

ICO raises EUR 500mn through a 7 year Green Bond, its first syndicate transaction in 2024

(March 2024)

ICO successfully launched a EUR 500mn 3.05% April 2031 Green Bond, which attracted an overwhelming interest, with demand exceeding EUR 3bn. With more than 6 times oversubscription, ICO was allowed to tighten the initial spread over the Treasury benchmark at the same maturity in 6 b.p., landing at SPGB 0.1 04/30/31 + 11 b.p. This spread compression is the highest ever reached by ICO.



This transaction is the sixth Green Bond issued by ICO since its debut in 2019 in this market, taking the overall issued amount of bonds in this format to EUR 3bn.

The book was built by quality orders, with international investors accounting for 75% of the bond. Noteworthy participation came from investors in Germany and Austria, accounting for 24% of the issue, as well as Asian accounts which accounted for 10%. In terms of distribution by type of investor, it is worth noting the role of fund managers, which acquired 37% of the total, followed by banks (30%), and central banks and official institutions (23%). It should also be noted that 47% of the issue has been placed among ESG investors.

ICO lends EUR 150mn to CEPSA to install ultra-fast chargers and promote electric mobility in Spain and Portugal

(March 2024)



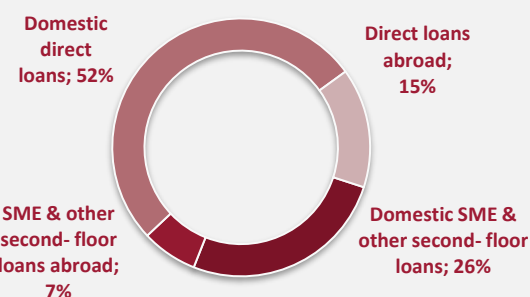
ICO has granted a green loan of EUR 150mn to CEPSA to partially finance the installation of ultra-fast charging points at its service stations and promote the mobility of electric vehicles in Spain and Portugal. The transaction qualifies as a "green loan" under the Green Loan Principles (GLP) of the LMA.

Funds will enable CEPSA's ultra-fast charging network to provide 150kW and 300kW charging points on all major corridors and roads in Spain and Portugal. The company has currently more than 130 ultra-fast charging points installed and is developing a further 330, with the aim of offering this type of charger at most of its service stations by 2030.

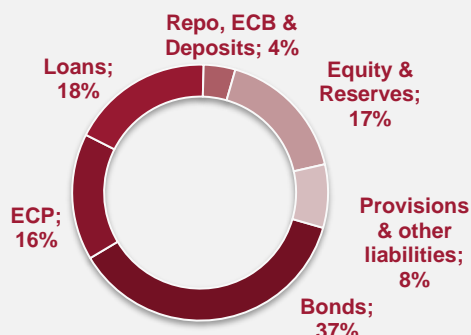
ICO Chairman José Carlos García de Quevedo said: "This transaction is part of the ICO's strategy to prioritize financing for projects that have a positive social and environmental impact, in line with the objectives of Spain's Recovery, Transformation and Resilience Plan, as the key instrument for the deployment of Next Generation EU funds."

ICO in figures

Loan Portfolio as at 31/03/2024



Liabilities breakdown as at 31/03/2024



Financial Highlights

| | 2021 | 2022 | 2023 | 31/03/2024* |
|--|--------|--------|--------|-------------|
| Total assets (Mill. EUR) | 37,766 | 29,775 | 31,657 | 33,623 |
| Equity & reserves¹ (Mill. EUR) | 5,354 | 5,515 | 5,689 | 5,767 |
| Pre-tax profit (Mill. EUR) | 171.70 | 178.11 | 336.89 | 130.11 |
| Net interest income (Mill. EUR) | 104.55 | 125.73 | 290.25 | 59.75 |
| Gross revenue (Mill. EUR) | 181.86 | 204.58 | 361.50 | 81.23 |
| Profitability ROA | 0.49% | 0.53% | 1.09% | 1.61% |
| Tier I Ratio | 36.94% | 33.62% | 26.49% | 24.63% |
| Non-Performing Loans | | | | |
| Direct Loans | 3.81% | 3.67% | 4.20% | 4.13% |
| Total loans incl. second floor loans | 2.33% | 2.31% | 2.76% | 4.10% |
| Provision coverage ratio | 157% | 171% | 128% | 127% |
| Efficiency | | | | |
| Operating expenses over gross revenue | 0.13% | 0.14% | 0.16% | 0.16% |

(1) Eligible capital for solvency purposes.

* Unaudited figures

Source: ICO

Funding Policy for 2024

- **Expected total funding in 2024: EUR 5-6bn**
- **EUR benchmark transactions**
- **Promotion of the sustainability bond market**
- **Short to medium maturities**

Funding activity

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

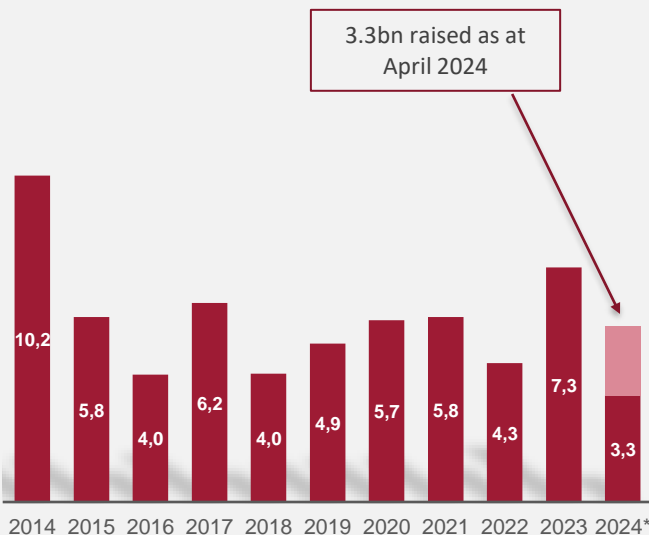
Explicit
Irrevocable
Unconditional
Direct

ICO's long term ratings

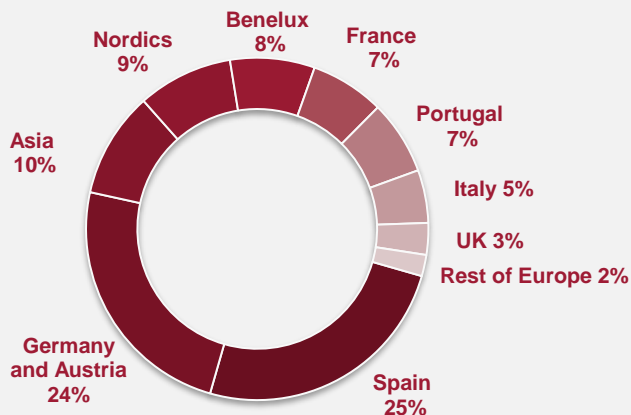
| | |
|----------------|------------------------|
| S&P | A / Stable |
| DBRS | A / Stable |
| Fitch | A- / Stable |
| Moody's | Baa1 / Positive |

ICO Bonds qualify as **L1 HQLA assets** in the EU (pursuant to Article 10 of the Commission Delegated Regulation (EU) 2015/61 of October 10, 2014)

Funding Activity EUR bn

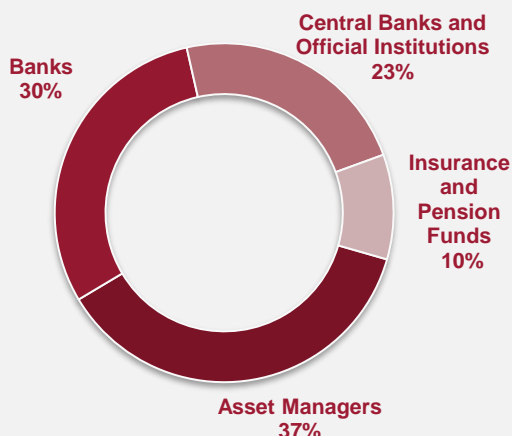


By region



Borrowing profile 2024 ICO 7yr Green Bond

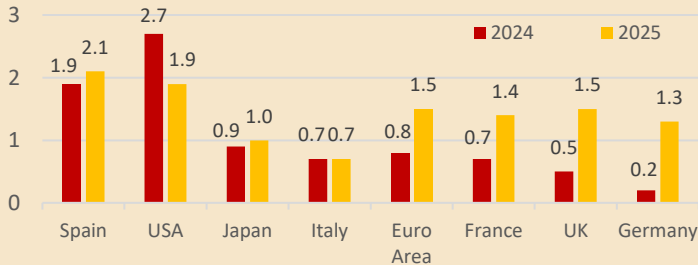
By investor type



Spanish Economy: latest figures and comments

Spanish economy is proving greatly resilient. In 2023, Spanish GDP grew by 2.5%, outperforming more than five times the Euro Area (0.4%). According to the **World Economic Outlook** of the International Monetary Fund (IMF) of April 2024, **Spain will keep growing this year well above the Euro Area** and only below the USA among the main developed countries. In line with Spanish Government forecasts, **Spanish GDP will grow by 1.9% in 2024**, slightly below 2023 but above prior IMF projections (1.5%) and it will exceed the Euro Area growth almost twice (0.8% in 2024). Spain is also expected to grow more in 2025 (2.1% in Spain vs 1.5% in the Euro Area). The IMF also foresees that in 2025 Spain will grow more than any other of the big developed countries.

GDP Forecast in Advanced Economies



Source: IMF - WEO April 2024

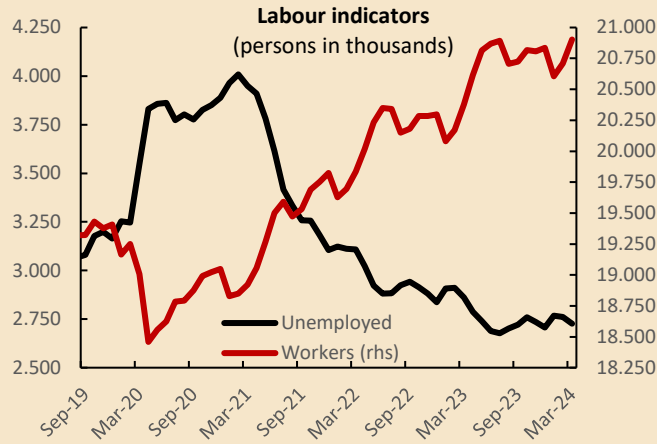
Spanish growth mainly relies on domestic demand: the IMF foresees that it will grow by 1.9% in 2024 and 2.2% in 2025, while foreign sector will show a 0% annual variation in both 2024 and 2025. Amidst domestic demand, investment is expected to grow more than in 2023 (0.8%), with an estimated growth of 2.2% in 2024 and 4.0% in 2025.

Besides GDP, the **IMF foresees that inflation will continue to decelerate** in 2024 and 2025 and by the end of 2025 Headline CPI will be 2.2%. **Unemployment will keep its downward trend and so will do public deficit**, that will be around the threshold of 3% required by the EU rules in 2024 and 2025. In this context, Government debt as a % of GDP will also decline this year and in 2025. Current account balance will be positive in 2024 and 2025 and very similar to 2023.

MAIN FEATURES OF SPAIN FORECAST (April 2024)

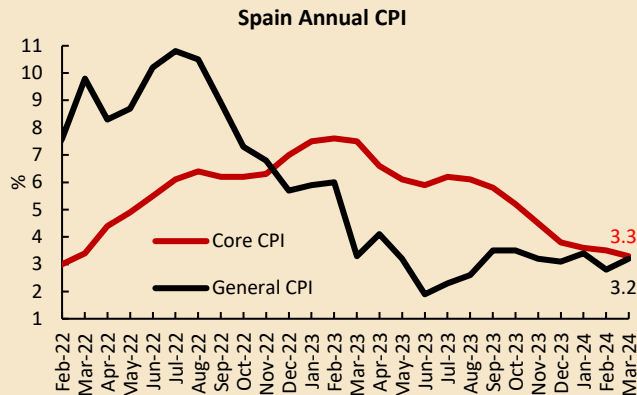
| | 2023 | 2024 | 2025 |
|---------------------------------------|-------|-------|-------|
| GDP real (% change) | 2.5 | 1.9 | 2.1 |
| Headline CPI (annual average) | 3.4 | 2.7 | 2.4 |
| Unemployment rate: % labour force | 12.1 | 11.6 | 11.3 |
| Current account balance (% of GDP) | 2.6 | 2.5 | 2.4 |
| General Government balance (% of GDP) | -3.6 | -3.1 | -3.0 |
| General Government debt (% of GDP) | 107.5 | 106.3 | 104.9 |

Source: IMF - WEO April 2024



Source: Ministry of Employment and Ministry of Social Security

Spanish labour market is performing strongly in the first months of 2024, as it did in 2023. According to the latest data available, **employment maintains a growing trend** and the overall number of workers, measured in terms of persons affiliated to the Social Security, reached in March 2024 a record high (20.9 million people). **Unemployment has moved downwards**, and the overall number of unemployed persons (2.7 million) is at its lowest level since 2008.



Source: INE (Spanish Statistics Bureau)

Inflation is on a decelerating trend, especially visible in Core CPI, as Headline CPI has been affected by the phase out of the energy support measures put in place in the last years. Inflation is expected to moderate further.

Contact us

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