

ICO, back in the sustainable bond market with a new social bond amounting to EUR 500 million

(September 2022)

Instituto de Crédito Oficial (with rating A/A/A-/Baa1 de S&P/DBRS/Fitch/Moody's) has launched a new social bond for an amount of EUR 500 million, maturing on the 31st January 2028. The proceeds will be used to finance projects in Spain and abroad which generate a positive social impact and boost job creation.

With this new issue, ICO strengthens its commitment to the consolidation of the sustainable bond market and reinforces its role as a benchmark issuer, with nine social bonds and four green bonds issued for a total amount of 6.55 billion euro.



Books opened with a spread of 16 b.p. over the Spanish Treasury Bond. Investor orders took the book over EUR 1.1bn and allowed the final spread to be set 2 b.p. tighter, at 14 b.p. over the SPGB 0 01/31/28.

The operation was very well received by international investors, that represented 84% of the transaction, demonstrating its confidence in the role of ICO.

ICO continues to show its commitment to transparency with investors and launches the reporting of its Social Bond issued in 2021

(September 2022)



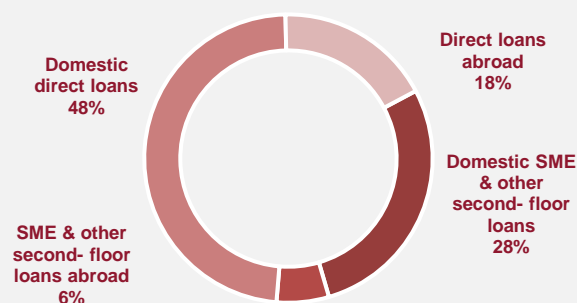
ICO's eighth Social Bond launched in November 2021 has supported 5,004 projects with high social positive impact in Spain and abroad. These projects fell into the following categories: employment generation in economically underperforming regions, access to financing for companies facing natural and/or health disasters, access to healthcare, socioeconomic advancement and empowerment and social housing categories.

ICO's Social Bond helped to create or retain 37,285 jobs, provided a new job opportunity to more than 300 people with disabilities and financed 81 social houses and a hospital that will benefit 339,494 patients, among other social benefits. Additionally, the funds have contributed to the achievement of 6 SDGs.

Along with the seven previously issued social bonds, ICO has financed more than 69,000 projects for the self-employed, SMEs and companies, which have contributed to generating or maintaining more than 444,000 jobs.

ICO in figures

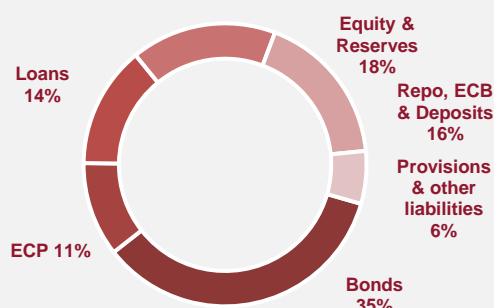
Loan Portfolio as at 30/09/2022



Financial Highlights

	2018	2019	2020	2021	30/09/2022*
Total assets (Mill. EUR)	36,237	31,823	34,386	37,766	32,884
Equity & reserves¹ (Mill. EUR)	5,246	5,257	5,202	5,354	5,812
Pre-tax profit (Mill. EUR)	112.91	149.25	97.55	171.70	172.67
Net interest income (Mill. EUR)	-96.54	-28.06	-10.63	104.55	86.78
Gross revenue (Mill. EUR)	55.23	90.53	88.22	181.86	157.86
Profitability ROA	0.28%	0.44%	0.29%	0.49%	0.67%
Tier I Ratio	40.54%	41.11%	37.21%	35.36%	33.19%
Non-Performing Loans					
Direct Loans	6.31%	4.72%	4.16%	3.81%	3.40%
Total loans incl. second floor loans	3.19%	2.43%	2.33%	2.33%	2.19%
Provision coverage ratio	154%	168%	145%	157%	164%
Efficiency					
Ordinary Expenditure/ATA	0.10%	0.12%	0.12%	0.13%	0.13%

Liabilities breakdown as at 30/09/2022



(1) Eligible capital for solvency purposes.
* 2022: Unaudited figures
Source: ICO

Funding Policy for 2022

- **Expected total funding in 2022: around EUR 4 bn**
- **Promotion of the sustainability bond market: further issuance of Social and Green Bonds**
- **EUR benchmark transactions**
- **Short to medium maturities**

Funding activity

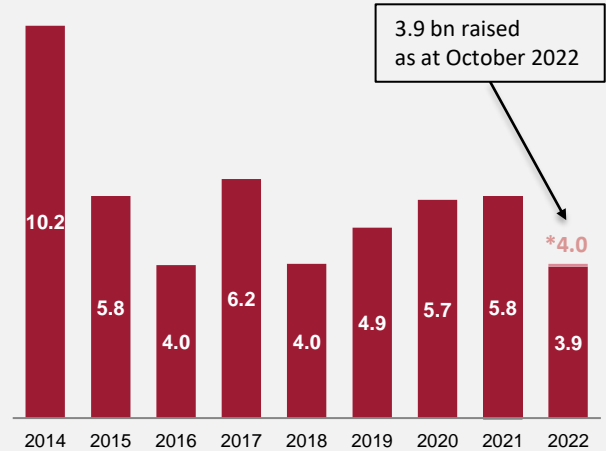
ICO enjoys the **guarantee** from the Kingdom of Spain which is defined in its bylaws as:

Explicit
Irrevocable
Unconditional
Direct

ICO's long term ratings

S&P **A / Stable**
DBRS **A / Stable**
Fitch **A- / Stable**
Moody's **Baa1 / Stable**

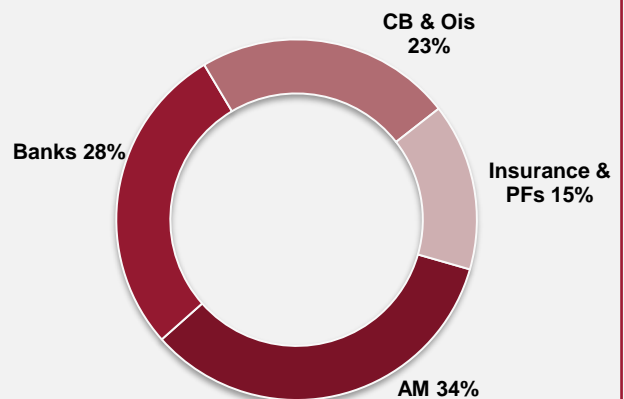
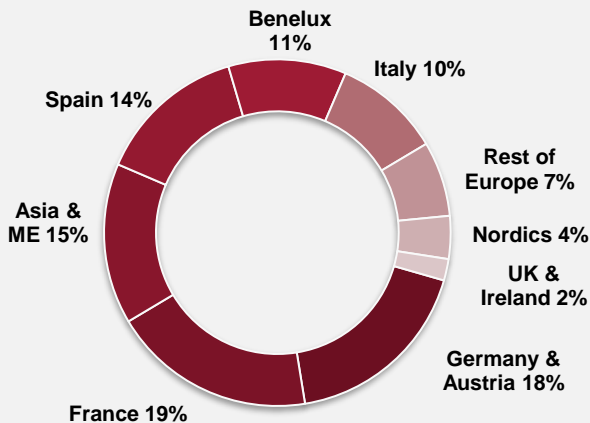
Funding Activity EUR bn



By region

Borrowing profile 2022 (benchmark transactions)

By investor type



Spanish Economy: latest figures and comments

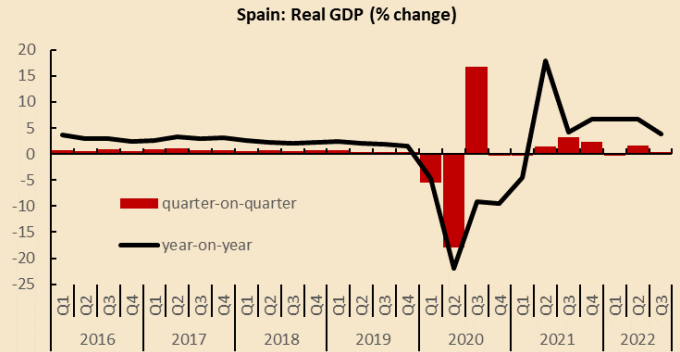
GDP grew by 0.2% qoq and 3.8% yoy in Q3 2022, according to the data published by the Spanish Statistical Office (INE). In Q3, **domestic demand** had a positive contribution to year-on-year growth (0.8 pp) while **net exports'** contribution was even higher (3 pp). **Private consumption and investment** continued to increase despite higher prices and interest rates.

The labour market continued its positive trend in the last months. According to the Labour Force Survey, the unemployment rate stood at 12.7% in Q3, slightly higher than in the previous quarter (12.5%) but well below the rate of 14.6% in Q3 2021. Employment has risen beyond the level of 20.5 million in the latest quarter for the first time since 2008 and the **number of employed persons has grown by 514,700 (2.6%)** compared with Q3 2021.

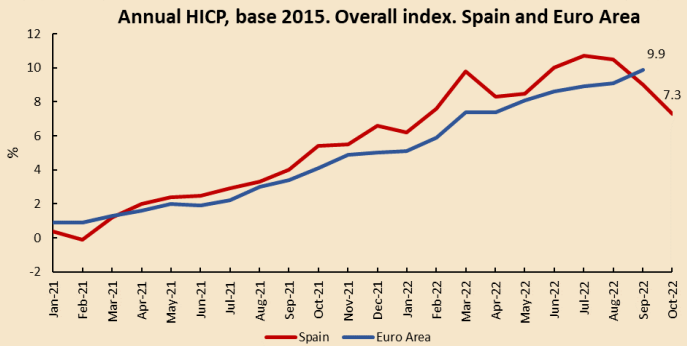
Spanish Government has recently published its draft of the General State Budget for 2023, which aims to promote economic growth, employment and social support while at the same time ensuring compliance with the agreed path of deficit and public debt reduction. Growth forecasts remain favorable for 2022 and 2023 (4.4% and 2.1%, respectively) despite important factors of uncertainty about international economic evolution in the coming months. Spanish growth will be based on the robust behavior of the labor market, the good development of the foreign sector and the growth of investment thanks to the implementation of the Recovery Plan.

In addition, **the International Monetary Fund (IMF) has released its October 2022 edition of the World Economic Outlook (WEO) where it forecasts growth of 4.3% in 2022, which will be lower in 2023 (1.2%),** affected by the intensification of the rise in interest rates, the lower global growth and the maintenance of high energy prices. Nevertheless, **these rates are among the highest ones for developed countries, according to IMF projections.**

Reducing inflation is one of the government's priorities, and the measures adopted are already leading to a decrease, supporting the most affected sectors, families and vulnerable groups, and minimizing the spillover from high energy costs. Indeed, the annual rate of the **Harmonised Index of Consumer Prices (HICP) fell to 7.3% in October** (flash estimate), well below that registered in the previous month and below euro zone latest print (September).



Source: INE



Source: Eurostat and INE. October flash estimate for Spain.

MAIN FEATURES OF SPAIN FORECAST

	2022	2023
GDP real (% change)	4.4	2.1
Private Consumption Expenditure	1.2	1.3
Government Consumption Expenditure	-1.0	0.4
Gross Fixed Capital Formation, equipment goods	6.6	9.5
Gross Fixed Capital Formation, building	3.8	8.4
Exports	17.9	7.3
Imports	9.9	8.2
Domestic demand (contribution to GDP growth)	1.5	2.4
Net foreign balance (contribution to GDP growth)	2.9	-0.3
Total employment (full-time equivalent jobs)	2.9	0.6
Unemployment rate: % labour force	12.8	12.2
Net lending/borrowing of the Nation (% of GDP)	2.5	2.9
General Government lending/borrowing (% of GDP)	-5.0	-3.9
General Government debt (% of GDP)	115.2	112.4

Source: Ministry of Economic Affairs and Digital Transformation

Contact us

Investors can find further information at: https://www.ico.es/web/ico_en/ico/investor_relations

Please contact us via e-mail with any queries or requests you may have: investors@ico.es

Bloomberg site: ICO <GO>

