SUPPORTING INVESTMENT:
ICO ROLE

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ICO, in its countercyclical approach, has contributed to ordered deleveraging of Spanish corporate sector

**ICO lending vs economic activity**

**Total financing of non-financial corporations**

% of GDP

- External loans
- Securities other than shares
- Domestic loans

Source: ICO & INE

Source: BDE

Mar-10

Mar-17

ICO new business (€ bn) lhs

GDP growth (real %) rhs
In this new context, ICO fosters private capital and alternative financing

- Private equity sector was underdeveloped in Spain. ICO initiatives, through AXIS, improve private capital environment in several ways:
  - **Catalyzer effect**: attracting new investors. Crowding in.
  - **Better practices** in private fund managers
  - **Improvements** in invested companies: Governance, productivity, size, innovation, internationalization...

- **Paneuropean** approach in the context of Juncker Plan:
  - Fond ICO Global (EIB-ICO): SMEs and mid-caps (250 M€)
  - Fond ICO Infraestructuras (EIB-ICO): Infrastructures (50 M€)

**Fond-ICO Global, successful story**

- Spanish largest public “Fund of Funds” endowed nowadays with up to €1.5 billion with the aim of promoting the creation of venture capital funds managed by private managers covering the investment in Spanish companies within all their development stages.
- The Fund of Funds will be the catalyst for the creation of about 40 new private venture capital funds, mobilising a total approximate of €5 billion (x4 times)
ICO continues promoting bank lending to SME

- Traditional on-lending facilities: Wide experience (since 1993) financing company projects in collaboration with commercial banks.

- New products: Adapted to circumstances of economy, companies and financial sector.
  - Support to financial institutions to **better capital management**, which allows to release risk and increase new activity: Securitization, guarantees and risk-sharing products.

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**ENSI - EIF and NPIs’ Securitisation Initiative**

- The objective of this joint cooperation in SME Securitisation transactions is to stimulate the availability of finance to SMEs in Europe by revitalizing the SME Securitisation market while catalysing resources from the private sector. This reflects the spirit of the European Fund for Strategic Investments (EFSI) aiming to achieve a much wider outreach in support of SMEs.
- The ENSI partner institutions are EIF, BPI, BBB, CDP, KfW, IFD, ICO and MT (Malta Development Bank Working Group).
ICO boosts capital investments and infrastructure financing by private and public sectors

- So far in the Junker Plan:

| Juncker Investment Platforms - Approvals (mill €) |
|---------------------------------|--------|--------|----------------|
| Project                         | EFSI Amount | Total  | Sector           |
| Fond-ICO Risk Sharing loan      | 125     | 1,500  | Private capital  |
| FOND-ICO infrastructure Risk Sharing Loan | 25     | 250    | Infrast. & energy|
| Plataforma Puertos del Estado   | 105     | 1,200  | Infrast.          |
| D4R7 Slovakia PPP               | 500     | 1,332  | Infrast.          |
| COSME risk sharing              | 34      | 1,500  | Private sector CAPEX |

- Going forward: water treatment, roads, energy efficiency platforms providing innovative financial instruments:
  - From equity to senior debt, including subordinated tranches
  - Providing longer tenors
  - Wider range of currencies
ICO promotes internationalization of Spanish companies in all of its activities

- ICO has **focused on financing internationalization activities** of Spanish-interest companies (35% of activity in the last two years)
- Integral support to **internationalization** will be one of the strategical goals in the medium term, exploring new products such as:
  - **International channel**: Engagement not only with domestic banks but foreign banks through new lending collaboration schemes
  - **Multi-currency** instruments for investment in SME & corporate

**Conclusions**

- ICO, as a National Promotional Bank, has adapted its activity to the needs of Spanish economy and enterprises.
- In the current context, pan-European cooperation and between national and international institutions is the best way to achieve NPBs goals.
- At the same time, collaboration with commercial banks is crucial.
- Juncker Plan and its derivatives is the best example of successful initiatives from European institutions.
- ICO stands ready to support capital investment and infrastructures both in the private and public sectors.