

Rating Action: Moody's affirms Instituto de Credito Oficial's ratings

13 Dec 2021

Outlook on backed senior unsecured ratings withdrawn

Madrid, December 13, 2021 -- Moody's Investors Service (Moody's) has today affirmed Instituto de Credito Oficial (ICO)'s backed senior unsecured ratings at Baa1 and its backed commercial paper rating at P-2. Concurrently, Moody's has withdrawn the stable outlook on the backed senior unsecured ratings. The issuer outlook on ICO has been maintained at stable, reflecting the stable outlook on the Spanish government (Baa1 stable) as guarantor.

A list of affected ratings can be found at the end of this press release.

RATINGS RATIONALE

The affirmation of ICO's ratings reflects the direct, explicit, irrevocable and unconditional guarantee extended by the Government of Spain over the bank's liabilities. In light of this guarantee, the bank's ratings qualify for a credit substitution approach which is based on a full-risk transfer to the guarantor (i.e. the Spanish sovereign). The guarantee has a statutory nature and any modification would need to be enacted by law.

As pertains to the withdrawal of the outlook on the backed senior unsecured ratings, it is Moody's current practice not to assign instrument level outlooks for financial entities other than those rated under the Banks Methodology.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

As guaranteed ratings, an upgrade or downgrade of ICO's long-term debt ratings would be prompted by a change in Spain's sovereign ratings.

LIST OF AFFECTED RATINGS

..Issuer: Instituto de Credito Oficial

Affirmations:

...Backed Commercial Paper, Affirmed P-2

...Backed Other Short Term, Affirmed (P)P-2

...Backed Senior Unsecured Medium-Term Note Program, Affirmed (P)Baa1

...Backed Senior Unsecured Regular Bond/Debenture, Affirmed Baa1, previously Stable debt level outlook withdrawn

Outlook Action:

...Outlook, Remains Stable

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Government-Related Issuers Methodology published in February 2020 and available at https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_1186207. Alternatively, please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and

Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody.com.

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1288235.

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