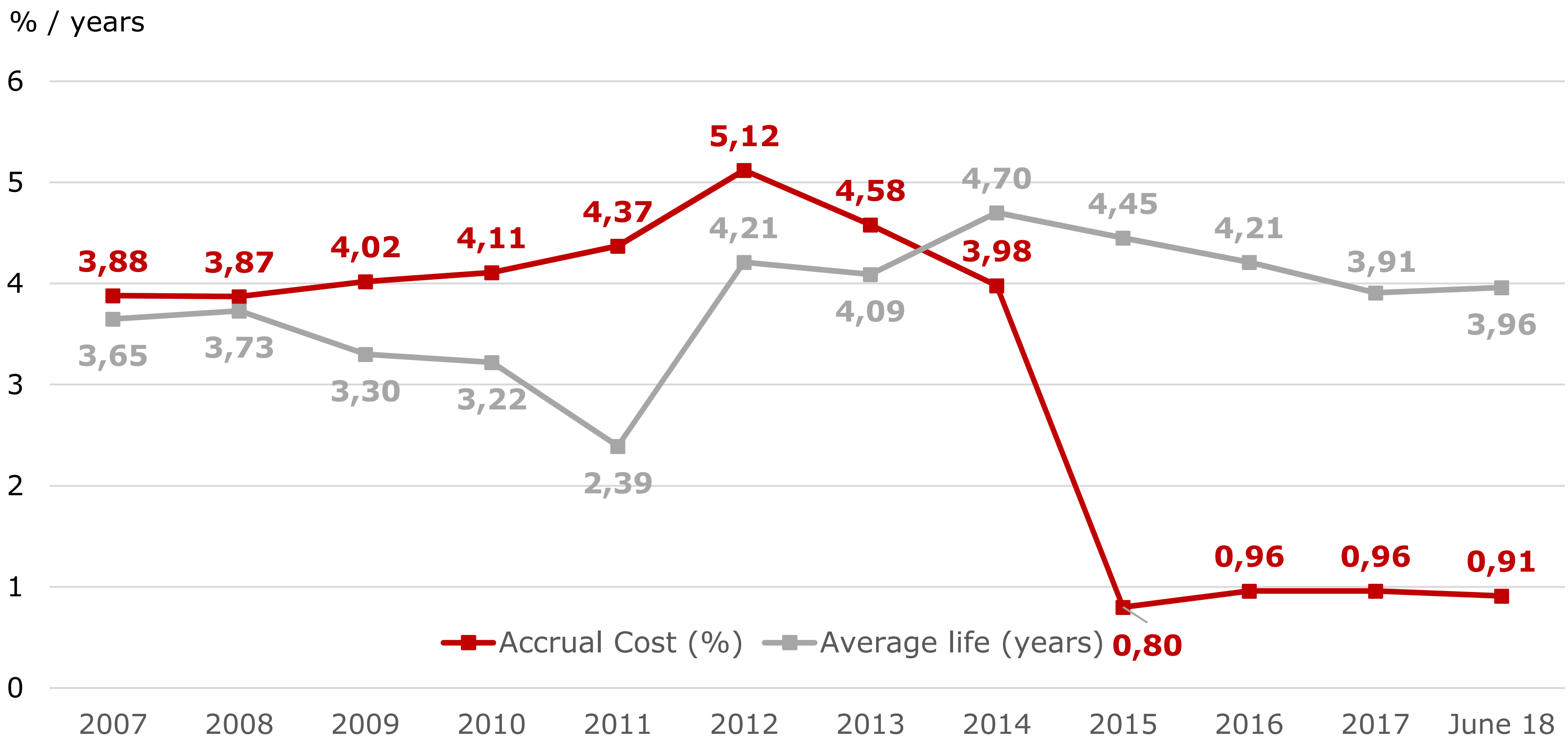


Source: Conselleria de Hacienda y Modelo Económico, as of 31 December 2017

Debt Accrual Cost and Debt Average Life

- **Reduction in average cost**

GENERALITAT VALENCIANA: AVERAGE COST OF DEBT AND AVERAGE LIFE

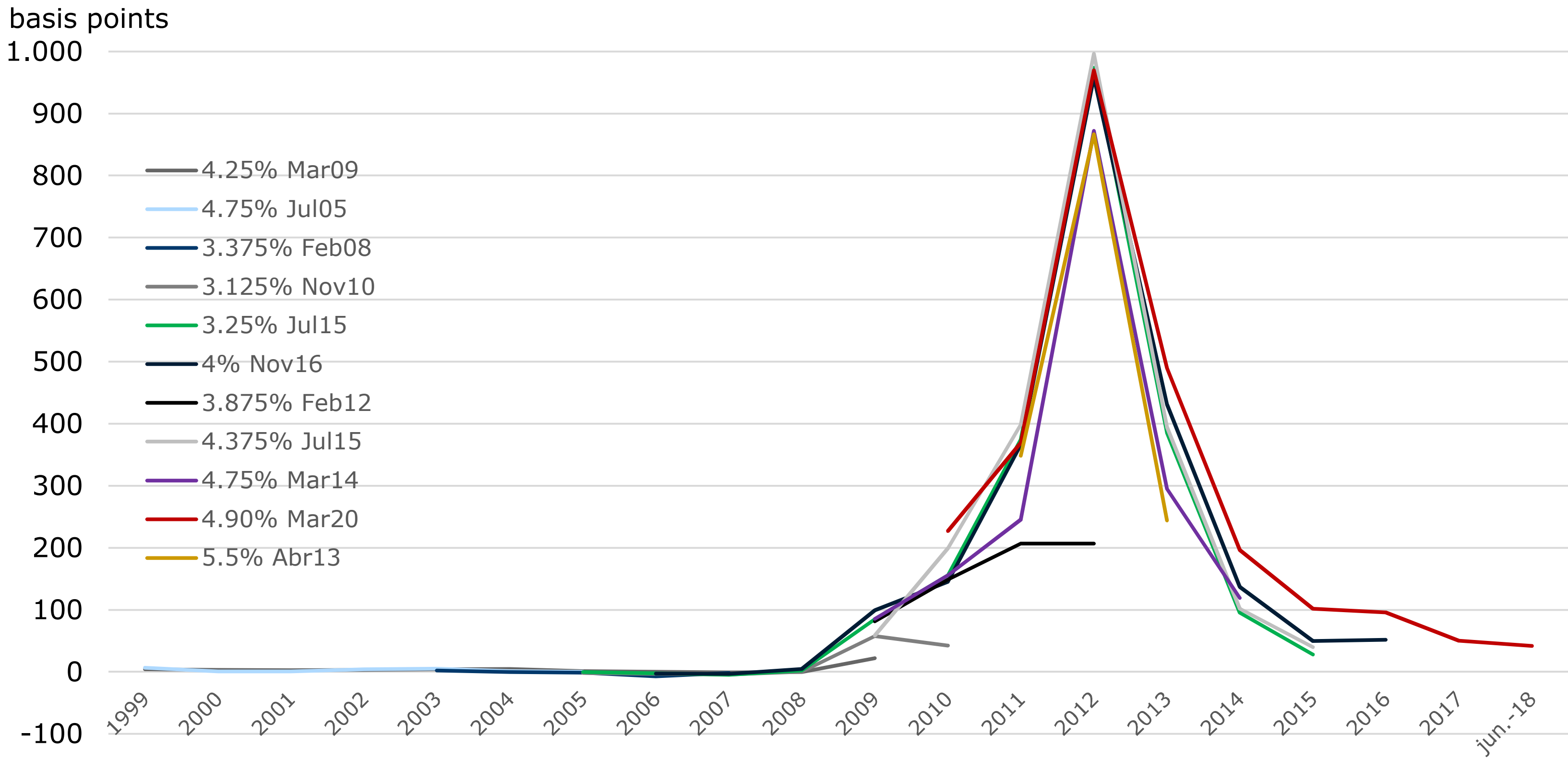


Source: Conselleria de Hacienda y Modelo Económico

Secondary Market Spread

- **Since 2012, secondary spreads of Valencian debt have decreased sharply**

SECONDARY MARKET SPREAD ON SWAP (2001–2018)



**Data correspond to annual averages.*

Source: Bloomberg and Conselleria de Hacienda y Modelo Económico

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