





# Investor Newsletter

June 2020

## Funding Policy for 2020

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

\* Subject to potential adjustments depending on the new activities that ICO may have to carry out to alleviate the economic effects of Covid-19 pandemic

## Funding activity

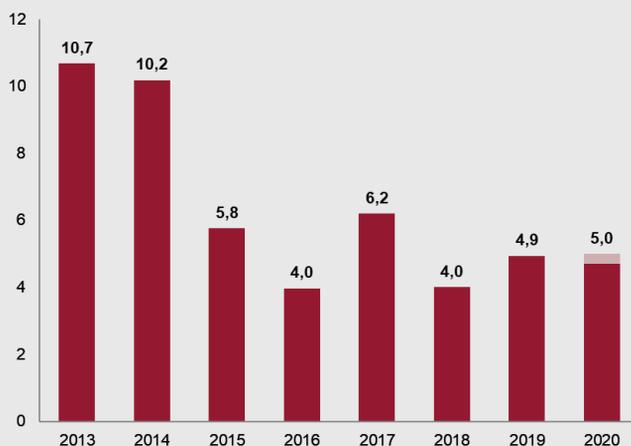
ICO enjoys the **guarantee** from the Kingdom of Spain which is defined in its bylaws as:

**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
S&P	A / stable	A-1

### Funding Activity (EUR bn.) 4.7 bn. raised as at 5<sup>th</sup> June 2020



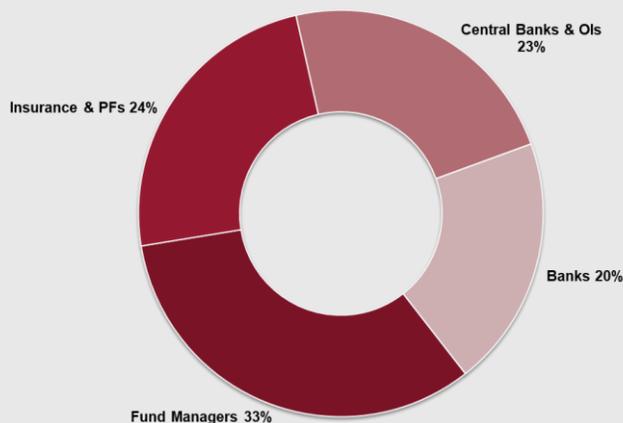
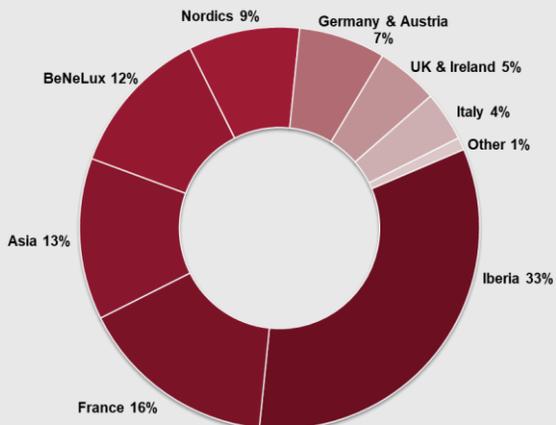
**ICO's 2020 expected funding needs are around EUR 5 bn.\***

\*subject to potential adjustments depending on the new activities that ICO may have to carry out to alleviate the economic effects of Covid-19 pandemic

### By region

### COVID-19 Social Bond (latest benchmark transaction)

### By investor type



**Spanish Economy: latest figures and comments**

**Recent macro developments**

The COVID-19 crisis has drastically altered the outlook for the Spanish economy as well as for the rest of the European countries and for the global economy. According to the Spanish Statistical Office, in the first quarter of 2020 the Spanish GDP registered a variation of -5.2% with respect to the previous quarter. This rate was 5.6 points lower than that recorded for the fourth quarter due to the strong impact caused by the strict confinement measures put in place in Spain in response to the outbreak of the COVID-19 pandemic. The year-on-year GDP rate decreased to -4.1% from +1.8% yoy in the previous quarter, showing a severe decline of the contribution of domestic demand to -4.3 pp, while the external demand registered a positive contribution of 0.2 pp. Such an unprecedented contraction in economic activity is in line with the drop in output observed in other European economies in this period.

In terms of employment, according to the latest Labour Force Survey, unemployment rate increased to 14.41% of the active population in the 1<sup>st</sup> quarter of 2020 from 13.78% in the 4<sup>th</sup> quarter of 2019 but stood below the rate registered one year ago (14.7%).

The Government macroeconomic scenario for 2020 and 2021 in the context of the 2020 Spanish Stability Programme forecasts a GDP drop of -9.2% in 2020 followed by a strong rebound in 2021 (+6.8%) as activity gradually resumes in the second half of 2020. These estimates are consistent with the European Commission's spring 2020 forecast for Spain (-9.4% and +7.0% in 2020 and 2021, respectively).

**Spanish Government response to the crisis in line with European Commission's recommendations**

The Spanish Government has carried out various packages of measures focused on supporting companies, health and social services. In particular, the Government has approved an up to EUR 100bn guarantee line managed by ICO. In addition, the use of temporary ways of employment adjustment has been facilitated, with a view to avoid job losses and support household's income, among other measures such as the support to meet payment obligations or the approval of a guaranteed minimum income scheme. These measures go hand in hand with specific aid for SMEs and self-employed workers (deferral of tax payments, reductions of social security contributions and state guarantees).

All these policies are in line with the European Commission's recommendations in the light of its assessment of the 2020 Spanish National Reform Programme and Stability Programme. These recommendations take into account the need to tackle the pandemic, sustain the economy and support the following recovery, pursuing prudent medium-term fiscal positions and debt sustainability. Supporting employment, reinforcing unemployment protection and improving coverage and adequacy of minimum income schemes are priorities for the Commission as well as providing liquidity to small and medium-sized enterprises and the self-employed, all of which are measures currently implemented by the Spanish Government.



Source: INE

MAIN FEATURES OF SPANISH ECONOMY- Spanish Government's April 2020 projections

	2019	2020	2021
GDP real (% change)	2.0	-9.2	6.8
Private Consumption Expenditure	1.1	-8.8	4.7
Government Consumption Expenditure	2.3	2.5	1.8
Gross Fixed Capital Formation	1.8	-25.5	16.7
Exports	2.6	-27.1	11.6
Imports	1.2	-31.0	9.3
GDP nominal (% change)	3.6	-10.1	8.7
Employment (worked hours)	1.5	-9.7	5.7
Unemployment rate: % labour force	14.1	19.0	17.2
General government balance	-2.8	-10.3	-
General government gross debt	95.5	115.5	-

Contact us

Investors can find further information at: [http://www.ico.es/en/web/ico\\_en/investor-relations](http://www.ico.es/en/web/ico_en/investor-relations)  
 Please contact us via e-mail with any queries or requests you may have: [investors@ico.es](mailto:investors@ico.es)  
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