

ICO, along with the EU's largest National Promotional Banks and Institutions and the European Investment Bank, takes part in the Joint Initiative on Circular Economy (EU)



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Five European national promotional banks & institutions and the European Investment Bank (EIB) launched on July 17th 2019 in Luxembourg the **Joint Initiative on Circular Economy (JICE)** to support the development and implementation of circular economy projects and programmes in the EU. This flagship partnership will target **at least EUR 10 billion** of investments over the next five years (2019 – 2023) to **prevent and eliminate waste, increase resource efficiency and foster innovation** by promoting circularity in all sectors of the economy. This initiative will provide **loans, equity investment or guarantees** to eligible projects and **develop innovative financing structures** for public and private infrastructure, municipalities, private enterprises of different size as well as for research and innovation projects.

ICO Chairman José Carlos Garcia de Quevedo said: 'ICO aims to promote inclusive economic growth and to transition to more sustainable development. Support for alternatives such as the circular economy perfectly aligns with the SDGs and with the public policies covered internationally in the 2030 Agenda, including the EU Sustainable Finance Action Plan and the Spanish national Change Agenda. As public promotion banks, we have a clear leadership responsibility in this field and a great commitment to enhance collaboration among European institutions'.

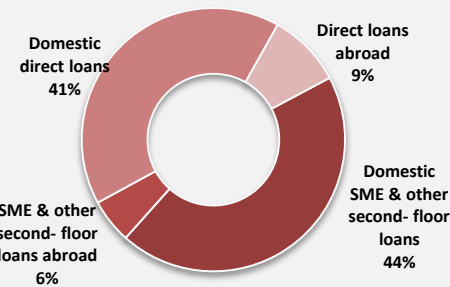
ICO's 1st Green Bond, awarded at the 2019 Sustainable and Responsible Capital Markets Awards of Global Capital magazine

The international magazine Global Capital has awarded ICO's first Green Bond launched in April 2019 with the third prize in the **EMEA Green / SRI Bond Deal of the Year** category. These prizes are based on an extensive survey conducted among banks, investors, issuers and other financial intermediaries. They reward the issues with the **greatest impact** in terms of innovation, ability to attract investments or social impact.

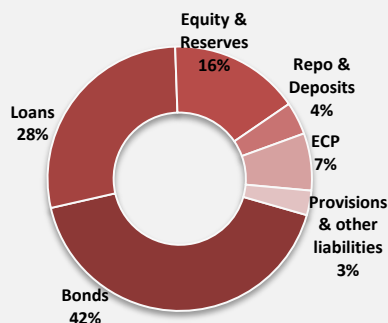
With this award, Global Capital highlights ICO's relevance as one of the **leading issuers in the sustainable bond sector of the European market**, since, prior to this green bond, ICO launched five social bonds amounting to over 2,550 million euros. This is the **third time** that Global Capital distinguishes ICO with a prize. ICO previously received the award for the best MTN issuance made by a financial or supranational agency (2017) and the prize for the best social bond (2016).

ICO in figures

Loan Portfolio as at 30/06/2019



Liabilities breakdown as at 30/06/2019



	2015	2016	2017	2018	30/06/2019*
Total assets (Mill. EUR)	62,173	48,851	42,186	36,237	32,416
Equity & reserves¹ (Mill. EUR)	5,302	5,222	5,295	5,262	5,267
Pre-tax profit (Mill. EUR)	59.47	448.10	145.99	112.91	62.35
Net interest income (Mill. EUR)	99.13	25.59	-69.11	-96.54	-26.8
Gross revenue (Mill. EUR)	85.96	-68.80	15.92	55.23	45.78
Profitability ROA (%)	0.08%	0.81%	0.32%	0.28%	0.25%
Tier I Ratio (%)	32.84%	29.44%	32.86%	40.54%	40.52%
Non-Performing Loans					
Direct Loans (%)	8.79%	10.48%	9.00%	6.31%	5.95%
Total loans (%) incl. second floor loans	3.74%	4.84%	4.15%	3.19%	3.09%
Provision coverage ratio (%)	134%	114%	121%	154%	156%
Efficiency					
Ordinary Expenditure/ATA (%)	0.05%	0.07%	0.09%	0.10%	0.11%

(1) Eligible capital for solvency purposes.

Source: ICO
* unaudited figures

Funding Policy for 2019

- Programme volume: around € 5 bn.
- EUR benchmark transactions
- Promotion of the sustainability bond market:
 - Further issuance of Social Bonds
 - Inaugural Green Bond
- Access to non-euro markets
- Preference for short to medium maturities

Funding activity

The Institute enjoys the **guarantee** from the Kingdom of Spain which is defined in its bylaws as :

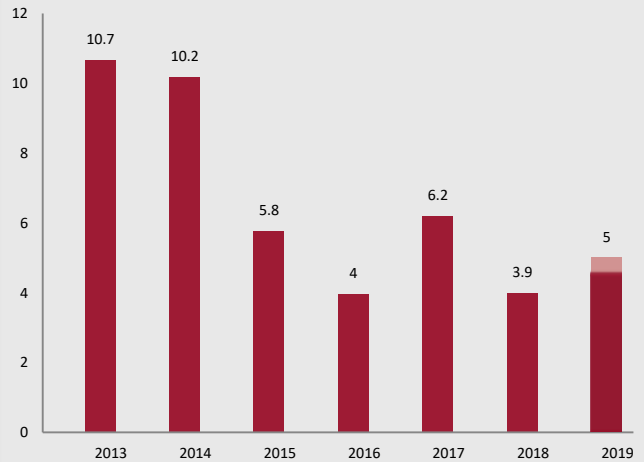
- Explicit
- Irrevocable
- Unconditional
- Direct

Long and short term ICO's ratings

Agency	LT Rating	ST Rating
DBRS	A / stable	R-1 (low)
Fitch Ratings	A- / stable	F1
Moody's	Baa1 / stable	P-2

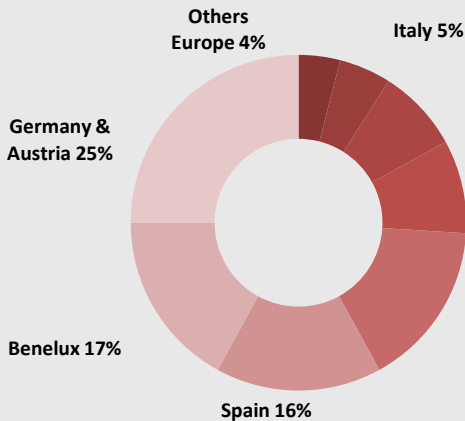
Funding Activity

4.44 bn. issued as at September 2019



ICO's 2019 funding programme will be around € 5 bn.

By region

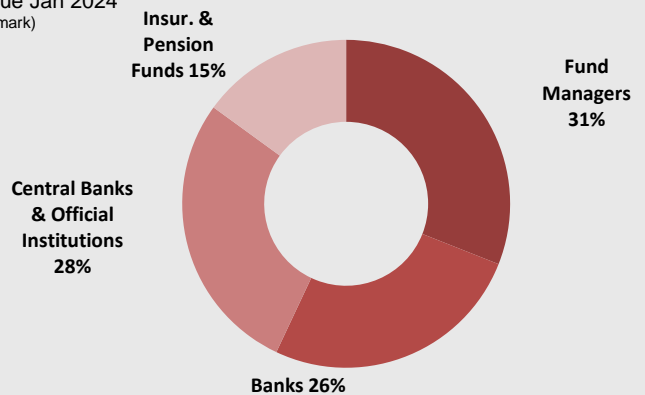


Borrowing profile

Green Bond

EUR 500m 0.2% due Jan 2024
(latest benchmark)

By investor type



Spanish Economy: latest figures and comments

Recent macro developments

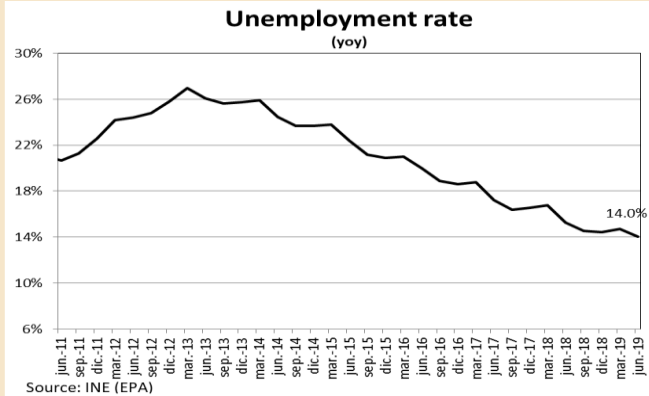
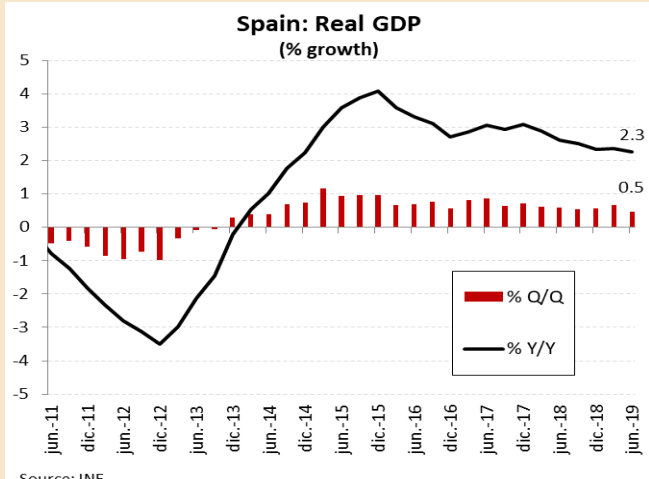
According to the Statistical Office's first estimate, the **Spanish Gross Domestic Product (GDP) grew 0.5% qoq in the 2nd quarter of 2019**, which means a deceleration compared to the growth of the previous quarter of 2019 – 0.7%. **As compared with the same quarter of the previous year, growth was 2.3%**, one tenth less than in the 1st quarter of 2019. Therefore, the Spanish economy kept a robust growth pace at the first half of the year, still well above the Euro Area average (0.2% qoq and 1.2% yoy in the 2nd quarter of 2019).

Domestic demand, supported by favourable financial conditions and solid employment growth, **remained as the main driver of growth**, but moderated its contribution from 2.2 percentage points (pp) in the 1st quarter to 1.6 pp in the 2nd quarter of 2019. This deceleration was mainly explained by a deceleration in **private investment** in the 2nd quarter of the current year (from 4.7% yoy to 1.2%). Meanwhile, there was a **slight increase in private consumption** (from 1.6% yoy in Q1-19 to 1.7%). Furthermore, **external demand** increased its contribution to total GDP by 0.5 pp in the 2nd quarter to 0.7% pp, due to an increase in exports of 1.7% yoy and a decrease in imports of 0.3% yoy in Q2.

Unemployment rate was 14.02% of the active population in Q2-19, 1.26 p.p. less than one year earlier, according to the Labour Force Survey. In August the average affiliation to the Social Security increased by 480,413 people since the same period of 2018 (+2.5% yoy), leaving the current total affiliation at 19,320,227.

On its Summer 2019 forecast, **the European Commission** predicted that **growth would ease slightly in the third quarter** of 2019 and stabilize at a rate of about 0.5% (quarter-on-quarter) for the remaining quarters of the forecast horizon. In the same line, **employment growth should also gradually slow down, but continue to expand robustly**. The latest forecasts for Spain's GDP in 2019, published by international and national institutions, estimate a gradual pace of moderation in GDP growth during 2019 and 2020

The European Commission's Post - Programme Surveillance Report of Spain, published in July, stated that strong, though decelerating growth, accompanied by dynamic job creation, **supports the correction of Spain's macroeconomic imbalances**. Economic activity is expected to moderate in 2019 and 2020, but will remain well above the euro area average. Additionally, the **Spanish banking sector enjoys overall good profitability, liquidity and capitalization**. Its profitability has improved mainly thanks to the decline of loan-loss provisions related to the reduction in non-performing loans. Moreover, **productivity is also growing** in line with the euro area average.



Main Economic Forecast - Real GDP growth (%)

	2019	2020	updated
Government	2,2	1,9	Apr-19
Bank of Spain	2,4	1,9	Jun-19
Funcas	2,2	2,0	Jul-19
Consensus	2,3	1,9	Jul-19
European Commission	2,3	1,9	Jul-19
IMF	2,3	1,9	Jul-19
OECD	2,2	1,9	May-19

Contact us

Investors can find further information at: http://www.ico.es/en/web/ico_en/investor-relations
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