



## Funding Policy for 2019

- 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 :

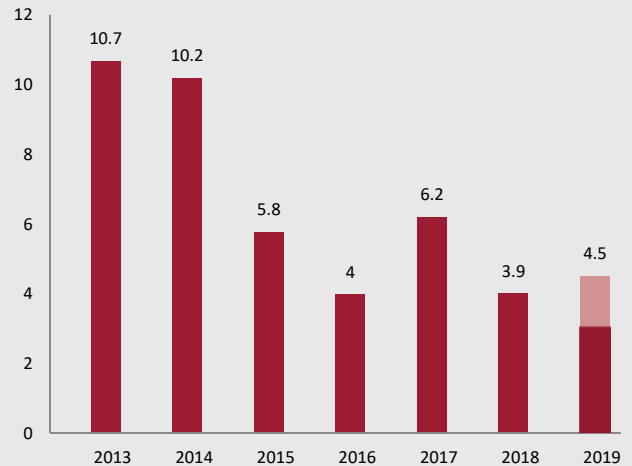
- Explicit
- Irrevocable
- Unconditional
- Direct

### 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

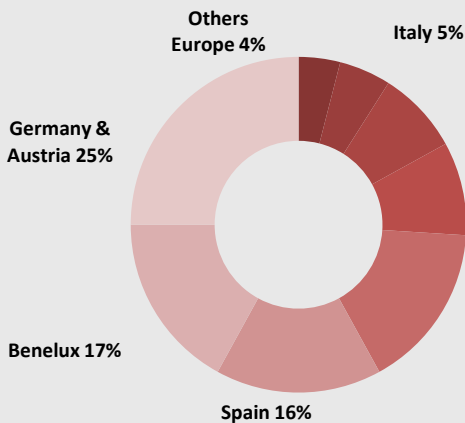
### Funding Activity

3.4 bn. issued as at June 2019



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

### By region

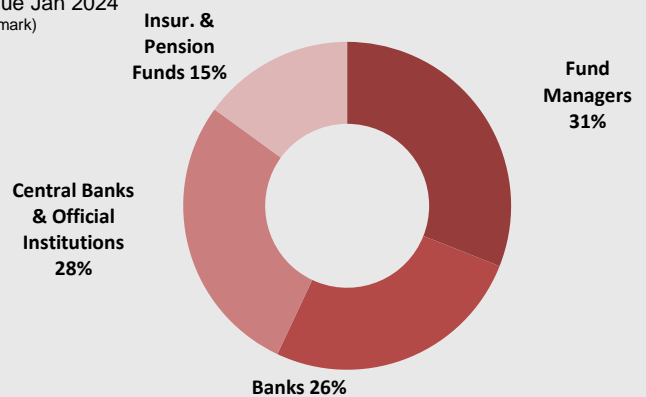


### Borrowing profile

#### Green Bond

EUR 500m 0.2% due Jan 2024  
(latest benchmark)

### 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 1st quarter of 2019**, a light acceleration from the growth rates of the last year (0.6% in the first, second and fourth quarter and 0.5% in the third quarter). **As compared with the same quarter of the previous year, growth was 2.4%**, one tenth more than in the 4th quarter of 2018. Therefore, the Spanish economy kept a robust growth rate pace at the beginning of the year which it is still well above the Euro Area average (0.4% qoq and 1.2% yoy in the 1st quarter of 2019).

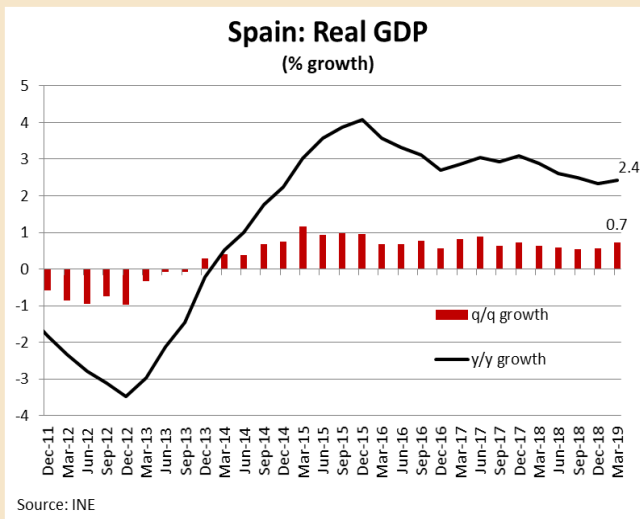
**Domestic demand**, supported by favourable financial conditions and solid employment growth, **remained as the main driver of growth**, but slightly moderated its contribution from 2.5 percentage points (pp) in the 4th quarter to 2.2 pp in the 1st quarter of 2019. This deceleration was mainly explained by a **slight slowdown in private consumption** (from 2.0% yoy in Q4-18 to 1.4%), while **private investment increased its growth rate** in the 1st quarter of the current year (from 4.4% yoy to 4.7%), **particularly equipment investment** (from 2.8% yoy to 6.7% in Q1-19). Furthermore, **external demand** changed its contribution from negative to positive (-0.2 pp in the 4th quarter to +0.2 pp at the start of the year).

**Unemployment rate was 14.70% of active population in Q1-19**, 2.05 p.p. less than one year earlier, according to the Labour Force Survey. In the month of **May, the fall in registered unemployment was 172,639 people (-5.3% yoy)** versus a year earlier, while **employment increased by 526,000 people and 3% yoy**, reaching the highest level of employment since May 2008.

On 5 June 2019, **the Commission recommended that the Excessive Deficit Procedure (EDP) be abrogated for Spain**. After reaching 3.1% of GDP in 2017, the general government deficit was reduced to 2.5% of GDP in 2018. The Commission 2019 spring forecast projects a deficit of 2.3% of GDP in 2019 and 2.0% of GDP in 2020, thus remaining below the 3% Treaty reference value over the forecast horizon.

**Bank of Spain's macroeconomic projections for the Spanish economy**

Bank of Spain's forecasts published in June pointed to a **prolongation of the current dynamism of the Spanish economy in the short and medium term**. However, GDP growth is projected to follow a path of gradual slowdown over the projection horizon: having grown by 2.6% in 2018, GDP growth is expected to edge down to **2.4% in 2019, 1.9% in 2020 and 1.7% in 2021**. Nevertheless, compared with the March-19 projections, **GDP growth in 2019 as a whole has been revised upwards by 0.2 pp**, in line with the latest activity data, which show that in the first half of the year activity was stronger than anticipated three months ago.



Source: INE

**MAIN FEATURES OF SPANISH ECONOMY- Bank of Spain's June 2019 projections**

	2018	2019	2020
<b>GDP real (% change)</b>	2.6	2.4	1.9
Private Consumption Expenditure	2.3	1.8	1.7
Government Consumption Expenditure	2.1	1.7	1.3
Gross Fixed Capital Formation	5.3	4.1	3.9
Exports	2.3	1.6	3.2
Imports	3.5	1.4	3.8
Domestic demand (contribution to GDP growth)	2.9	2.3	2.1
Net foreign balance (contribution to GDP growth)	-0.3	0.1	-0.2
<b>PRICES (% change)</b>			
GDP deflator	1.0	0.9	1.7
<b>LABOUR MARKET (% change)</b>			
Total employment (full-time equivalent jobs)	2.5	2.0	1.6
Unemployment rate: % labour force	15.3	13.9	13.0
<b>EXTERNAL SECTOR (% GDP)</b>			
Net lending (+) /net borrowing (-) with the Rest of the World	1.5	1.0	0.9

Source: Bank of Spain and INE

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)  
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