INVESTOR PRESENTATION
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I. MACRO OUTLOOK 2019 AND FORECAST 2020
Economic growth

The Comunidad de Madrid’s economy is still growing vigorously, extending its dynamism for a period that already reaches four and a half years. Its GDP growth rate is above 2.5% during this period.

Madrid generates 19.2% of national GDP with 14.1% of the population

<table>
<thead>
<tr>
<th></th>
<th>POPULATION</th>
<th>% Total</th>
<th>GDP</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. MADRID</td>
<td>6.587</td>
<td>14.10%</td>
<td>230.794.788</td>
<td>19.20%</td>
</tr>
<tr>
<td>SPAIN</td>
<td>46.729</td>
<td>100%</td>
<td>1.202.193.000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: AIREF
In 2018, the Comunidad de Madrid grew at the greatest rate in comparison with other regions (+3.1%).

**Real GDP by CC.AA. (%) in 2018**

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madrid</td>
<td>3.1</td>
</tr>
<tr>
<td>Aragon</td>
<td>3.0</td>
</tr>
<tr>
<td>Cantabria</td>
<td>2.8</td>
</tr>
<tr>
<td>Navarra</td>
<td>2.6</td>
</tr>
<tr>
<td>Basque Country</td>
<td>2.5</td>
</tr>
<tr>
<td>Balearic</td>
<td>2.4</td>
</tr>
<tr>
<td>Canary Islands</td>
<td>2.4</td>
</tr>
<tr>
<td>Andalucia</td>
<td>2.4</td>
</tr>
<tr>
<td>Catalonia</td>
<td>2.2</td>
</tr>
<tr>
<td>Castile and Leon</td>
<td>2.2</td>
</tr>
<tr>
<td>Asturias</td>
<td>2.0</td>
</tr>
<tr>
<td>Valencia</td>
<td>2.0</td>
</tr>
<tr>
<td>Extremadura</td>
<td>1.9</td>
</tr>
<tr>
<td>Aragon</td>
<td>1.9</td>
</tr>
<tr>
<td>Castile and Leon</td>
<td>1.5</td>
</tr>
<tr>
<td>La Rioja</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Source: INE
GDP performance

3.0% (*)

YoY 2019

(*) Source: Region of Madrid Statistics Institute 2019 forecast
GDP performance
3.0% (*)
YoY 2019

(*) Source: Region of Madrid Statistics Institute 2019 forecast
GDP growth for the Comunidad de Madrid in 2019 is expected to increase 0.6 pp above the GDP growth for Spain.

All economic sectors are expected to post positive figures during the year.

(*) Source: Region of Madrid Statistics Institute 2019 forecast
Economic sectors 2019

- Services expected to increase by 3.2% (*)
- Industry expected to increase by 0.7% (*)
- Construction expected to increase by 4.4% (*)
- Agriculture expected to increase by 1.2% (*)

(*) Source: Region of Madrid Statistics Institute 2019 forecast
Sectoral structure of the Comunidad de Madrid

Sectorial Structure of Comunidad de Madrid 2019

- Agriculture: 0.2
- Industry: 9.3
- Construction: 5.5
- Services: 85

Contribution to GDP growth in 2019

GDP growth: 3%

- Taxes: 0.2
- Services: 2.5
- Construction: 0.2
- Industry: 0.1

(*) Source: Region of Madrid Statistics Institute 2019 forecast
Comunidad de Madrid has been growing above 3% in the 2015-2018 period. In 2019 we expect Madrid to lead again the regional GDP growth.

(*) Source: Region of Madrid. 2019 as forecasted by the regional Statistics Institute.
Business and financial services, which represent about half of services production, are expected to grow by 2.8% in 2019.

Wholesale & retail trade and hotels & restaurants, which represent 28.5% of services, are expected to grow by 3.0% in 2019.
Regional demand increased by 2.4% (*)

Investment and consumption increased

Strong domestic demand

Demand and investment 2019

(*) Source: Region of Madrid Statistics Institute 2019 forecast
Regional demand in 2019

Regional demand expected to grow by 2.4% YoY in 2019, implying a contribution to the GDP growth of 2.3 p.p.

Foreign demand expected to increase by 4.6% YoY in 2019, which would imply a contribution to the GDP growth is 0.7 p.p. This figure has been consistently positive since 2011.

(*) Source: Region of Madrid Statistics Institute 2019 forecast
Business and foreign investment

Madrid leads the creation of business

65.6% of foreign investment

Source: Comunidad de Madrid
Madrid leads the creation of business in 2019

One out of five created companies in Spain is located in the Comunidad de Madrid (23.2%). In 2019, 21,791 new businesses were created in the Community of Madrid.

This new businesses’s subscribed capital is 18.7% of total.

Source: Comunidad de Madrid
Madrid attracts 61.2% of total foreign investment in Spain in 2019

During 2019, Comunidad de Madrid received €13.7 billions of foreign investment.

Source: Comunidad de Madrid
Employment

- More employment due to economic growth
- 3,268,440 affiliates
- Recovery of employment
- Employment more stable

Source: Comunidad de Madrid
Employment keeps a favourable trend so far.

Comunidad de Madrid has 3,226,991 affiliates to the Social Security. This figure is the highest since 2004. Last year, the number of affiliations increased by 17,768 (+0.6% YoY).

Comunidad de Madrid’s affiliates represented 15.8% of the Spanish total at the beginning of the economic and financial crisis of 2008. Nowadays, this figure is 17% in Q12020.

Source: Comunidad de Madrid
3,226,991 affiliates in March 2020

Between 2007 (previous year of the beginning of the last economic crisis) and 2013 (year in which the number of affiliates was lowest in the Comunidad de Madrid), 443,734 jobs were destroyed.

In March 2020, affiliations have increased by 129.9% since 2013. There are 159,514 new jobs in comparison with 2017.

Source: Comunidad de Madrid
According to EPA, unemployment has dropped for the twenty-fourth consecutive quarter

Unemployment rate is reducing and is already the lowest since Q32008.

Unemployment dropped by 43,900 people in 4Q2019 in comparison with the previous quarter (-11.1% YoY).

Comunidad de Madrid’s unemployment rate was 10.0% in 4Q2019. This figure is the sixth lowest among the Spanish regions and 3.8 points below the national average.

Source: INE
Fiscal conditions

- Madrid Financing System
- Tax Comparison

Source: Comunidad de Madrid
Comunidad de Madrid financing system

Comunidad de Madrid Budget increased by 7.5% YoY in 2019, due to yoy growth of the main tax shared with the government tax, the PIT.

<table>
<thead>
<tr>
<th>Billions €</th>
<th>2018</th>
<th>2019</th>
<th>% 19/18</th>
<th>% Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>State managed taxes</td>
<td>19.64</td>
<td>20.31</td>
<td>3.4%</td>
<td>102.7%</td>
</tr>
<tr>
<td>PIT</td>
<td>10.73</td>
<td>11.57</td>
<td>7.8%</td>
<td>58.5%</td>
</tr>
<tr>
<td>VAT</td>
<td>6.96</td>
<td>6.69</td>
<td>-3.9%</td>
<td>33.8%</td>
</tr>
<tr>
<td>Excise duties</td>
<td>1.59</td>
<td>1.71</td>
<td>7.6%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Excise duties: transport</td>
<td>0.12</td>
<td>0.17</td>
<td>37.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Bank deposits tax</td>
<td>0.13</td>
<td>0.13</td>
<td>0.0%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Business Tax (Local tax on businesses locations)</td>
<td>0.03</td>
<td>0.03</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Gambling taxes</td>
<td>0.02</td>
<td>0.02</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Environmental tax (regional tax)</td>
<td>0.06</td>
<td>0.01</td>
<td>-91.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Community of Madrid managed taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wealth Transfer Tax</td>
<td>1.06</td>
<td>1.30</td>
<td>22.2%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Stamp Duty</td>
<td>0.41</td>
<td>0.43</td>
<td>4.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Inheritance and Gift tax</td>
<td>0.45</td>
<td>0.42</td>
<td>-6.7%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Madrid’s tax on gambling</td>
<td>0.17</td>
<td>0.16</td>
<td>-1.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Tariffs</td>
<td>0.09</td>
<td>0.09</td>
<td>4.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Waste Collection Fees</td>
<td>0.00</td>
<td>0.00</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Current Transfer</td>
<td>-</td>
<td>4.07</td>
<td>7.6%</td>
<td>-19.0%</td>
</tr>
<tr>
<td>Rest of non-financial income</td>
<td>0.65</td>
<td>0.83</td>
<td>26.4%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Total of non-financial income</td>
<td>18.40</td>
<td>19.78</td>
<td>7.5%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Comunidad de Madrid (Budget of the Community)
The Comunidad de Madrid has fiscal advantages on some taxes where the región by law does have taxation power, in order to increase deductions –up to 100% such as Wealth Tax- or reduce the tax rate –as is the case of Property Transfuer Tax and Stamp Duty-.

It has to be considered that tax rates and deductions which are shown in the following table are generally applied. Nonetheless, tax regulation sets other deductions with more residual application.

<table>
<thead>
<tr>
<th></th>
<th>Comunidad de Madrid</th>
<th>Cataluña</th>
<th>Andalucía</th>
<th>Castilla y León</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PIT</strong></td>
<td>Tax rate</td>
<td>18.5-43.5%</td>
<td>21.5-48%</td>
<td>19.5-48%</td>
</tr>
<tr>
<td>Only taxed over</td>
<td>700,000 €</td>
<td>500,000 €</td>
<td>700,000 €</td>
<td>700,000 €</td>
</tr>
<tr>
<td>Tax rate</td>
<td>Discount of 100%</td>
<td>0.21-2.75%</td>
<td>0.24-3.03%</td>
<td>0.2-2.5%</td>
</tr>
<tr>
<td><strong>Wealth tax</strong></td>
<td>Tax rate</td>
<td>7.65-34%</td>
<td>7-32%</td>
<td>7.65-36.50%</td>
</tr>
<tr>
<td>Only taxed over</td>
<td>700,000 €</td>
<td>500,000 €</td>
<td>700,000 €</td>
<td>700,000 €</td>
</tr>
<tr>
<td>Tax rate</td>
<td>Discount of 100%</td>
<td>0.21-2.75%</td>
<td>0.24-3.03%</td>
<td>0.2-2.5%</td>
</tr>
<tr>
<td><strong>Inheritance tax</strong></td>
<td>Tax rate</td>
<td>7.65-34%</td>
<td>7.65-34%</td>
<td>7.65-36.50%</td>
</tr>
<tr>
<td>Inheritance</td>
<td>Groups I y II: 99%;</td>
<td>7.65-34%</td>
<td>Groups I y II: 99%</td>
<td>7.65-36.50%</td>
</tr>
<tr>
<td>Bonus</td>
<td>Group III: 10-15%</td>
<td></td>
<td>Groups I y II: 99%</td>
<td></td>
</tr>
<tr>
<td><strong>Gift tax</strong></td>
<td>Tax rate</td>
<td>7.65-34%</td>
<td>7.65-34%</td>
<td>7.65-36.50%</td>
</tr>
<tr>
<td>Gift</td>
<td>Bonuses</td>
<td></td>
<td>7.65-36.50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Groups I y II: 99%;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wealth Transfer Tax and</td>
<td>WTT</td>
<td>6%</td>
<td>10-11%</td>
<td>8-9-10%</td>
</tr>
<tr>
<td>Stamp Duty</td>
<td>SD</td>
<td>0,75%</td>
<td>1,50%</td>
<td>1,50%</td>
</tr>
</tbody>
</table>

*Maximum deductible amount

Source: Comunidad de Madrid.
Current growth in 2019 exceeded the forecast

Forecast for 2020

Growth forecast

Source: Comunidad de Madrid
Current growth in 2019 exceeded the forecast

Economic growth and employment registered better figures than the forecasts.

Source: Comunidad de Madrid
Forecasts

According to the new forecasts in April, the GDP growth for Spain and Comunidad de Madrid is:

- (1): 50 days confinement
- (2): more than 65 days confinement
Competitive advantages

Sectoral structure

Better historical performance

Source: Comunidad de Madrid
## Sector Weights breakdown of Spanish regions

<table>
<thead>
<tr>
<th>CCAA</th>
<th>Farming</th>
<th>Industry</th>
<th>Construction</th>
<th>Wholesale &amp; Retail commerce, vehicle repairs, hospitality, transport, storage.</th>
<th>Information &amp; Communication activities</th>
<th>Finance &amp; Insurance activities</th>
<th>Real Estate activities</th>
<th>Technical &amp; Scientific activities and auxiliary services</th>
<th>Public Administration, Defense, Social Security, Education, Healthcare and Social Services</th>
<th>Art, Culture and Entertainment, activities.</th>
<th>Total Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andalucía</td>
<td>8%</td>
<td>12%</td>
<td>7%</td>
<td>23%</td>
<td>2%</td>
<td>4%</td>
<td>13%</td>
<td>6%</td>
<td>22%</td>
<td>5%</td>
<td>74%</td>
</tr>
<tr>
<td>Aragón</td>
<td>7%</td>
<td>21%</td>
<td>6%</td>
<td>21%</td>
<td>2%</td>
<td>4%</td>
<td>11%</td>
<td>6%</td>
<td>19%</td>
<td>4%</td>
<td>66%</td>
</tr>
<tr>
<td>Asturias, Principado de</td>
<td>1%</td>
<td>20%</td>
<td>7%</td>
<td>22%</td>
<td>2%</td>
<td>4%</td>
<td>13%</td>
<td>7%</td>
<td>19%</td>
<td>5%</td>
<td>72%</td>
</tr>
<tr>
<td>Balears, Illes</td>
<td>1%</td>
<td>6%</td>
<td>8%</td>
<td>37%</td>
<td>2%</td>
<td>3%</td>
<td>15%</td>
<td>9%</td>
<td>15%</td>
<td>5%</td>
<td>86%</td>
</tr>
<tr>
<td>Canarias</td>
<td>2%</td>
<td>6%</td>
<td>6%</td>
<td>35%</td>
<td>2%</td>
<td>3%</td>
<td>13%</td>
<td>8%</td>
<td>20%</td>
<td>6%</td>
<td>86%</td>
</tr>
<tr>
<td>Cantabria</td>
<td>2%</td>
<td>22%</td>
<td>7%</td>
<td>21%</td>
<td>2%</td>
<td>3%</td>
<td>14%</td>
<td>6%</td>
<td>19%</td>
<td>5%</td>
<td>70%</td>
</tr>
<tr>
<td>Castilla y León</td>
<td>4%</td>
<td>20%</td>
<td>7%</td>
<td>20%</td>
<td>2%</td>
<td>4%</td>
<td>11%</td>
<td>6%</td>
<td>22%</td>
<td>4%</td>
<td>70%</td>
</tr>
<tr>
<td>Castilla - La Mancha</td>
<td>10%</td>
<td>19%</td>
<td>7%</td>
<td>19%</td>
<td>1%</td>
<td>3%</td>
<td>11%</td>
<td>4%</td>
<td>21%</td>
<td>5%</td>
<td>64%</td>
</tr>
<tr>
<td>Cataluña</td>
<td>1%</td>
<td>19%</td>
<td>5%</td>
<td>25%</td>
<td>3%</td>
<td>4%</td>
<td>12%</td>
<td>10%</td>
<td>15%</td>
<td>5%</td>
<td>74%</td>
</tr>
<tr>
<td>Comunitat Valenciana</td>
<td>2%</td>
<td>19%</td>
<td>7%</td>
<td>25%</td>
<td>2%</td>
<td>4%</td>
<td>13%</td>
<td>7%</td>
<td>17%</td>
<td>5%</td>
<td>72%</td>
</tr>
<tr>
<td>Extremadura</td>
<td>10%</td>
<td>13%</td>
<td>7%</td>
<td>19%</td>
<td>1%</td>
<td>4%</td>
<td>11%</td>
<td>5%</td>
<td>26%</td>
<td>4%</td>
<td>70%</td>
</tr>
<tr>
<td>Galicia</td>
<td>5%</td>
<td>18%</td>
<td>7%</td>
<td>23%</td>
<td>2%</td>
<td>3%</td>
<td>10%</td>
<td>7%</td>
<td>19%</td>
<td>4%</td>
<td>69%</td>
</tr>
<tr>
<td>Madrid, Comunidad de</td>
<td>0%</td>
<td>10%</td>
<td>5%</td>
<td>24%</td>
<td>10%</td>
<td>6%</td>
<td>10%</td>
<td>15%</td>
<td>15%</td>
<td>5%</td>
<td>85%</td>
</tr>
<tr>
<td>Murcia, Región de</td>
<td>6%</td>
<td>18%</td>
<td>6%</td>
<td>24%</td>
<td>1%</td>
<td>3%</td>
<td>10%</td>
<td>6%</td>
<td>20%</td>
<td>4%</td>
<td>69%</td>
</tr>
<tr>
<td>Navarra</td>
<td>4%</td>
<td>30%</td>
<td>6%</td>
<td>19%</td>
<td>2%</td>
<td>3%</td>
<td>9%</td>
<td>7%</td>
<td>16%</td>
<td>4%</td>
<td>60%</td>
</tr>
<tr>
<td>País Vasco</td>
<td>1%</td>
<td>24%</td>
<td>7%</td>
<td>21%</td>
<td>3%</td>
<td>3%</td>
<td>11%</td>
<td>8%</td>
<td>17%</td>
<td>5%</td>
<td>68%</td>
</tr>
<tr>
<td>Rioja, La</td>
<td>7%</td>
<td>26%</td>
<td>6%</td>
<td>19%</td>
<td>2%</td>
<td>4%</td>
<td>10%</td>
<td>5%</td>
<td>17%</td>
<td>4%</td>
<td>61%</td>
</tr>
<tr>
<td>Ceuta</td>
<td>0%</td>
<td>5%</td>
<td>5%</td>
<td>21%</td>
<td>1%</td>
<td>2%</td>
<td>10%</td>
<td>4%</td>
<td>47%</td>
<td>4%</td>
<td>89%</td>
</tr>
<tr>
<td>Melilla</td>
<td>0%</td>
<td>4%</td>
<td>6%</td>
<td>19%</td>
<td>1%</td>
<td>2%</td>
<td>11%</td>
<td>5%</td>
<td>47%</td>
<td>4%</td>
<td>90%</td>
</tr>
<tr>
<td>TOTAL NACIONAL</td>
<td>3%</td>
<td>16%</td>
<td>6%</td>
<td>24%</td>
<td>4%</td>
<td>4%</td>
<td>12%</td>
<td>9%</td>
<td>18%</td>
<td>5%</td>
<td>75%</td>
</tr>
</tbody>
</table>

*Source: INE*
Higher exposure than the average to the **service sector** (85%)
- Even though the manufacturing sector might be the first one to recover from a de-escalation of the emergency state, in the medium term the COVID 19 crisis might trigger again geopolitical tensions and trade-wars which have less impact on the service sector.

Less weight than average in **construction**; a very labor intensive sector and very sensitive in terms of unemployment rates in recessions and stress scenarios.

Leader among other regions in activities that might actually have a ‘V-shaped’ recovery; **information, communications, finance, IT, scientific activities**, etc.
Madrid Vs Spain

<table>
<thead>
<tr>
<th>Year</th>
<th>Var. GDP C.Madrid</th>
<th>Var. GDP España</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>4,4%</td>
<td>3,9%</td>
<td>1,12</td>
</tr>
<tr>
<td>2001</td>
<td>2,5%</td>
<td>2,7%</td>
<td>0,92</td>
</tr>
<tr>
<td>2002</td>
<td>3,1%</td>
<td>3,0%</td>
<td>1,03</td>
</tr>
<tr>
<td>2003</td>
<td>3,6%</td>
<td>3,1%</td>
<td>1,17</td>
</tr>
<tr>
<td>2004</td>
<td>4,5%</td>
<td>3,7%</td>
<td>1,22</td>
</tr>
<tr>
<td>2005</td>
<td>4,8%</td>
<td>4,1%</td>
<td>1,17</td>
</tr>
<tr>
<td>2006</td>
<td>3,8%</td>
<td>3,6%</td>
<td>1,06</td>
</tr>
<tr>
<td>2007</td>
<td>1,5%</td>
<td>0,9%</td>
<td>1,65</td>
</tr>
<tr>
<td>2008</td>
<td>-2,5%</td>
<td>-3,8%</td>
<td>0,65</td>
</tr>
<tr>
<td>2009</td>
<td>0,4%</td>
<td>0,2%</td>
<td>1,90</td>
</tr>
<tr>
<td>2010</td>
<td>0,7%</td>
<td>-0,8%</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>-1,7%</td>
<td>-3,0%</td>
<td>0,56</td>
</tr>
<tr>
<td>2012</td>
<td>-1,6%</td>
<td>-1,4%</td>
<td>1,14</td>
</tr>
<tr>
<td>2013</td>
<td>1,5%</td>
<td>1,4%</td>
<td>1,08</td>
</tr>
<tr>
<td>2014</td>
<td>4,0%</td>
<td>3,8%</td>
<td>1,05</td>
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<tr>
<td>2015</td>
<td>3,6%</td>
<td>3,0%</td>
<td>1,19</td>
</tr>
<tr>
<td>2016</td>
<td>3,9%</td>
<td>2,9%</td>
<td>1,33</td>
</tr>
<tr>
<td>2017</td>
<td>3,1%</td>
<td>2,4%</td>
<td>1,31</td>
</tr>
<tr>
<td>2018</td>
<td>2,6%</td>
<td>2,0%</td>
<td>1,30</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We can observe that on average Madrid outperforms Spain in terms of GDP growth; Beta >1 in positive scenarios and a Beta <1 in recessions.

Madrid’s worst year in terms of relative performance Vs Spain was in 2013 with a Beta of 1,14.

Source: INE
II. FUNDING PROFILE
The Comunidad de Madrid’s debt is included in the scope of State debt

- Article 135 of the Constitution states ...

- "Loans to meet payment on the interest and capital of the State’s Public Debt shall always be deemed to be included in budget expenditure and may not be subject to amendment or modification as long as they conform to the terms of issue.".

In terms of Organic Law

Article 14.5 of the Law on Financing of the Autonomous Communities states:

"The public debt of the autonomous communities and the securities of an equivalent nature issued by them shall be subject, to the same rules and shall enjoy the same benefits and conditions as the Public Debt of the State".

Article 14 of the Organic Law 2/2012 of 27 April on Budgetary Stability and Financial Sustainability provides:

"The payment of interest and principal on the debt of public administrations shall have absolute priority over any other expenses"

In practice, the Spanish Government has provided financial support to regions that have experienced budgetary difficulties or access to the financial market

- Since 2012 the Treasury has implemented mechanisms such as the FLA (Autonomous Liquidity Fund) and FFPP (Payment Provider Fund) to provide liquidity to the regional governments and local authorities to enable them to cope with their payment obligations (Royal Decree-Law 17/2014). Ultimately, the Government of Spain is the ultimate guarantor of debt amortization.
Gross financing needs 2020

- Refinancing of long-term debt redemptions in 2020: 2,893 MM
- Negative settlement 120 monthly payments (DA 36th, Law 2/2012, 29 June): 55 MM
- Deficit 2020: 0 MM
- Agencia Vivienda Social, (Lt) debt: 38 MM
- Refinancing 2013 Suppliers Mechanism Loan and 2015 Financial Facility Loan: 1,187 MM

GROSS INITIAL FINANCING NEEDS 2020: 4,173 MM

ADDITIONAL 2020 NEEDS (REFINANCING IVA AND EXCESS DEFICIT 2019): 297 MM

TOTAL ISSUED 2019: 2,740 MM

AMOUNTS (€ million)
Source: Comunidad de Madrid
2020 Debt Strategy

1. Initial 2020 Funding needs: EUR 4,470 bn.


3. EUR Benchmarks transactions.

4. Preference for medium and long maturities.

5. Smoothen the maturity profile towards longer term financing.

6. Commitment to liquidity (Taps).

7. Promote Sustainable Finance:
   - Capacity to issue bonds and loans.
   - Public and private deals.
   - In comply with the GBP and SBP and aligned with the SDG.
Rating and debt ratios

<table>
<thead>
<tr>
<th>Moody’s</th>
<th>S&amp;P</th>
<th>DBRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rating</td>
<td>Baa1</td>
<td>A-</td>
</tr>
<tr>
<td>Outlook</td>
<td>Stable</td>
<td>Positive</td>
</tr>
<tr>
<td>Date</td>
<td>04/30/2020</td>
<td>05/08/2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comunidad de Madrid</th>
<th>National Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt/GDP (%)</td>
<td>14.8</td>
</tr>
<tr>
<td>Debt</td>
<td>32,783</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comunidad de Madrid</th>
<th>Public Treasury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Average Cost (%)</td>
<td>2.27</td>
</tr>
</tbody>
</table>

LCR (Liquidity Coverage Requirement): NIVEL 1 EUROCLEAR.ECB
0% risk weighted.
Minimum risk applicable in accordance with European Prudential Regulations

The cost of debt under control (July 2020)
The average cost of Comunidad de Madrid is 1.94%
The average cost of debt Spanish Treasury is 1.97% *

Source: Comunidad de Madrid, INE and Bank of Spain
Considering rights and obligations
* July 2020 Treasury cost
Evolution of the 10-year curve of C. Madrid and Spain

(% and dif in bp. Market close data)

Source: Afi
The main characteristics of the debt

Distribution bonds/loans

- Bonds: 58.76%
- Loans: 41.24%

Currency distribution

- Euro: 100%

Distribution fixed/variable

- Floating: 17.83%
- Fixed: 82.17%

Loans

<table>
<thead>
<tr>
<th>Type</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public entities</td>
<td>29.77</td>
</tr>
<tr>
<td>Private entities</td>
<td>70.23</td>
</tr>
<tr>
<td><strong>Total % Loans</strong></td>
<td><strong>41.24</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro</td>
<td>100.00</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total % Bonds</strong></td>
<td><strong>58.76</strong></td>
</tr>
</tbody>
</table>

Maturity Distribution

- Long term: 99.48%
- Short term: 0.52%

A commitment to fixed-rate issuances is a strength:
- Reducing risks.
- Reducing volatility when making payments.

Source: Comunidad de Madrid. (*) SEC 2010
Update: 31/12/2019

*Public entities: European and Spanish (ICO) Financial Institutions
*Private entities, Private Banks
Funding Activity

Madrid, regular player in Capital Markets.

Source: Comunidad de Madrid
The main characteristics of the debt

Source: Comunidad de Madrid
Average cost and average life

The average maturity of debt is 7.92 years (July 2020)
The average maturity of Spanish Treasury is 7.82 years (July 2020)

Source: Comunidad de Madrid
* 31st December 2019 data
Common features of these operations:

- Extraordinary investor’s response.
- Outstanding quality of the orderbook: Demand driven by real money investors.
- High international support, very well diversified in geographical terms.

Source: Comunidad de Madrid
# 2020 Transactions

## 2020 Placements and Loans

<table>
<thead>
<tr>
<th>Operation</th>
<th>Amount € mill.</th>
<th>Settlement date</th>
<th>Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan</td>
<td>345,000,000</td>
<td>01/30/2020</td>
<td>12</td>
</tr>
<tr>
<td>Loan</td>
<td>500,00,000</td>
<td>01/30/2020</td>
<td>10</td>
</tr>
<tr>
<td>Loan</td>
<td>86,000,000</td>
<td>01/31/2020</td>
<td>10</td>
</tr>
<tr>
<td>Loan</td>
<td>25,000,000</td>
<td>02/06/2020</td>
<td>25</td>
</tr>
<tr>
<td>Loan</td>
<td>250,000,000</td>
<td>01/31/2020</td>
<td>12</td>
</tr>
<tr>
<td>Loan</td>
<td>25,000,000</td>
<td>02/04/2020</td>
<td>30</td>
</tr>
<tr>
<td>Loan</td>
<td>50,000,000</td>
<td>01/31/2020</td>
<td>13</td>
</tr>
<tr>
<td>Loan</td>
<td>10,000,000</td>
<td>02/06/2020</td>
<td>46</td>
</tr>
<tr>
<td>Loan</td>
<td>140,000,000</td>
<td>02/07/2020</td>
<td>11</td>
</tr>
<tr>
<td>Public Placement (Sustainable)</td>
<td>1,250,000,000</td>
<td>02/27/2020</td>
<td>10</td>
</tr>
<tr>
<td>Loan</td>
<td>130,000,000</td>
<td>03/12/2020</td>
<td>9</td>
</tr>
<tr>
<td>Private Placement (Sustainable)</td>
<td>265,000,000</td>
<td>04/08/2020</td>
<td>30</td>
</tr>
<tr>
<td>Loan</td>
<td>20,000,000</td>
<td>04/20/2020</td>
<td>30</td>
</tr>
<tr>
<td>Public Placement (Green)</td>
<td>700,000,000</td>
<td>05/08/2020</td>
<td>7</td>
</tr>
<tr>
<td>Loan</td>
<td>140,000,000</td>
<td>05/29/2020</td>
<td>13</td>
</tr>
<tr>
<td>Private Placement (Health Social Bond)</td>
<td>52,000,000</td>
<td>05/29/2020</td>
<td>3</td>
</tr>
<tr>
<td>Loan</td>
<td>70,000,000</td>
<td>05/19/2020</td>
<td>12</td>
</tr>
<tr>
<td>Loan</td>
<td>100,000,000</td>
<td>06/08/2020</td>
<td>3</td>
</tr>
<tr>
<td>Loan</td>
<td>465,000,000</td>
<td>06/22/2020</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,173,000,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Moderate interest rate with “Contained financial costs”.
- 10-46 years tenors executed.
- The average Funding cost for 2020 is 0.6% and the average tenor is over 11.13 years.

*Source: Comunidad de Madrid*
€1.25bn 0.419% due 30th April 2030

4º Sustainable Public Deal

TOTAL AMOUNT 1,250,000,000 €

- Lower rate in a public syndicated deal.
- High quality order book with more than €7 bn.
- 80% placed outside Spain
- 51% ESG investors

Source: Comunidad de Madrid
€700 bn 0.827% due 8\textsuperscript{th} May 2027

1\textsuperscript{o} Green Public Deal

**BY REGIONS**

- SPAIN 39%
- FRANCE 10%
- GERMANY/ AUSTRIA 11%
- BENELUX 5%
- SWITZERLAND 5%
- ITALY 10%
- NORDICS 10%
- OTHER EU 2%

**BY INVESTOR TYPE**

- BANKS 37%
- INSURANCE COMPANIES AND PENSION FUNDS 18%
- ASSIST MANAGERS 40%
- OFFICIAL INSTITUTIONS 5%

TOTAL AMOUNT 700,000,000 €

- First public syndicated green deal.
- High quality order book with more than €3.5 bn.
- 61% placed outside Spain
- 58% ESG investors

*Source: Comunidad de Madrid*
2020 Bond Profile

BOND TRANSACTIONS

BY REGIONS

- SPAIN 25.36%
- GERMANY/AUSTRIA 21.7%
- UK 8.54%
- FRANCE 10.26%
- BENELUX 7.61%
- SWITZERLAND 5.4%
- ITALY 11.36%
- NORDICS 6.4%
- OTHER EU 1.72%
- OTHER NON-EU 1.65%

BY INVESTOR TYPE

- OFFICIAL INSTITUTIONS 5.4%
- BANKS 29.62%
- INSURANCE COMPANIES AND PENSION FUNDS 27.26%
- ASSET MANAGERS 37.16%
- OTHERS 0.55%

TOTAL AMOUNT 2,267,000,000 €

Source: Comunidad de Madrid
### 2020 Issuance Notes Program

#### 2020 Promissory Note Program

<table>
<thead>
<tr>
<th>Operation</th>
<th>Amount € mill</th>
<th>Settlement Date</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promissory note</td>
<td>18,600,000</td>
<td>06/09/2020</td>
<td>03/09/2021</td>
</tr>
<tr>
<td>Promissory note</td>
<td>10,000,000</td>
<td>06/12/2020</td>
<td>03/01/2021</td>
</tr>
<tr>
<td>Promissory note</td>
<td>17,000,000</td>
<td>06/12/2020</td>
<td>04/30/2021</td>
</tr>
<tr>
<td>Promissory note</td>
<td>10,000,000</td>
<td>06/15/2020</td>
<td>09/15/2020</td>
</tr>
<tr>
<td>Promissory note</td>
<td>67,000,000</td>
<td>06/16/2020</td>
<td>12/16/2020</td>
</tr>
<tr>
<td>Promissory note</td>
<td>20,000,000</td>
<td>06/16/2020</td>
<td>12/04/2020</td>
</tr>
<tr>
<td>Promissory note</td>
<td>50,000,000</td>
<td>06/19/2020</td>
<td>12/12/2020</td>
</tr>
<tr>
<td>Promissory note</td>
<td>50,000,000</td>
<td>07/23/2020</td>
<td>12/18/2020</td>
</tr>
<tr>
<td>Promissory note</td>
<td>50,000,000</td>
<td>07/28/2020</td>
<td>12/18/2020</td>
</tr>
<tr>
<td>Promissory note</td>
<td>8,000,000</td>
<td>07/31/2020</td>
<td>12/23/2020</td>
</tr>
<tr>
<td>Promissory note</td>
<td>50,000,000</td>
<td>07/31/2020</td>
<td>11/30/2020</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>350,600,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Comunidad de Madrid has authorization for a Notes Issuance Program of up to 500 million euros over a 5 year period.
- It is an opportunity to obtain short term liquidity by taking advantage of market conditions (negative rates).
- Interest has been generated in favor of Comunidad de Madrid for the notes issued amounting to 519,635.27 euros.
- The average cost for 2020 transactions is -0.314 % and the average issue Price is 100.157%.

Source: Comunidad de Madrid
2019 Transactions

• Moderate interest rate with “Contained financial costs”.

• 5-47 years tenors executed.

• The average Funding cost for 2019 was 1.77% and the average tenor was over 15 years.

Source: Comunidad de Madrid
2019 Bond Profile

BOND TRANSACTIONS

BY REGIONS

- Spain 37%
- Germany and Austria 32%
- France 17%
- Italy 6%
- Benelux 4%
- Switzerland 2%
- USA 1%
- Other 2%

BY INVESTOR TYPE

- Banks 43.95%
- Asset managers 24.66%
- Insurance companies and pension funds 28.5%
- Official institutions 2.17%
- Others 0.72%

Total amount: 1,730,000,000 €

Source: Comunidad de Madrid
III. SUSTAINABLE FINANCE
Comunidad de Madrid has the clear social and environmental mandate to meet the needs of its citizens. The Region is committed to integrate sustainable development and social responsibility in all its activities while playing a key role to promote sustainable development initiatives on the territory.

The social expenditures include several programs such as the financing of public polices related to public health, education, social services, employment promotion, public transportation, and subsidized housing. The community of Madrid’s expenditure on social programs aim to strengthen Madrid’s socio-economic recovery and improve social cohesion, thanks to the development of public services that benefit all the citizens and the implementation of programs to promote employment through investment of small businesses.

Additionally, Comunidad de Madrid has an important environmental mandate. Almost 50% of the region area of the region is protected due to its environmental protection and conservation value. The geo-economic situation in Madrid creates the need to implement policies for pollution management and waste treatment in densely populated urban areas.

Regarding the latter, the region set out its Strategy for Sustainable Waste Management for the 2017-2024 period. In relation with climate change and air quality, the Plan Azul+ 2013-2020 has been the backbone for eight years, particularly focusing in tackling pollution and promoting energy efficiency.

Among the measures set out in the Plan Azul+, which is expected to be followed by a new Plan from 2021, we find the following objectives by sector, which are representative of the regions’ general sustainable strategy:

- **Transportation**: modernisation of the taxi and bus fleets with greener vehicles, improvement of bicycle infrastructure, fiscal incentives for the transition towards greener technologies in private transportation
- **Industry**: reduction of emissions from industrial activities, like NOX produced by cogeneration plants
- **Residential/commercial/institutional**: use of clean fuels for domestic heating, improvements in energy efficiency, smart grids
- **Agriculture**: sustainable management of forests, promotion and development of biomass energy

In the social category, there is a Strategy for Social Inclusion 2016/2021, within the framework of the Europe 2020 Strategy, which seeks to eradicate severe poverty from the region.

*Source: Comunidad de Madrid*
Rationale for Sustainable Financing

Comunidad de Madrid believes that Sustainable Finance Instruments are effective tools to channel investments to projects demonstrating environmental and social benefits.

**Comunidad de Madrid’ Sustainability Mandate**
- Comunidad de Madrid devotes a substantial portion of its budget to social and environmental spending
- Via the issuance of sustainable debt, Comunidad de Madrid contributes to its social and environmental policies and actions
- Alignment of the funding strategy with the sustainability strategy

**Addressing the social and environmental transition**
- By issuing Sustainable Finance Instruments, Comunidad de Madrid contributes to global, EU and national social and environmental objectives
- Contribution to the achievement of UN Sustainable Development Goals (SDGs)
- Achievement of sustainable growth for Comunidad de Madrid’s citizens

**Supporting the growth of a sustainable financial market**
- Address the increasing demand for more sustainable assets by responsible investors
- Diversify its investor base targeting SRI and dark green investors, while fostering the relationship with existing investors
- Contribution to the development of a sustainable financial market

Comunidad de Madrid devotes a substantial portion of its budget to social and environmental spending. Via the issuance of sustainable debt, Comunidad de Madrid contributes to its social and environmental policies and actions. Alignment of the funding strategy with the sustainability strategy.

**Source:** Comunidad de Madrid
### Sustainable Finance Framework

#### Alignment to the Standards

Comunidad de Madrid Sustainable Finance Framework complies with:

- **ICMA Green Bond Principles**¹, Social Bond Principles², Sustainability Bond Guidelines³
- **LMA Green Loan Principles**⁴

#### Comunidad de Madrid Sustainable Finance Framework’s pillars

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Use of Proceeds</strong></td>
<td>Sustainable Finance Instruments’ proceeds will be allocated to <strong>Eligible Expenditures</strong> with a clear social and/or environmental benefit within the General Budget</td>
</tr>
<tr>
<td>2</td>
<td><strong>Project Evaluation and Selection</strong></td>
<td>Carried out by the <strong>Committee of Selection, Monitoring and Evaluation</strong> that meets before the issuance of a Sustainable Finance Instrument, in accordance with the Eligibility and the Exclusionary Criteria</td>
</tr>
<tr>
<td>3</td>
<td><strong>Management of Proceeds</strong></td>
<td>Sustainable Finance Instruments’ proceeds will be managed in a <strong>portfolio approach</strong></td>
</tr>
<tr>
<td>4</td>
<td><strong>Reporting</strong></td>
<td>Allocation and Impact reporting provided annually until full allocation of the Sustainable Finance Instruments’ proceeds</td>
</tr>
<tr>
<td>5</td>
<td><strong>External Review</strong></td>
<td>Second Party Opinion (SPO) from Sustainalytics. Comunidad de Madrid might hire an external party to audit the allocation of proceeds</td>
</tr>
</tbody>
</table>

---

Under the Green Finance Framework, Comunidad de Madrid can issue Sustainable Finance Instruments which include Green, Social, Sustainability bonds, thematic bonds, private placements and loans.

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Second Party Opinion by Sustainalytics

Use of Proceeds
- By financing social housing, CdM **directly supports Spain’s State Housing Plan**
- Comunidad de Madrid finances **public education for all**, and allocates resources to guarantee access to education for **students in disadvantaged situations**
- The financing of the healthcare programme will facilitate **the ongoing provision of quality healthcare services to the local population**
- Comunidad de Madrid **supports social cohesion and inclusion, protection of children and women, and care for the elderly and incapacitated** via its measures and policies
- The support provided to Madrid’s SMEs, will **strengthen the competitiveness of SMEs and leading to the creation and preservation of jobs**, and **promote the integration of vulnerable people**
- Financing **low carbon transportation and reduction of global CO2 emissions** are considered an impactful use of proceeds

Project Evaluation and Selection
In line with market practice

Management of Proceeds
In line with market practice

Reporting
In line with market practice

Sustainalytics is of the opinion that the Comunidad de Madrid Sustainable Finance Framework is credible and impactful, and aligns with the Green and Social Bond Principles and Green Loan Principles 2018


Source: Comunidad de Madrid
<table>
<thead>
<tr>
<th>Eligible categories</th>
<th>Brief category description</th>
<th>Program in the General Budget</th>
<th>Amount in € million (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>• Provision of affordable housing and shelter to disadvantaged populations</td>
<td>261B</td>
<td>113.3</td>
</tr>
<tr>
<td>Education</td>
<td>• Provision of education to the youth (including disadvantaged groups) and support of public schools and universities</td>
<td>232A / 322A,B,C,F / 324M</td>
<td>1,189.8</td>
</tr>
<tr>
<td>Healthcare</td>
<td>• Support to Madrid’s Public Healthcare System and financing of high impact medicines against rare diseases</td>
<td>312A</td>
<td>2,928.1</td>
</tr>
<tr>
<td></td>
<td>• Integration, education and employment programmes and financial assistance to vulnerable groups at risk of social exclusion</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Universal accessibility to the public transportation system (reduced price ticked)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Provision of goods and services to the elderly and the mentally and/or physically disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Inclusion and SME Financing</td>
<td>• SMEs financing</td>
<td>241A,M / 422B / 431A / 433A / 463A</td>
<td>360.3</td>
</tr>
<tr>
<td></td>
<td>• Employment promotion and advancement, including people with distance to labour market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate Change and Environmental Management</td>
<td>• Waste management</td>
<td>422B / 453N / 456A,N</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td>• Clean Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Environmental conservation and biodiversity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Comunidad de Madrid
### Contribution to the UN SDGs

**Comunidad de Madrid Sustainable Finance Framework contributes to the achievement of the EU 2030 Agenda for Sustainable Development**

- Affordable Housing (Target 1.4)
- Social Inclusion (Target 1.1 and 1.B)
- Healthcare (Target 3.8)
- Education (Target 4.1, 4.2, 4.4, 4.A)
- Social Inclusion - Fight against gender violence and promotion of equal opportunities (Target 5.1 & 5.2)
- Social Inclusion (8.6)
- SMEs financing (8.3, 8.6)
- Affordable Housing (11.1)
- Clean and Sustainable Transportation (11.2)
- Climate Change Policies (13.2, 13.3)
- Environmental conservation and biodiversity (15.1, 15.2)
Management of Proceeds

- An amount equivalent to the proceeds of the Sustainable Finance Instruments will be allocated to a mix of environmental and social projects and provision of service. All amounts can be traced back to Madrid’s General Budget for a specific fiscal year.
- The use of revenue may include capital and operating expenditures of eligible project categories and programs, as well as indirect lending to projects such as grants for private and public organizations and consortiums for special purposes. Only Comunidad de Madrid’s own expenditures (net of EU grants, EIB loans, state grants or other revenues earmarked for specific purposes) are eligible.
- Specific chapters of the relevant budgetary programs that will be excluded are:
  - Personnel expenditures (Chapter 1 of the budgetary programs),
  - Financing costs (Chapter 3 of the budgetary programs),
  - Contingency Funds (Chapter 5 of the budgetary programs),
  - Financial assets (Chapter 8 of the budgetary programs), except for art.87-89 - Indirect investments in projects such as grants for private and public companies and consortiums for relative framework purposes.
  - Financial liabilities (Chapter 9 of the budgetary programs)
- It is possible to issue multiple Sustainable Finance Instruments as long as the total amount of funding does not exceed the amount of eligible programs in the annual budget.
- The proceeds of sustainable finance instruments will be allocated to eligible programmes in the General Budget of Comunidad de Madrid, corresponding to the fiscal year of the Sustainable Finance Instrument issuance and, in case necessary, to the preceding fiscal year.
- An external auditor will verify the amounts within one year from the date of the Sustainable Finance Instruments issuance.
- Comunidad de Madrid ensures that the systems and processes as specified above meet their requirements over the lifetime of the instrument.

Source: Comunidad de Madrid
## Projects List 2020

<table>
<thead>
<tr>
<th>ELEGIBLE CATEGORY</th>
<th>PROJECT NAMES</th>
<th>SUM</th>
</tr>
</thead>
</table>
| Affordable Housing | Social Housing Agency as an intermediate entity of the FEDER operating program of the Community of Madrid: Realojo Cañada Real and Río Guadarrama. Acquisition of houses.  
Conservation and maintenance of inhabited social housing  
Urbanization of land designated for the construction of social housing  
Construction of new social housing development  
Reparation of uninhabited social housing for its second adjudication  
Neighborhood Assistance Service of the Community of Madrid, ASIVECAM | 9,068,225,00  
2,585,000,00  
3,697,761,00  
14,355,300,00  
9,992,057,00  |
| Education          | Attention to certain students with specific needs for educational support  
Book loaning program  
Maintenance expenses in Secondary Education Centers of the Community of Madrid  
Tutoring Program (support and academic reinforcement)  
Training and awareness-raising for women in situations of social exclusion  
Vocational training scholarships of higher degree  
Educational compensation classrooms | 1,811,302,00  
49,997,776,00  
14,000,000,00  
1,889,800,00  
144,499,00  
707,594,00  |
| Health             | High impact medications and orphain drugs (for uncommon diseases)  
Collaboration with professional entities  
Nursing Care Report 2.0  
Collaboration with citizen entities  
Drodogependientes mobile service and referral to treatment | 480,000,000,00  
116,800,00  
110,000,00  
20,000,00  
1,238,102,00  |
| Social Inclusion   | Reduced cost of school menu  
Assist beneficiaries of economic benefits recognized in their PIA  
Assist the beneficiaries of home help recognized in their PIA  
Care for the elderly in centers  
Subsidy for the user of public transportation in Madrid  
Senior Centers  
Comprehensive care in residential centers  
Soup Kitchens  
Attention in non-residential centers  
Free transportation services to special education centers for students  
Free school transport services for students with physical disabilities from early childhood, primary and secondary education centers  
Economic benefits for social integration of victims  
Free lunch service for students in special education centers  
Free school transportation service for students in shanty towns  
Participation and integration centers  
Volunteer School of the Community of Madrid  
Housing First program  
Center for people in situation of social exclusion  
Network of volunteer information points (PIV)  
Information and attention program, LGTBI  
Minimum Insertion Income  
Subsidies for integration projects linked to minimum insertion income  
Cooperation for development subsidies | 30,000,000,00  
206,000,000,00  
66,000,000,00  
292,972,990,00  
302,777,633,00  
13,955,287,00  
4,576,872,00  
2,704,359,00  
6,600,338,00  
5,561,417,00  
2,154,545,00  
300,000,00  
2,949,474,00  
982,851,00  
1,000,000,00  
400,000,00  
168,626,480,00  
4,700,000,00  
3,100,000,00  |
| Economic Inclusion and SMEs Financing | Pre-commercial public purchase  
Help for the promotion of technological sectors  
Help for the promotion of technological Start-Ups  
Aid to encourage the use of innovation services in small businesses. Check Innovation Program  
Aid for the industrial SECs for industry project 4.0  
Aid to intermediary innovation entities | 1,500,000,00  
2,500,000,00  
1,925,000,00  
1,500,000,00  
1,500,000,00  
1,500,000,00  |
| Climate Change and Environmental Management | Financing for the management of household waste  
Measures to promote efficient mobility  
Measures of conservation of the protected natural areas of the community of Madrid  
Measures to protect and improve the environment  
Conservation measures for green areas and preurban parks of the Community of Madrid  
Assistance to non-profit entities with environmental purposes  
Inventory of emissions. Study of contribution of sources. Study of impact quantification measures Strategy of Air Quality and Climate Change of the Community of Madrid 2013-2020. Blue plan +  
Maintenance and support for the management for the air quality of the Community of Madrid  
Subsidy for the user of public transportation in Madrid | 7,032,256,00  
2,000,000,00  
3,879,562,00  
1,137,006,00  
1,700,000,00  
500,000,00  
142,279,00  
1,019,361,00  
700,000,000,00  |
| **TOTAL**          |                                                                                                                                                                                                          | **2,447,793,560,00** |
Reporting Framework example: Sustainability Bond Allocation Reporting 2019

Comunidad de Madrid Sustainable Finance Allocation Reporting 2019

<table>
<thead>
<tr>
<th>Eligible Sustainability Project Portfolio</th>
<th>Amount (EUR)</th>
<th>Allocation of Sustainability</th>
<th>Amount (Eur)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>35.478.343</td>
<td>Sustainability Bonds</td>
<td>1.300.000.000</td>
</tr>
<tr>
<td>Education</td>
<td>84.550.971</td>
<td>Sustainability Loans</td>
<td>420.000.000</td>
</tr>
<tr>
<td>Healthcare</td>
<td>481.984.902</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social inclusion</td>
<td>1.817.943.880</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic inclusion</td>
<td>10.425.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Management</td>
<td>17.410.464</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eligible Sustainability Project Portfolio</strong></td>
<td><strong>2.447.793.560</strong></td>
<td><strong>Sustainability Funding</strong></td>
<td><strong>1.720.000.000</strong></td>
</tr>
</tbody>
</table>

% of Eligible Sustainable Project Portfolio allocated: 70.3%

% Sustainable net proceeds allocated: 100%

Source: Comunidad de Madrid
Comunidad de Madrid will report over the most important social and environmental impacts produced by the eligible programs, based on the impact indicators. The following is a sample of the indicators by category:

<table>
<thead>
<tr>
<th>Eligible category</th>
<th>Sample of impact indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing</td>
<td>Number of vulnerable individuals or families benefiting from subsidized housing</td>
</tr>
<tr>
<td>Education</td>
<td>Number of supported special education centers</td>
</tr>
<tr>
<td></td>
<td>Number of education programs or professional development aimed at young people in risk of exclusion</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Number of people with rare diseases who are provided access to adequate services and medication</td>
</tr>
<tr>
<td>Social inclusion</td>
<td>Number of supported victims of domestic violence (in terms of housing, financial, and other)</td>
</tr>
<tr>
<td></td>
<td>Number of individuals or families who benefit from social minimum income</td>
</tr>
<tr>
<td>Economic inclusion</td>
<td>Number of SMEs that receive support for equipment and facilities and technological modernization</td>
</tr>
<tr>
<td>Clean Transportation¹</td>
<td>Number of electric vehicles acquired</td>
</tr>
<tr>
<td></td>
<td>New points of electric vehicle recharge</td>
</tr>
<tr>
<td></td>
<td>Annual GHG emission reduced/avoided</td>
</tr>
<tr>
<td>Waste Management</td>
<td>Amount of recycled or composted waste (tons)</td>
</tr>
<tr>
<td>Environmental conservation and</td>
<td>Area/Number of Protected Natural Parks and other areas with unique conservation value where there has been an intervention</td>
</tr>
<tr>
<td>Biodiversity</td>
<td></td>
</tr>
</tbody>
</table>

1. Comunidad de Madrid may hire an external expert consultant to perform the impact reporting calculation of the indicators for this category

Source: Comunidad de Madrid
## Reporting Framework example: Sustainability Bond Impact Reporting 2019

### Comunidad de Madrid Sustainability Bond Impact Reporting 2019

<table>
<thead>
<tr>
<th>Eligible Project Category</th>
<th>SDG Addressed (a*)</th>
<th>Target Group (if applicable)</th>
<th>Budgetted amount (b*)</th>
<th>Allocated to sustainable bond (amount)</th>
<th>Share of Total Budget Financing (c*)</th>
<th>Number of beneficiaries (d*)</th>
<th>Other impact indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>Goal 1: No Poverty, Goal 11: Sustainable Cities and Communities</td>
<td>Disadvantaged and underserved groups</td>
<td>35.478.343</td>
<td>39.922.495</td>
<td>2,3%</td>
<td>181</td>
<td>Families with social housing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>EUR</td>
<td>EUR</td>
<td>%</td>
<td>Number</td>
<td>Unit of measure</td>
</tr>
<tr>
<td>Education</td>
<td>Goal 4: Quality education</td>
<td>Youth, disadvantaged groups</td>
<td>84.550.971</td>
<td>72.561.614</td>
<td>4,2%</td>
<td>320927</td>
<td>Number of vulnerable students</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Goal 3: Good Health and Well-being</td>
<td>Citizens (including disadvantaged and underserved groups)</td>
<td>481.984.902</td>
<td>471.736.604</td>
<td>27,4%</td>
<td>233</td>
<td>Number of people with a rare disease being provided access to services and adequate medication</td>
</tr>
<tr>
<td>Social inclusion</td>
<td>Goal 1: No Poverty, SDG 5: Gender equality</td>
<td>Disadvantaged and underserved groups</td>
<td>1.817.943.880</td>
<td>1.114.754.677</td>
<td>64,8%</td>
<td>3771686</td>
<td>Number of individuals or families benefiting from social benefits</td>
</tr>
<tr>
<td>Economic inclusion</td>
<td>Goal 4: Quality education</td>
<td>SMEs and long-term unemployed</td>
<td>10.425.000</td>
<td>6.395.879</td>
<td>0,4%</td>
<td>147</td>
<td>Number of SMEs that received support</td>
</tr>
<tr>
<td>Environmental management</td>
<td>Goal 13: Climate Action</td>
<td></td>
<td>17.410.464</td>
<td></td>
<td>0,9%</td>
<td></td>
<td>Number of recycled or composted waste (tons)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Intervenioned Area (ha)/ Number of Protected Natural Parks and other areas with unique conservation value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Number of electric vehicles acquired / new points of electric vehicle recharge</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>2.447.793.560</td>
<td>1.720.000.000</td>
<td>100,0%</td>
<td>4.093.174</td>
<td>377.957</td>
</tr>
</tbody>
</table>

*a: Eligible SDGs which are addressed by the financed portfolio/project and fit to the chosen SBP (sub)category
*b: Signed/budgetted amount committed by the issuer for the portfolio or portfolio components eligible for sustainable finance.
*c: This is the share of the total portfolio cost that is financed by the issuer.
*d: Impact indicators

Source: Comunidad de Madrid
Leadership in Sustainable Bonds

- First Spanish Region to issue Sustainable Bonds
- Largest Sustainable Bonds issued in Spain
- Ability to Issue Green, Social and Sustainable Bonds and Loans
- 4 Sustainable benchmark public bond issues since 2017
- 47% of Sustainable Bonds in Comunidad de Madrid’s annual issuance in 2019 (62% Sustainable Financing in 2019 total funding)
- Largest amount outstanding in Sustainable Bonds (5,772 MM)
- Transparent and public reporting on projects financed by under the framework

<table>
<thead>
<tr>
<th></th>
<th>Amount (€ million)</th>
<th>Settlement</th>
<th>Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Bond (Public)</td>
<td>700</td>
<td>04/18/2017</td>
<td>5</td>
</tr>
<tr>
<td>Sustainable Bond (Public)</td>
<td>1,000</td>
<td>02/23/2018</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Bond (Public)</td>
<td>1,250</td>
<td>02/14/2019</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Bond (Public)</td>
<td>1,250</td>
<td>02/27/2020</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Comunidad de Madrid
IV. INAUGURAL GREEN BOND
Rationale for Madrid’s inaugural green bond

- **Take action**: Comunidad de Madrid has a **strong and unanimous commitment**: the transition to a low-carbon development model that has no way back, and the region wants to be at the forefront.

- Finance the region’s great variety of green initiatives and projects **aligned with the Climate Change Strategy** of the region.

- **Support Spain’s** to meet the objectives set out in **the Paris Agreement** and within the framework of the European Union.

- **Transportation sector**: work and influence one of the most important sectors in the region and in Spain due to the volume of GHG emissions while improving our expertise in the calculation, monitoring and reporting of green KPIs associated to these green projects.

- **Diversify and extend our fixed income investor base**, particularly including specialized green investors with dedicated green mandates.

- Pioneer and therefore, **to drive the issuance of green bonds within Spanish regional governments**.

*Source: Comunidad de Madrid*
### Focus on the Green Use Of Proceeds

#### Overview of the Green Use of Proceeds

<table>
<thead>
<tr>
<th>Eligible Category</th>
<th>Main eligible expenditures</th>
<th>Budgetary Programme</th>
<th>Budget code</th>
<th>UN SDGs</th>
<th>EU Environmental Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Management:</td>
<td>• Measures to implement the Waste Strategy of Comunidad de Madrid</td>
<td>16: Environment, Local administration and territorial planning</td>
<td>456N</td>
<td></td>
<td>EU Objective 4: Circular economy</td>
</tr>
<tr>
<td>Clean transportation:</td>
<td>• Promote the manufacture and use of the electric vehicles and points of recharge</td>
<td>14: Transport, Social Housing &amp; Infrastructure</td>
<td>422B 453N</td>
<td></td>
<td>EU Objective 1: Climate Change Mitigation</td>
</tr>
<tr>
<td></td>
<td>• Promote public transport services and modal shift towards public transportation (e.g. railway, metro de Madrid, bus system) and soft mobility, support multimodal transport solutions and promote the use of bicycles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental conservation:</td>
<td>• Management and restoration of Protected Natural Parks and other unique spaces with important conservation value</td>
<td>16: Environment, Local administration and territorial planning</td>
<td>456A</td>
<td></td>
<td>EU Objective 6: protection and restoration of biodiversity and ecosystems</td>
</tr>
</tbody>
</table>

*Source: Comunidad de Madrid*
### Overview of Green Eligible Expenditures

#### Green Eligible Expenditures: Budget year 2020

<table>
<thead>
<tr>
<th>ICMA / LMA Green Eligible Category</th>
<th>Eligible Amount (€m)</th>
<th>Project examples</th>
</tr>
</thead>
</table>
| Waste Management                    | c.€16m              | • Waste Strategy development  
• Maintenance, quality control and support for network management  
• Advice and technical support for atmospheric emissions  
• Environmental control of groundwater |
| Clean Transportation                | c. €664m            | • Fully-electrified metro  
• Electric buses¹  
• Metro Ligero Madrid  
• Metro Ligero Oeste |
| Environmental conservation and biodiversity | c. €20m    | • Guadarrama River Regional Park  
• Valdebernardo Park  
• Forest Program  
• Improvements in green areas  
• Monitoring river water level of pollution Manzanare Reserve  
• Study, control and improvement of protected wildlife  
• Environmental education  
• Maintenance recreational areas |

**Waste Strategy 2017-2024**
Comunidad de Madrid assumes all waste collection and treatment costs of municipalities with populations of less than 1,000, and 50 % of the costs of municipalities with populations of between 1,000 and 2,500. The Strategy gives great attention to the [Prevention Programme](#).

**Supporting electric mobility**
Comunidad de Madrid has launched the [Table for the Promotion of Electric Mobility](#) (‘Mesa para el Fomento de la Movilidad Eléctrica’), that will encourage the discussion within the transportation sector with the purpose to meet the objectives of sustainable mobility.

**Addressing climate change**
Comunidad de Madrid has launched a [Scientific Technical Committee](#) on Climate Change to define a roadmap to 2050, including measures to improve air quality.

---

Comunidad de Madrid’s 2020 Green Eligible Portfolio amounts to c.€700m: 95% Clean Transportation, 3% Environmental conservation and biodiversity and 2% Waste Management

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¹ For the purpose of the inaugural green bond issuance, hybrid buses are excluded.

**Source:** Comunidad de Madrid
Advancing Clean Transportation in Madrid’s region

Comunidad de Madrid is financing low carbon transportation aimed at reducing greenhouse gas emissions and promoting modal shift towards public transportation.

### Financings to clean and sustainable mobility

<table>
<thead>
<tr>
<th>Operator</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro de Madrid</td>
<td>60%</td>
</tr>
<tr>
<td>EMT (Electric Buses only)</td>
<td>7%</td>
</tr>
<tr>
<td>RENFE</td>
<td>14%</td>
</tr>
<tr>
<td>Metro Ligero Madrid</td>
<td>4%</td>
</tr>
<tr>
<td>Metro Ligero Oeste</td>
<td>14%</td>
</tr>
<tr>
<td>Transportes Ferroviarios Madrid</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Comunidad de Madrid
Examples of specific Green Eligible Projects

Increasing the share of electric buses in Madrid’s public bus fleet

- Comunidad de Madrid supports the decarbonization of the Region’s public transport
- In 2020, EMT Madrid has approved a €39m investment for the purchase of 50 new electric buses and 15 electric micro-buses
- This is in line with the company’s strategy of gradually reducing the fleet’s carbon emissions

Fully electrified Madrid underground

- Comunidad de Madrid supports the maintenance and development of the fully-electrified Madrid’s metro
- Thanks to the Energy Saving Plan 2012-2017 and the current Energy Efficiency Plan, Metro de Madrid – the public enterprise of the Madrid underground – has reduced electricity consumption in daily operations by 25%

Environmental Conservation of Public Parks

- Comunidad de Madrid finances the maintenance and restorations of public Natural Parks in the Region
- One of them is the Valdebernardo park, peri-urban park located at the eastern end of the Valdebernardo neighborhood, which covers 108 hectares and which offers a variety of 180,540 trees and numerous sports facilities and children’s areas

Comunidad de Madrid strongly supports the decarbonization of the Region’s public transport and takes very seriously the mandate of protecting, restoring and enhancing green public areas

Source: Comunidad de Madrid
Thanks you for your attention

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ANNEXES
## Overview of outstanding Sustainable transactions

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Amount (€ million)</th>
<th>Settlement</th>
<th>Maturity</th>
<th>Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Bond (PP)</td>
<td>48</td>
<td>08/18/2016</td>
<td>08/18/2031</td>
<td>15</td>
</tr>
<tr>
<td>Social Loan</td>
<td>20</td>
<td>11/08/2016</td>
<td>11/08/2026</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Bond (Public)</td>
<td>700</td>
<td>04/18/2017</td>
<td>04/30/2022</td>
<td>5</td>
</tr>
<tr>
<td>Sustainable Loan</td>
<td>240</td>
<td>06/28/2017</td>
<td>06/28/2032</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Bond (Public)</td>
<td>1000</td>
<td>02/23/2018</td>
<td>04/30/2028</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Loan</td>
<td>39</td>
<td>02/05/2018</td>
<td>02/05/2028</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Loan</td>
<td>340</td>
<td>01/29/2018</td>
<td>01/29/2032</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Bond (PP)</td>
<td>150</td>
<td>10/22/2018</td>
<td>10/22/2058</td>
<td>40</td>
</tr>
<tr>
<td>Sustainable Bond (Public)</td>
<td>1250</td>
<td>02/14/2019</td>
<td>04/30/2029</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Loan</td>
<td>50</td>
<td>03/14/2019</td>
<td>03/14/2030</td>
<td>11</td>
</tr>
<tr>
<td>Sustainable Loan</td>
<td>97</td>
<td>03/15/2019</td>
<td>03/15/2029</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Loan (Blockchain)</td>
<td>220</td>
<td>03/29/2019</td>
<td>03/29/2030</td>
<td>11</td>
</tr>
<tr>
<td>Sustainable Loan</td>
<td>53</td>
<td>04/05/2019</td>
<td>04/05/2029</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Bond (PP)</td>
<td>50</td>
<td>04/25/2019</td>
<td>10/22/2058</td>
<td>40</td>
</tr>
<tr>
<td>Sustainable Bond (Public)</td>
<td>1250</td>
<td>02/07/2020</td>
<td>04/30/2030</td>
<td>10</td>
</tr>
<tr>
<td>Sustainable Bond (PP)</td>
<td>265</td>
<td>04/08/2020</td>
<td>10/31/2050</td>
<td>30</td>
</tr>
</tbody>
</table>

*Source: Comunidad de Madrid*
## 2018 Transactions

### 2018 Placements and Loans

<table>
<thead>
<tr>
<th>Operation</th>
<th>Amount (€ mill)</th>
<th>Settlement date</th>
<th>Tenor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan</td>
<td>75,000,000</td>
<td>01/22/2018</td>
<td>12</td>
</tr>
<tr>
<td>Loan</td>
<td>100,000,000</td>
<td>01/23/2018</td>
<td>12</td>
</tr>
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<td>Loan</td>
<td>25,000,000</td>
<td>01/24/2018</td>
<td>9</td>
</tr>
<tr>
<td>Loan</td>
<td>150,000,000</td>
<td>01/24/2018</td>
<td>11</td>
</tr>
<tr>
<td>Loan (Sustainable)</td>
<td>340,000,000</td>
<td>01/29/2018</td>
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</tr>
<tr>
<td>Loan</td>
<td>36,000,000</td>
<td>02/05/2018</td>
<td>15</td>
</tr>
<tr>
<td>Loan</td>
<td>65,000,000</td>
<td>02/06/2018</td>
<td>6</td>
</tr>
<tr>
<td>Loan</td>
<td>10,000,000</td>
<td>02/05/2018</td>
<td>8</td>
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<tr>
<td>Loan (Sustainable)</td>
<td>39,000,000</td>
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</tr>
<tr>
<td>Loan</td>
<td>75,000,000</td>
<td>02/06/2018</td>
<td>11</td>
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<tr>
<td>Tap</td>
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<td>02/20/2018</td>
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<td>Public Placement (Sustainable)</td>
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<td>Loan</td>
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<td>03/16/2018</td>
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<tr>
<td>Loan</td>
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<td>04/27/2018</td>
<td>30</td>
</tr>
<tr>
<td>Private Placement</td>
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</tr>
<tr>
<td>Private Placement (Sustainable)</td>
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<tr>
<td>Loan</td>
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<td>12/14/2018</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,062,000,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

-Moderate interest rate with “Contained financial costs”
-5-40 years tenors executed
-The average Funding cost for 201 was 2.1% and the average tenor was over 18 years.

*Source: Comunidad de Madrid*
2018 Bond Profile

**BOND TRANSACTIONS**

**BY REGIONS**

- **Spain**: 38%
- **Germany and Austria**: 16%
- **Italy**: 22%
- **United Kingdom**: 6%
- **France**: 5%
- **Benelux**: 5%
- **Switzerland**: 4%
- **Nordic**: 2%
- **Other**: 1%

**TOTAL AMOUNT 1,627,000,000 €**

**BY INVESTOR TYPE**

- **Banks**: 26.74%
- **Insurance Companies and Pension Funds**: 38.23%
- **Asset Managers**: 31.35%
- **Others**: 1.23%
- **Official Institutions**: 2.46%

Source: Comunidad de Madrid
Debt issuance Procedure: Public issue (I)

**Authorizations**
- Authorization from the Regional Government.
- Authorization from the Central Government.

**Contact with Investors and Financial Institutions**
- Continuous contact is maintained with investors and financial institutions, indicating deadlines, levels and amounts in which Comunidad de Madrid has more interest.
- Instructions to a group of institutions that are selected taking into account those which have realized higher amounts of private placements with Comunidad de Madrid, as well as those which have participated successfully in public issue of equivalent terms of the Treasury; FADE, ICO, FROB and even private companies. If market conditions are good the transaction will carry out.
- Range price formation. The syndicate, in communication with Comunidad de Madrid, sets a price range to trade the issue within the agreed timeframe with Comunidad de Madrid; the eventual commission to be received by the syndicate is discussed, and on the issue date, Comunidad de Madrid informs via email of the roles to be played by each one of the participants of the group and seeks the approval of the syndicate.
- On the scheduled issue date, the transaction is announced on the trading screens of Bloomberg and Reuters in order to capture the attention of investors.
- The order book is opened.
- The order book is closed.

**Fixing of Issue Price**
- Once the bonds have been allotted to the investors who have recorded orders in the book, a time is announced to fix the issue price; at the scheduled time, a joint call for fixing the price is made. Once Comunidad de Madrid and all banks are connected online with the screens of Bloomberg, the transaction is priced in accordance with the agreed terms in the Termsheet, based on the Treasury references. Fixing the issue price, coupon and IRS for the transaction. A first simulation of the relevant calculations is made.

**Documentary Process**
- Sending the final Termsheet, with the terms and conditions of the transaction that has just been established, to its approval. At this stage, a distribution by type of investor and nationality is requested. At this point, the Institution that has been assigned this role, advises Bloomberg of the price, date, coupon, and ISIN code for the transaction.
- Preparation internal report to be signed by the Managing Director of Financial Policy, Treasury and Real Estate and then sent out to our Legal Services.
- Legal Service, in accordance with the terms of the report, applies for the corresponding ISIN code to the Bank of Spain and prepares the transaction authorization order to be signed by Regional Minister of Economy and Finance once it has been examined by the Intervención Delegada de Tesorería.
- The Order is published in the BOCM at least two days before payment takes place, since during this period of time the Bank of Spain must be advised of the list of subscribers and the application for the credit of securities; this Order becomes the Prospectus for the public issue. Letters are also sent to the rating agencies in order to request an specific rating for the transaction in question, that is submitted to the subscribing institution.
- At the same time, over this period, Legal Services, along with the Financial Institution, prepare the Contract which is signed the day before disbursement day and requires a preparatory report by Legal Services and by the Intervención Delegada de Tesorería. That Contract:
  - Is a subscription contract.
  - Is excluded from the scope of Law 30/2007, of 30 October, on Public Sector Contracts.

**Disbursement**
- Disbursement: T+7
- At this stage, the rating letters from the rating agencies are submitted to the subscribing institution.

Source: Comunidad de Madrid
Debt Issuance Procedure. Private placement or retap (II)

**Authorizations**
- Authorization from the Regional Government.
- Authorization from the Central Government.

**Contact with Investors and Financial Institutions**
- Continuous contact is maintained with investors and financial institutions, and the communications indicate that Comunidad de Madrid has the necessary authorizations to execute financial transactions, as well as the deadlines, levels and minimum amounts that interest us.
- A specific offer is submitted by an investor or financial institution which should have been assigned a code by the Bank of Spain (Banco de España). For this reason, sometimes the operation is carried out through a bank that has been assigned such a code and functions as an intermediary.
- The offer submitted is then studied by means of an indicative term sheet, in which key elements that must be included are:
  - Amount.
  - Pricing date.
  - Date of disbursement.
  - IRR all-in (including all commissions), indicating the Treasury reference levels.

**Fixing of Issue Price**
- Once the operation has been internally approved, taking into account the financial strategy of Comunidad de Madrid, the pricing time is fixing with the financial institution.
- On the day and agreed time for pricing, the financial institution contacts by telephone with Comunidad de Madrid in order to establish the price.
- Connected online with the screens of Bloomberg, and in accordance with the terms established in the indicative term sheet, a first simulation of the relevant calculations is made, and if the parties agree, the transaction is established in a real way.

**Documentary Process**
- The final term sheet, with the terms and conditions of the transaction that has just been established, is submitted to the issuer for his approval. At this stage, a distribution by type of investor and nationality is requested. At this point, the financial institution advises Bloomberg of the amount, coupon, maturity date and ISIN code for the transaction.
- Preparation of a Report to be signed by the Managing Director of Financial Policy, Treasury and Real Estate.
- Legal Service: In accordance with the terms of the Report, applies for the corresponding ISIN code to the Bank of Spain (provided that the transaction is not a reopening) and prepares the authorization order to be signed by the Regional Minister of Economy and Finance, once it has been examined by the Intervención Delegada de Tesorería.
- The Order is published in the DOCM at least two days before payment takes place. Bank of Spain is advised of the list of subscribers and the application for the credit of securities. This Order becomes the Prospectus for the private placement. Letters are also sent to the rating agencies in order to request an specific rating for the transaction in question, that is submitted to the subscribing institution.
- At the same time, over this period, Legal Service, along with the Financial Institution, prepare the Contract, which is signed the day before disbursement day and requires a preparatory report by Legal Service and by the Intervención Delegada de Tesorería. Said Contract:
  - Is a subscription contract.
  - Is excluded from the scope of Law 30/2007, of 30 October, on Public Sector Contracts.

**Disbursement (***6)**
- Disbursement: The.
- At this stage, the rating letters from the rating agencies are submitted to the subscribing institution.

*Source: Comunidad de Madrid*
Use of proceeds: Proceeds of the Sustainable Finance Instruments will be allocated to projects aimed at fighting against housing exclusion by providing affordable housing and shelter to disadvantaged populations.

Eligible expenditures include:

- Development and provision of social housing in Comunidad de Madrid;
- Renovation, maintenance and improvements of affordable housing projects;
- Provide affordable housing with adjusted rents to disadvantaged targeted populations;
- Maintenance, adaptation and modernization of shelters for at risk youth, improving spaces for accommodation.

By financing affordable housing, Comunidad de Madrid directly supports Spain’s State Housing Plan

Source: Comunidad de Madrid
Use of proceeds: Proceeds of the Sustainable Finance Instruments will be allocated to projects aimed at providing educational programs and vocational training to youth, as well as allowing for a successful integration of disadvantaged groups in the education system, preparing them for future labor market opportunities.

Eligible expenditures include:

- Construction, rehabilitation and maintenance of public education schools;
- Construction, rehabilitation and maintenance of public education centers;
- Acquisition of equipment to ensure a quality education in public education schools;
- Financing expenses related to home educational support service (SAED), hospital classrooms (AAHH) and therapeutic educational centers (CET);
- Financing educational programs and vocational training for young people at risk of exclusion or unemployed;
- Collaboration to support the integration of students with special educational needs;
- Expenses related to subsidized school transport services;
- Financing the development and maintenance of public universities;
- Providing financial support to university students, based on socioeconomic criteria such as income level and patrimony, or disabilities.

Source: Comunidad de Madrid
Use of proceeds: Proceeds of the Sustainable Finance Instruments will be allocated to projects aimed at providing a modern and sustainable public healthcare service system to the citizens of Madrid (including, but not limited to, vulnerable groups).

Eligible expenditures include:

• Development, maintenance and modernization facilities integrated in the public healthcare service system (hospitals, health-care centers, mental health facilities, etc.);
• Provision of health care or social services in underdeveloped areas or vulnerable populations;
• Acquisition of medical equipment or provision of diagnostic services;
• Financing programs for the promotion of health;
• Financing activities to prevent and treat drug addiction.

Expenditures related financing to healthcare aimed at fighting COVID-19 in the Madrid’s Region can be used for the purpose of the issuance of thematic social bonds.

The financing of the healthcare programme will facilitate the ongoing provision of quality healthcare services to the local population, including, but not solely, to the disadvantaged groups.

Source: Comunidad de Madrid
Social Inclusion

Use of proceeds: Proceeds of the Sustainable Finance Instruments will be allocated to projects aimed at supporting, integrating and providing basic services to several vulnerable population groups (victims of domestic violence, the elderly, risk population and minorities, physically and/or disabled people, etc.) and to integrate, education and employment programs as well as financial assistance to vulnerable groups at risk of social exclusion.

Eligible expenditures include:

- Fighting against domestic violence and promotion of equal opportunities;
- Support integration of families and individuals at risk (social action and education);
- Provision of financial assistance (i.e. minimum income) to people at risk of social exclusion;
- Ensure universal accessibility to the public transportation system;
- Support to the elderly;
- Support to the mentally and/or physically disabled.

Comunidad de Madrid supports social cohesion and inclusion, protection of children and women, and care for the elderly and incapacitated via its measures and policies

Source: Comunidad de Madrid
Use of proceeds: Proceeds of the Sustainable Finance Instruments will be allocated to projects and programs aimed at promoting labor market entry opportunities for long-term unemployed or people with lower employment prospects, and financing SMEs in the Comunidad de Madrid. This activity will contribute to the growth and development of Madrid’s economy, hence promoting employment creation and retention.

Eligible expenditures include:

- Supporting professional training directed at the unemployed in the Comunidad de Madrid;
- Conducting studies and labor market research to plan and implement policies of employment;
- Support in orientation programs for those distant to the labor market that allow for a direct contact with employment agencies and employers;
- Promote integration in the labor market of persons with disabilities and those who are in risk of social exclusion;
- Provide finance to SMEs, including start-ups in order to stimulate their competitiveness and job creation;
- Provide training and advising to commercial SMEs to help them improve their skills and business;
- Support SMEs in the Handicraft and Artisan Market to improve their competitiveness.

The support provided to Madrid’s SMEs, will strengthen the competitiveness of SMEs and leading to the creation and preservation of jobs, and promote the integration of vulnerable people

Source: Comunidad de Madrid
Use of proceeds: Proceeds of the Sustainable Finance Instrument will be allocated to financing the measures to promote the sustainable mobility solutions, financing of activities related to the ‘Waste Strategy of the Comunidad de Madrid’ and to the management and restoration of Protected Natural Parks and other unique spaces with important conservation value (‘Zonas de Especial Conservacion’).

Eligible expenditures include:

**Clean Transportation**
- Development, extension, improvement, promotion and maintenance of public transport including metro, low-carbon buses (such as hybrid and electric buses), including new stations for electric buses only, rail-related infrastructure;
- Renewal of the most polluting fleets (replacing vehicles with lower emission vehicles);
- Funding the installation of charging points for electric vehicles;
- Urban planning and development that leads to a reduction in the use of passenger cars.

**Waste Management**
- Measures to decrease the volume of waste generated;
- Treatment of electrical and electronic equipment waste;
- Programmes for new uses of recycled materials such as rubber from tires;
- Development of research studies on contaminated soils and financing necessary measures to ensure decontamination of identified sites.

**Environmental conservation and biodiversity**
- Conservation and restorative activities such as: repair of damaged areas to reconstruct distorted natural habitats, ongoing maintenance in the form of tree, plant and wildlife care and management and fire protection;
- Educational activities and facilities to enhance awareness and knowledge of the importance of the National Parks and other environmental spaces in the Comunidad de Madrid, encouraging the environmental care by local residents and visitors;
- Monitoring and development of the Forestry Plan of the Comunidad de Madrid

Comunidad de Madrid is heavily financing low carbon transportation and subsequently contributing to the reduction of greenhouse gas emissions in the Region

*Source: Comunidad de Madrid*