

Credit Rating Report

Autonomous Community of Madrid

Morningstar DBRS

5 June 2026

Credit Rating Considerations

Strengths

- 1 Large and very diversified economy.
- 2 Strong fiscal position.
- 3 Sound debt structure and continued access to financial markets.
- 4 Favourable liquidity profile.

Challenges

- 1 Sizeable investment plan forecasted.
- 2 Still-high debt-to-operating revenues ratio.

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Credit Ratings

Issuer	Debt Rated	Credit Rating	Trend
Autonomous Community of Madrid	Long-Term Issuer Rating	A (high)	Stable
Autonomous Community of Madrid	Short-Term Issuer Rating	R-1 (low)	Stable

Summary Credit Rating Rationale

On 5 June 2026, we confirmed our Long-Term Issuer Rating on the Autonomous Community of Madrid (Madrid) at A (high) and our Short-Term Issuer Rating at R-1 (low). Both trends are Stable.

Madrid's credit ratings remain underpinned by (1) the region's large and diversified economy, (2) its strong fiscal results since 2018, (3) its sound debt structure and consistent access to financial markets; and (4) its strengthened liquidity profile. Despite lower medium term economic growth prospects, we anticipate that the region will be able to control growth in expenditures and limit debt accumulation. Madrid does not have the constitutional protection to be rated above the sovereign credit rating, and its credit ratings are therefore capped by the Kingdom of Spain's credit ratings.

The Stable trends reflect our view that risks to the credit ratings are currently balanced. Despite the lower economic growth expectations, and the high level of investments forecast in the medium term, we expect Madrid's strong financial management combined with the return of fiscal rules to allow the region to continue making progress with debt reduction. Moreover, the regional equalisation system, to which Madrid is a net contributor, and the region's fiscal leeway provide budgetary flexibility against the possibility of fiscal or economic deterioration over the medium term.

Summary Statistics

	2021	2022	2023	2024	2025
GDP (EUR Millions)	239,838	267,386	296,083	316,242	348,723
Real GDP Growth (%)	6.4	8.2	3.5	3.6	3.1
Unemployment Rate (%)	11.7	11.2	10.0	9.0	8.0
Adjusted Debt-to-GDP (%) ¹	15.0	13.8	13.4	12.7	11.7
Adjusted Debt-to-Operating Revenue (%) ¹	156.4	175.6	169.4	150.9	147.0
Financing Surplus/(Deficit)-to-GDP (%)	0.27	-0.77	-0.75	-0.20	-0.32

¹ Figures have been adjusted in accordance with the Rating Canadian and European Sub-Sovereign Governments methodology. Sources: Madrid, National Statistics Institute (INE), Ministry of Finance, Morningstar DBRS.

Contents

- 1 Credit Ratings
- 1 Summary Credit Rating Rationale
- 1 Summary Statistics
- 2 Credit Rating Drivers
- 2 Summary Credit Rating Rationale (Continued)
- 4 Institutional Framework
- 5 Governance and Fiscal Management
- 5 Financial Performance
- 7 Debt and Liquidity
- 9 Economic Structure
- 12 Canadian and European Sub-Sovereign Government Scorecard
- 13 ESG Checklist

Credit Rating Drivers

The credit ratings could be upgraded if the Kingdom of Spain's (rated A (high) with a Stable trend) credit ratings are upgraded.

The credit ratings could be downgraded if any or a combination of the following occur: (1) there is a structural reversal in the region's fiscal consolidation, causing operating deficits to widen over time; (2) there is a marked and lasting deterioration in Madrid's debt metrics, including larger and costlier annual maturities and higher leverage; or (3) the Kingdom of Spain's credit ratings are downgraded.

Summary Credit Rating Rationale (Continued)

Madrid's financial performance weakened slightly in 2025; however, this deterioration is not structural. It was driven by nonrecurring factors, including a one-off compensation to the healthcare sector following a court ruling and other adjustments from national accounting regulation, which affected 2025 expenditures and will also result in cash outflows in 2026. Excluding these effects, the regional financing deficit improved significantly to 1.0% of operating revenues, compared with 2.9% in 2024. Overall, the deficit remains under control, close to budget balance, and below the regional average. We expect the financing position to gradually move towards balance, although ongoing investment efforts may weigh on results in the near term. In 2025, financing performance was also affected by sustained capital expenditure (capex), particularly in the context of a sharp decline in EU funding from 2025 onward. The deficit stood at 0.3% of GDP—below the regional average of 0.4%—and the Independent Authority for Spanish Fiscal Responsibility (AIReF) projects an improvement towards balance in 2026 despite Madrid's own forecast of a 0.1% deficit. The region's prudent budgeting and strong tax revenue growth should help offset the financial impact of continued investment.

The region continues to demonstrate strong fiscal discipline. Although it did not fully meet the expenditure benchmark—similarly to most Spanish regions—the deviation remains moderate and compatible with ongoing debt reduction. Planned expenditure adjustments should further support financial performance. As of March 2026, revenues were growing faster than expenditures, strengthening the operating surplus, driven by continued tax revenue growth and prudent budget management. Nonetheless, these higher-than-expected revenues will be needed to fund the region's investment program. On the investment side, Madrid continues to advance major projects, including extensions of Metro lines 5 and 11 and the construction of a new judicial center, with projected capex of around EUR 2.5 billion. Moreover, the region forecasted the capex to remain between EUR 2.5 and 2.9 billion per year until 2029. The expiration of Recovery and Resilience Facility (RRF) in 2026 may constrain future investment capacity. Nevertheless, we expect the region to remain committed to fiscal discipline, leveraging its strong expenditure control to sustain solid financial performance and continue reducing its debt burden. Additionally, Madrid retains budgetary flexibility from its low tax rates that it could use to respond to potential fiscal pressures.

Madrid's debt stock increased moderately in 2025 due to its own financing deficit, while debt at government-related entities declined slightly. As a result, adjusted debt rose marginally to EUR 40.8 billion at year-end 2025, from EUR 40.3 billion in 2024. Despite this increase, debt ratios improved; adjusted debt-to-operating revenue decreased to 147% from 151%, marking the lowest level in the

past decade excluding the pandemic-affected years of 2020–21, when extraordinary state support temporarily strengthened metrics. Similarly, according to the Bank of Spain, debt-to-GDP declined to 11.3% from 11.8%, remaining well below the Spanish regional average of 20.2%.

Madrid's debt metrics could improve significantly if the national government implements its proposed regional debt relief. The Spanish government has submitted a draft legislation on regional debt relief to parliament, with a vote expected in the second half of 2026. However, approval remains uncertain due to the lack of clear majority in Congress. For Madrid, it would amount to approximately EUR 8.6 billion, or around 23% of its outstanding debt stock. Assuming all other factors remain stable, its adjusted debt-to-operating revenue could improve to the range of 110% to 120% from around 147% in 2025. Debt relief would also strengthen other key metrics, including interest expenditure relative to operating revenues and short-term debt relative to operating revenues (please see our commentary, [2026 Spanish Regional Outlook: Debt Relief Would Be a Game Changer](#)).

Given the nature of its expenditures, Madrid is well positioned to align its financing with sustainable and green bonds. These instruments now represent around 55% of its outstanding bonds, up from 23% in 2020, supporting investor diversification and stable demand. Its most recent issuance in 2026 attracted strong investor interest, with order books exceeding six times the EUR 1 billion sustainable bond issued. For 2026, Madrid will continue to combine bond issuances with bank lending, including multilateral financing from institutions such as the European Investment Bank (EIB; rated AAA with a Stable trend) and the Council of Europe Development Bank. Madrid also actively manages issuance timing to mitigate risks associated with market volatility. In 2026, it front-loaded most of its funding needs in the first half of the year, securing EUR 2.6 billion early on and ensuring sufficient liquidity to optimise the timing of remaining issuances, likely through green bond formats. Additionally, the region has established a liquidity tool kit of EUR 2.8 billion to avoid any short-term financing pressure.

The region of Madrid's real GDP growth reached 3.0% in 2025, outperforming Spain's 2.8%, although moderating from 3.6% in 2024. We expect the regional economy to continue growing at or above the national average, even though recent growth forecasts have been revised downward for both Spain and Madrid, reflecting heightened geopolitical risks—particularly the prolonged Middle East conflict—which are weighing on external demand and increasing energy prices. Despite these headwinds, Madrid's economy is expected to remain resilient, supported by strong employment, robust domestic demand, and investment activity, including a modest recovery in construction.

Labour market conditions have strengthened significantly. The unemployment rate declined to 7.9% in Q1 2026, from 9.1% a year earlier, and remains well below the national average of 10.8%. At the same time, the employment rate reached 63.3%, compared with 58.9% nationally. The region also benefits from a highly educated workforce, with around 40% of the population holding advanced education qualifications. The region benefits from the highest GDP per capita in the country, estimated at EUR 44,775 in 2024, 37% above national average.

The financial resources expected from NextGenerationEU (NGEU)—including the RRF and Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU)—continue to support investment

and reforms. Madrid expects to receive around EUR 3.1 billion in total, of which EUR 2.6 billion had been spent by October 2025 out of EUR 3.3 billion committed. As implementation nears completion, we expect these funds to have a positive, albeit difficult to quantify, impact on the region's long-term growth potential. In addition, Madrid remains the leading destination for foreign direct investment in Spain, attracting nearly 50% of the national total, which should further support its economic outlook.

Institutional Framework

We take the view that the budgetary principles and procedures applicable to Spanish sub-sovereign governments contribute to their financial sustainability. The budgetary framework is defined by the 2012 Organic Law on Budgetary Stability and Financial Sustainability of Public Administrations (Budget Stability Law) that set targets in terms of fiscal performance, debt, and expenditure levels for all government tiers. The autonomous communities (ACs) must supply budget execution information monthly so that the central government can monitor and ensure compliance with the aforementioned targets. The central government unilaterally set the fiscal targets through the Budget Stability Law, but to align these targets with the regions, it created the Fiscal and Financial Policy Council, composed of representatives of the central government's Ministry of Finance and regional governments who meet, at minimum, twice a year.

According to the Spanish constitution under its article 148, the ACs share regulatory powers with the central government on education and healthcare, which are the main responsibilities and represent around two-thirds of total spending excluding debt repayments. In addition, the ACs exclusively control responsibilities related to housing; territorial and urban planning; railways and regional roads; ports and airports; agriculture and livestock; mountain and forest uses, environment, construction, and exploitation of hydraulic uses; fishing; hunting; fairs; regional economic promotion; monument heritage; culture and research; social assistance; and tourism.

The transfers received from the central government to fund all these responsibilities rely on the regional funding system. This has a vertical tax-sharing model with the government by which the ACs should fund their expenditure from 50% of value-added tax and personal income tax and 58% of special taxes, fees, and fines, coupled with central government transfers for capital investments and coming from equalisation funds. However, all the tax revenues and equalisation funds are collected by the central government and then transferred to the ACs. Given the lag between recognition, collection, and distribution of these funds, the central government has established a funding system based on expectations of tax collection. The central government estimates the tax collection and communicates the level of operational transfers it will transfer to the ACs in advance. Two years later, and based on the actual tax collection, the central government pays or receives the difference from the estimation, which usually results in further funds for the regions provided the estimation was applied prudently.

The Spanish government has shown a firm commitment to supporting the financial viability of all the ACs when unexpected economic events have materially affected their tax revenue. The main element of this support is exemplified by the importance of the state funding mechanisms available at the request of ACs (see [Spanish Autonomous Communities' Access to State Funding Mechanisms Reduces Interest and Refinancing Risks](#)). Additionally, the central government has a good track

record of providing additional support to regions in periods of financial distress, such as the 15-year financing of the negative tax settlement resulting from the 2008 financial crisis. Moreover, the negative tax settlement for 2020 was also offset by the Spanish government, and throughout the coronavirus pandemic, the national government granted significant additional transfers to regional governments to support their financial position.

Governance and Fiscal Management

In terms of overall governance, we view positively the region's strong transparency and high level of overall financial disclosure as well as the budgetary monitoring it has implemented. We take the view that the re-election of Regional President Isabel Díaz Ayuso in May 2023 should support policy continuity, including fiscal strategy (see [Madrid: Local and Regional Elections Point to Policy Continuity Re-Election of Madrid's Regional President and City Mayor](#)). Despite some tax cuts implemented by the regional government, we expect that Madrid's government will remain committed to the fiscal consolidation path it has recorded in recent years.

The region's budgetary process and forecasting ability are affected by the current regional financing system, given that positive or negative settlements only occur after a two-year lag. This can challenge the region's ability to build budgets, forcing it to operate with limited knowledge of resources available in a budgeted year if the central government takes time to communicate the upfront transfers, or if it revises them after the region has already approved its budget. However, Madrid keeps working on improving its forecasting ability and control. Madrid has started building a projection of expenditure volume until 2029, which is intended to control the operating expenditure in the medium term and identify capital investment needs in the same period. This medium-term budgeting exercise is combined with a series of specific objectives and metrics that allow Madrid to follow up on the different sectorial strategy programs applied in the region's departments. This medium-term planning is compatible with the administration's existing monthly standard monitoring procedure, which includes both budget execution monitoring and annual result expectations. If a material deviation is identified, a specific department in the administration that specialises in these situations takes over management of the specific project causing the deviation.

Financial Performance

Madrid's financial performance weakened slightly in 2025; however, this deterioration is not structural. It was driven by nonrecurring factors, including a one-off compensation to the healthcare sector following a court ruling and other adjustments from national accounting regulation, which affected 2025 expenditures and will also result in cash outflows in 2026. Excluding these effects, the regional financing deficit improved significantly to 1.0% of operating revenues, compared with 2.9% in 2024.

Overall, the deficit remains under control, close to budget balance, and below the regional average. We expect the financing position to gradually move towards balance, although ongoing investment efforts may temporarily weigh on results. In 2025, financing performance was also affected by sustained capex, particularly in the context of a sharp decline in EU funding from 2025 onward. The deficit stood at 0.3% of GDP—below the regional average of 0.4%—and AIReF projected an improvement towards balance in 2026, despite Madrid's own forecast of a 0.1% deficit. The region's

prudent budgeting and strong tax revenue growth should help offset the financial impact of continued investment.

Operating performance improved markedly in 2025, with the operating balance rising to around 6.0% of operating revenues, up from 0.5% in 2024. This improvement was largely driven by robust tax revenue growth—particularly from wealth taxes and property transfer taxes—which compensated for weaker receipts from the regional financing system due to a lower settlement (EUR 0.8 billion versus EUR 2 billion in 2024). Moderate growth in operating expenditures also supported this trend. However, overall financing improvement was partly constrained by lower capital revenues following the decline in Recovery and Resilience Facility (RRF) funds, despite continued investment implementation.

We view the recent financial deterioration as temporary, stemming from one-off accounting adjustments and elevated investment levels rather than structural weaknesses. Madrid retains budgetary flexibility to respond to potential fiscal pressures. For instance, the reintroduction of the wealth tax generated EUR 560 million in 2024, with EUR 640 million expected in 2025, and additional tax measures could be considered if needed. Madrid also remains a significant net contributor to the regional equalisation system, with contributions of around EUR 6 billion in 2025, which may decrease slightly if economic conditions soften.

Exhibit 1 Madrid Transfers and Deficit Reduction¹

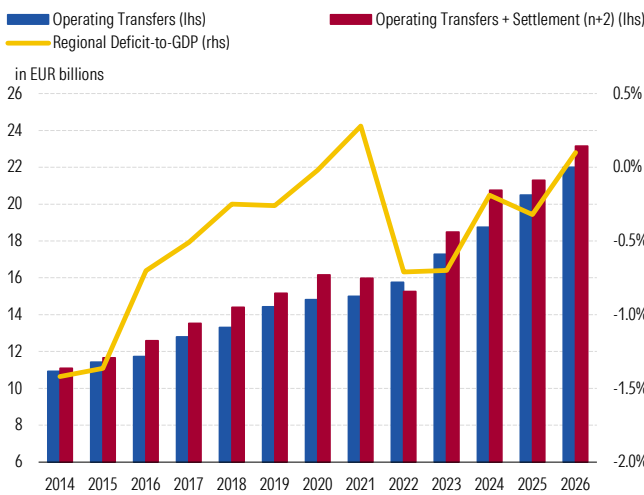
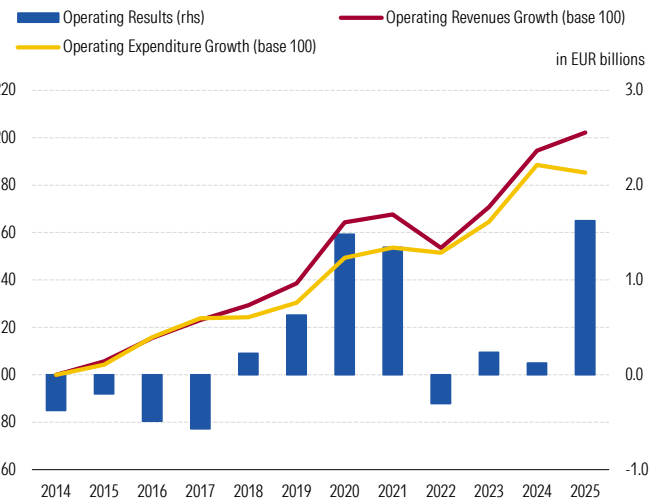


Exhibit 2 Madrid's Operating Results



Sources: Madrid, Ministry of Finance, Morningstar DBRS.

Note: 2025F stands for forecast information or preliminary information pending for the official settlements to be communicated by the central government.

¹ Operating transfers are known as "entregas a cuenta" for year N, and operating transfers and settlement (N+2) also include the positive or negative settlement of the financing system for the year N-2.

The region continues to demonstrate strong fiscal discipline. Although it did not fully meet the expenditure benchmark—similarly to most Spanish regions—the deviation remains moderate and compatible with ongoing debt reduction. Planned expenditure adjustments should further support financial performance. As of March 2026, revenues were growing faster than expenditures, strengthening the operating surplus, driven by continued tax revenue growth and prudent budget management. Nonetheless, these higher-than-expected revenues will be needed to fund the region's investment program.

Madrid has approved its 2026 budget despite challenges related to limited visibility on revenues from the regional financing system and uncertainty around central government decisions on spending. Extraordinary costs in 2026 include delayed payments of public-sector wage increases from 2025 and one-off personnel cost adjustments. Social spending will rise, particularly in healthcare, education, and disability support. However, strong economic performance and higher financing system revenues are expected to offset these increases, even as the region maintains its tax reduction policy. Tax cuts remain selective, aimed at targeted incentives such as attracting external investment, while overall tax rates remain lower than in other regions.

On the investment side, Madrid continues to advance major projects, including extensions of Metro lines 5 and 11 and the construction of a new judicial center, with projected capex of around EUR 2.5 billion. Moreover, the region forecast the capex to remain between EUR 2.5 and 2.9 billion a year until 2029. The expiry of RRF funding in 2026 may constrain future investment capacity. Nevertheless, we expect the region to remain committed to fiscal discipline, leveraging its strong expenditure control to sustain solid financial performance and continue reducing its debt burden.

Debt and Liquidity

Madrid's debt stock increased moderately in 2025 due to Madrid's financing deficit, however debt at government-related entities declined slightly. As a result, adjusted debt rose marginally to EUR 40.8 billion at year-end 2025, from EUR 40.3 billion in 2024. Despite this increase, debt ratios improved: Adjusted debt-to-operating revenue decreased to 147% from 151%, marking the lowest level in the past decade excluding the pandemic-affected years of 2020–21, when extraordinary state support temporarily strengthened metrics. Similarly, according to the Bank of Spain, debt-to-GDP declined to 11.3% from 11.8%, remaining well below the Spanish regional average of 20.2%.

Madrid's debt metrics could improve significantly if the national government implements its proposed regional debt relief. The Spanish government has submitted a draft legislation on regional debt relief to parliament, with a vote expected in the second half of 2026. However, approval remains uncertain due to the lack of clear majority in Congress. For Madrid, it would amount to approximately EUR 8.6 billion, or around 23% of its outstanding debt stock. Assuming all other factors remain stable, its adjusted debt-to-operating revenue could improve to the range of 110% to 120% from around 147% in 2025. Debt relief would also strengthen other key metrics, including interest expenditure relative to operating revenues and short-term debt relative to operating revenues (please see our commentary, [2026 Spanish Regional Outlook: Debt Relief Would Be a Game Changer](#)).

Unlike most Spanish regions, Madrid has preserved a high degree of financial autonomy, with limited reliance on central government liquidity facilities. It has maintained consistent market access since the financial crisis and fully repaid state-funded debt in 2020. By year-end 2025, bonds accounted for approximately 56% of its debt stock—a distinctive feature compared with other regions, which rely more heavily on central government financing mechanisms.

Madrid has developed strong expertise in capital markets and has been a pioneer among sub-sovereigns in sustainable finance. The region was an early adopter of structured green bond frameworks and, as of May 2025, is certified under EU Green Bond Standards. Given the nature of

its expenditures, Madrid is well positioned to align its financing with sustainable and green criteria. These instruments now represent around 55% of its outstanding bonds, up from 23% in 2020, supporting investor diversification and stable demand. Its most recent issuance in 2026 attracted strong investor interest, with order books exceeding six times the EUR 1 billion sustainable bond issued.

The region's diversified funding strategy supports a robust debt profile. As of year-end 2025, the average debt maturity stood at 7.5 years, with a smooth amortisation schedule that limits refinancing risk. Debt service amounted to 13.4% of operating revenues, significantly below the regional average of 19.8%. The debt structure remained sound, with less than 1% classified as short-term and around 92% at fixed interest rates; all debt was denominated in euros. Contingent liabilities have also declined over time, with public-private partnerships (PPPs) now incorporated into the regional debt perimeter.

For 2026, Madrid will continue to combine bond issuances with bank lending, including multilateral financing from institutions such as the EIB and the Council of Europe Development Bank. For example, the EIB has pre-approved a EUR 372 million loan to support the extension of Metro line 11. This diversified approach enables the region to maintain annual debt repayments below EUR 3 billion and to issue across a wide maturity spectrum (three to 25 years), providing flexibility in tighter market conditions.

Exhibit 3 Madrid's Debt Structure¹

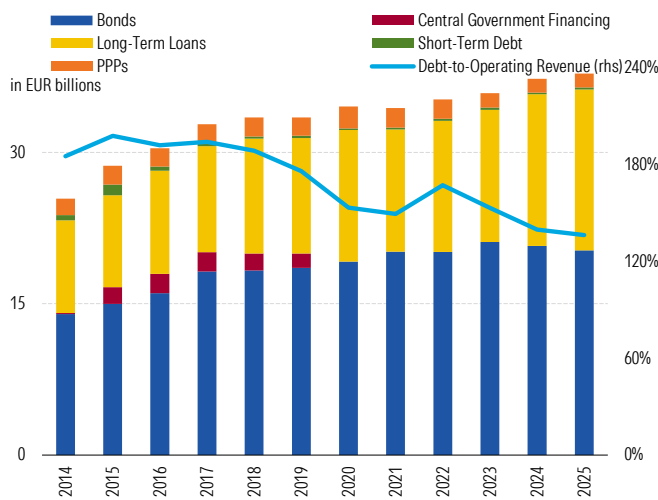
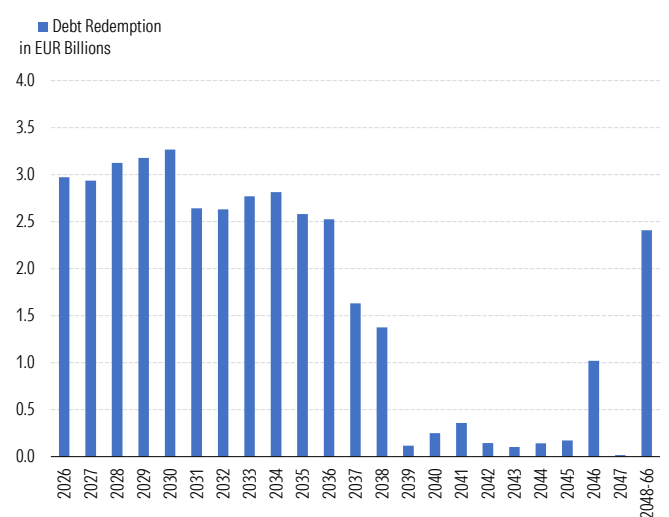


Exhibit 4 Direct Debt Amortisation Schedule as of Year-End 2024



Sources: Ministry of Finance, Madrid, Bank of Spain, Morningstar DBRS.
 1 Debt refers to direct and indirect debt (data from Bank of Spain).

Madrid also actively manages issuance timing to mitigate market volatility. In 2026, it front-loaded most of its funding needs in the first half of the year, securing EUR 2.6 billion early on and ensuring sufficient liquidity to optimise the timing of remaining issuances, likely through green bond formats.

The region typically maintains relatively low cash balances, reflecting the predictable nature of its liquidity needs and the structured payment schedule under the Spanish regional financing system.

However, stronger fiscal performance in recent years has allowed Madrid to invest excess liquidity in term deposits, partially offsetting interest costs. Moreover, the establishment of a commercial paper program in 2020 and the expansion of committed credit lines to EUR 1.8 billion in 2025—bringing total liquidity facilities to EUR 2.8 billion—have further strengthened its liquidity profile. We will continue to monitor the use of these instruments and their impact on overall liquidity.

Economic Structure

Madrid had a population of approximately 7.1 million and an estimated GDP of EUR 334 billion at the end of 2025, making it the largest regional economy in Spain and accounting for around 21% of national GDP. We expect the region to continue expanding broadly in line with, or slightly above, the national economy. Real GDP growth reached 3.0% in 2025, outperforming Spain’s 2.8%, although moderating from 3.6% in 2024 (Exhibit 5).

Recent growth forecasts have been revised downward for both Spain and Madrid, reflecting heightened geopolitical risks—particularly the prolonged Middle East conflict—which are weighing on external demand and increasing energy prices. Despite these headwinds, Madrid’s economy is expected to remain resilient, supported by strong employment, robust domestic demand, and investment activity, including a modest recovery in construction.

Exhibit 5 Real GDP Growth and Unemployment¹

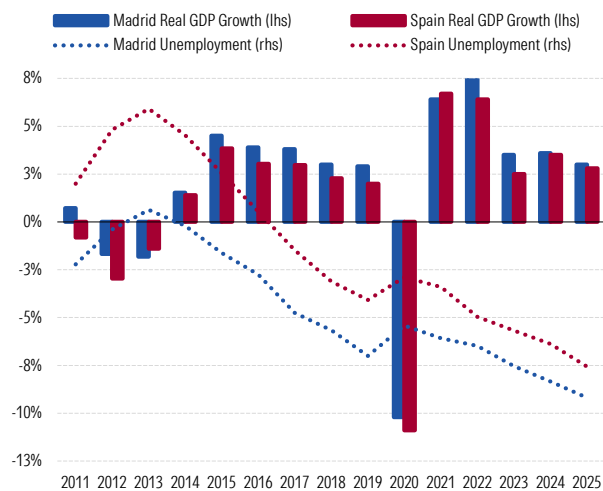
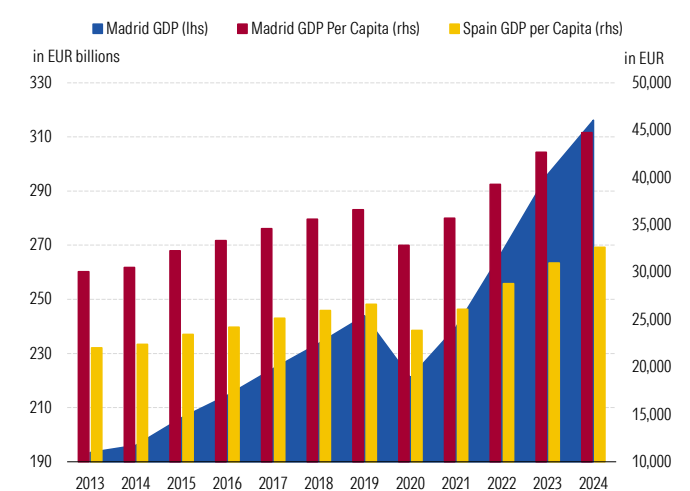


Exhibit 6 GDP and GDP Per Capita¹



Sources: Madrid, Comptroller General of the State (IGAE), INE, AIReF, Morningstar DBRS.
¹ Madrid 2025 real GDP growth are estimates from AIReF.

Labour market conditions have strengthened significantly. The unemployment rate declined to 7.9% in Q1 2026, from 9.1% a year earlier, and remains well below the national average of 10.8%. At the same time, the employment rate reached 63.3%, compared with 58.9% nationally. The region also benefits from a highly educated workforce, with around 40% of the population holding advanced education qualifications. Job creation over the past three years has been concentrated in the services sector, particularly in tourism, financial services, and IT—high-value-added and labour-intensive sectors that support productivity gains. As a result, in 2024 Madrid recorded the highest GDP per capita in Spain, estimated at EUR 44,755, about 37% above the national average (Exhibit 6).

Tourism activity has fully recovered from the pandemic and remains at high levels. After growing by 5% in 2024, hotel arrivals stabilised in 2025, while overnight stays rose by 6.0% in 2024 and continued to grow by around 2.9% in 2025. However, the strong performance of the services sector is increasingly driven by high-value-added industries such as IT and finance, reinforcing Madrid's distinct economic structure compared with other regions. For example, information and communication activities account for about 9% of the regional economy (versus 4% nationally), while professional, technical, and scientific activities represent 13% (versus 9%). Tourism remains important, contributing around 29% of regional activity (compared with approximately 24% nationally).

Housing dynamics present a growing challenge. INE's house price index increased sharply by 14.2% in 2025, following a 10.3% rise in 2024, driven by limited construction and constrained housing supply. At the same time, property transactions grew by 3.6% in 2025, recovering from a temporary decline in 2023 linked to higher interest rates. This trend has supported regional finances, particularly through increased revenue from property transfer taxes.

EU funding under the NGEU program—including the RRF and REACT-EU—continues to support investment and reforms. Madrid expects to receive around EUR 3.1 billion in total. As implementation nears completion, these funds are expected to have a positive, albeit difficult to quantify, impact on the region's long-term growth potential. In addition, Madrid remains the leading destination for foreign direct investment in Spain, attracting nearly 50% of the national total, which should further support its economic outlook.

Autonomous Community of Madrid

	2020	2021	2022	2023	2024	2025
Economic Indicators						
Population ¹	6,779,888	6,751,251	6,743,254	6,871,903	7,001,715	7,170,906
GDP (EUR Millions)	221,062	239,838	267,386	296,083	316,242	348,723
Real GDP Growth (%)	-10.2	6.4	8.2	3.5	3.6	3.0
Unemployment Rate (Annual) (%)	12.5	11.7	11.2	10.0	9.0	8.0
Debt Section (EUR Millions)						
Direct and Indirect Debt Stock	34,601	34,409	34,821	35,875	37,260	37,825
Debt From the Central Government	0	0	0	0	0	0
Direct and Indirect Debt-to-Operating Revenues (%)	153.4	149.5	165.0	152.8	139.4	136.1
Direct and Indirect Debt-to-GDP (%)	15.7	14.3	13.0	12.1	11.8	10.8
Short-Term Debt ²	2,768	3,094	2,842	3,121	2,994	3,135
Short-Term Debt-to-Operating Revenues (%) ²	12.3	13.4	13.5	13.3	11.2	11.3
Adjusted Debt Stock ³	36,190	35,995	37,003	39,704	40,309	40,809
Adjusted Debt-to-Operating Revenues (%) ³	160.5	156.4	175.6	169.4	150.9	147.0
Adjusted Debt-to-GDP (%) ³	16.4	15.0	13.8	13.4	12.7	11.7
Fiscal Performance (EUR Millions)						
Operating Revenues	22,550	23,013	21,071	23,442	26,710	27,752
Operating Expenditure	21,068	21,669	21,374	23,206	26,586	26,126
Of Which Interest Costs	735	661	613	722	849	865
Interest Costs-to-Operating Revenues (%)	3.3	2.9	2.9	3.1	3.2	3.1
Operating Surplus/Deficit	1,482	1,345	-303	236	125	1,626
Operating Surplus/Deficit-to-Operating Revenues (%)	6.6	5.8	-1.44	1.01	0.47	5.86
Capital Revenues	137	793	870	561	1,173	419
Capital Expenditure	1,424	1,305	1,279	2,036	2,083	2,309
Financing Surplus/Deficit	196	832	-712	-1,239	-784	-264
Financing Surplus/Deficit-to-Operating Revenues (%)	0.9	3.6	-3.4	-5.3	-2.9	-1.0
Financing Surplus/Deficit-to-GDP (%) ⁴	-0.02	0.27	-0.77	-0.75	-0.20	-0.32

Sources: Madrid, IGAE, Ministry of Finance, INE, Bank of Spain, Morningstar DBRS.

1 Population at the beginning of the year.

2 Short-term debt includes short-term debt as well as long-term debt falling due within the next 12 months.

3 Figures have been adjusted in accordance with the Rating Canadian and European Sub-Sovereign Governments methodology.

4 Financing deficit-to-GDP using national accounting standards.

5 Budgetary figures are presented using public accounting standards (General Administration, not consolidated) unless otherwise specified.

Canadian and European Sub-Sovereign Government Scorecard

Autonomous Community of Madrid	Value
Institutional Framework	
Sovereign Credit Rating	A (high)
Institutional Framework Weight	Moderate
Intrinsic Assessment	
Economic Structure	
Economic Structure Grid	Lower risk
Fiscal Management	
Fiscal Management Grid	Moderate risk
Debt and Liquidity	
Debt and Liquidity Grid	Moderate risk
Financial Metrics	
	Moderate risk

Note: A moderate weight for the Institutional Framework ranges from 30% to 55%. The scorecard risk assessment is split as follows: Lower risk: $1.00 \leq \text{score} < 2.25$; Moderate risk: $2.25 \leq \text{score} < 3.5$; Higher risk: $3.5 \leq \text{score} < 5.00$.

Sources: The [Rating Canadian and European Sub-Sovereign Governments](#) (March 2026), and *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings* (May 2025) methodologies.

Madrid, Autonomous Community of Environmental, Social, and Governance (ESG) Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*		
Environmental		Overall:	N	N
Emissions, Effluents, and Waste	Do the costs or risks result in changes to a government's financial standing or relationship with other governments, and does this affect the assessment of credit risk?	N	N	N
Carbon and GHG Costs	Does a government face coordinated pressure from a higher-tier government or from numerous foreign governments as a result of its GHG emissions policies, and does this affect the assessment of credit risk?	N	N	N
	Will recent regulatory changes have an impact on economic resilience or public finances?	N	N	N
	Carbon and GHG Costs	N	N	N
Resource and Energy Management	Does the scarcity of key resources impose high costs on the public sector or make the private sector less competitive?	N	N	N
	Is the economy reliant on industries that are vulnerable to import or export price shocks?	N	N	N
	Resource and Energy Management	N	N	N
Land Impact and Biodiversity	Is there a risk to a government's economic or tax base for failing to effectively regulate land impact and biodiversity activities?	N	N	N
Climate and Weather Risks	Under key IPCC climate scenarios will climate change and adverse weather events potentially destroy a material portion of national wealth, weaken the financial system, or disrupt the economy?	N	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N	N
Social		Overall:	Y	R
Human Capital and Human Rights	Compared with regional or global peers, is the domestic labour force more or less competitive, flexible and productive?	N	N	N
	Are labour or social conflicts a key source of economic volatility?	N	N	N
	Are individual and human rights insufficiently respected or failing to meet the population's expectations?	N	N	N
	Is the government exposed to heavy, coordinated international pressure as a result of its respect for fundamental human rights?	N	N	N
	Human Capital and Human Rights	N	N	N
Access to Basic Services	Does a failure to provide adequate basic services deter investment, migration, and income growth within the economy?	N	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	Y	R	R
Governance		Overall:	N	N
Bribery, Corruption, and Political Risks	Does widespread evidence of official corruption and other weaknesses in the rule of law deter investment and contribute to fiscal or financial challenges?	N	N	N
Institutional Strength, Governance, and Transparency	Compared with other governments, do institutional arrangements provide a higher or lesser degree of accountability, transparency, and effectiveness?	N	N	N
	Are regulatory and oversight bodies insufficiently protected from inappropriate political influence?	N	N	N
	Are government officials insufficiently exposed to public scrutiny or held to insufficiently high ethical standards of conduct?	N	N	N
	Institutional Strength, Governance, and Transparency	N	N	N
Peace and Security	Is the government likely to initiate or respond to hostilities with neighbouring governments?	N	N	N
	Is the government's authority over certain regions contested by domestic or foreign militias?	N	N	N
	Is the risk of terrorism or violence sufficient to deter investment or to create contingent liabilities for the government?	N	N	N
Peace and Security	N	N	N	
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N	N
Consolidated ESG Criteria Output:		Y	R	R

* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

ESG Considerations

Environmental

There were no Environmental factors that had a significant or relevant effect on the credit analysis. Madrid has reinforced its environmental policies in recent years, supported by the launch of sustainable and green bond issuances under the region's sustainable finance framework. We expect further progress towards enhanced environmental policies in coming years, possibly through the implementation of Madrid's Strategy for Energy, Climate and Quality of Air 2023-30.

Social

The following Social factor had a relevant effect on the credit analysis: Passed-through Social considerations. The Passed-through Social credit considerations had a relevant effect on the credit ratings, as the social factors affecting the Kingdom of Spain's credit ratings are passed through to Madrid. Human capital, as measured by GDP per capita, is factored into the Kingdom of Spain's credit ratings, which have been used as an input for Madrid's credit ratings. Madrid's GDP per capita is above the national level, estimated at EUR 44,755 or approximately 137% of the national average in 2024. Respect for human rights is high, and there is widespread access to quality healthcare and other basic services within the region.

Governance

There were no Governance factors that had a significant or relevant effect on the credit analysis. Madrid's governance and transparency are strong. The region, in line with national peers, has strengthened its financial reporting over the last decade. As with other regional governments in Spain, Madrid publishes information on monthly budgetary execution, monthly commercial debt position, and delays in paying suppliers. Greater transparency may indicate good governance, a positive credit feature. While Madrid benefits from some autonomy, it needs to abide by the Budget Stability Law that sets targets in terms of fiscal performance, debt, and expenditure levels for all government tiers in Spain.

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