

ICO improves the conditions of the 2019 ICO facilities for companies, SMEs and the self-employed

ICO's facilities finance the activities of the self-employed, SMEs, companies and entrepreneurs both in Spain (ICO Companies and Entrepreneurs Facility and ICO Commercial Credit Facility) and abroad (ICO International Facility, ICO Exporters Facility and ICO International Channel Facility).

Conditions have been improved to be more efficiently adapted to the financing needs of companies:

- The 2019 ICO facilities now finance business activities - both investment and liquidity - over any term between 1 and 20 years
- The customer's grace periods are extended for transactions formalised for a term greater than 10 years, offering the option of a three-year grace period on the capital. This allows companies to better adapt financing terms to their business and expansion plans
- Measures have been implemented to simplify the processing, procedures and management of transactions
- With regard to the control and verification processes of ICO facilities, improvements have been introduced and models have been aligned with European counterparts have been developed
- Specialised facilities have been maintained, including the ICO SGR/SAECA Guarantee Facility, which complete the product range

ICO, EIB and EIF sign an agreement with Grupo Cajamar to provide over EUR 1bn to SMEs and the self-employed, through a cash securitisation

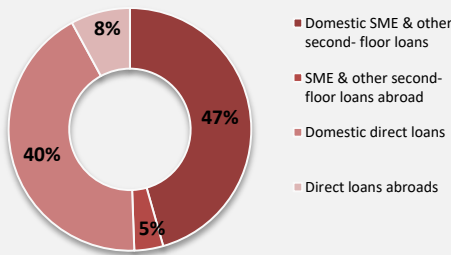
The EIB Group (formed by the EIB and EIF) are providing a EUR 610m guarantee for an SME securitisation. ICO is purchasing bonds totalling EUR 283m. Part of the EIB guarantee is supported by the Investment Plan for Europe. Some 15 000 companies with a total of over 100 000 employees will be able to benefit from financing on favourable terms under this agreement.

ICO, the EIB Group and BCC-Grupo Cajamar are joining forces to ensure that SMEs working in rural areas and agri-food companies can access the credit they need to invest. With this goal in mind, the European Investment Fund (EIF) has provided a guarantee for a Cajamar securitisation (IM BCC Capital 1 Fondo de Titulización) for EUR 610m, EUR 325m of which will be backed by the European Investment Bank (EIB), part of which will be supported by the Investment Plan for Europe. ICO is contributing to this operation by purchasing EUR 283m of senior bonds. With this securitisation, leader of the Spanish cooperative banking sector Grupo Cooperativo Cajamar will provide over EUR 1bn for the new investment projects of agri-food sector companies, SMEs and the self-employed operating in rural areas.

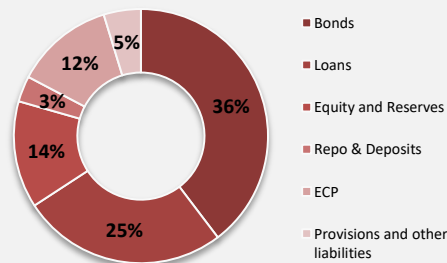


ICO in figures

Loan Portfolio as at 31/12/2018



Liabilities breakdown as at 31/12/2018



	2014	2015	2016	2017	2018
Total assets (Mill. EUR)	83,999	62,173	48,851	42,186	36,237
Equity & reserves¹ (Mill. EUR)	4,934	5,302	5,222	5,295	5,262
Pre-tax profit (Mill. EUR)	104.70	59.47	448.10	145.99	112.91
Net interest income (Mill. EUR)	578.87	99.13	25.59	-69.11	-96.53
Gross revenue (Mill. EUR)	550.93	85.96	-68.80	15.92	55.23
Profitability ROA (%)	0.11%	0.08%	0.81%	0.32%	0.28%
Tier I Ratio (%)	23.85%	32.84%	29.44%	32.86%	40.54%
Non-Performing Loans					
Direct Loans (%)	7.00%	8.79%	10.48%	9.00%	6.31%
Total loans (%) incl. second floor loans	2.78%	3.74%	4.84%	4.15%	3.19%
Provision coverage ratio (%)	141%	134%	114%	121%	154%
Efficiency					
Ordinary Expenditure/ATA (%)	0.04%	0.05%	0.07%	0.09%	0.10%

(1) Eligible capital for solvency purposes.

Source: ICO
2018 unaudited figures

Funding Policy for 2019: bullet points

- Programme volume: around € 4.5 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

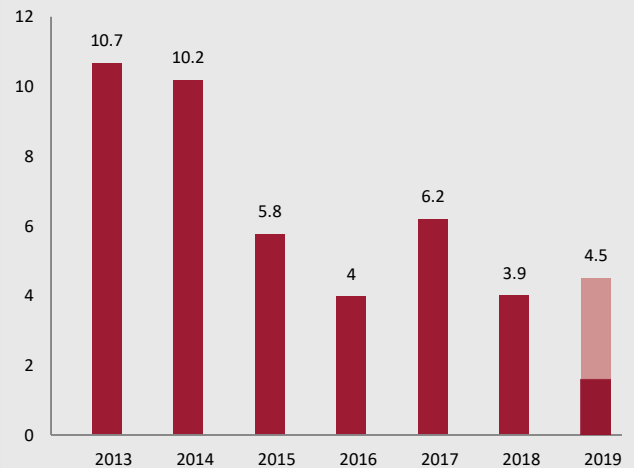
Agency	LT Rating	ST Rating
DBRS	A / stable	R-1 (low)
Fitch Ratings	A- / stable	F1
Moody's	Baa1 / stable	P-2

Rating actions in 2019:

- 17th January: Fitch Ratings affirms ICO at A- Outlook Stable
- 27th March: DBRS confirms ICO's Long-Term Ratings at A, Stable Trend

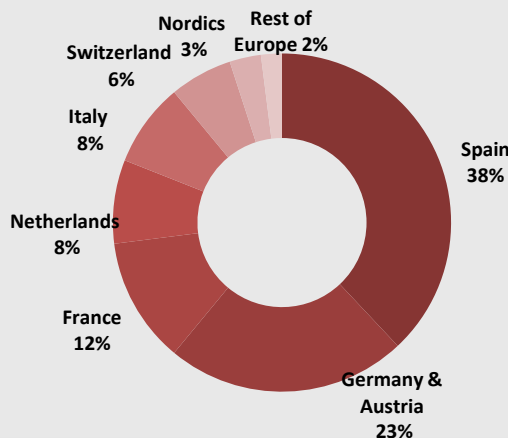
Funding Activity

1.48 bn. issued as at March 2019



ICO's 2019 funding programme will be around € 4.5 bn.

By region

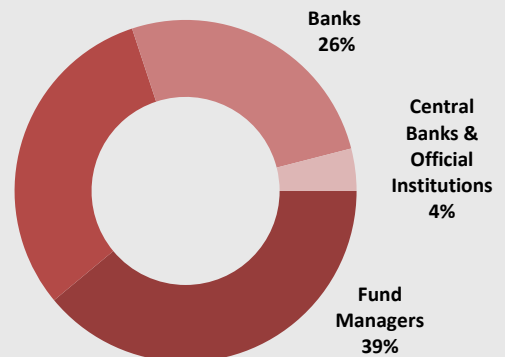


Borrowing profile

EUR 500m 0.75% due Oct 2023
(latest benchmark)

Insurance & Pension Funds 31%

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 0.7% qoq in the 4th quarter of 2018, which means a slight acceleration from the growth rate closely below 0.6% of the first three quarters of 2018. On an annual basis, the economy grew by 2.4% in the 4th quarter, same as in the 3rd quarter but keeping the slowly decelerating growth rate pace. Annual average growth was 2.5% in 2018, slowing from 3.0% in 2017 and 3.2% in 2016.

Growth continued to be fostered in the last quarter of 2018 by the domestic demand, although it reduced marginally its positive contribution from 2.8% yoy in the 3rd quarter to 2.7% yoy in the 4th quarter. On the contrary, external demand improved its performance from -0.4% to -0.3% in the 4th quarter.

Inside the domestic demand, internal consumption slightly accelerated its growth rate (from 2.1% to 2.3%), mainly fueled by a rise of public consumption but also due to an increase in private consumption. By contrast, private investment, although it continued to raise well above the average growth, slightly decelerated its expansion in the last quarter (from 5.5% to 4.6%). Investment growth remains balanced between construction and machinery.

Spanish growth continued to be well above the Euro Area average as the latter's expansion was 0.2% qoq in the 4th quarter (0.1% in the 3rd) and 1.1% yoy (1.6% in the 3rd). In 2018 average growth in the EA was 1.8% (2.4% in 2017).

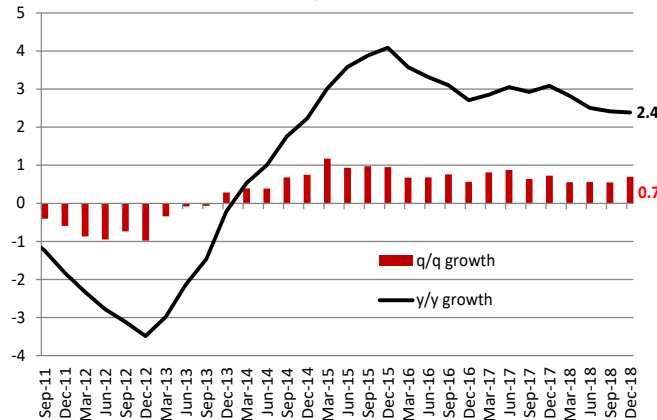
New macroeconomic scenario of the Spanish Government

Spanish Government presented in January 2019 a new macro scenario for 2019. This new forecast remains in line with the previous ones as it foresees that GDP growth will keep its slowly decelerating pace in 2019: it will grow by 2.2%, with a downward revision from the previous 2.3%. As seen for 2018, GDP growth will remain based on the domestic demand in 2019, although it will reduce its positive contribution (from 2.9 p.p. to 2.2 p.p.). Within domestic demand, both consumption and investment will decelerate its growth rate but investment will continue growing above the global average. Foreign balance will improve its performance in 2019 but will have a marginal negative contribution to global GDP.

In relation with the labour market, according to the INE labour market survey, employment grew by 3.0% yoy in the 4th quarter of 2018 (2.5% in the 3rd); annual growth of employment (in full-time equivalent jobs) was 2.5% in 2018. Accordingly, unemployment rate was 14.4% in the 4th quarter of 2018 (14.6 in the 3rd) and 15.3% in average in 2018.

In accordance with the whole economy, in 2019 the Spanish economy will continue to create employment and thus reducing its unemployment rate although at a slower pace.

Spain: Real GDP
(% growth)



Source: INE

MAIN FEATURES OF SPAIN FORECAST

	2017	2018	2019
GDP real (% change)	3.0	2.5	2.2
Private Consumption Expenditure	2.5	2.4	1.7
Government Consumption Expenditure	1.9	2.3	1.4
Gross Fixed Capital Formation	4.8	5.2	4.4
Exports	5.2	2.2	2.8
Imports	5.6	3.6	3.1
Domestic demand (contribution to GDP growth)	2.9	2.9	2.2
Net foreign balance (contribution to GDP growth)	0.1	-0.4	-0.1
PRICES (% change)			
GDP deflator	1.2	1.0	1.7
LABOUR MARKET (% change)			
Total employment (full-time equivalent jobs)	2.9	2.5	1.8
Unemployment rate: % labour force	17.2	15.3	14.0
EXTERNAL SECTOR (% GDP)			
Net lending (+) / net borrowing (-) with the Rest of the World	2.2	1.0	1.2

Source: Ministry of Economy and Business

Contact us

Investors can find further information at: 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

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