

2020 Activity: ICO managed over 302 billion euros in financing, the largest volume in its history

This amount represents an annual increase of 40.7%, due to the management of the Guarantee Lines and other programmes launched by the Government and to the promotion of its own lending activity for the self-employed and companies for their investments in Spain and abroad.

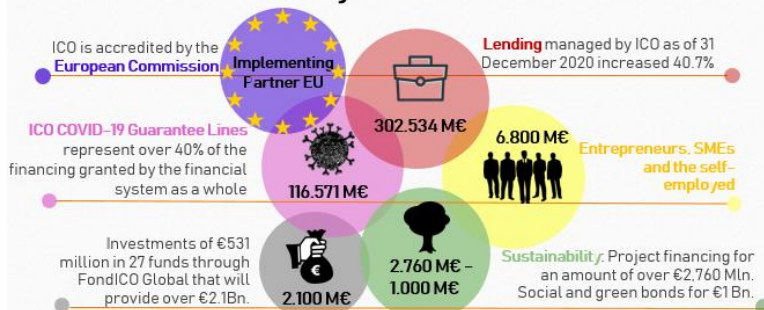
Of the total credit activity managed, **29.5% corresponds to the amount guaranteed by the State through the COVID-19 Guarantee Lines**. Thanks to an unprecedented public-private collaboration scheme, **these programmes mobilized 117 Bn. euros** in financing to the business network as at 31st December. This is approximately 40% of the total financing granted to companies throughout the financial system between April and December.

ICO has also strengthened its on-balance sheet corporate financing instruments and made them more flexible to help boost economic recovery and the transition towards a more sustainable and digital production model, which has resulted in an increase of 5% in the financing granted to the self-employed and companies (increasing to 6.8 Bn. euros).

The activity carried out in 2020 has been key in consolidating **the integration of sustainability in the ICO Group's organization and activity**, as reflected in the approval of the Sustainability Policy. On the asset side, an amount of 2.8 Bn. euros linked to sustainable development projects in its three aspects (environmental, social and governance) was lent. On the liability side, ICO was the first Spanish issuer to launch a public issue of social bonds aimed at mitigating the effects of COVID-19. ICO also issued its second green bond issued in October. With these two issues, ICO has consolidated its role as one of the leaders in the sustainable bond market at the European level, with an amount of 4.6 Bn. euros issued in 9 transactions (7 social and 2 green).

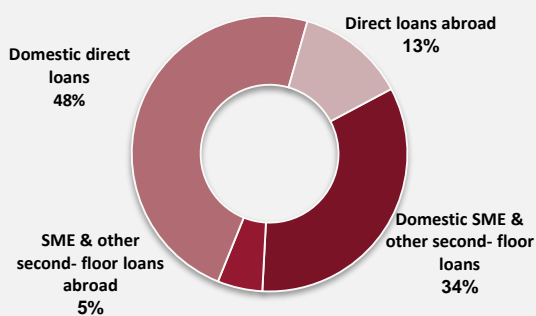
Finally, **ICO has been accredited by the European Commission to manage European funds** under the InvestEU as an Implementing Partner of the European Commission for the period 2021-2027. This accreditation also allows ICO to participate in other EU programmes within the Multiannual Financial Framework 2021-2027. The recently obtained accreditation is a new milestone in ICO's role as a channel of European funds, as for the first time it allows it to deploy funds from the European budget through indirect or delegated management. ICO, as a national promotional bank, thus gains new capacities to be able to expand the type of support it provides to companies so that they can pursue projects that contribute to strengthening economic recovery and economic growth, in line with the action plans set out in the Recovery, Transformation and Resilience Plan. [Full story](#)

ICO: Activity Results 2020

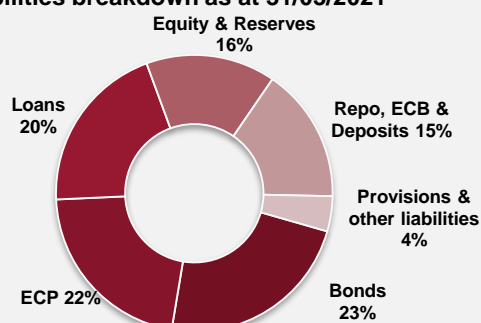


ICO in figures

Loan Portfolio as at 31/03/2021



Liabilities breakdown as at 31/03/2021



Financial Highlights

	2017	2018	2019	2020	31/03/2021
Total assets (Mill. EUR)	42.186	36.237	31.823	34.386	33.462
Equity & reserves ¹ (Mill. EUR)	5.295	5.246	5.257	5.202	5.280
Pre-tax profit (Mill. EUR)	145,99	112,91	149,25	97,55	66,87
Net interest income (Mill. EUR)	-69,11	-96,54	-28.06	-10,63	10,99
Gross revenue (Mill. EUR)	15,92	55,23	90,53	70,20	26,83
Profitability ROA	0,32%	0,28%	0,44%	0,29%	0,79%
Tier I Ratio	32,86%	40,54%	41,11%	37,21%	37,59%
Non-Performing Loans					
Direct Loans	9,00%	6,31%	4,72%	4,16%	3,62%
Total loans incl. second floor loans	4,15%	3,19%	2,43%	2,33%	2,21%
Provision coverage ratio	121%	154%	168%	145%	144%
Efficiency					
Ordinary Expenditure/ATA	0,09%	0,10%	0,12%	0,12%	0,13%

(1) Eligible capital for solvency purposes.

Source: ICO
2021: unaudited figures

Funding Policy for 2021

- Expected funding needs: EUR 4 - 5 Bn.
- EUR benchmark transactions
- Preference for short to medium maturities
- Promotion of the sustainability bond market: further issuance of Social and Green Bonds

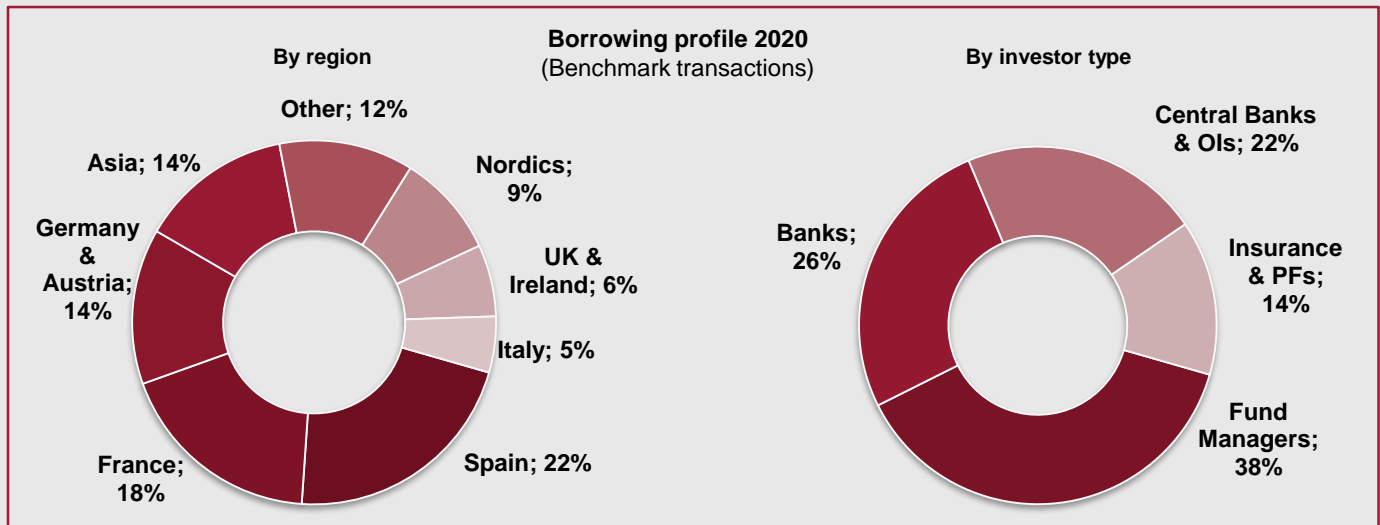
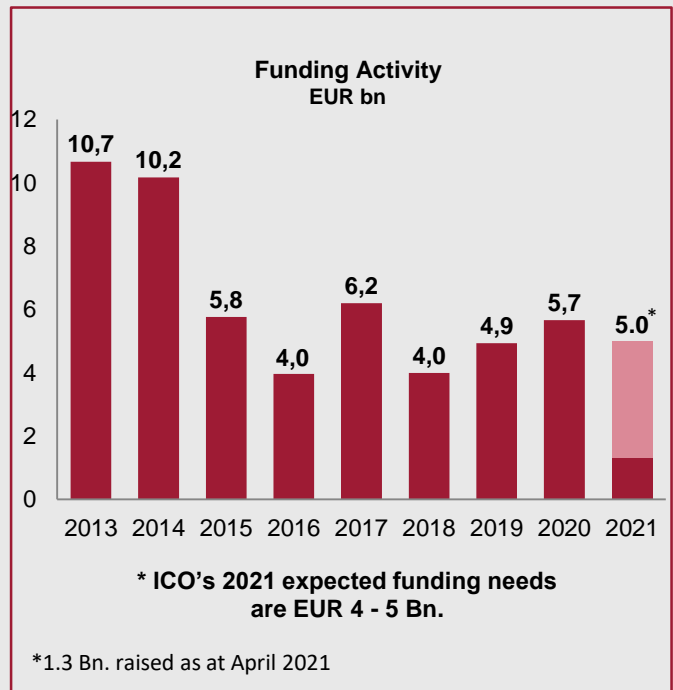
Funding activity

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

The Spanish Statistical Office made an upward revision of 2020 Gross Domestic Product (GDP) variation. GDP fell finally by 10.8% in 2020 instead of 11.0%.

In the 1st quarter of 2021, according to the first estimate, GDP fell by 0.5% qoq while yoy variation was -4.3%. Domestic demand had a negative contribution of 2.6 pp due to the negative impact of Covid19 on private consumption while public consumption maintains a positive contribution due to the official stimulus programs in place. Overall investment balance is also negative but investment in capital goods shifted to a positive variation in the 1st quarter after one year in negative. Net exports contributed by -1.6 pp in the 1st quarter compared with the same quarter of the previous year.

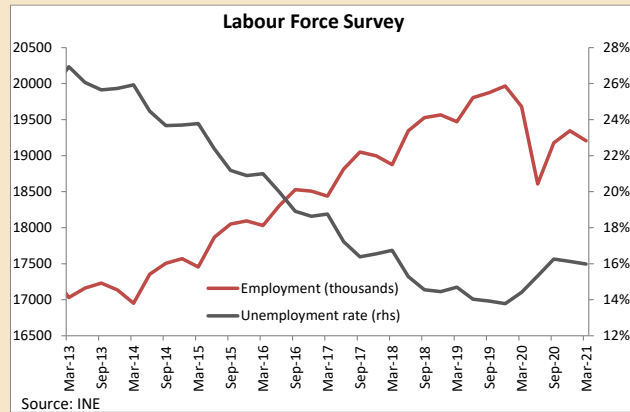
According the Labour Force Survey, unemployment rate decreased from 16.1% in the 4th quarter of 2020 to 16.0% in the 1st quarter of 2021. As it is usual in the 1st quarter, there was a job loss of 137 thousands, but as active population decreased by 203 thousands, the number of unemployed people decreased by 66 thousands and so did the unemployment rate. Short-time work schemes (so called "ERTEs") keep an important role avoiding bigger losses of employment.

Spain updated its macroeconomic scenario for 2021 and 2022 in its new Stability Programme. Spain foresees a strong rebound of the economy, that will grow by 6.5% in 2021 and by 7.0% in 2022. After the contraction of the 1st quarter, it is expected that activity will gradually resume in the 2nd and following quarters in parallel with the amelioration of the health situation.

These forecasts are strongly supported by the ensemble of investments and reforms that Spain has announced in its Recovery, Transformation and Resilience Plan. It foresees an overall envelope of 140 bn euros for the 2021-2027 period and has been prepared inside the framework of the Recovery and Resilience Facility included in the Next Generation EU (NGEU) programme. The Spanish plan focuses on the period between 2021 and 2023 and foresees investments that amount to 70 billion euros. Until 2023 Spain will implement 110 investment programs and 102 reform programs agreed with the European Commission. Both reforms and investments are aligned with the priorities defined at the EU level for NGEU. Accordingly, investments defined in the Spanish Plan focus on ecological transition (39% of the plan) and digitalization (29% of the plan).



Source: INE



MAIN FEATURES OF SPAIN FORECAST

	2021	2022	2023
GDP real (% change)	6.5	7.0	3.5
Private Consumption Expenditure	7.3	6.9	2.8
Government Consumption Expenditure	2.5	1.5	0.6
Gross Fixed Capital Formation	10.3	12.3	8.8
Exports	9.2	10.3	2.8
Imports	10.3	10.0	3.3
Domestic demand (contribution to GDP growth)	6.7	6.7	3.6
Net foreign balance (contribution to GDP growth)	-0.2	0.2	-0.1
GDP nominal (% change)	7.8	8.6	5.2
GDP deflator	1.2	1.5	1.6
LABOUR MARKET (% change)			
Total employment (full-time equivalent jobs)	4.0	2.7	1.1
Unemployment rate: % labour force	15.2	14.1	13.2

Source: Spanish Stability Programme

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>

