

ICO launches its third green bond to finance projects by Spanish companies to contribute to the ecological transition

Instituto de Crédito Oficial (ICO) has launched its third green bond, a €500m deal that will be used to finance projects that contribute to the ecological transition in order to consolidate the recovery and promote sustainable economic growth in line with the key pillars of the National Recovery, Transformation and Resilience Plan.

The issue gained a demand of more than 2 billion euros, making it possible to lower the spread initially set at 10 basis points over the Treasury benchmark with the same maturity to 6 basis points, the lowest spread achieved by ICO in a public benchmark transaction.

94% of the bonds have been distributed among international accounts. Regarding the distribution by type of investor, it is worth noting the demand registered by asset managers, who have acquired 53% of the total volume.

63% of the bonds have been placed among sustainable investors, which once again shows how favourably ICO bonds are received by specialised investors and reinforces ICO's role as a benchmark issuer in this market.

With a term of six years, the operation had a re-offer yield of -0.104% at issuance.



Published ICO Social Covid-19 Bond and Green Bond reporting launched in 2020

ICO's Social Covid-19 Bond reports the impact achieved by ICO in its attempt to alleviate the social and economic effects of the COVID-19 pandemic through the financing of operations of the self-employed, SMEs and companies. The proceeds of this bond helped create or maintain 14,879 jobs.

ICO's Green Bond Reporting details the environmental benefits achieved by the projects funded by ICO's second Green Bond. Through the financing of renewable energy and clean transportation projects the institution contributed to avoid 263,030 tones of CO2e emissions.



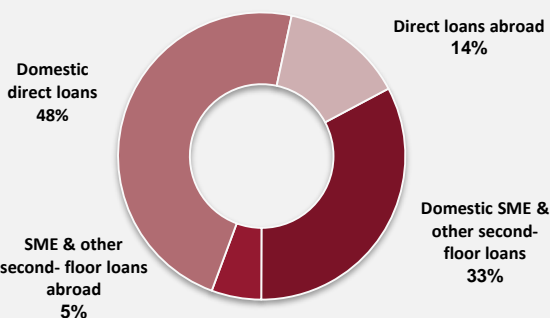
[Link to the report](#)



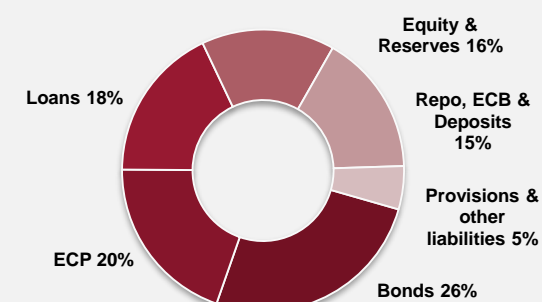
[Link to the report](#)

ICO in figures

Loan Portfolio as at 30/06/2021



Liabilities breakdown as at 30/06/2021



Financial Highlights

	2017	2018	2019	2020	30/06/2021*
Total assets (Mill. EUR)	42.186	36.237	31.823	34.386	33.809
Equity & reserves¹ (Mill. EUR)	5.295	5.246	5.257	5.202	5.499
Pre-tax profit (Mill. EUR)	145,99	112,91	149,25	97,55	99,70
Net interest income (Mill. EUR)	-69,11	-96,54	-28,06	-10,63	43,64
Gross revenue (Mill. EUR)	15,92	55,23	90,53	70,20	78,13
Profitability ROA	0,32%	0,28%	0,44%	0,29%	0,85%
Tier I Ratio	32,86%	40,54%	41,11%	37,21%	38,63%
Non-Performing Loans					
Direct Loans	9,00%	6,31%	4,72%	4,16%	3,61%
Total loans incl. second floor loans	4,15%	3,19%	2,43%	2,33%	2,22%
Provision coverage ratio	121%	154%	168%	145%	145%
Efficiency					
Ordinary Expenditure/ATA	0,09%	0,10%	0,12%	0,12%	0,13%

(1) Eligible capital for solvency purposes.

Source: ICO
2021: unaudited figures

Funding Policy for 2021

- Expected funding needs: EUR 4 bn.
- EUR benchmark transactions
- Preference for short to medium maturities
- Promotion of the sustainability bond market: further issuance of Social and Green Bonds

Funding activity

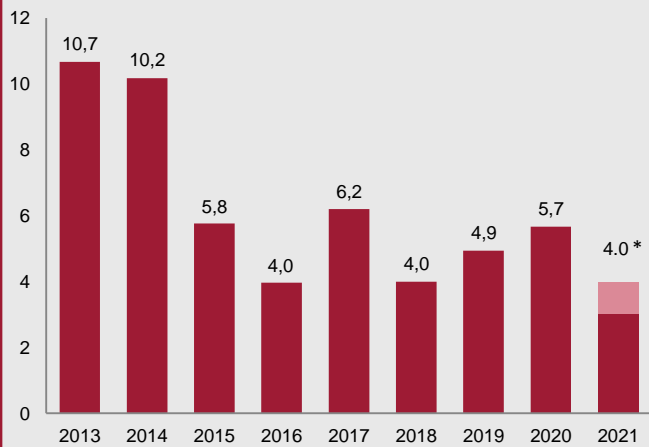
ICO enjoys the **guarantee** from the Kingdom of Spain which is defined in its bylaws as:

**Explicit
Irrevocable
Unconditional
Direct**

Long term ICO's ratings

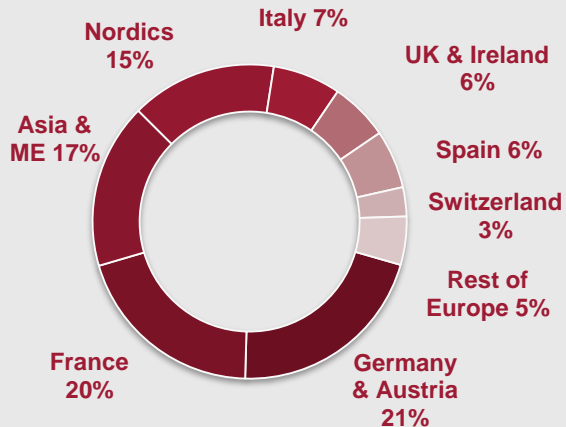
DBRS	A / Stable
Fitch	A- / Stable
Moody's	Baa1 / Stable
S&P	A / Negative

**Funding Activity
EUR bn**



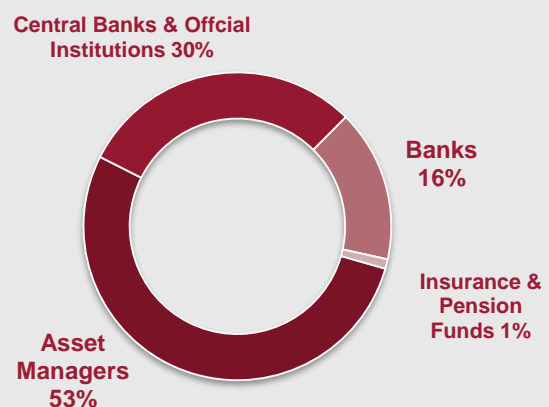
ICO's 2021 funding needs are EUR 4 bn.
* 3 bn raised as at July 2021

By region



**Borrowing profile 2021
(Benchmark transactions)**

By investor type



Spanish Economy: latest figures and comments

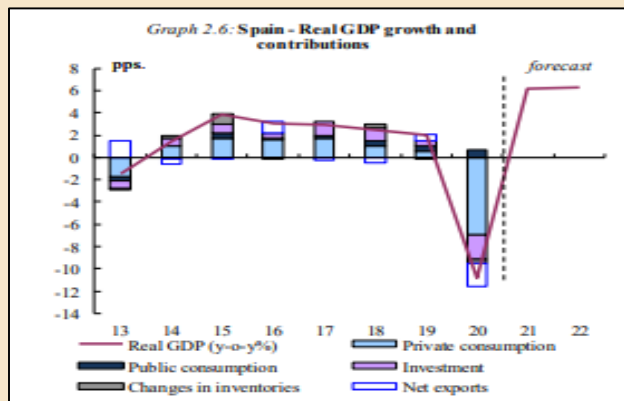
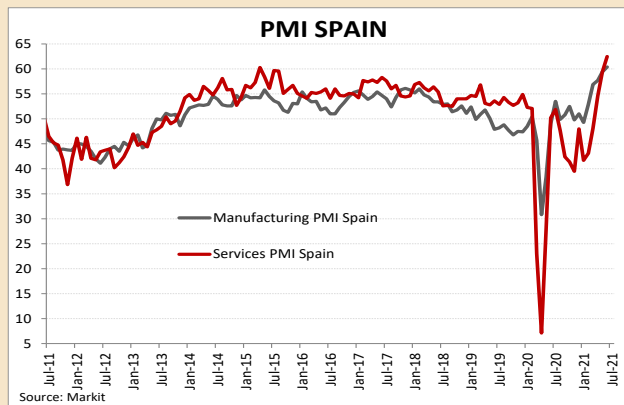
Recent macro developments

The favourable developments in the Covid-19 vaccination campaign and the progressive easing of virus containment measures are fostering the recovery of the Spanish economy. This is reflected in the historic hikes registered in the PMIs, which are reaching unseen levels in more than 20 years. **Manufacturing PMI** grew from 57.7 points in April to 59.4 in May and 60.4 in June. **Services PMI** raised from 54.6 in April to 59.4 in May and 62.5 in June. As a consequence, **Composite PMI** reached historical highs. Moreover, business sentiment remained comfortably inside positive territory during the 2nd and the beginning of the 3rd quarter of 2021, anticipating a positive performance of key indicators like GDP.

The number of employed workers (affiliated to the Social Security Scheme) reached 19.5 million in June, which meant more employed people than in December 2019 (19.4 million). In parallel, figures of unemployed people showed a downward path until June. Besides, the decline of the number of people under short-time work schemes (ERTEs) continued steadily during this period.

Spanish Recovery, Transformation and Resilience Plan received the final approval of the European Union institutions in July 2021. This Plan foresees how Spain will invest the 69.5 billion euros in grants that it will receive from the EU between 2021 and 2023. 40% of the total amount will support climate objectives, in line with the EU Green Deal, while 28% of the Plan will support digital objectives. The Plan links these investments with reforms in several fields like labour market, tax system or pension reform. After the endorsement of EU institutions, Spain will receive in the coming weeks 9 billion euros of pre-financing.

The **European Commission released its 2021 Summer Forecast**. Spanish GDP will grow by 6.2% in 2021 and 6.3% in 2022. Consequently, it will be well above of the EU and the Euro Area average (4.8% in 2021 and 4.5% in 2022). The Commission foresees that after the contraction of the 1st quarter (-0.4% qoq), GDP will grow by 2.0% qoq in the 2nd and by 3.1% qoq in the 3rd quarter. Accordingly, the Commission forecasts a "solidification of the recovery in the second quarter that is expected to continue afterwards". The main drivers of growth will be a strong rebound of private consumption and investment. Regarding investment, the above mentioned funds that Spain will receive will contribute to this recovery, particularly in 2022. The **International Monetary Fund** has also released an update of its World Economic Outlook where it foresees that Spanish GDP will grow by 6.2% in 2021 (well above the Euro Area Average of 4.6) and by 5.8% in 2022 (in 2022, Spain will have the highest GDP growth rate among all advanced economies according to the IMF).



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>

