



Instituto de Crédito Oficial

Investor Presentation

June 2023

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Instituto de Crédito Oficial

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Funding profile

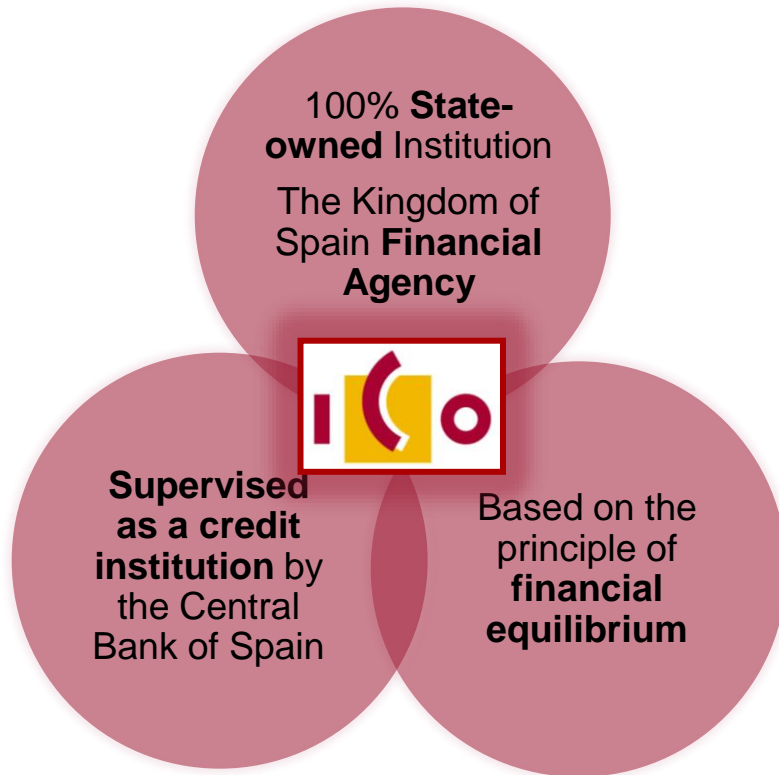
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ICO Social and Green Bonds

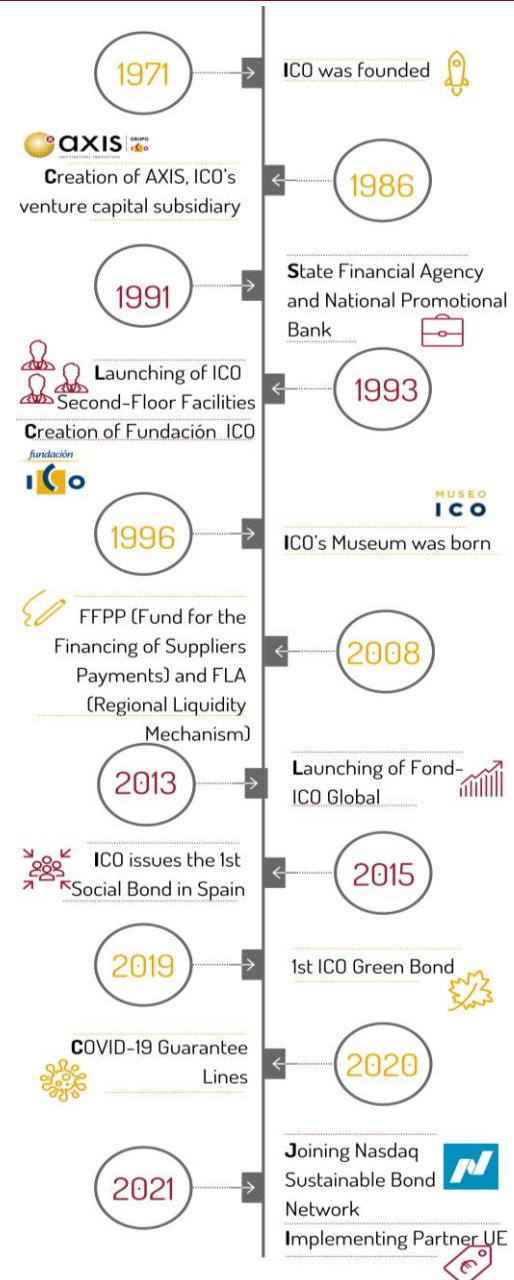
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Instituto de Crédito Oficial





Purposes: To support and promote economic activities that contribute to the **growth and improved distribution of wealth**, in particular, those that, due to their **social, cultural, innovating or environmental transcendence**, deserve to be fostered.



- 1971** → ICO was founded 
- 1986** ← Creation of AXIS, ICO's venture capital subsidiary 
- 1991** → State Financial Agency and National Promotional Bank 
- 1993** ← Launching of ICO Second-Floor Facilities
Creation of Fundación ICO 
- 1996** → ICO's Museum was born 
- 2008** ← FFPP (Fund for the Financing of Suppliers Payments) and FLA (Regional Liquidity Mechanism) 
- 2013** → Launching of Fond-ICO Global 
- 2015** ← ICO issues the 1st Social Bond in Spain 
- 2019** → 1st ICO Green Bond 
- 2020** ← COVID-19 Guarantee Lines 
- 2021** → Joining Nasdaq Sustainable Bond Network
Implementing Partner UE 

To achieve its objectives, ICO performs three main functions

NATIONAL PROMOTIONAL BANK

Financing companies, SMEs and self-employed in Spain and abroad

Second Floor facilities
Channelled through financial entities

Direct financing
Loans, credit lines, project finance, guarantees

Complementary Financing
Bonds, promissory notes, securitizations

Private capital and Venture capital AXIS
FondICO Global, FondICO Pyme, FondICO Infra II

INSTRUMENT OF ECONOMIC AND FINANCIAL POLICY

Instrument of Economic and Financial Policy

National
Joint implementation of initiatives from ministries, dependent agencies, regions, local corporations

European Union
Channelling of EU resources

Implementing partner MFF 21-27
Invest EU
Connecting Europe Facility

European Guarantee Fund
Next Generation EU

STATE FINANCIAL AGENCY

Management of Public Funds (off-balance sheet)

ICO guarantee lines (COVID + Ukraine)
on behalf of the Ministry of Economic Affairs

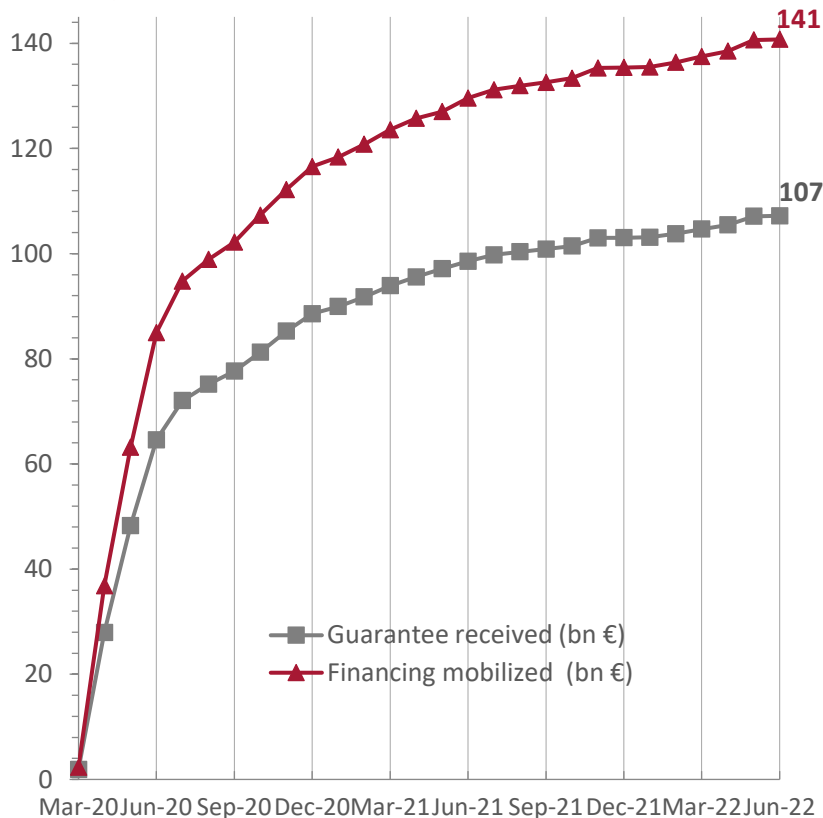
Internationalization FIEM - CARI
on behalf of the Ministry of Industry, Commerce and Tourism

Development Cooperation FONPRODE - FCAS
on behalf of the Ministry of Foreign Affairs

Territorial Funds, regions and local corporations
on behalf of the Ministry of Finance

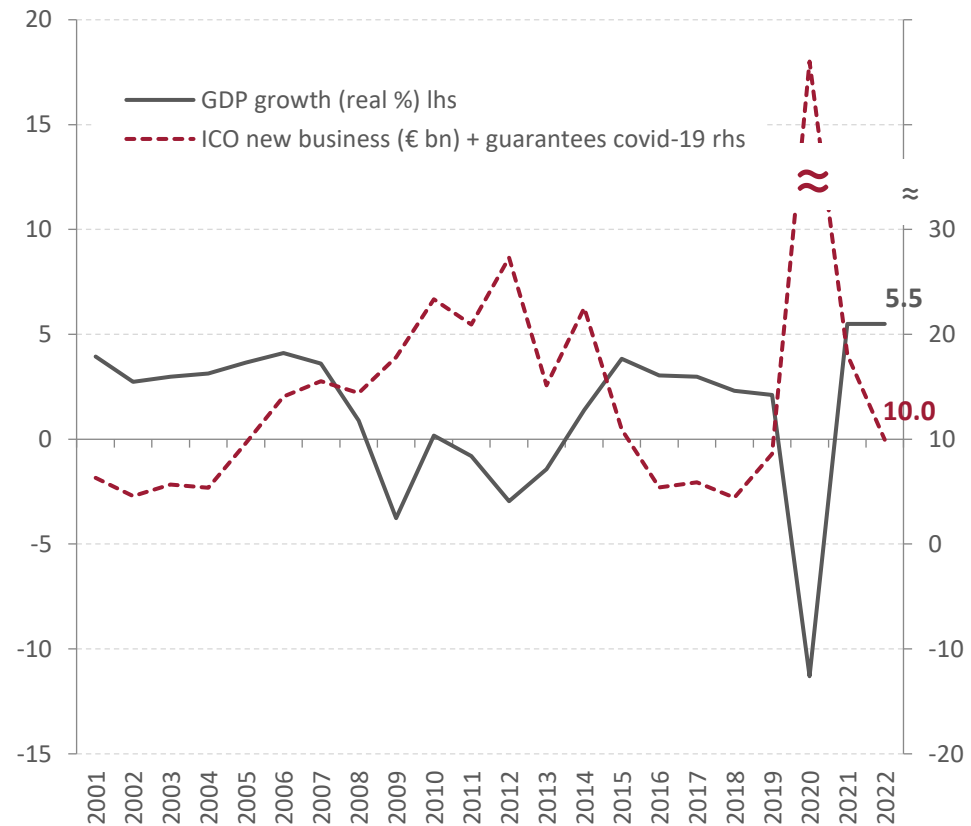
ICO, in its capacity as a national promotional bank, has traditionally worked **countercyclically** through the macroeconomic phases in the Spanish economy. ICO serves to mitigate “credit crunches” through increased credit production during economic downturns.

Financing mobilized by Government guarantee line ICO Covid-19 (total, bn €)

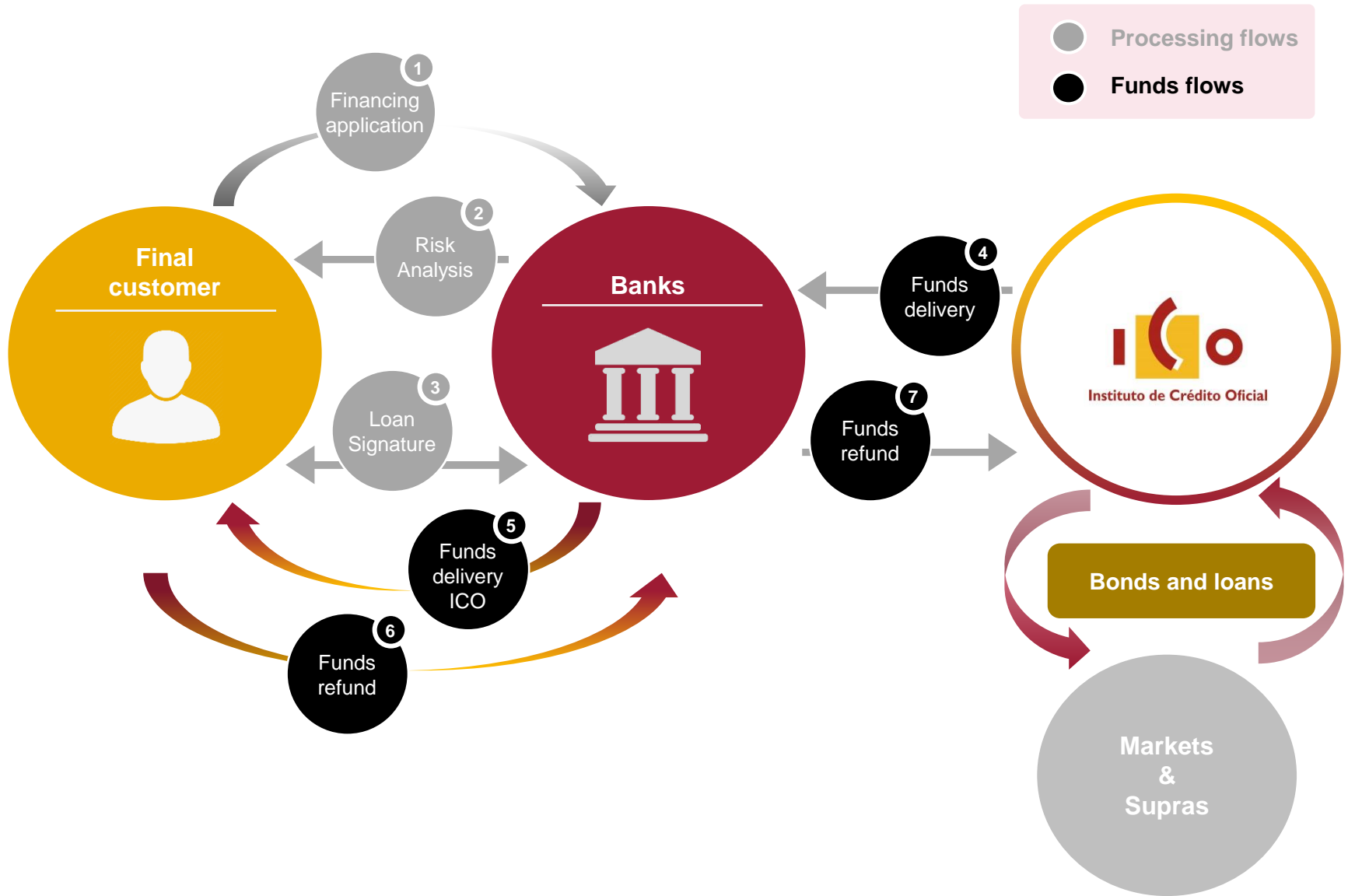


Source: ICO

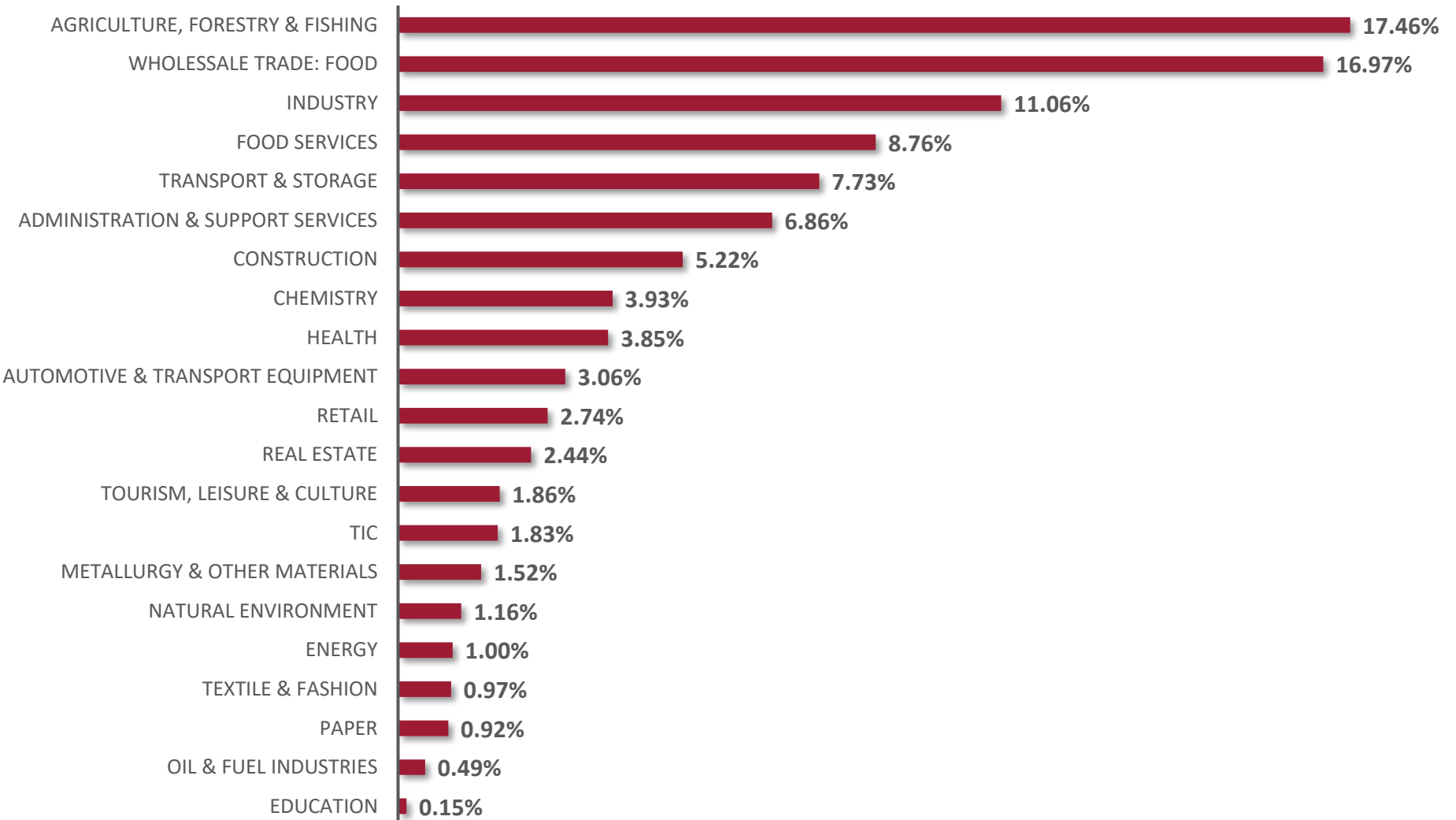
ICO lending (€ bn) vs economic activity (GDP %)



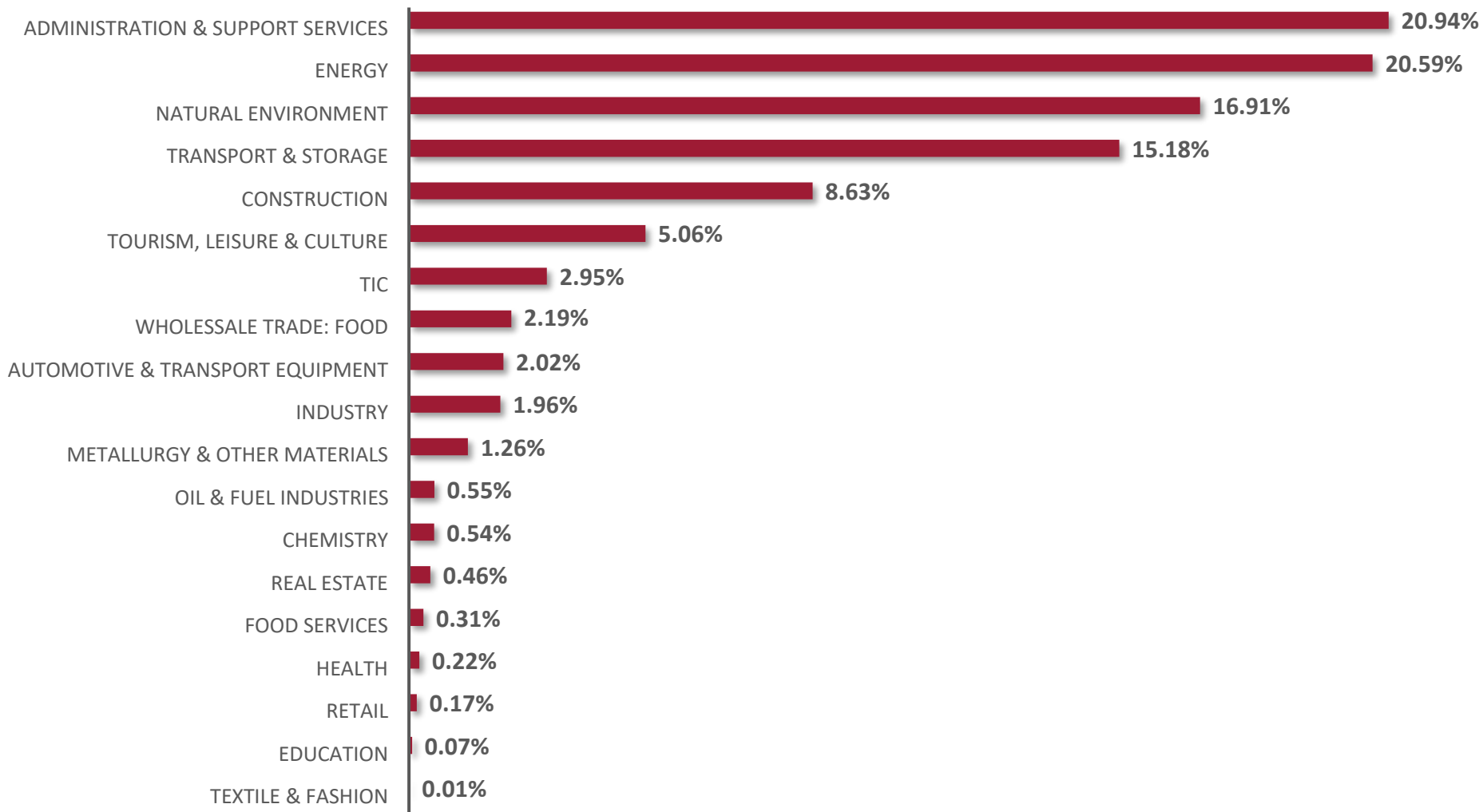
Source: ICO, INE



On-lending facilities by sectors (As at 31/03/2023)



Outstanding amount by sectors (As at 31/03/2023)



Funds managed on behalf of the State

€200 billion (*)

CARI - FIEM (Internationalization)	6.4bn
FONPRODE - FCAS (Development Cooperation)	0.4bn
REGIONAL FINANCING FUND	187.0bn
LOCAL ENTITIES FINANCING FUND	6.2bn

(*) Outstanding balance as at 31st March 23

Guarantees managed on behalf of the State

€109.4 billion (**)

COVID 19 GUARANTEES (initial guarantee amount)	108.1bn
UKRAINE GUARANTEE LINE (initial guarantee amount)	1.3bn

(**) Initial Guarantee amount

Total managed activity has **increased 4.9% YoY** due to a greater amount of State Funds managed as well as a higher amount guaranteed through COVID-19 and Ukraine Crisis Guarantee Lines.

€100 billion Liquidity Guarantee Line

The guarantee covered:

- Self employed and SMEs: 80% of the principal of new loans and 70% of renewals.
- Rest of the companies: 70% of new loans and 60% of renewals.

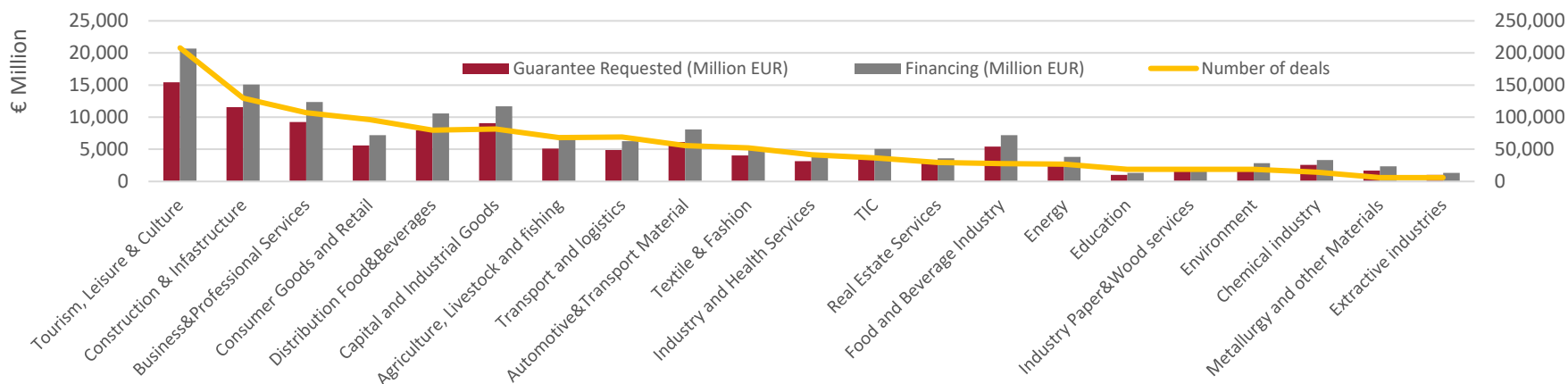
€40 billion Investment Guarantee Line

Focused on environmental sustainability and digitization. The guarantee covered:

- Self employed and SMEs: 80% of the principal of new loans.
- Rest of companies: 70% of new loans.

- Total financing channeled to the self-employed and Spanish companies: **€141 billion**
- Total guaranteed amount: **€107 billion**
- More than **1.2 million** operations have been approved under these programmes
- Default ratio stands at **1.67%** (pending principal amount of operations with defaults, net of recoveries €2.3 billion) (*)

Distribution by Sector of Activity (Liquidity + Investment Guarantee Lines):



Data as at **30th June 2022**, when the application period for COVID-19 guarantee lines ended

Guarantees are managed by ICO on behalf of the Government.
No credit impact on ICO financial accounts stemming from the guarantees.

Covid-19 Direct Loans

Direct funding with medium to long term maturities, to smooth the impact of Covid-19 on the activity of companies, including syndicated loans benefiting from up to a 70% government guarantee.

Covid-19 Guarantee Programme for Mid-Caps

Guarantees of up to 70% for short-term financing issued in MARF. These guarantees have been materialized through **100 transactions** that represent a total issued volume of **€1,156 Million**.

Covid-19 €400 Million Tourism Sector specific second-floor facility

Provided by the Ministry of Industry, Trade and Tourism. **For loans up to €500,000**, with a maximum fixed interest rate of 1.5% and a term between 1 and 4 years, plus a grace period of 1 year. Up to 50% of the principal of the loan.

Covid-19 Support and flexibility measures for loans with public guarantee

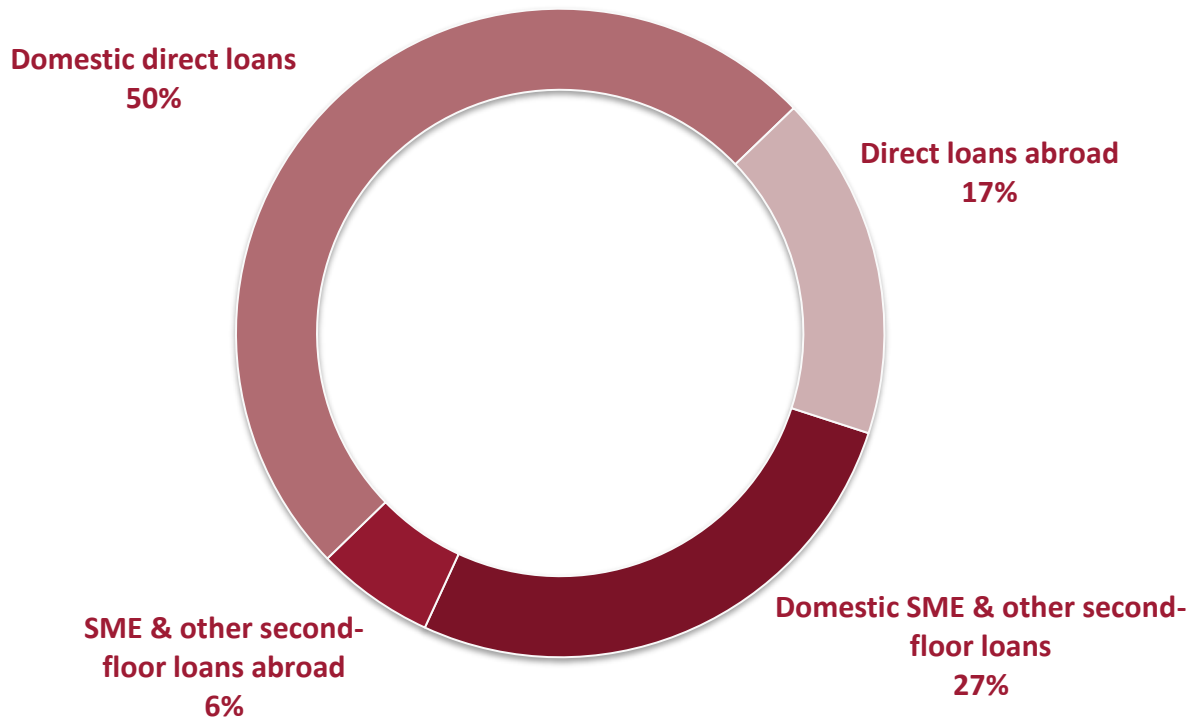
- Extend the maturity of loans with public guarantee.
- Convert loans with public guarantee into participating loans.
- Direct transfers to reduce the principal of the debt with public guarantee: **€2,750 Million** for guarantees managed by ICO.

.....*The application period for COVID-19 guarantee lines ended last 30th June*.....

Ukraine €10 billion Liquidity Guarantee Line

- Guarantee Line within the framework of the **National Response Plan to the war in Ukraine**.
- To cover the corresponding part of new financing operations of companies and self-employed affected by the **economic effects of the war in Ukraine**, such as the increase in energy prices, raw materials or electricity.
- Companies and self-employed must submit their application to a financial institution and the financial entity has **until 1st December 2023** to communicate formalized operations to ICO.
- As at May 2023, Spanish companies have received **€2.64 billion** of financing for a guaranteed amount of **€2.04 billion**.

Guarantees are managed by ICO on behalf of the Government.
No credit impact on ICO financial accounts stemming from the guarantees.



ICO loan portfolio is roughly split 67%-33% between direct lending and second floor facilities, respectively

23% of the loan book is international

	2019	2020	2021	2022	31/03/2023*
Total assets (Mill. EUR)	31,823	34,386	37,766	29,775	27,925
Equity & reserves¹ (Mill. EUR)	5,257	5,202	5,354	5,515	5,724
Pre-tax profit (Mill. EUR)	149.25	97.55	171.70	178.11	128.92
Net interest income (Mill. EUR)	-28.06	-10.63	104.55	125.73	79.63
Gross revenue (Mill EUR)	90.53	88.22	181.86	204.58	91.97
Profitability ROA	0.44%	0.29%	0.49%	0.53%	1.75%
Tier I Ratio	41.11%	37.21%	35.36%	33.62%	31.94%
Non-Performing Loans					
Direct Loans	4.72%	4.16%	3.81%	3.67%	3.23%
Total loans incl. second floor loans	2.43%	2.33%	2.33%	2.31%	2.13%
Provision coverage ratio	168%	145%	157%	171%	169%
Efficiency					
Ordinary Expenditure/ATA	0.12%	0.12%	0.13%	0.14%	0.16%

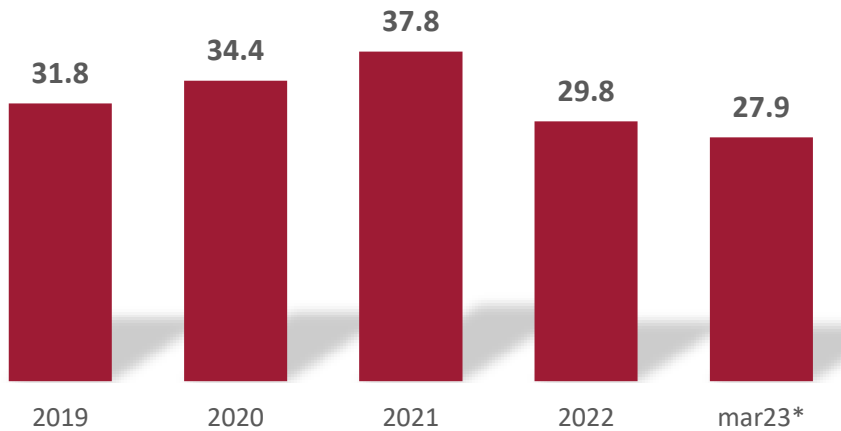
Source: ICO

* Unaudited figures

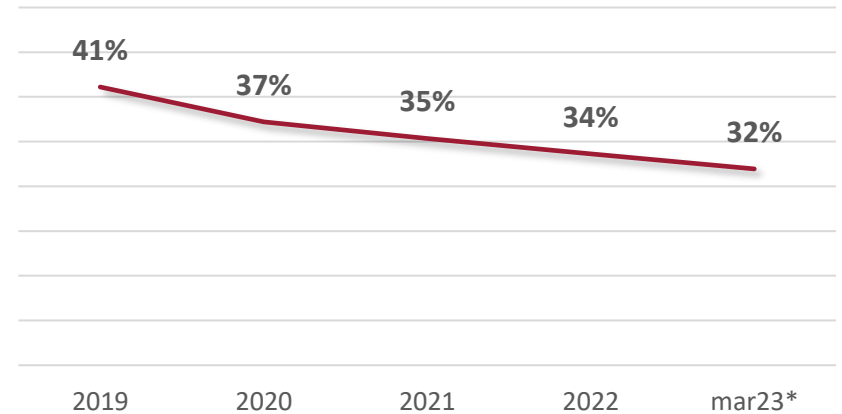
(1) Eligible capital for solvency purposes.

According to the forty-ninth Additional Provision of Act 42/2006 on the General-Government Budget Act, Tier I Ratio may in no case fall below 9.50%. ICO's own funds are of the highest quality (only equity and reserves). ICO has not issued neither subordinated debt, preferred stocks, contingent convertibles nor any other hybrid instruments.

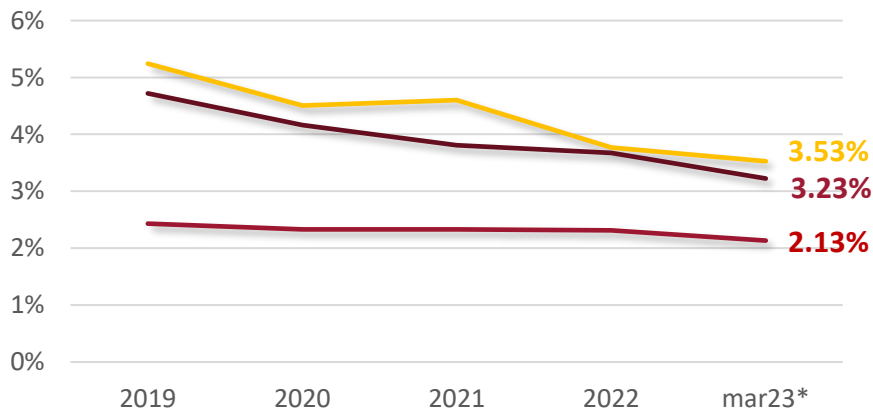
Total Assets (EUR billion)



TIER I capital ratio %

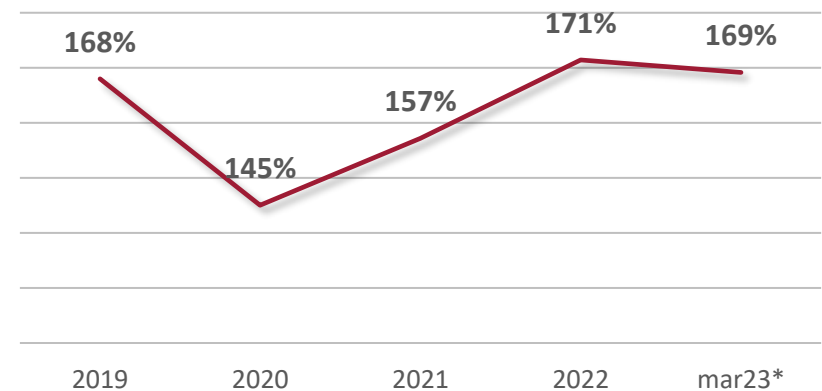


NPL Ratios %



- ICO Direct Loans
- ICO Total Loans (incl. mediation)
- Total Spanish Financial System

Provision coverage ratio %



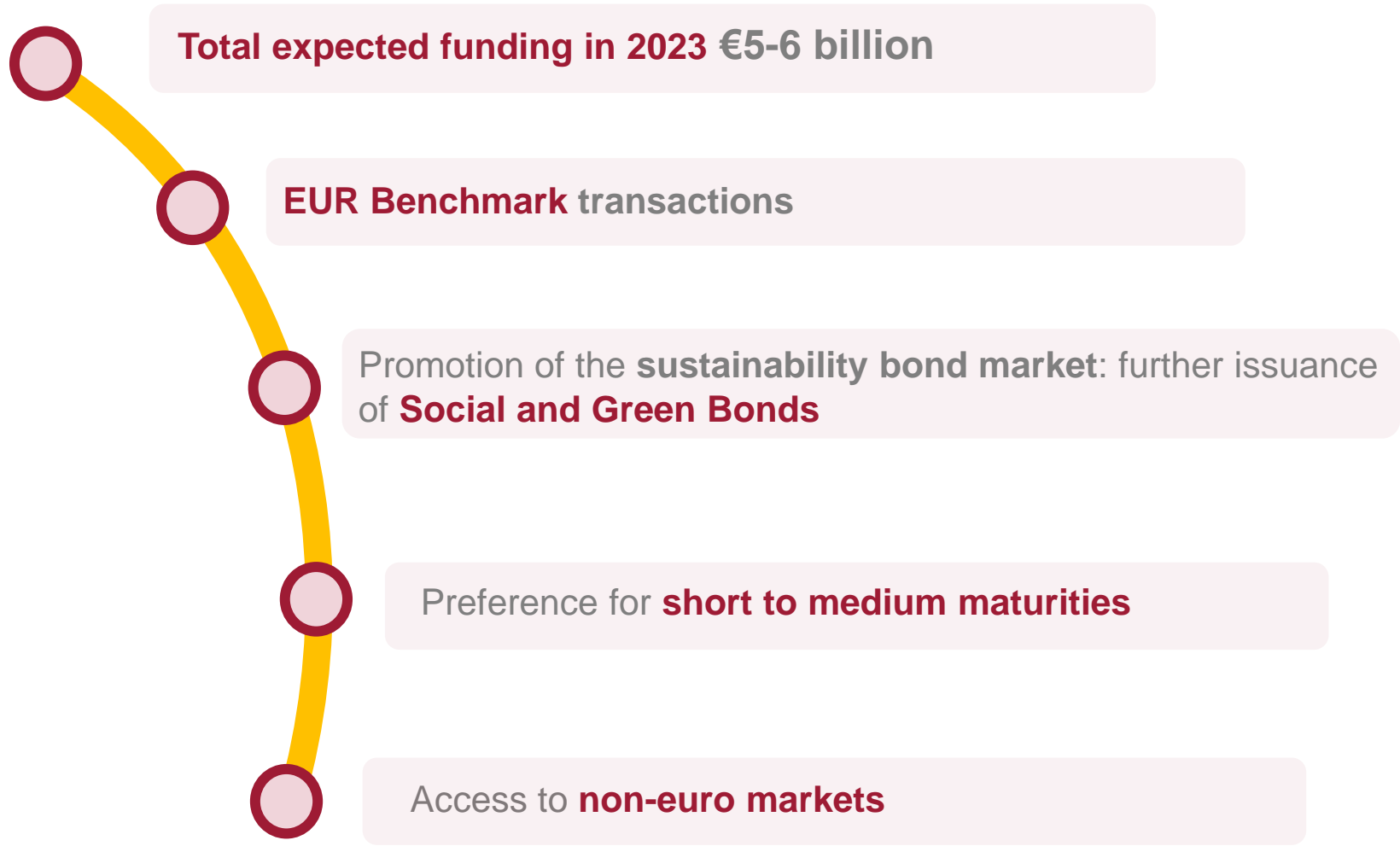
Source: ICO
*unaudited figures

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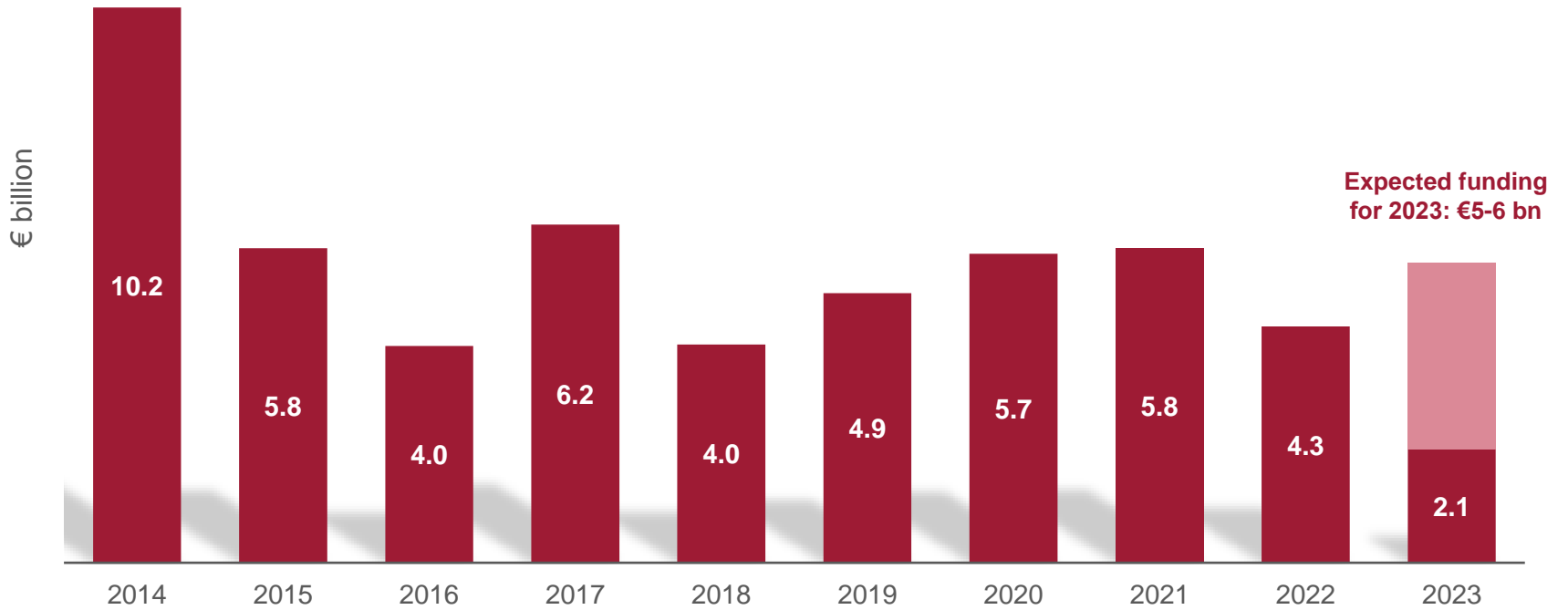
Funding Profile



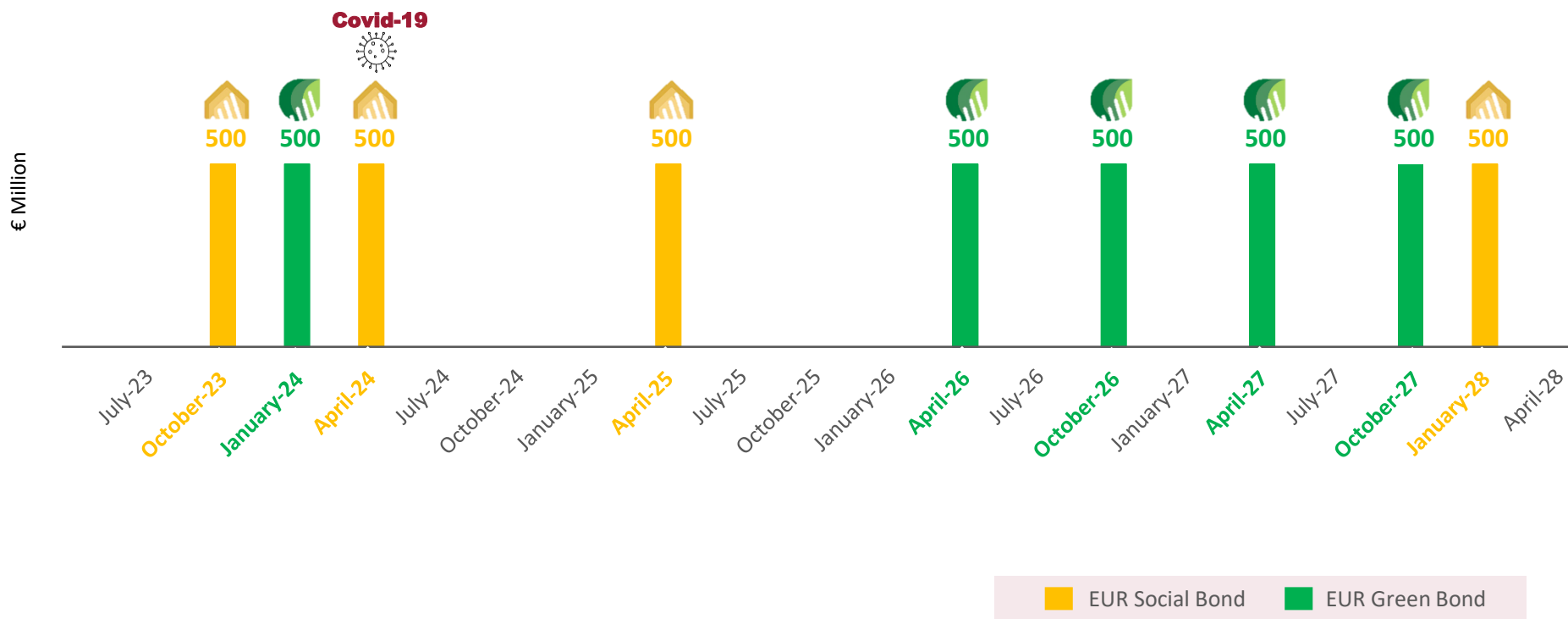




Funding activity



As at 15th June 2023

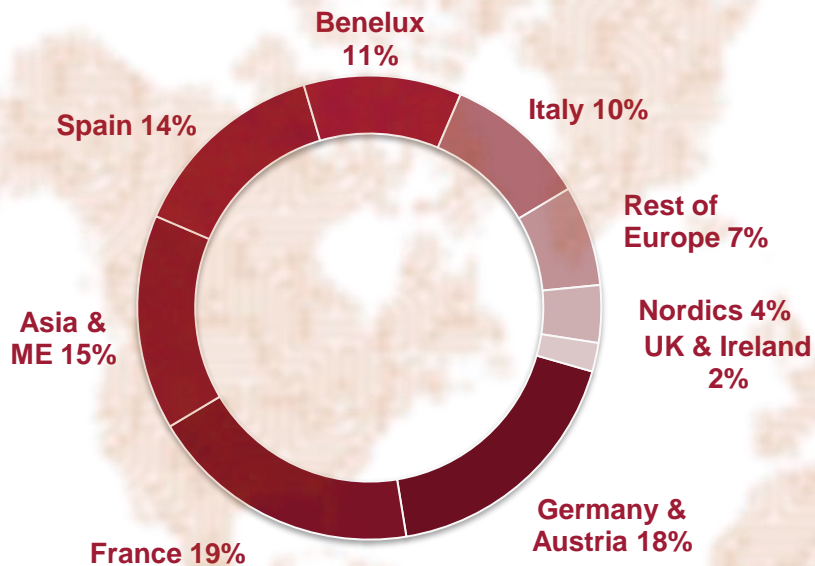


As at 15/06/2023

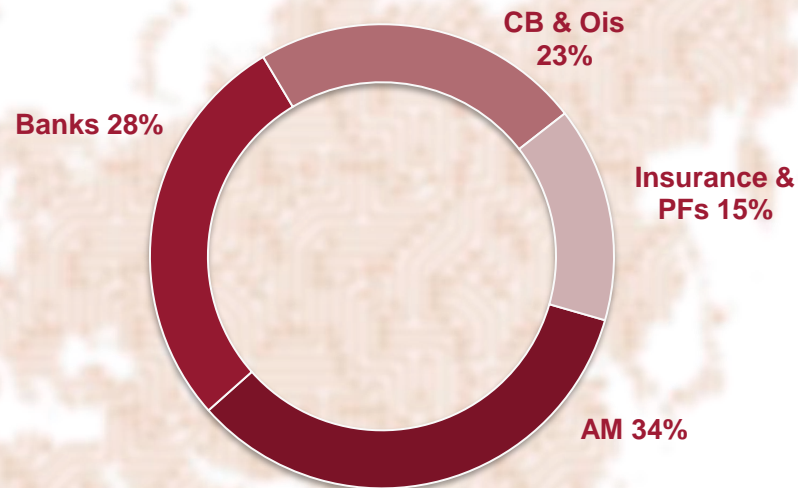
Borrowing Profile

(benchmark transactions 2022)

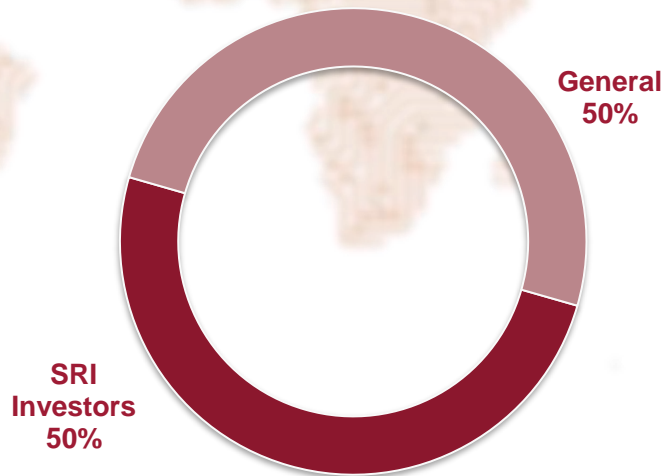
By Region



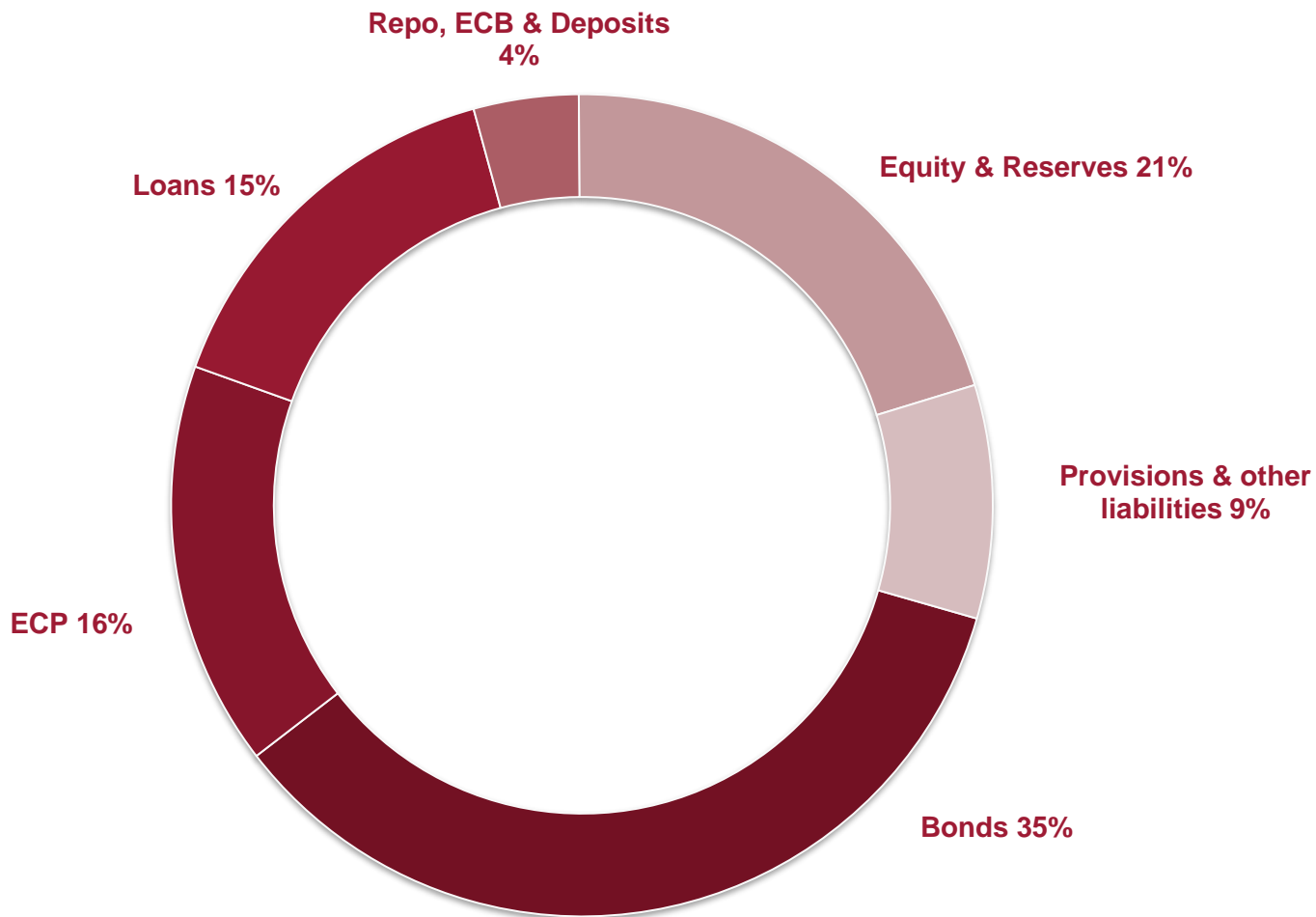
By Investor Type



By ESG participation



Liability Breakdown



Total Liabilities: €27,925 Million

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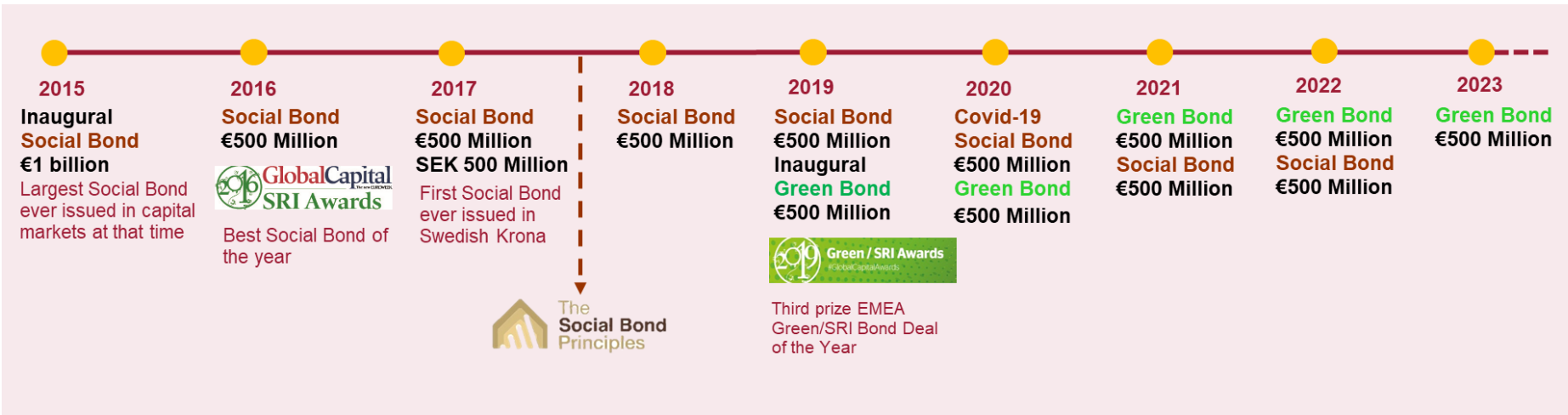
ICO Social and Green Bonds



ICO issued its inaugural social bond in early 2015 when no guidelines were still established on this regard. Since this first issuance, ICO has demonstrated its leadership in the social bond market, having issued **9 social bonds amounting to over €4,550 Million**, so far.

ICO reinforced this commitment to the sustainable bond market with the debut on the green bond market in 2019. Since then, the institution has issued **5 green bonds amounting to €2,500 Million**.

ICO has become a referent in the sustainable bond market by having issued **more than €7,050 Million** in different types of sustainable bonds that will help to contribute to a more sustainable world.



ICO's first **Social Bond Framework** was dated January 2015. This framework positioned ICO at the forefront of the Social Bond market, having issued 6 Social Bonds amounting over €3.5 billion.

ICO has the intention to go further on the contribution to the development of a sustainable financial market. In this line, ICO **updated its framework in 2020** to better reflect its social objectives as a promotional bank





















1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

 SUSTAINALYTICS
SECOND-PARTY
OPINION



“Sustainalytics is of the opinion that the ICO Social Bond Framework is credible and impactful, and aligns with the four core components of the Social Bond Principles 2018.”



Project Category	Definition	SDG
Second floor facilities		
SME Lending (1) Economically underperforming regions	Loans to SMEs established in economically underperforming regions of Spain	  
SME Lending (2) Depopulation	Loans to SMEs established in municipalities of Spain facing depopulation, hence supporting the fight against the 'Empty Spain'	
SME Lending (3) Natural disasters	Loans to support SMEs and self-employed affected by any natural / health disaster (pandemics, earthquakes, floods, droughts...)	
Direct lending		
Socioeconomic advancement and empowerment	Programs that support the Socioeconomic advancement and empowerment (projects aiming at supporting, integrating and providing basic services to vulnerable population or developing job security / basic needs / equal opportunities)	   
Social Housing	Loans dedicated to the development and provision of Social Housing, including renovation, maintenance and improvement of social housing projects and Social Housing with adapted rents to disadvantaged targeted populations	 
Access to essential services	Healthcare, education, professional training or financing for companies facing natural / health disasters (pandemics, earthquakes, floods, droughts...)	  
Affordable basic infrastructure	Water and sanitation, connectivity and digital access	 
Axis Venture Capital		
Socioeconomic advancement and empowerment	Investments in Social Funds providing funding to social enterprises, recognized as European social entrepreneurship fund, aligned with the European Union regulation for Social entrepreneurship funds.	   

€500 Million for social projects that have help mobilize **€710 Million** funds



Social Housing

1%

- €9.2 Million allocated
- **81 homes**, in order to be incorporated into the rental market for vulnerable groups
- 15 out of these 81 houses have enabled **15 families** to be assigned a home adapted to their mobility problems



Access to essential services (1) Access to healthcare

7%

- €15.85 Million allocated
- **1 hospital** built
- **207 beds**
- **339,494 patients** benefitting from healthcare or medical treatment



SME

SME Lending (1) Economically underperforming regions

75%

- €373.25 Million allocated
- **4,998 projects** financed
- **36,227 jobs** created and/or retained



Socioeconomic advancement and empowerment

3%

- €35 Million allocated
- **300 people with disabilities** provided with a new job opportunity



Access to essential services (4) Access to financing for companies facing natural / health disasters:

14%

- €69 Million allocated
- **3 projects** financed
- **1,458 jobs** created and/or retained



Social Bond Reporting

Instituto de Crédito Oficial

Report of Management Committee

15 September 2022

1. Introduction

2. Evaluation Criteria

3. Evaluation Results

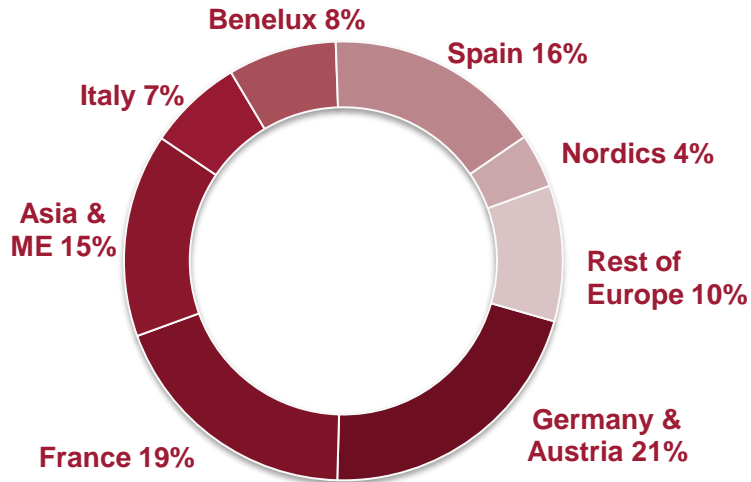
Category	Impact	ESG
Access to essential services (1) Access to healthcare	€15.85 Million allocated	1 hospital built, 207 beds, 339,494 patients benefitting
Access to essential services (4) Access to financing for companies facing natural / health disasters	€69 Million allocated	3 projects financed, 1,458 jobs created and/or retained
Socioeconomic advancement and empowerment	€35 Million allocated	300 people with disabilities provided with a new job opportunity
SME Lending (1) Economically underperforming regions	€373.25 Million allocated	4,998 projects financed, 36,227 jobs created and/or retained
Social Housing	€9.2 Million allocated	81 homes, 15 families enabled

Portfolio Review (Sustainalytics)

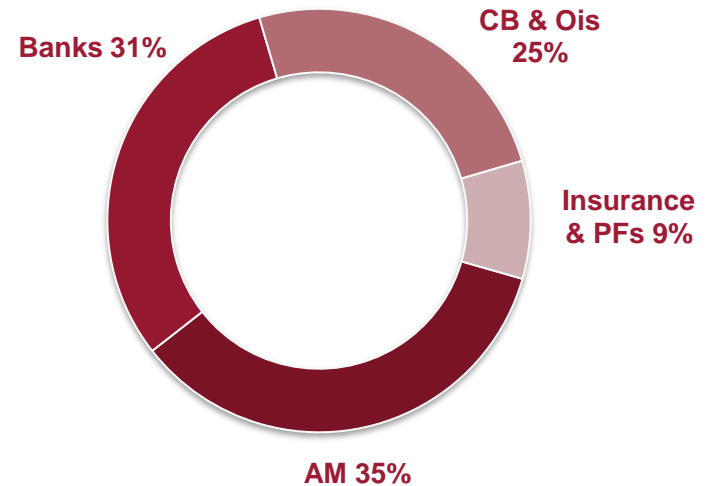
9th ICO SOCIAL BOND EUR 500 mm 2.65% January 2028

Issued in September 2022

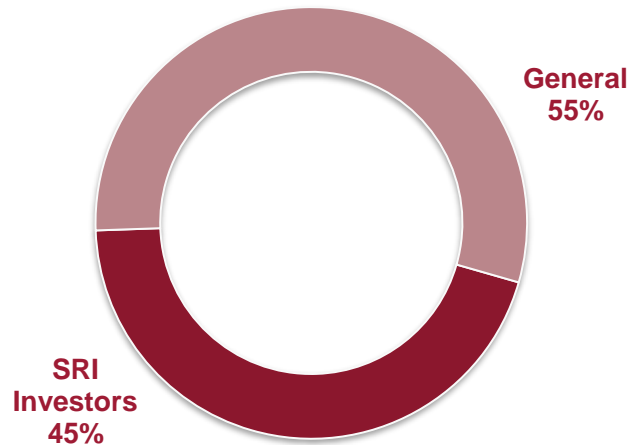
By Region



By Investor Type



By ESG participation



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ICO GREEN AND SOCIAL BONDS

Supporting sustainable growth in Spain



Investing in ICO Green and Social Bonds provides the opportunity to take part in the transition of the Spanish economy to a more sustainable growth model.

ICO is playing a key role on the current recovery and transformation process and has been a pioneer in the Sustainable Bond market in Spain, gaining extensive experience and providing confidence and attractive returns.



www.ico.es



ICO <GO>



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