CHAPTER 2

Listed Fixed Income

374
billion euros of financing provided in Fixed Income issues through November 2025.

10 billion
of outstanding balance in MARF for the first time.

+52%
growth in Spanish private debt issues that have been issued and admitted to trading on the BME Regulated Fixed Income Market through November.

BME's Fixed Income markets have provided financing to both the public and private sectors, with issuance volumes exceeding 373.9 billion euros in the first eleven months of 2025. Central banks have adopted different monetary policies in response to disparate economic and inflationary environments in 2025. The growth of the MARF has continued with 162 participating companies, 12,250.5 million euros in promissory notes, and 626.20 million euros issued in bonds and debentures, three times more than in the same period of 2024. Spanish private debt issues grew by 52%, with domestic issues worth particular note.

2.1. Public Debt Activity

The volume of Spanish public debt issued and admitted to trading on BME's fixed income regulated market between January and November 2025 was 281,024.14 million euros or 1.6% up than in the same period of the previous year. Issues increase by 14.1% in the case of Treasury Bills, to 96,246.24 million euros and contracted slightly by 0.1% in the case of medium and long term Treasury Debt, to 172,212.89 million euros. Debt issuance by the Autonomous Communities grew by 5.89%, coming to 4,967.94 million euros.

Asymmetric monetary policies in the face of different economic and inflationary environments

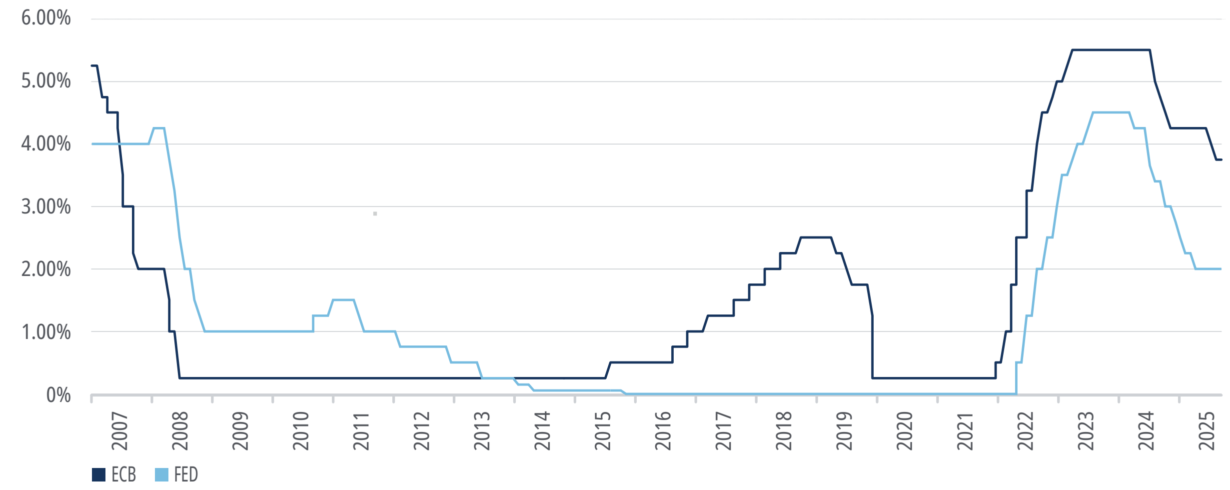
During 2025, major central banks have adopted divergent monetary policies in response to their respective economic conditions. The Fed in the U S remained cautious amid persistent inflation, resuming rate cuts in September and October following a moderation in employment data. Meanwhile, the ECB completed an easing cycle through June and then paused as inflation approached its target. The Bank of England kept interest rates stable due to inflationary difficulties, and the Bank of Japan showed signs of future tightening in the face of stagflation. Meanwhile, the Swiss National Bank cut rates to 0%, remaining flexible in the face of low inflation and the strength of the franc.

In the short term, monetary policy decisions will be conditioned by the evolution of inflation—potentially upward due to geoeconomic and trade tensions—, the need to sustain growth in weaker economies and, in some cases, by the dynamics of the labor market. In financial markets, although monetary easing has boosted stock markets, their future behavior will depend more on unexpected changes in monetary policy expectations and economic growth than on further interest rate cuts. In debt markets, mixed performance is anticipated: Retreats in the short end segments due to possible further cuts, and stability or slight increases in the long end segments, influenced by the risk of an inflationary rebound, fiscal discipline and the independence of the Federal Reserve.

In the main global markets for government debt, the yields on benchmark 10-year bonds have registered mixed movements up to November. In Germany, the 10-year Bund rate closed the month at 2.70% (+32 bp since the end of 2024), driven by expectations of greater public debt issuance in anticipation of increased spending plans. In France, financing costs also climbed and the 10-year bond yield reached 3.41% in November (+23 bp), reflecting greater political and fiscal risk, so that the spread against Germany widened to 72 basis

EVOLUTION OF INTEREST RATES - FROM FINANCIAL CRISES TO COVID-19, THE WAR IN UKRAINE AND INFLATION

SOURCE: SIX ID



points. The Italian bond closed November at 3.40% (-11 bps), narrowing the spread against the Bund from 100 bps at the beginning of 2025 to 71 bps at the end of November. The yield on the Spanish 10-year bond was 3.16% in November (+12 bp) and the spread against the German bond maintained its downward bias, closing the month at 47 bp, low levels not seen since 2008.

The 10-year US Treasury bond closed November at 4.02%, reflecting a gradual moderation in yields after the highs reached in the middle of the year, when it exceeded 4.5%. This decline was mainly due to expectations of interest rate cuts by the Federal Reserve in response to signs of economic slowdown, a cooling labor market, and moderate inflation data.

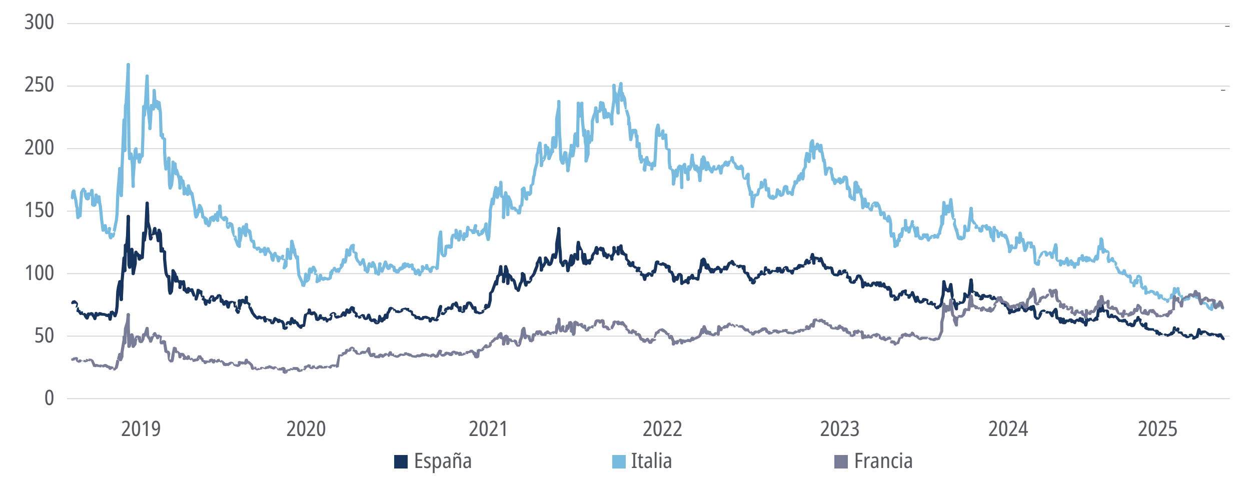
Until September 2025, the net issuance of Spanish Public Debt has been set at 55 billion euros, according to the Public Treasury. This figure represents a reduction of 5 billion from the initial target of 60 billion, due to strong economic growth and a lower need for state financing. This adjustment was made in the context of a dynamic Spanish economy, especially in the labor market, which has allowed net issuance to remain at the same level as in 2024.

In 2025, the average cost of outstanding Spanish Public Debt stood at 2.28%, just 64 basis points above its historical low in 2021, and well below the 250 basis point increase in official rates over the same period. Furthermore, the average cost of financing has decreased in recent months, remaining at around 2.7%, below the 3.1% and 3.4% of 2024 and 2023, respectively. The financial burden of debt on GDP has remained contained, at around 2%, close to the historical low of 1.88% and far from the peak of 2.92% recorded in 2014. The average maturity of all Spanish public debt stood at around 8 years, a level considered adequate to reduce refinancing risk and exposure to interest rate hikes. During the year, demand for Spanish Public Debt remained strong, with the coverage ratio for medium and long-term placements reaching 3.95 times the debt issued, the highest level in the Treasury's history.

During the third quarter of 2025, interest rates on medium and long-term Public Debt registered slight increases, especially in the longer maturities. However, in October, the average monthly yields on 3, 5 and 10 year bonds stood at 2.18%, 2.48% and 3.15%, respectively, returning to June levels. Year-to-date, there have been decreases of 12 basis points in the 3-year bond and increases of up to 26 basis points in the 10-year bond, reflecting a normalization of the yield curve. In the case of Treasury Bills, the interest rates for placements made in October ranged from 1.89% for three months to 1.98% for 12 months. One of the highlights of the year has been the improvements in Spain's credit rating and the fall in the risk premium, which have boosted investor appetite, with a notable increase in non-resident investors, who now represent 47% of medium and long-term debt, compared to 40% in 2022.

RISK PREMIUM ON THE GERMAN BOND - 10 YEARS

BASE POINTS. SOURCE: SIX iD



Outstanding Balances of 1.6 trillion in Spanish Government Debt and 8.0 Trillion in Foreign Government Debt

The total outstanding balance of Spanish Public Debt on BME's regulated AIAF Fixed Income market stood at 1.56 trillion euros at the end of November, up by 3.61% in 2024.

The total outstanding balance of foreign government debt that tradable through BME's platform reached 8.01 trillion euros by the end of November, down by 6.2% compared to year-end 2024.

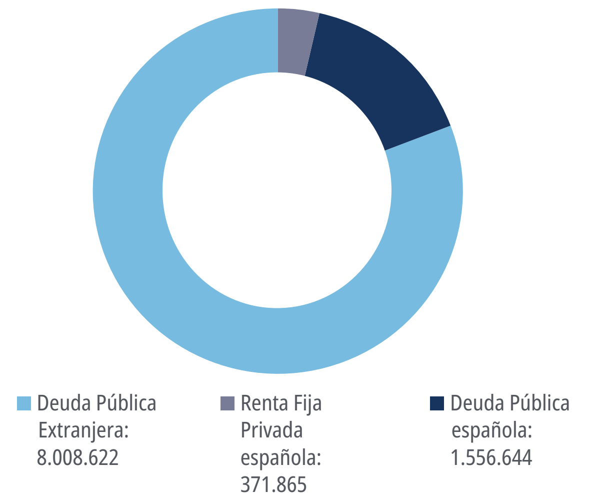
In order to make use of the BME fixed income market's SEND electronic contracting platform universal, the Treasury issuances of Germany, France, the Netherlands, Belgium, Italy, Austria, Portugal, Ireland, Greece and the European Stability Mechanism (ESM) started to be incorporated into this system in December 2017.

Public debt negotiation is increasing

Between January and November, total trading in public debt instruments on the SENAF platform increased by 30% to 123.861,97 billion euros, and on the SEND platform, which is open to all types of investors, it amounted to 1.553,88 billion euros, down by 66%. The number of cross-trades through November also dropped by 0.6% to 11,345 on the SENAF platform and by 19.7% on the SEND platform to 3,534 transactions.

TOTAL OUTSTANDING BALANCE IN BME'S FIXED-INCOME MARKET

AIAF MARKET AT NOVEMBER 2025. FIGURES IN MILLIONS OF EUROS. SOURCE: BME.



TRADING VOLUME OF GOVERNMENT DEBT ON FIXED-INCOME PLATFORMS

MILLIONS OF EUROS. SOURCE: BME.

	SENAF	SEND	Total
2024 (Jan-Nov)	94,526	4,578	99,104
2025 (Jan-Nov)	123,862	1,554	125,416

2.2. Corporate Debt Activity

During the third quarter, investment-grade credit markets showed resilience in the face of macroeconomic and fiscal uncertainty, with positive returns and a compression of spreads. Companies maintained solid fundamentals, driving refinancing-focused issuances to take advantage of favorable conditions, and demand from institutional investors remained strong, stabilizing yields. As observed in 2024, global corporate debt markets have generally experienced a year of stability and reduced spreads with government debt. In the case of European triple B rated fixed income, gains at the end of November reached 3.65% according to the Iboxx Index of BBB rated euro area bond prices.

Interest rate cuts by central banks, demand for credit, and low corporate default rates have also benefited higher-risk, higher-yield bonds, known as "high yield" bonds, which have reduced their spread to less than 3 percentage points compared to higher-rated bonds, both public and corporate debt. According to the ICE BofA Global High Yield Index in dollars, the price gain in a portfolio of these "high yield" issues in October 2025 was 9.77%. Also according to this index, the average interest rate of a high yield bond portfolio at the end of October reached 6.89%.

The volume of Spanish private debt issued and admitted to trading on the BME regulated Fixed Income market until November 2025 reached 79,393.32 million euros, up by 52.0% compared to the same period in 2024, with a predominance of domestic issues and largely as a result of particularly favorable technical market conditions, with constant demand from investors and companies boasting a solid credit position. In addition, many companies took the opportunity to refinance debt nearing maturity, benefiting from a declining interest rate environment. An increase in volume has been observed in virtually all assets, with mortgage bonds predominating (+104.1%), followed by bonds and debentures (+47.4%) and promissory notes (+43.5%).
At the close of November 2025, the total balance of outstanding Spanish issues registered in the regulated private fixed income market was 371.864,89 billion euros, 5.1% more than the value observed the same period the previous year.

The Securities Markets and Investment Services Act

2025 was the second full year that the new Spanish Securities Markets and Investment Services Law (LMVSI) was in force. This law introduced changes to the procedure for verification and admission to trading of fixed-income securities in regulated markets, with the aim of providing the Spanish fixed-income markets with a more agile, efficient and competitive framework for action.

According to data from the CNMV, debt issuances by Spanish issuers up to September 2025 reflect a remarkable dynamism in the national market, with an increase of 41.6% compared to the same period of the previous year. This growth contrasts with the 21.7% contraction in foreign issues, mainly affected by the decline in bond and debenture issuance (-22.5%), especially in the financial sector, where banks reduced their issuance activity by 32% during the first half of the year, after meeting their regulatory capital requirements.

The entry into force of the Securities Markets and Investment Services Law (LMVSI) appears to have favored a change in the behavior of corporate debt issuances in Spain during 2025, strengthening the competitiveness of the Spanish market. Furthermore, the financial environment has become more favorable following the ECB's interest rate cuts, which has encouraged companies to issue euro-denominated debt locally. These factors have favored a partial relocation towards the domestic market and a strategic adjustment to take advantage of better conditions.

After completing a decade of operation last year, the MARF Fixed Income market has continued to increase its activity, reaching 162 companies that have obtained financing directly, with several hundred more doing so through securitization issues that include financing instruments such as loans or invoices from small companies. The total resources raised in this period well exceed 80 billion euros.

REGULATED PRIVATE FIXED-INCOME MARKET AIAF

ADMISSION TO TRADING OF SHORT, MEDIUM AND LONG-TERM PRIVATE DEBT (MILLIONS OF EUROS). SOURCE: BME.

	Bonds and debentures	Covered bonds	Securitization bonds	Preferred stock	Commercial paper	Total
2024 (Jan-Nov)	8,148	17,293	14,740	750	11,290	52,221
2025 (Jan-Nov)	12,009	35,291	13,896	2,000	16,198	79,393
Chg. %	47.4%	104.1%	-5.7%	166.7%	43.5%	52.0%

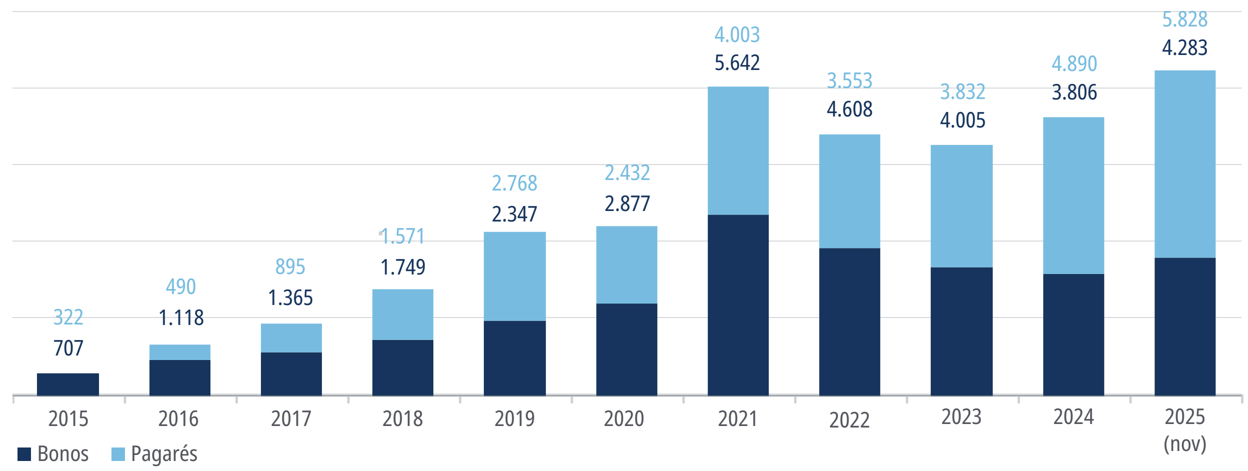
Through November 2025, the volume of issues and admissions incorporated into the MARF stood at 13,491.10 million euros, down by 6.8% compared to the same period the previous year, mainly due to the 12.9% reduction in the issuance of corporate promissory notes, which account for more than 90% of the total issued. However, the year was notable for the increase in bond issues, which totaled 626.2 million euros (+301.2%) and securitization (+171.9%).

Outstanding balance on the MARF exceed 10 billion euros

The outstanding balance at the end of November stood at 10,111.13 million euros, up by 20.3% over the same period in 2024, with bond and obligation issues of 2,257.85 million euros (+32.9%) worth noting in 567 tranches issued within the existing promissory note programs. The remainder consisted of bond issues, mortgage bonds, securitization issues, and preferred securities spread across 66 issues, exceeding 10 billion euros in outstanding balance for the first time in its history.

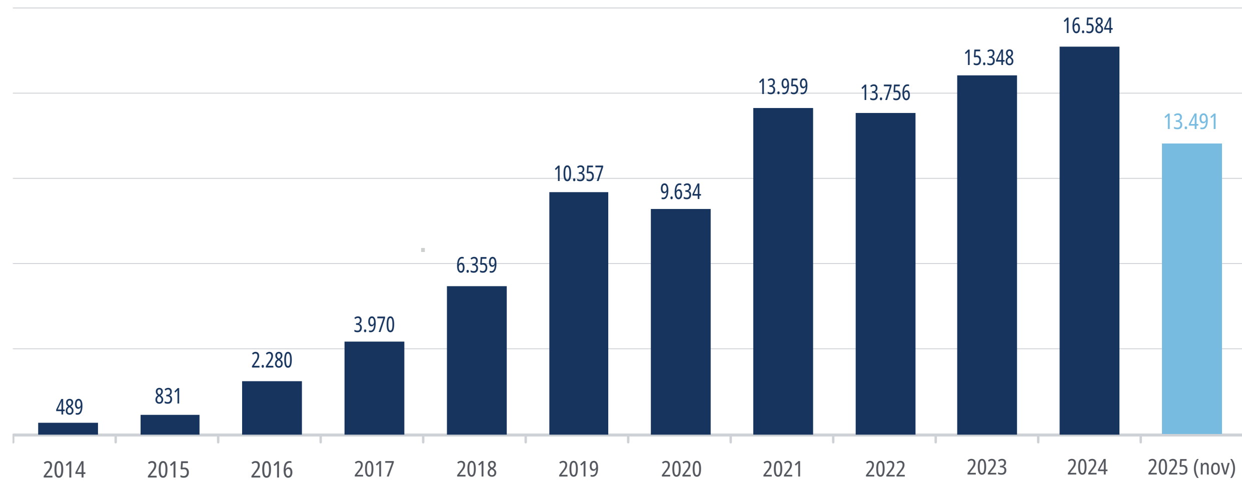
ALTERNATIVE FIXED INCOME MARKET (MARF) OUTSTANDING BALANCE AT THE END OF THE PERIOD (2015-2025)

FIGURES IN MILLIONS OF EUROS. SOURCE: BME.



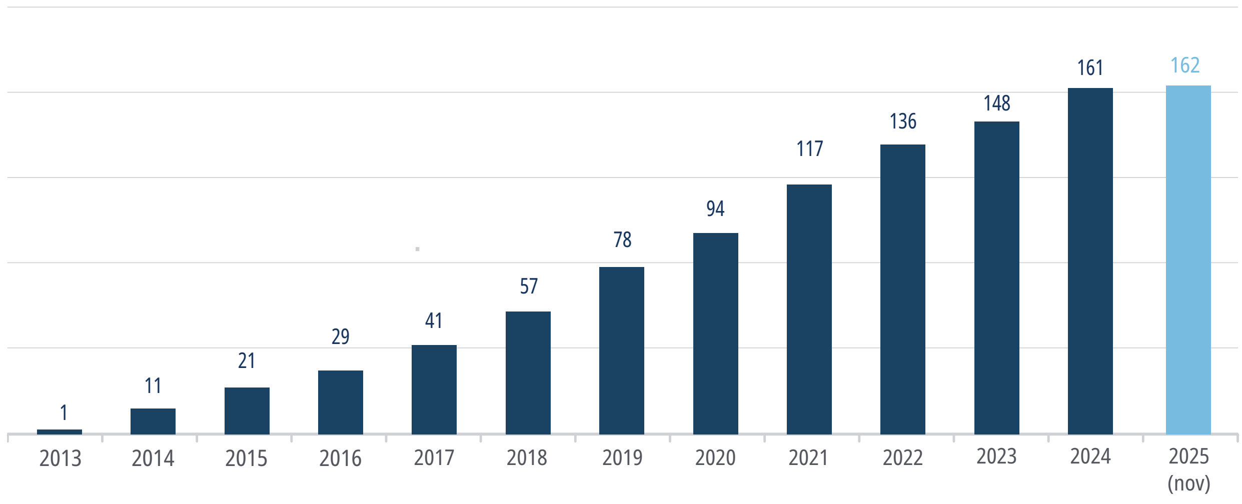
ALTERNATIVE FIXED INCOME MARKET (MARF) VOLUME ISSUED AND LISTED IN THE YEAR (2014 - 2025)

FIGURES IN MILLIONS OF EUROS. SOURCE: BME.



COMPANIES THAT HAVE BEEN FINANCED IN THE MARF SINCE ITS CREATION (2013 - 2025)

CUMULATIVE FIGURES FROM 2013 TO EACH YEAR-END.

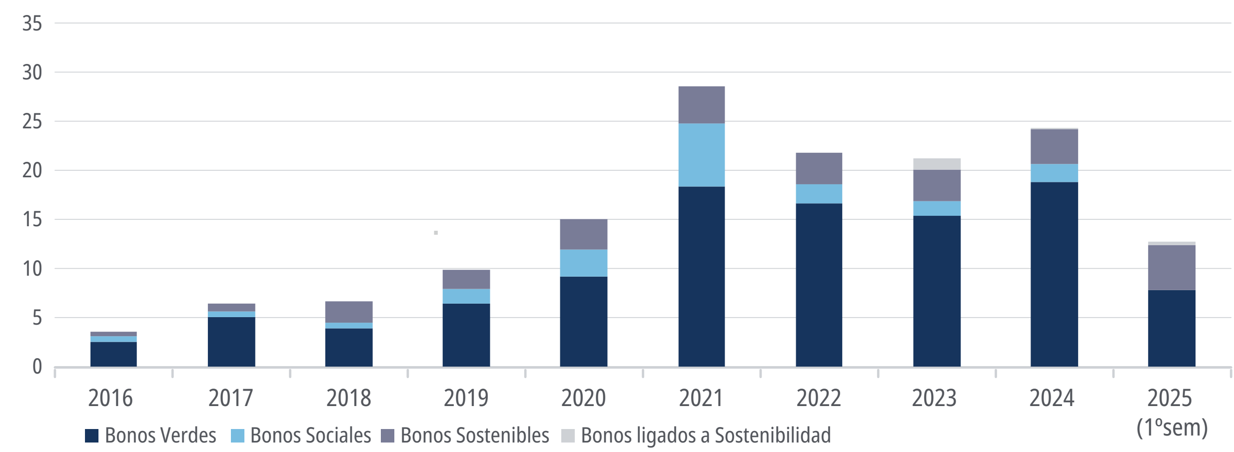


In 2025, the MARF saw many companies that had issued promissory notes in previous years extend their maturities and place new bond issues on the market with longer maturities.

Over its eleven-year history, this market has established itself as a solid financing alternative for companies of all sizes and sectors of the economy. Out of the 162 direct issuers in the MARF, 14 are international, including a significant representation of Portuguese companies (8 companies). The MARF provides a wide variety of financing possibilities, ranging from commercial paper programs for obtaining short-term financing to medium- and long-term bond issues, including project bonds for infrastructure financing and securitizations. In addition, the market has been seeing issuance of ESG securities for the last several years: sustainable bonds, sustainability-linked, social or green issuances.

SUSTAINABLE BOND ISSUES IN SPAIN (2016-2025 H1)

DATA BY TYPE OF ISSUE IN BILLIONS OF EUROS. SOURCE: OFISO



BME MARKET REPORT 2025

2.3. Sustainable issues dropped by 20% in Spain

In the first half of 2025, the issuance of green, social and sustainable bonds in Spain experienced a 20% drop to 12.7 billion euros, according to data published by the Spanish Observatory of Sustainable Finance (OFISO). However, the ratio of sustainable debt to total debt rises by one point, to 13.5%. No social bond issues have occurred during the period, something that had not happened since 2019.

Within the sustainable issuance categories, the only one that registered an increase in issuance volume in the first half of 2025 was that of sustainable bonds, with almost 4.7 billion euros (+31%). Spanish participation in the new European Green Bond standard (EUGBS) is worth note, with the issuance of Iberdrola (750 million euros) and the Community of Madrid (500 million euros) in this format. The OFISO report also highlights the significant increase in the weight of the public sector, which reaches 58%, an increase of 15 percentage points compared to the 2024 ratio.

Sustainable issuances slow down worldwide

According to the figures available for the first half of 2025, global sustainable issues came in at almost 408,570 million euros, 0.5% up on the same period of the previous year according to figures from OFISO based on Environmental Finance. The largest volume corresponds to green bonds, which have not registered any changes in 2025, remaining at 240 billion.

In the fixed-income markets and platforms managed by BME, 65 green, social and sustainable fixed-income issues were admitted for trading up to November, for a total amount of nearly 55,081 million euros. A total of nearly 9,500 million euros of this amount correspond to Spanish issuers and the rest to foreign issuers. At the end of November, there were already 144 outstanding bond issues and promissory note programs in force in the BME Fixed Income markets, more than a hundred of which were Spanish, with a prominent role played by companies such as the railway manager ADIF, Colonial, or Endesa, banking entities such as ICO, BBVA, Abanca, Unicaja, Kutxabank, Sabadell, Caja Rural de Navarra; or the Autonomous Communities of Madrid, Andalusia, Castilla-Leon, Euskadi or Galicia.

Meanwhile, in the MARF fixed income market, which is geared towards financing smaller companies, green, sustainable or sustainability-linked issues are also prominent, and there have been new additions of issuers to the ESG segment. At November 2025, the market had 22 base documents for the incorporation of green or sustainable promissory notes and securitized green or sustainable instruments, three more than in 2024, including those for El Corte Inglés, Pikolin, Ecoener, Ence, Greening Group, Greenvolt, Grenergy Renovables, Nexus, Visalia, Aludium and Elecnor. The year also saw growth in bond and securitization issues labeled with 16 references admitted for trading for a total amount of 857 million euros.

SUSTAINABLE BOND ISSUES IN THE WORLD (2019-2025 H1)

DATA BY TYPE OF ISSUE IN BILLIONS OF EUROS. SOURCE: OFISO