

# **Investor Presentation**August 2025





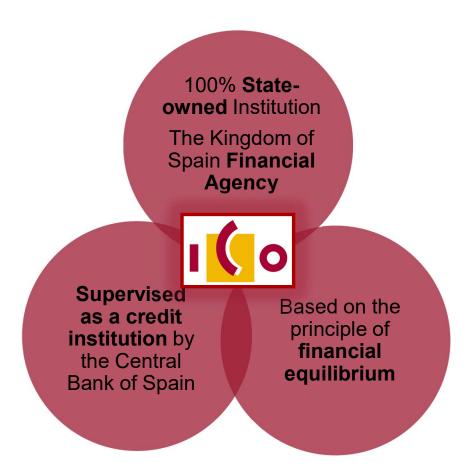
- 1 Instituto de Crédito Oficial
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- ICO Social and Green Bonds







#### Instituto de Crédito Oficial



Mission: 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.





## **Purposes and Functions**

#### To achieve its objectives, ICO performs three main functions

NATIONAL PROMOTIONAL BANK

+

INSTRUMENT OF ECONOMIC AND FINANCIAL POLICY



STATE FINANCIAL AGENCY

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 & Venture
capital AXIS
FondICO Global, FondICO
Pyme, FondICO Infra II

Instrument of Economic and Financial Policy

Recovery, Transformation and Resilience Plan

National:
Ministries, Regions and Local
Corporations

**Next Generation EU** 

UE Multiannual Financial Framework 21-27 Implementing partner

Management of Public Funds (off-balance sheet)

ICO guarantee lines
(COVID + Ukraine)
on behalf of Ministry of Economy,
Trade and Business

Internationalization
FIEM – CARI
on behalf of Ministry of Economy,
Trade and Business

FONPRODE – FCAS
on behalf of Ministry of Foreign
Affairs, EU and Cooperation

**Development Cooperation** 

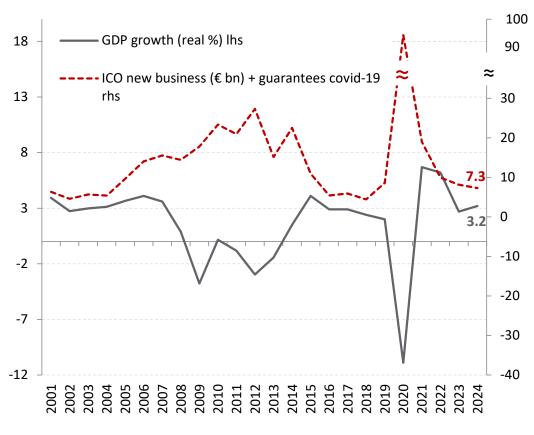
Territorial Funds, regions and local corporations on behalf of Ministry of Finance



## **ICO** counter-cyclical role

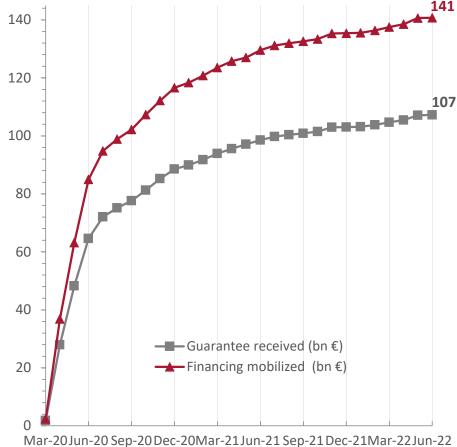
ICO, in its capacity as a national promotional bank, has traditionally worked countercyclically through the macroeconomic phases in the Spanish economy

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



Source: ICO, INE

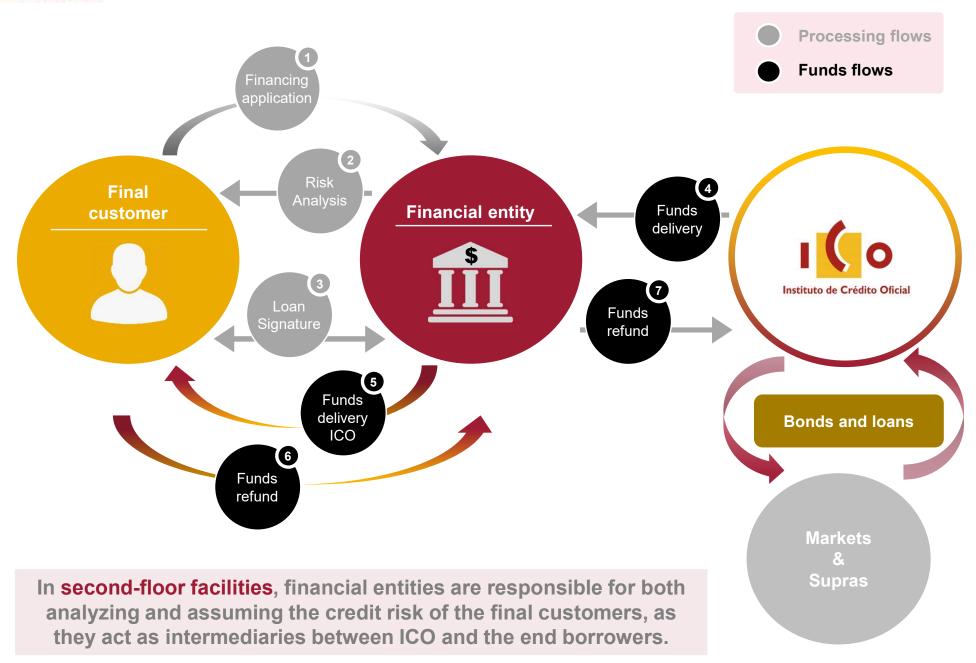
#### **Financing mobilized by Government** guarantee line ICO Covid-19 (total, bn €)



Source: ICO



### **Second-floor facilities scheme**



## 1 (0

## ICO's new initiatives and priorities

ICO's Board of Directors approved in September 2024 an addendum to its Strategy 2022-2027 with the following key elements:

- □ Direct Activity: Increased focus on direct operations to SMEs and Midcaps, filling market gaps and reorienting ICO's business beyond its countercyclical role.
  - Addressing Market Failures in Intangible Financing: Filling the gap in funding for digitalization, licenses and workforce training.
  - **Under-Capitalized SMEs:** Tackling the challenge of growth-limited SMEs due to limited access to capital.
  - Non-Bank Financed Companies: Providing solutions for companies lacking access to traditional banking.
  - Affordable Housing Initiative and other infra-financed sectors or firms: Special focus on activity related to social housing projects where private bank funding is insufficient.
- □ Deployment of **EU Next Generation Funds** in the context of the Spanish Recovery, Transformation and Resilience Plan.



## **Instrument of Economic and Financial Policy**

ICO will mobilize up to €38 billions of Next Generation EU loans in the second phase of the Recovery,

Transformation and Resilience Plan through 4 facilities

#### **ICO GREEN**

€22 billions

Clean transport, renewable energy, decarbonization, circular economy, climate change and water

Public and private companies and households, depending on products

Second floor, direct financing, corporate bond purchases, capital investments

## ICO COMPANIES & ENTREPRENEURS

€8 billions + €150 Million (Perte lengua)

Business growth, competitiveness and access to different sources of financing

Self-employed, SMEs, mid-cap companies, large companies, universities and startups

Second floor, direct financing, corporate bond purchases, capital investments through AXIS

## ICO NEXT TECH (shared with SETT\*)

€4 billions

Financial support to technology companies in their growth phase, promoting innovation and development in the technology sector

Spanish companies in the tech sector and funds that will provide financing to companies

Direct investments in capital and private funds (max. 49%)

#### **ICO HOUSING**

€4 billions

Promote social housing as well as private initiatives, increasing the supply of social or affordable rentals

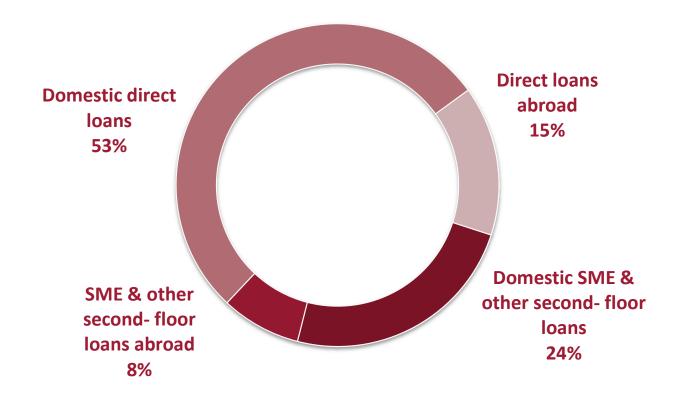
Public and private promoters of social/affordable rental housing, residential rental market and society as a whole

Second floor, direct financing

<sup>\*</sup> Sociedad Estatal para la Transformación Tecnológica



### **Investment Distribution**



Data as of 30<sup>th</sup> June 2025

ICO loan portfolio is split 68% - 32%\*
between direct lending and second floor
facilities, respectively

23% of the loan book is international

<sup>\* 32%</sup> corresponding to intermediated loans represents risk linked to the financial sector, acting as an intermediary, rather than being directly associated with end clients or specific sectors.



## Financial highlights (I)

	2021	2022	2023	2024	30/06/2025*
Total assets (Mill. EUR)	37,766	29,775	31,657	37,780	42,106
Equity & reserves <sup>1</sup> (Mill. EUR)	5,354	5,515	5,689	5,385	5,651
Pre-tax profit (Mill. EUR)	171.70	178.11	336.89	330.82	185.69
Net interest income(Mill. EUR)	104.55	125.73	290.25	254.57	133.01
Gross revenue (Mill EUR)	181.86	204.58	361.50	358.23	168.06
Profitability ROA	0.49%	0.53%	1.09%	0.93%	0.94%
Tier I Ratio	36.94%	33.62%	26.49%	23.02%	23.04%
Non-Performing Loans					
Direct Loans	3.81%	3.67%	4.20%	4.03%	3.80%
Total loans incl. second floor loans	2.33%	2.31%	2.76%	2.54%	2.44%
Provision coverage ratio	157%	171%	128%	142%	147%
Efficiency					
Operating expenses over gross revenue	24.61%	23.37%	13.63%	15.11%	16.73%

Source: ICO

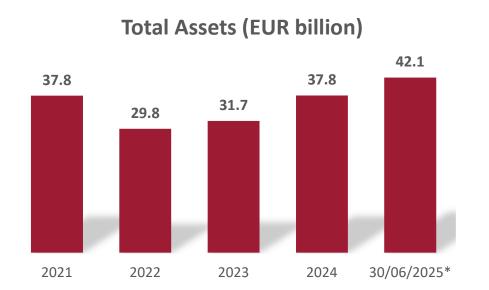
According to the forty-ninth Additional Provision of Act 42/2006 on the General-Government Budget Act, Tier I Ratio may in no case fall below 9.50%. ICO's own funds are of the highest quality (only equity and reserves). ICO has not issued neither subordinated debt, preferred stocks, contingent convertibles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

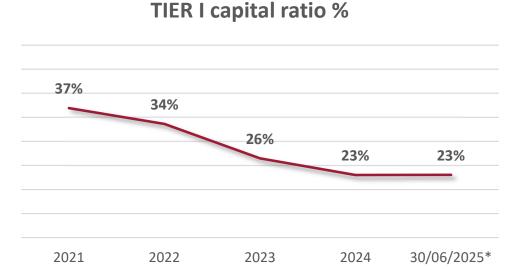
<sup>\*</sup> Unaudited figures

<sup>(1)</sup> Eligible capital for solvency purposes.



## Financial highlights (II)



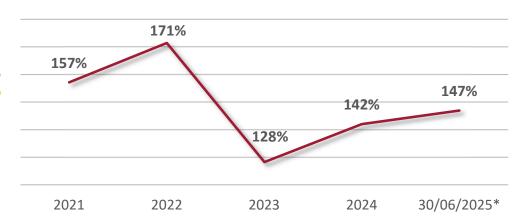


#### **NPL Ratios %**

#### 6% 5% 3.80% 4% 3.75% 3% 2.44% 2% 1% 0% 2021 2022 30/06/2025\* 2023 2024 ICO Direct Loans

ICO Total Loans (incl. mediation)Total Spanish Financial System (March '25)

#### **Provision coverage ratio %**



Source: ICO
Data as of 30<sup>th</sup> June 2025
\*Unaudited figures







## **Credit: key points**

S&P A / Stable

Scope A / Stable

Fitch A- / Positive

Moody's Baa1 / Positive

#### Top quality guarantee

**Direct** 

**Explicit** 

**Irrevocable** 

**Unconditional** 

Guaranteed by the Kingdom of Spain

#### 0%\* risk weighted

\* Minimum risk applicable in accordance with European Prudential Regulations.

#### **Prudent risk management**

Minimizing rate, currency and liquidity risks

#### **Level 1 liquid assets**

ICO's bonds are EU eligible as level 1 liquid assets (Art. 10 Commission Delegated Regulation (EU) 2015/61 October 10, 2014)

Sound balance sheet

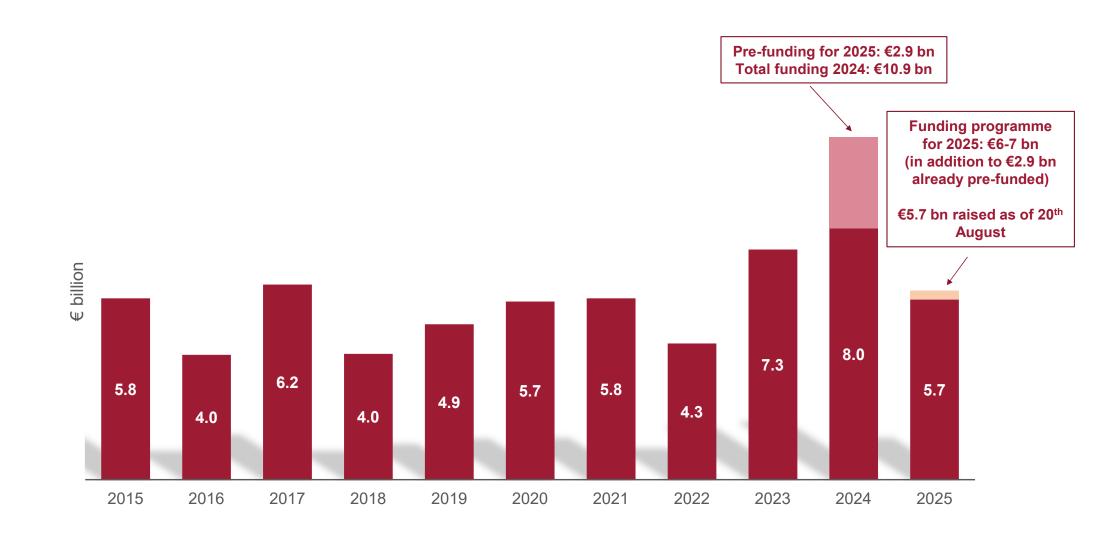


## **Funding policy 2025**





## **Funding activity**







Strategy

Benchmark minimum Taps minimum size: 50 Million size: 500 Million (adding up clips of 25 Million)

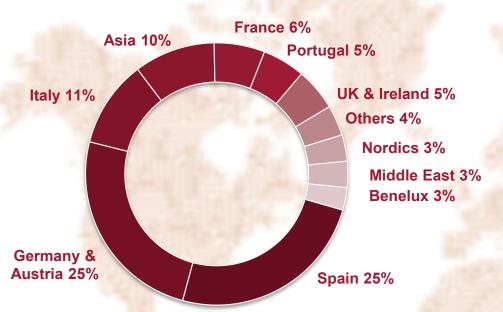
Private placements minimum size: 10 Million



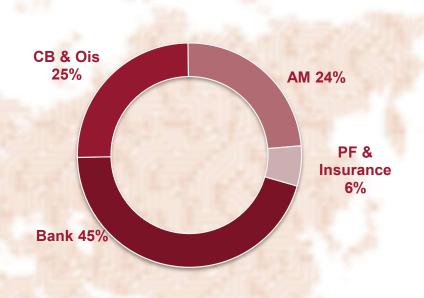
## **Borrowing Profile**

### (benchmark transactions 2024)

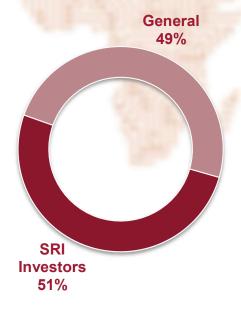




#### By Investor Type

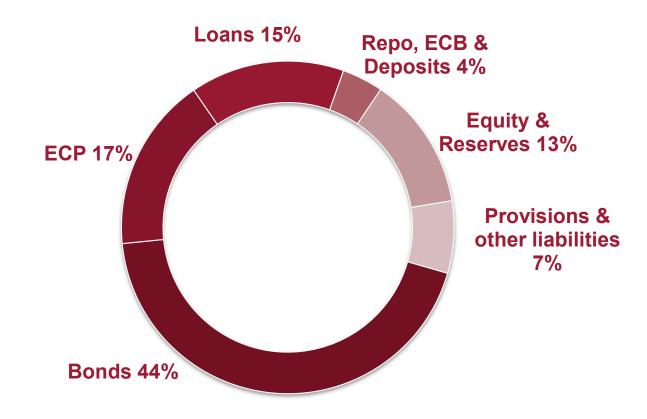


### By ESG participation





## **Liability Breakdown**

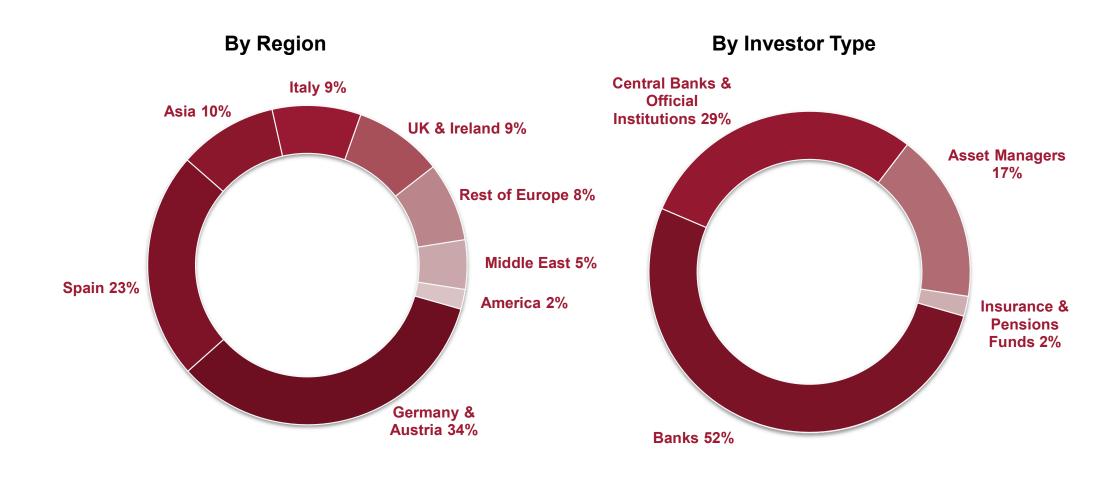


**Total Liabilities: €42,106 Million** 



## **Latest ICO Conventional Bond**

## ICO €1,000 Million 2.70% Oct 2030 Issued in September 2024









#### **ICO Social & Green Bond Issuance**

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 11 social bonds amounting to over €5,550 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 **7 green bonds amounting to €3,500 Million.** 

ICO has become a referent in the sustainable bond market by having issued **more than €9,050 Million** in different types of sustainable bonds that will help to contribute to a more sustainable world.





### **ICO Green Bond Framework**

**Updated June 2021** 

Aligned with best-in-class market standards



## Framework (June 2021)



## **Second Party Opinion (June 2021)**



#### **Project Categories**











Pollution prevention and Control



Environmentally sustainable management of living natural resources and land use



Hydrogen production & storage



Sustainable water and wastewater management

























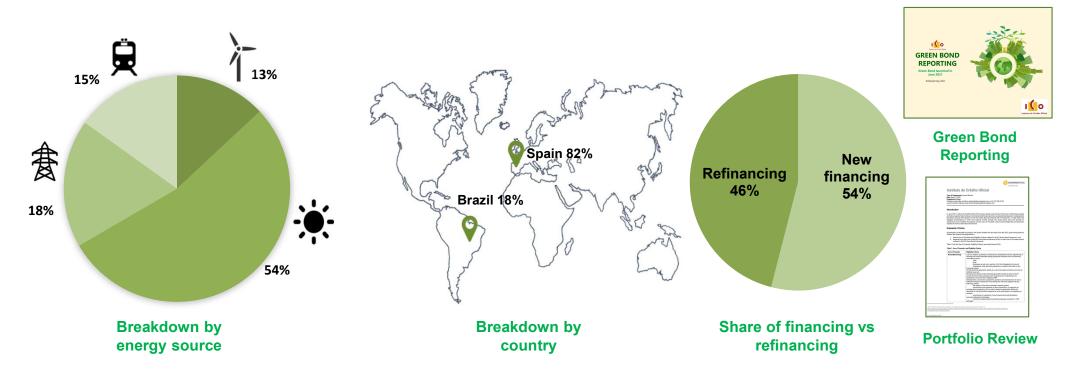






## Latest ICO Green Bond Reporting mar 2025

**Green Bond €500 Million 3.05% due April 2031 issued March 2024 (XS2793252060)** 

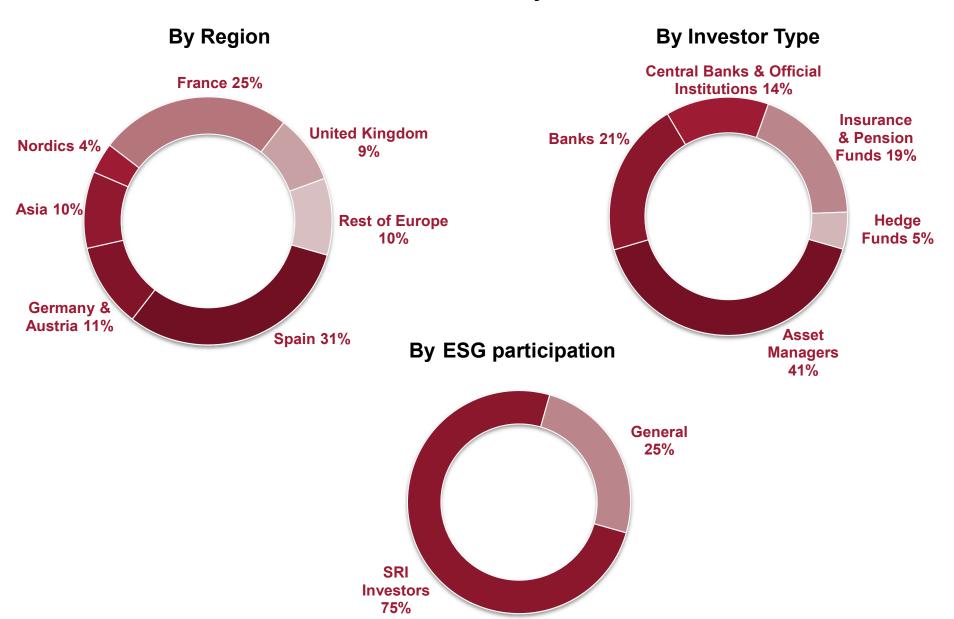


Type of Project	Installed Capacity (MW)	Annual energy production distributed (MWh)	Km of energy distribution network built	Energy distributed (MWh)	Purchased trains	Annual GHG emissions avoided Tn CO2e	Allocated million EUR
Solar photovoltaic	3,193	12,021,427	-	-	-	52,743	267,845,162
Wind	300	868,100	-	-	-	14,636	65,255,436
Energy distribution networks	-	-	236,869	1,026,328	-	18,681	91,424,392
Clean transportation	-	-	-	-	7	331	75,475,009
Total	3,493	12,889,527	236,869	1,026,328	7	86,390	500,000,000



### **Latest Green Bond**

## 7<sup>th</sup> ICO GREEN BOND €500 Million 2.867% April 2032 Issued in May 2025





#### **ICO Social Bond Framework**

#### **Updated March 2020**

## Framework (March 2020)

#### **Second Party Opinion**

## SUSTAINABLE GOALS

Aligned with best-in-class market standards

Social Bond Principles











































#### **Project Categories**



**SME Lending** (Economically underperforming regions/ Depopulation/ Natural or health disasters)



Socioeconomic advancement & empowerment



**Social Housing** 



Access to essential services (education/healthcare/profesional training)



**Affordable basic infrastructure** (Water and Sanitation/ Connectivity and digital Access)

#### **Targeted populations:**

SMEs in line with EU's standards, economically underperforming region, municipalities experiencing depopulation, regions affected by a natural disaster

Aged / disabled individuals, companies with a high % of disabled workforce, victims of gender violence, risk population and minorities, migrants, social EU funds, social start ups

Eligible beneficiaries according to socio-economic requirements set by regional governments

Hospitals/ Healthcare (open to all population), senior healthcare centres/homes, Public education (open to all population)

Rural areas, underserved areas, excluded and/or marginalized populations and/or communities, all population in Spain (water)



## Latest ICO Social Bond reporting June 2025

Social Bond EUR 500 mn 3.05% due October 2029 launched June 2024 (XS2838987506)

**€500 Million** for social projects that have help movilize **€781 Million** funds



#### **Social Housing**

- €54.66 Millions allocated
- Construction of a total of

  1,303 homes to be
  incorporated into the rental
  market for vulnerable groups

11%







## Access to essential services: Access to healthcare

- €15 Millions allocated
- 7 senior healthcare centres / homes built

3%

Capacity for 1,039 new residents



**SME** 

## **SME Lending: Economically underperforming regions**

**75%** 

- €375.30 Millions allocated
- 3,501 projects financed
- 32,600 jobs created and/or retained









## Affordable basic infrastructure: Water and sanitation

- €48.80 Millions allocated
- 2 sanitation projects financed
- 933,100 beneficiaries
- 10% 518,400 m3/day of drinking water supplied



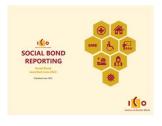


## Access to essential services: Access to education

- €6.24 Millions allocated
- 5 education centers improved
- **369 teachers** trained that will teach **1,452 students**







Social Bond Reporting



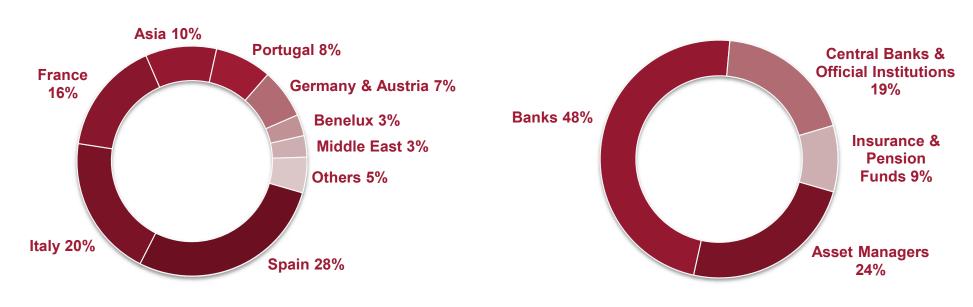
**Portfolio Review** 



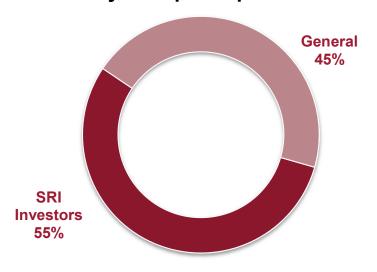
### **Latest Social Bond**

## 11<sup>th</sup> ICO SOCIAL BOND €500 Million 3.05% October 2029 Issued in June 2024





#### By ESG participation



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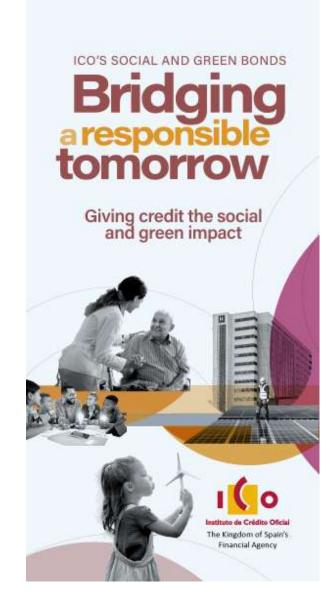
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