

05/12/2025 - Scope Ratings GmbH

Scope affirms Instituto de Crédito Oficial at A and revises the Outlook to Positive

Explicit guarantee, strong integration with the public sponsor and robust standalone fundamentals support the rating. The Outlook revision of Spain's rating, to which ICO's ratings are aligned, drives the Outlook change.

Rating action

Scope Ratings GmbH (Scope) has today affirmed Instituto de Crédito Oficial's (ICO) long-term issuer and senior unsecured debt ratings at A, in both local and foreign currency, and revised the Outlook to Positive from Stable. Scope has also affirmed ICO's short-term issuer rating at S-1, in both local and foreign currency, and revised the Outlook to Positive from Stable. The Outlooks change of ICO's ratings is driven by Scope's revision of the Outlook to Positive on the Kingdom of Spain's ratings of **A** on 21 November 2025¹.

The latest information on the rating, including rating reports and related methodologies, [is available here](#).

The A rating of ICO is aligned with that of the Kingdom of Spain (State) and reflects the following assessments:

Rating rationale

- **Equalisation factor:** The explicit, irrevocable, unconditional, and direct guarantee provided by the State on all ICO's liabilities, underscores ICO's ratings equalisation with the Kingdom of Spain's A/Positive rating.
- **Strong integration with the public sponsor:** ICO maintains a high level of integration with the State, underpinned by its public legal status, exclusive public ownership, provision of essential public services, and significant financial interdependencies with the State.
- **Robust standalone fundamentals:** The A rating also recognises ICO's strong standalone fundamentals, which include robust capitalisation, sustained profitability, and sound asset quality. Approximately one-third of ICO's loan portfolio consists of intermediary loans to private banks, which in turn extend funds to private sector borrowers. This structure, along with prudent risk management and a broadly diversified loan portfolio across sectors, results in low non-performing loans. Furthermore, ICO's robust access to capital markets—bolstered by the State guarantee—ensures ample liquidity buffers, a diversified investor base and sustained funding across economic cycles.

Key rating drivers

Equalisation factor: ICO's issuer rating is equalised with the Kingdom of Spain's A/Positive rating, reflecting the explicit, irrevocable, unconditional, and direct guarantee provided by the State on all ICO's liabilities. This guarantee is clearly stipulated in ICO's bylaws, reinforcing the strong legal and financial backing from the

Spanish government.

Robust integration with the Kingdom of Spain, supported by special public legal status, full public ownership, and crucial role in implementing government economic policies. As a public business entity (*'Entidad Pública Empresarial'*, EPE), ICO cannot be declared insolvent, making it exempt from the Banking Recovery and Resolution Directive (BRRD), which applies to commercial banks. This legal structure enables ICO to hold its own legal status, manage its assets and treasury autonomously, and effectively fulfil its policy-driven mandate. Additionally, ICO operates under ministerial supervision and is fully owned by the Spanish State, reinforcing its position as a key financial arm of the government. This institutional framework ensures that ICO remains a reliable and stable financing instrument for national economic development.

Legally classified as a credit institution, ICO is subject to Basel prudential regulations for banks and is supervised by the Bank of Spain, ensuring compliance with regulatory standards and financial stability requirements. As Spain's national promotional bank, ICO plays a pivotal role in fostering economic growth and implementing government policies, with a mission centred on supporting sustainable development and financing projects with social, environmental, and cultural significance. Additionally, ICO acts as the state's financial agent, managing strategic programmes, including guarantee lines during the pandemic and development cooperation funds, further reinforcing its crucial role in Spain's financial and economic landscape. This broad policy mandate, coupled with strong government oversight, underscores ICO's importance as a key institution in Spain's economic and financial strategy.

ICO's strategic position as Spain's development bank is reinforced by its strong capital base, diversified lending approach, and active capital market presence. ICO's business model, driven by its public policy mandate, positions it as a long-term, countercyclical lender and a key player in state support measures. Its

deployment of Next Generation EU funds, combined with its commitment to sustainability-focused financing, underscores its importance to Spain's long-term economic growth and financial stability.

Following record lending and guarantees of over EUR 90bn in 2020, mainly due to Covid-19 support programmes, lending has since normalised, reaching EUR 7.3bn in 2024², as crisis-driven support declined. Despite this moderation, ICO remains central to Spain's economic policy, with future lending expected to focus on innovation, sustainability, and internationalisation. Moreover, ICO is expected to mobilise up to EUR 34bn of NGEU loans in the second phase of the Recovery, Transformation and Resilience Plan, further underscoring its strategic role for the Spanish government and economy.

ICO maintains moderate profitability, with a return on assets of 0.88%, slightly above its five-year track record. Moreover, its CET1 ratio of 23.61% as of September 2025 significantly exceeds regulatory requirements, highlighting its strong capital base and financial resilience. Additionally, a prudent dividend policy prioritises capital retention, ensuring that ICO remains well-positioned to fulfil its long-term policy objectives.

ICO's ability to provide lending facilities not only via direct funding but also using second-floor facilities is a key factor supporting its robust asset quality. Its loan portfolio is well-diversified, with a balance between domestic direct lending and second-floor facilities, the latter representing almost one-third of its portfolio. This structure supports both direct financing and broader credit access through financial intermediaries. The loan portfolio is well-diversified across key economic sectors, aligning with Spain's economic transformation and sustainability priorities. Furthermore, 24% of ICO's loan book is internationally allocated, underscoring its commitment to supporting Spanish businesses abroad and enhancing global financial integration. Asset quality remains solid, with a non-performing loan (NPL) ratio declining to 2.3% in September 2025 from 2.8% in 2023 and a sizable

provision coverage ratio of 145%, ensuring strong risk protection.

ICO continues to play a key role in debt capital markets, where social and green bonds are central to its funding strategy. Debt issuance limits are aligned with the Spanish State's annual budget, and the state can provide equity contributions if required. ICO's funding needs, planned at around EUR 7-8bn, in addition to a pre-funding of EUR 2.9bn last year, remain above the historical average, supporting ICO's activities. By end-October 2025, almost all funding programme has been completed, with EUR 7.3bn already raised.

Rating Change Drivers

The **Positive Outlook** reflects Scope's view that risks to the ratings are tilted to the upside over the coming 12 to 18 months.

Upside scenario for the ratings is:

1. The Kingdom of Spain's ratings were upgraded.

Downside scenarios for the ratings and Outlooks are (individually or collectively):

1. The Kingdom of Spain's ratings/Outlooks were downgraded.
2. A removal of the guarantee by the Kingdom of Spain or legal changes leading to a significantly lower integration with the Kingdom of Spain, resulting in weaker credit support from the Spanish sovereign.

Qualitative Scorecards (QS1) and Equalisation factor

Scope applies a top-down approach (QS1) in assessing the creditworthiness of ICO, which takes the public sponsor's rating (Kingdom of Spain: A/Positive) as the starting point.

The adoption of the top-down approach (QS1) reflects the strong integration between ICO and its public sponsor, the Kingdom of Spain, resulting from: i) a 'high' integration assessment for legal status, ii) 'high' integration assessment for ICO's purpose and activities; iii) a 'high' integration assessment regarding its shareholder structure; and iv) a 'high' integration assessment on financial interdependencies.

Scope then applies the equalisation factor. This is because the Kingdom of Spain provides an explicit, irrevocable, unconditional and direct guarantee on ICO's liabilities.

The assessments under QS1 and the equalisation factor result in an indicative rating of 'a' for ICO. The supplementary analysis of standalone fundamentals has not led to any adjustment to the indicative rating, resulting in a final rating of A.

The results were discussed and confirmed by a rating committee.

Environment, social and governance (ESG) factors

Scope considers the following ESG factors in the rating analysis.

Scope's A rating for the Kingdom of Spain, ICO's public sponsor, includes an appraisal of ESG factors. Governance factors are relevant to ICO's rating and are included in the assessment of the integration with the Kingdom of Spain and in the assessment of ICO's standalone profile. These factors are supported by a robust

corporate governance structure, which ensures that ICO effectively carries out its responsibilities as the national promotional bank, contributing to public interests.

ICO has made sustainability and ESG considerations central to its corporate strategy, aiming for 40% of new operations to meet sustainability criteria, a target it surpassed both in 2023 and last year, with 46% and 54% of approved financing classified as sustainable, respectively. Since 2015, ICO has issued more than EUR 9.55bn in social and green bonds, including a recent EUR 500m social bond in October 2025³. The proceeds from these bonds are focused on supporting SMEs in disadvantaged regions and funding projects mainly in socioeconomic advancement, social housing, infrastructure development, and food security, reinforcing ICO's role in promoting sustainable growth in Spain.

Rating committee

The main points discussed during the rating committee were: i) ICO's integration with the Kingdom of Spain, ii) latest business developments, financial and funding developments; and iii) peer comparison.

Rating driver references

1. [Scope affirms Spain's credit ratings at A and revises the Outlook to Positive](#)
2. [ICO 2024 Annual Accounts, April 2025](#)
3. [ICO, Investor Newsletter, November 2025](#)

Methodology

The methodology used for these Credit Ratings and/or Outlooks, (Government Related Entity Rating Methodology, 3 September 2025), is available on scoperatings.com/governance-and-policies/rating-governance/methodologies.

Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit

Ratings, Ancillary and Other Services', published on scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at scoperatings.com/governance-and-policies/regulatory/eu-regulation. Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): registers.esma.europa.eu/cerep-publication. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on scoperatings.com/governance-and-policies/rating-governance/methodologies.

The Outlook indicates the most likely direction of the Credit Ratings if the Credit Ratings were to change within the next 12 to 18 months.

Solicitation, key sources and quality of information

The Rated Entity and/or its Related Third Parties did not participate in the Credit Rating process.

The following substantially material sources of information were used to prepare the Credit Ratings: public domain.

Scope Ratings considers the quality of information available to Scope Ratings on the Rated Entity or instrument to be satisfactory. The information and data supporting these Credit Ratings originate from sources Scope Ratings considers to be reliable and accurate. Scope Ratings does not, however, independently verify the reliability and accuracy of the information and data.

Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and Outlooks and the principal grounds on which the Credit Ratings and Outlooks are based. Following that review, the Credit Ratings and Outlooks were not amended before being issued.

Regulatory disclosures

These Credit Ratings and Outlooks are issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0. The Credit Ratings and Outlooks are UK-endorsed.

Lead analyst: Carlo Capuano, Executive Director

Person responsible for approval of the Credit Ratings: Alvise Lennkh-Yunus, Managing Director

The local-currency Credit Ratings/Outlooks were first released by Scope Ratings on 27 June 2018. The Credit Ratings/Outlooks were last updated on 28 February 2025.

The foreign-currency Credit Ratings/Outlooks were first released by Scope Ratings on 20 September 2024. The Credit Ratings/Outlooks were last updated on 28 February 2025.

Potential conflicts

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