

ICO completes its second deal of the year with its 10th Social Bond issuance amounting to EUR 500 million

(July 2023)

ICO remains committed to promoting the Social Bond market by successfully raising EUR 500 million through a 3.25% October 2028 bond issuance. It marks the institution's 10th Social Bond issuance since its debut in the Social Bond market in 2015. In the past eight years, ICO has demonstrated its dedication to sustainable financing by raising over EUR 7.5 billion through 15 transactions, encompassing both social and green bonds.

The recent issuance garnered significant interest from investors, showcasing the growing appeal of Social Bonds. The bookbuilding process began with an initial spread guidance of 20 basis points (b.p.) over the Spanish reference with a similar maturity. The overwhelming demand for the bond led to an orderbook of over EUR 2.2 billion, and its quality allowed for the final spread to be tightened to 15 b.p.

The transaction witnessed a broad support from international investors, with 75% of the deal placed among international accounts, notably from investors in Germany and France. Among the types of investors participating, fund managers took the lead, accounting for 37% of the total volume of the issue, followed by banks (25%), insurance companies and pension funds (22%), and central banks and official institutions (13%).



ICO brings together international investors and issuers at the 7th ICO Sustainable Bond Forum

(June 2023)



ICO held its 7th edition of its Sustainable Forum bringing together international investors, issuers, banks and other players from the sustainable bond market. In this forum, organized by ICO in collaboration with BBVA, Crédit Agricole, HSBC, ING, and Santander, speakers analyzed the current situation, the evolution of the market as well as the new opportunities and challenges of the sector.

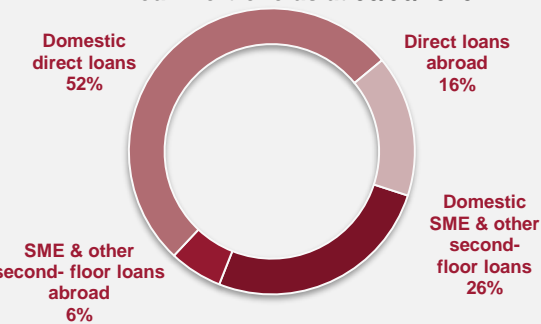
This event was inaugurated by Álvaro López Barceló, the Director General of the Treasury and Financial Policy, along with José Carlos García de Quevedo, the Chairman of ICO. Following this opening, the distinguished audience had the privilege of hearing from influential voices in the sustainable bond market through three panels, each focusing on social bonds, green bonds, and innovative approaches in Sustainable Finance. Nicholas Pfaff was one of the speakers, giving voice and representation to ICMA.

To conclude the event, Margarita Delgado, Deputy Governor of the Bank of Spain, delivered her closing remarks.

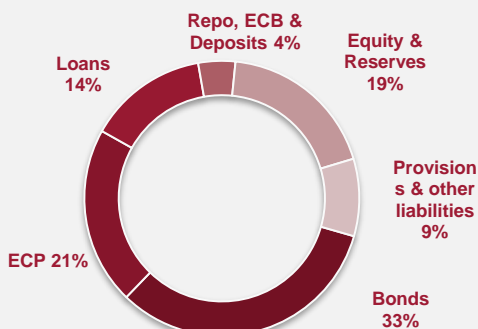
One more year, ICO continues demonstrating its unwavering commitment to the sustainable bond market, not only by holding a renowned event in the field but also by having issued up to date 15 sustainable bonds in social and green format.

ICO in figures

Loan Portfolio as at 30/06/2023



Liabilities breakdown as at 30/06/2023



Financial Highlights

	2019	2020	2021	2022	30/06/2023*
Total assets (Mill. EUR)	31,823	34,386	37,766	29,775	31,346
Equity & reserves¹ (Mill. EUR)	5,257	5,202	5,354	5,515	5,880
Pre-tax profit (Mill. EUR)	149.25	97.55	171.70	178.11	191.78
Net interest income (Mill. EUR)	-28.06	-10.63	104.55	125.73	152.05
Gross revenue (Mill. EUR)	90.53	88.22	181.86	204.58	203.95
Profitability ROA	0.44%	0.29%	0.49%	0.53%	1.30%
Tier I Ratio	41.11%	37.21%	35.36%	33.62%	30.28%
Non-Performing Loans					
Direct Loans	4.72%	4.16%	3.81%	3.67%	3.36%
Total loans incl. second floor loans	2.43%	2.33%	2.33%	2.31%	2.26%
Provision coverage ratio	168%	145%	157%	171%	158%
Efficiency					
Ordinary Expenditure/ATA	0.12%	0.12%	0.13%	0.14%	0.16%

(1) Eligible capital for solvency purposes.

* 2023: Unaudited figures

Source: ICO

Funding Policy for 2023

- **Expected total funding in 2023:**
EUR 5-6 bn
- **Promotion of the sustainability bond market:**
further issuance of Social and Green Bonds
- **EUR benchmark transactions**
- **Short to medium maturities**

Funding activity

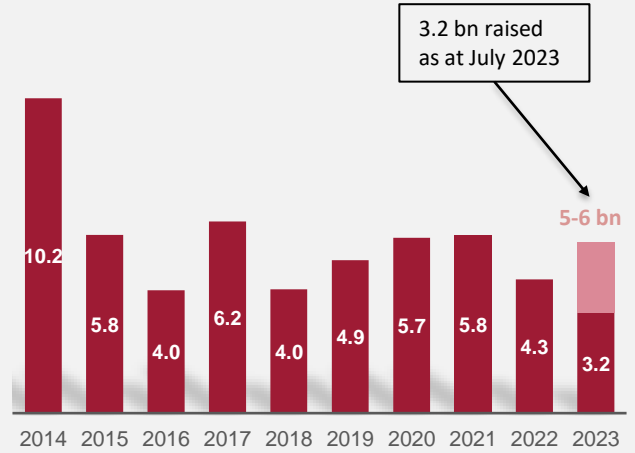
ICO enjoys the **guarantee** from the Kingdom of Spain which is defined in its bylaws as:

Explicit
Irrevocable
Unconditional
Direct

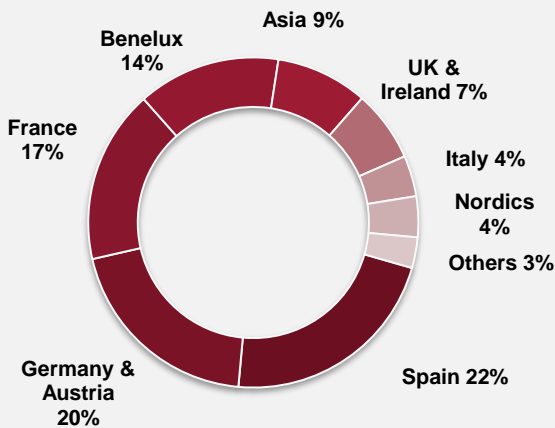
ICO's long term ratings

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

Funding Activity EUR bn

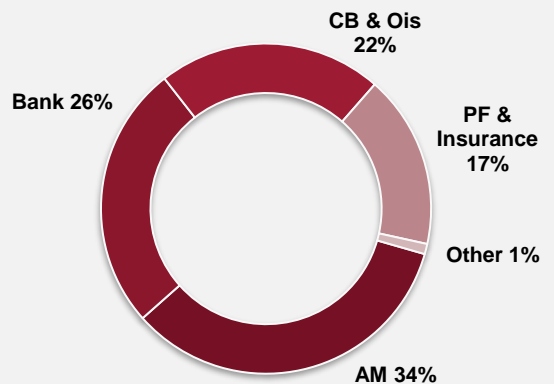


By region



Borrowing profile 2023 (benchmark transactions)

By investor type



Spanish Economy: latest figures and comments

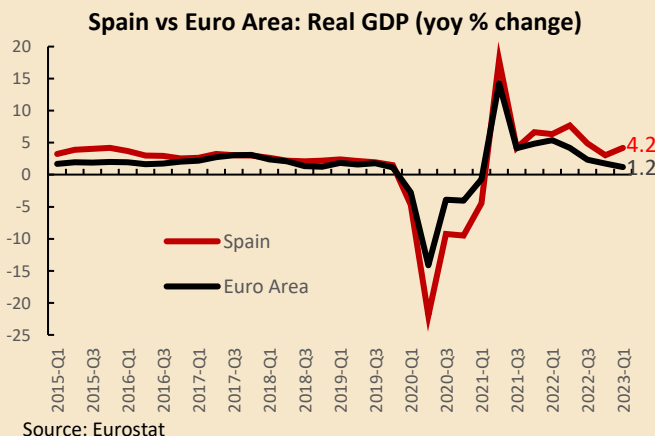
According to the latest data published by Eurostat, **the Spanish economy continues to outpace the Euro Area's growth**. In the beginning of 2023, the Spanish GDP grew by 0.6% QoQ, while the Euro Area only experienced a 0.1% QoQ growth. Furthermore, Spain's annual GDP growth in Q1 2023 (4.2% YoY) surpassed the Euro Area's growth (1.2% YoY). Spain has been consistently outperforming the Euro Area in terms of GDP growth since the beginning of 2021.

The **International Monetary Fund (IMF) has released its summer update of the World Economic Outlook (WEO)**. The IMF forecasts that Spain's GDP will grow by 2.5% in 2023, which is an upward revision from their April forecast of 1.5%. This positive outlook is attributed to stronger performance in services and tourism sectors. While Spain is expected to grow more intensely than other big advanced economies in 2023, the growth rate is predicted to be lower than the exceptional 5.5% growth experienced in 2022. Looking ahead to 2024, the IMF foresees Spain's growth to remain robust at 2.0%, which is significantly higher than the average of advanced economies (1.4%), USA (1.0%), and the Euro Area (1.5%).

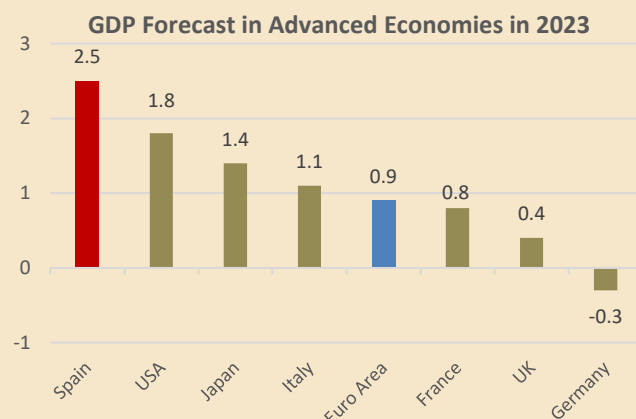
Inflation is a major concern at the international level, but **Spain has been successful in moderating it faster than other European countries**. By the end of the first half of 2023, the **YoY change of HICP in Spain reached 1.6%**, well below the Euro Area's 5.5%. This resulted in HICP falling below the reference rate of 2% for the first time in two years. **Core HICP (excluding energy and unprocessed food) also exhibits a downward trend**, with Spain recording 5.5% YoY by the end of the first half of 2023, compared to 6.8% in the Euro Area in June 2023.

The robust performance of the Spanish economy can be partly attributed to the **strength of the labor sector**. In Q2 2023, as reported by the Labour Force Survey, Spain achieved a remarkable milestone with 21 million people employed, the highest figure recorded in the poll's historical series. The labor sector's resilience is not only a result of economic expansion but also a direct outcome of the labor reform approved in 2022, which helped reduce the share of temporary contracts. At the same time, unemployment is decreasing, with an unemployment rate of 11,6% in Q2 2023, well below pre-covid rate of 14.1% recorded in the 2019 average.

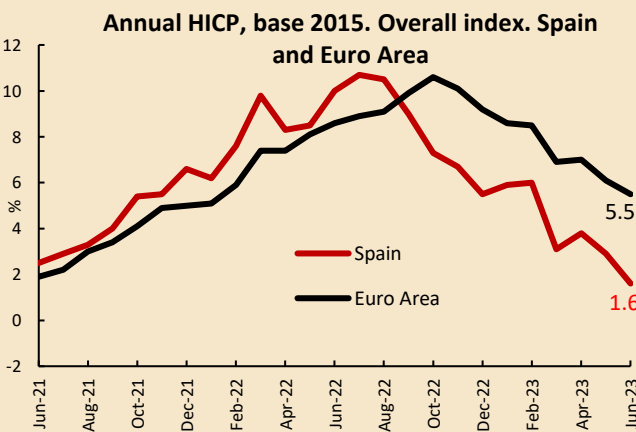
Spain has assumed the presidency of the Council of the EU for H2 2023 as part of the rotating system among EU member states. The Spanish presidency's priority issues include promoting European unity in the face of the war in Ukraine, fostering strategic autonomy, implementing new fiscal rules, enhancing EU competitiveness, and strengthening relations with regions such as Latin America.



Source: Eurostat



Source: IMF (WEO update, July 2023)



Source: Eurostat

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

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