

ICO launches its second Green Bond and strengthens its position as a European leader in the Sustainable bond market with over 4,550 million euros issued.

ICO has launched its second green bond issue amounting to 500 million euros. The deal, led by BBVA, Crédit Agricole CIB, HSBC and ING, has a maturity of five and a half years and a yield of -0.201%.

The funds will be used to finance projects carried out by Spanish companies that contribute to promote ecological transition, focusing, as stated in ICO's Green Bond Framework, on projects in the field of renewable energies, energy efficiency, clean transport, pollution prevention and control and sustainable management of natural resources.

ICO has carried out nine sustainable bond issues (7 social and 2 green), consolidating its position as one of the references in this market at the European level, with a total of 4,550 million euros issued.

The projects financed with the proceeds of ICO's inaugural green bond, issued in 2019, generated an estimated saving of 315 tonnes of CO2 emissions and mobilised over 4 billion euros.

More information on the reporting of the Green Bond, [here](#).

Companies and Self-Employed received in 2020 more than 114 billion euros of financing through the Guarantee Line managed by ICO

The self-employed and Spanish companies received 114,647 million euros of financing last year to meet their liquidity needs through the Government's Guarantee Line managed by ICO. 944,588 guaranteed loans were approved for a total guaranteed amount of 87,086 million euros.

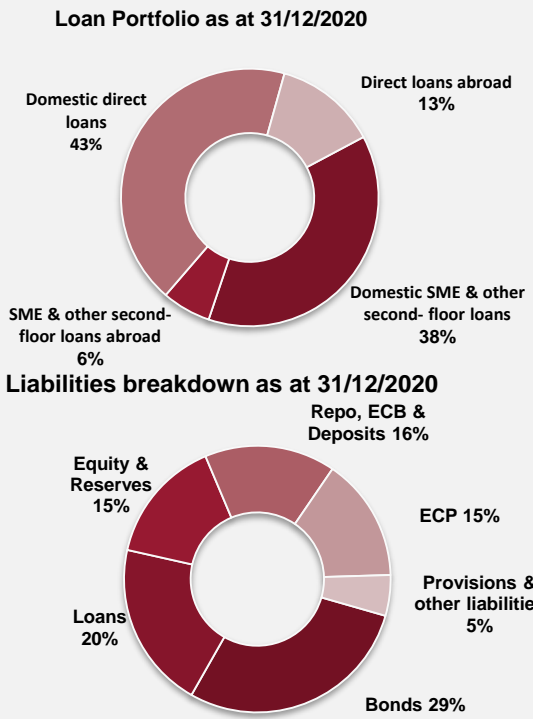
74% of the approved transactions were directed to self-employed companies or micro-SMEs with less than 10 employees, which shows the capillarity of the Guarantee Line.

The sectorial distribution shows that companies and businesses in the sectors most affected by the pandemic are those that have received the highest volume of financing. Tourism and related activities, culture and leisure received the highest share.

By regions, companies in Madrid, Barcelona, Valencia and the Balearic Islands were the ones that received the highest volume of financing.



ICO in figures



Financial Highlights

| | 2016 | 2017 | 2018 | 2019 | 31/12/2020 |
|--|--------|--------|--------|--------|------------|
| Total assets (Mill. EUR) | 48,851 | 42,186 | 36,237 | 31,823 | 34,386 |
| Equity & reserves¹ (Mill. EUR) | 5,222 | 5,295 | 5,246 | 5,257 | 5,257 |
| Pre-tax profit (Mill. EUR) | 448.1 | 145.99 | 112.91 | 149.25 | 97.55 |
| Net interest income (Mill. EUR) | 25.59 | -69.11 | -96.54 | -28.06 | 21.78 |
| Gross revenue (Mill. EUR) | -68.8 | 15.92 | 55.23 | 90.53 | 88.22 |
| Profitability ROA | 0.81% | 0.32% | 0.28% | 0.44% | 0.29% |
| Tier I Ratio | 29.44% | 32.86% | 40.54% | 41.11% | 37.30% |
| Non-Performing Loans | | | | | |
| Direct Loans | 10.48% | 9.00% | 6.31% | 4.72% | 4.16% |
| Total loans incl. second floor loans | 4.84% | 4.15% | 3.19% | 2.43% | 2.33% |
| Provision coverage ratio | 114% | 121% | 154% | 168% | 145% |
| Efficiency | | | | | |
| Ordinary Expenditure/ATA | 0.07% | 0.09% | 0.10% | 0.12% | 0.12% |

(1) Eligible capital for solvency purposes.

Source: ICO
2020: unaudited figures

Funding Policy for 2021

- Expected funding needs: EUR 5- 6 bn.
- EUR benchmark transactions
- Preference for short to medium maturities
- Promotion of the sustainability bond market: further issuance of Social and Green Bonds

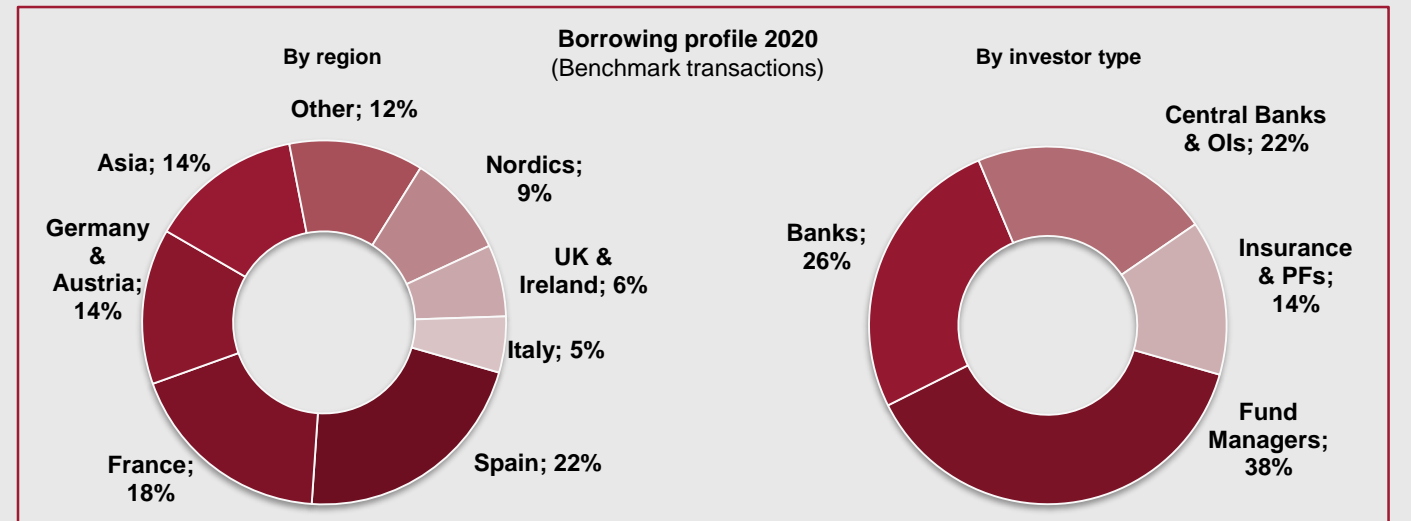
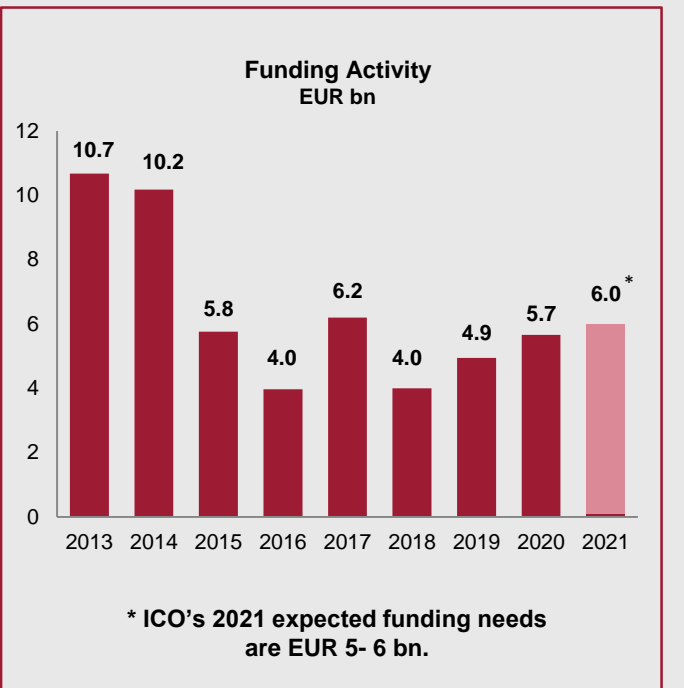
Funding activity

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

**Explicit
Irrevocable
Unconditional
Direct**

Long term ICO's ratings

| | |
|---------|---------------|
| DBRS | A / Stable |
| S&P | A / Negative |
| Fitch | A- / Stable |
| Moody's | Baa1 / Stable |



Spanish Economy: latest figures and comments

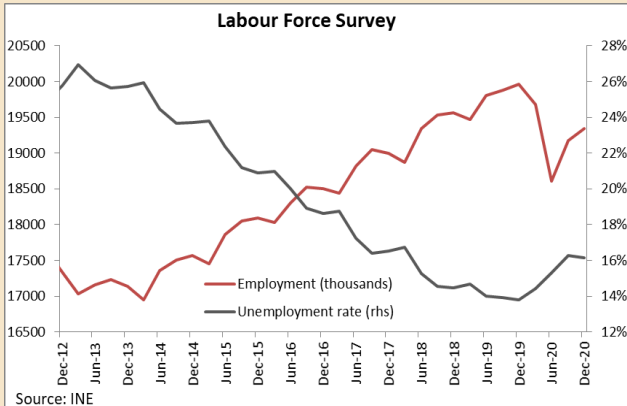
Recent macro developments

According to the Spanish Statistical Office, **Spanish GDP grew by 0.4% qoq in the fourth quarter of 2020, following the recovery trend started in the third quarter.** COVID-19 pandemic hit the European Union's and Spain's society and economy severely in 2020. Following six years of strong growth, **Spanish GDP registered a variation of -11% in 2020.** The magnitude of the drop reflects the scale of the sanitary crisis, which has required strict lockdown measures. The year-on-year variation of GDP stood at -9.1% in the last quarter of the year (-9.0% in the third quarter). **Domestic demand** contracted by 9 pp in the aggregation of the four quarters in 2020 due to the pandemic impact on private consumption and investment, although an improvement was observed in the second half of the year as the strict containment measures decreased. **Net exports** declined by 1.9 pp in 2020 compared to the previous year.

According to the latest **Labour Force Survey**, **unemployment rate decreased from 16.3% in the 3rd quarter to 16.1% in the 4th quarter**, with 167 thousand jobs created in the 4th quarter after 569 thousand jobs in the 3rd quarter. **Short-time work schemes (so called "ERTEs") had and they still have a prominent role preventing a further increase of unemployment.**

Despite the difficulties, **there is a general consensus about a strong rebound in activity in 2021** although there is a significant amount of uncertainty about its magnitude. The Spanish Government foresees a base scenario with a growth of 7.2% for 2021 (it may reach 9.8% including the effect of NGEU funds). The central scenario made by the Bank of Spain is close to the Government's forecast (6.8%) as it is the case with the forecast made by Funcas (Association of the former savings banks), which is 6.7%. The most recent forecast by the IMF foresees a GDP growth of 5.9% in 2021, close to the 5.4% forecasted by the European Commission.

Although there is some degree of heterogeneity in GDP forecasts for Spain, **Spanish GDP growth will most likely be well above the Euro Zone (EZ) average in 2021.** Forecasts anticipate a GDP growth for the EZ that will rank from 3.6% (OECD) to 5.0% (Funcas and Spanish Government).



| Forecasts for EZ and Spanish Real GDP Growth in 2021 (%) | | | |
|--|-----|-------|---------|
| | EZ | Spain | updated |
| Government of Spain | 5.0 | 7.2** | Oct-20 |
| European Commission | 4.2 | 5.4 | Nov-20 |
| IMF | 4.2 | 5.9 | Jan-21 |
| ECB (Bank of Spain) | 3.9 | 6.8 | Dec-20 |
| Funcas | 5.0 | 6.7 | Jan-21 |
| BBVA Research | 4.1 | 5.5 | Jan-21 |
| OECD | 3.6 | 5.0 | Dec-20 |

Source: Own elaboration based on public data.
 **Considering the impact of NGEU, Government's projection is 9.8%.

Contact us

Investors can find further information at: http://www.ico.es/en/web/ico_en/investor-relations
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 Bloomberg site: ICO <GO>

