

ICO's Sustainable Bond Forum is back on track after two years

Mark your calendar for 14th June 2022 as 6th ICO's Sustainable Bond Forum is back again after a two-year break, due to the COVID-19 sanitary crisis.



Since the very first edition in 2015, ICO had annually celebrated its Sustainable Bond Forum, aimed to bring together best in class, national and international, market players such as issuers, investors, agencies or banks to discuss the latest opportunities and challenges in the Sustainable Bond market.

This 6th edition, coinciding with the 5th anniversary of the Social Bond Principles, will focus, among other topics, on the rise of green and social bonds, as well as market developments, challenges and opportunities.

The event will commence with a welcome reception hosted in the Museo Nacional del Prado on the evening of 13th June and will continue the next day with the celebration of the Forum in the Rosewood Villa Magna hotel. The agenda, together with the rest of the details, will be circulated shortly.

ICO and EIB sign first joint financing for green hydrogen production with Iberdrola

(April 2022)



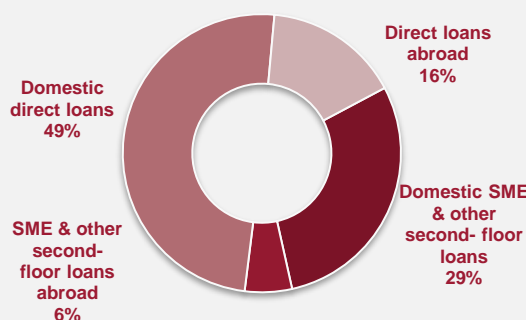
ICO, the European Investment Bank (EIB) and Iberdrola have signed a financing agreement aiming to support the decarbonisation of the economy by producing green hydrogen for industrial use. To this end, Iberdrola will receive €53 million from the EIB and €35 million from ICO, with both loans being certified as green financing. The funds will be used to develop a 100 MW photovoltaic plant, a 20 MWh battery and a green hydrogen production plant in Puertollano (Ciudad Real), Castilla-La Mancha (Spain), one of the largest plants in Europe. This is both organisations' first joint green financing to produce green hydrogen.

The project will generate renewable electricity and green hydrogen. This project will help to drive a sustainable economic recovery and create jobs in Castilla-La Mancha. An estimated 300 jobs will be created during the implementation phase and the new plant will generate around 160 GWh of electricity a year, equivalent to the annual power use of 48 000 Spanish households. The electrolyser will be capable of producing 1.000 tonnes of green hydrogen per year.

ICO Chairman José Carlos García de Quevedo stressed that this new operation "is among the actions being taken by ICO to roll out its Sustainability Policy, promoting joint public-private sector projects that generate positive social and environmental impact. The Puertollano hydrogen plant clearly meets these two objectives, as it will help create jobs in the region and boost the environmental transition, one of the strategic goals of the Recovery, Transformation and Resilience Plan."

ICO in figures

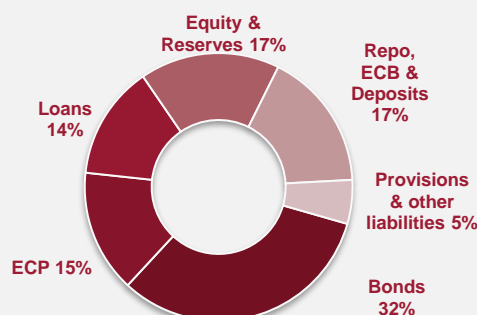
Loan Portfolio as at 31/03/2022



Financial Highlights

	2018	2019	2020	2021	31/03/2022*
Total assets (Mill. EUR)	36,237	31,823	34,386	37,766	35,332
Equity & reserves¹ (Mill. EUR)	5,246	5,257	5,202	5,354	5,940
Pre-tax profit (Mill. EUR)	112.91	149.25	97.55	171.70	59.94
Net interest income (Mill. EUR)	-96.54	-28.06	-10.63	104.55	28.23
Gross revenue (Mill EUR)	55.23	90.53	88.22	181.86	44.50
Profitability ROA	0.28%	0.44%	0.29%	0.49%	0.68%
Tier I Ratio	40.54%	41.11%	37.21%	35.36%	37.98%
Non-Performing Loans					
Direct Loans	6.31%	4.72%	4.16%	3.81%	3.44%
Total loans incl. second floor loans	3.19%	2.43%	2.33%	2.33%	2.22%
Provision coverage ratio	154%	168%	145%	157%	158%
Efficiency					
Ordinary Expenditure/ATA	0.10%	0.12%	0.12%	0.13%	0.12%

Liabilities breakdown as at 31/03/2022



(1) Eligible capital for solvency purposes.
* 2022: Unaudited figures
Source: ICO

Funding Policy for 2022

- **Expected total funding in 2022: around EUR 4 bn**
- **Promotion of the sustainability bond market: further issuance of Social and Green Bonds**
- **EUR benchmark transactions**
- **Short to medium maturities**

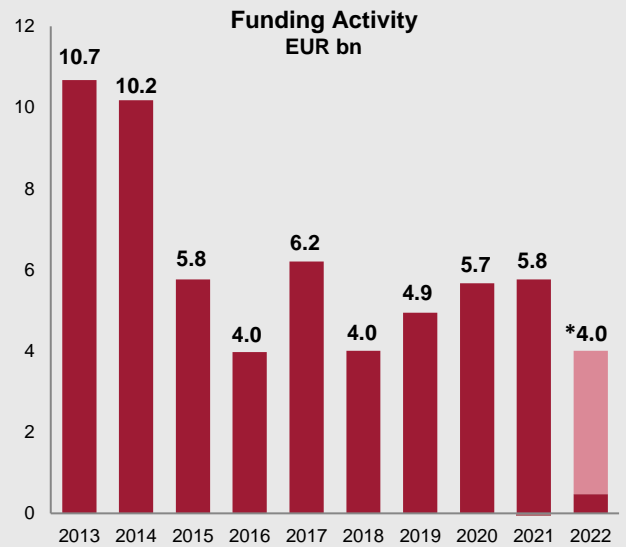
Funding activity

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

Explicit
Irrevocable
Unconditional
Direct

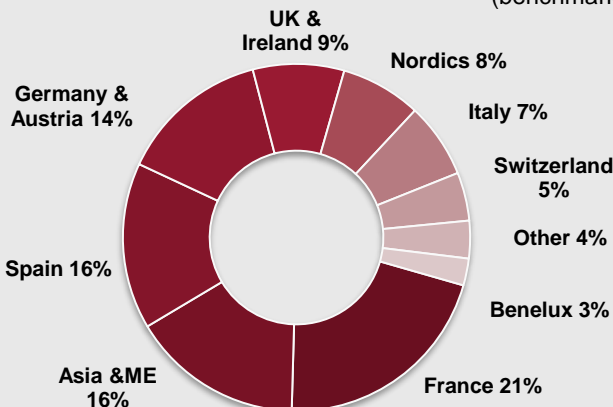
ICO's long term ratings

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

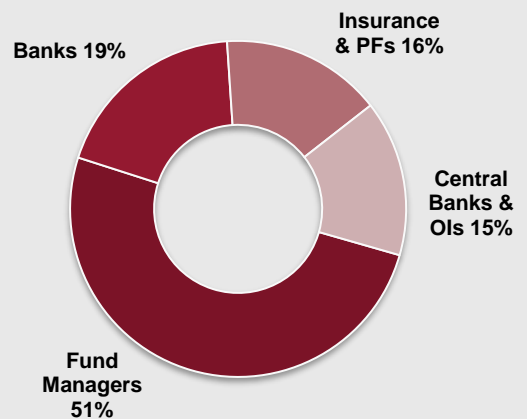


* 0.5 bn raised as at 31st March 2022

By region



By investor type



Spanish Economy: latest figures and comments

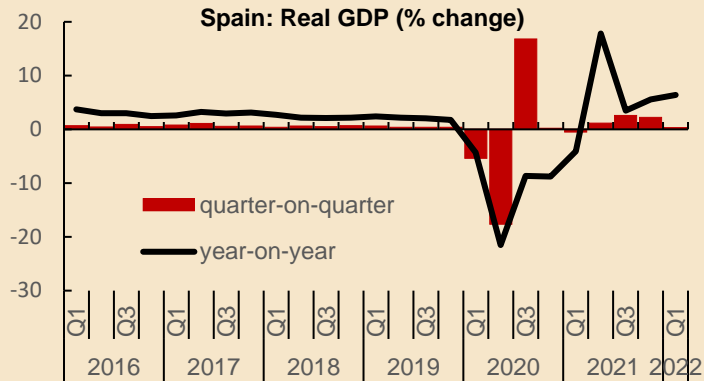
GDP grew by 0.3% qoq and 6.4% yoy in Q1 2022, according to the **Spanish Statistical Office (INE)**. In Q1, domestic demand (3.3) and net exports (3.1) had an almost equal positive contribution to yoy growth. The growth of domestic demand mainly relied on investment while on the external sector exports exhibited a more robust growth pace than imports.

The **Spanish Government updated its macroeconomic forecast** in the framework of the new Stability Programme sent to the European Commission. After a GDP growth of 5.1% in 2021, Spanish Government forecasts a 4.3% growth in 2022, followed by a growth of 3.5% and 2.4% in 2023 and 2024. These projections are below the previous projections mainly due to the shock originated by the situation in Ukraine. The forecast is very close to the ones made by other institutions such as the International Monetary Fund (IMF) or the Bank of Spain and are well above the expected growth for other European economies like France, Germany or Italy. Spanish growth is expected to rely on domestic demand, especially investment, and consumption will also have a positive contribution.

The level of employment has risen beyond the level of 20 million people in the last three quarters for the first time since 2008. Employment rose by 877,900 compared with Q1 2021 (+4.6% yoy). **April data of the Social Security showed a record high of net affiliated**, attesting the continuity of the positive cycle in labour sector. April data also showed a **paradigm shift in the use of labour contracts**, as permanent contracts were 48% of all labour engagements as a result of the recent labour reform (before the reform permanent contracts used to be around 8 to 10% of all contracts). The **Labour Force Survey showed that unemployment rate was 13.6% in Q1, well below the rate of 16.0% in Q1 2021**.

The **General Consumer Price Index (CPI) eased in April** to a growth rate of 8.4% yoy (9.8% yoy in March) and core inflation was 4.4% yoy in April (3.4% yoy in March). Inflation rates are expected to decline in the coming months and both general and core inflation will finish 2022 well below their current levels.

In 2021 Spanish fiscal balance was -6.9% of GDP (-10.3% in 2020). According to the Stability Programme, a path of fiscal consolidation is foreseen for the coming years with the aim of preserving a robust GDP growth that does not damage social cohesion. Fiscal balance is projected to be -5.0% of GDP in 2022, -3.9% in 2023, -3.3% in 2024 and -2.9% in 2025. **Public debt was 118.4% of GDP in 2021** (119.9% in 2020) and is projected to be 115.2% in 2022 and 112.4% in 2023.

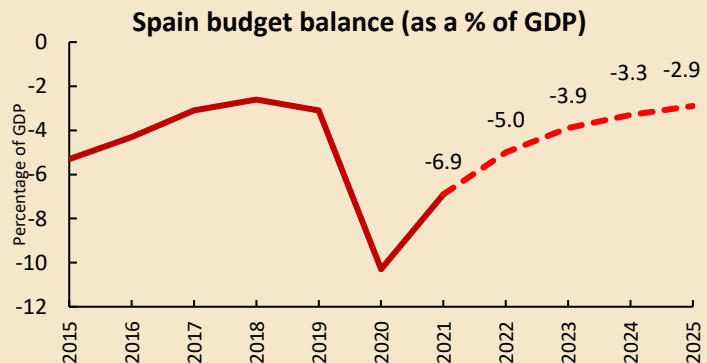


Source: INE

MAIN FEATURES OF SPAIN FORECAST

	2022	2023	2024
GDP real (% change)	4.3	3.5	2.4
Private Consumption Expenditure	4.1	2.7	1.2
Government Consumption Expenditure	2.0	2.2	2.1
Gross Fixed Capital Formation	9.3	7.5	3.3
Exports	7.8	6.2	6.3
Imports	9.1	5.5	4.7
Domestic demand (contribution to GDP growth)	4.6	3.6	1.8
Net foreign balance (contribution to GDP growth)	-0.3	-0.1	0.6
GDP nominal (% change)	8.5	5.9	4.3
GDP deflator	4.0	2.4	1.9
LABOUR MARKET (% change)	2.6	2.1	1.9
Total employment (full-time equivalent jobs)	3.4	3.3	1.9
Unemployment rate: % labour force	12.8	11.7	10.6

Source: Ministry of Economic Affairs and Digital Transformation



Source: Eurostat and Spanish Government

Contact us

Investors can find further information at: https://www.ico.es/web/ico_en/ico/investor_relations

Please contact us via e-mail with any queries or requests you may have: investors@ico.es

Bloomberg site: ICO <GO>

