



Instituto de Crédito Oficial

Investor Presentation

June 2022

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ICO Social and Green Bonds

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Instituto de Crédito Oficial



State-owned investment bank and the State's Financial Agency

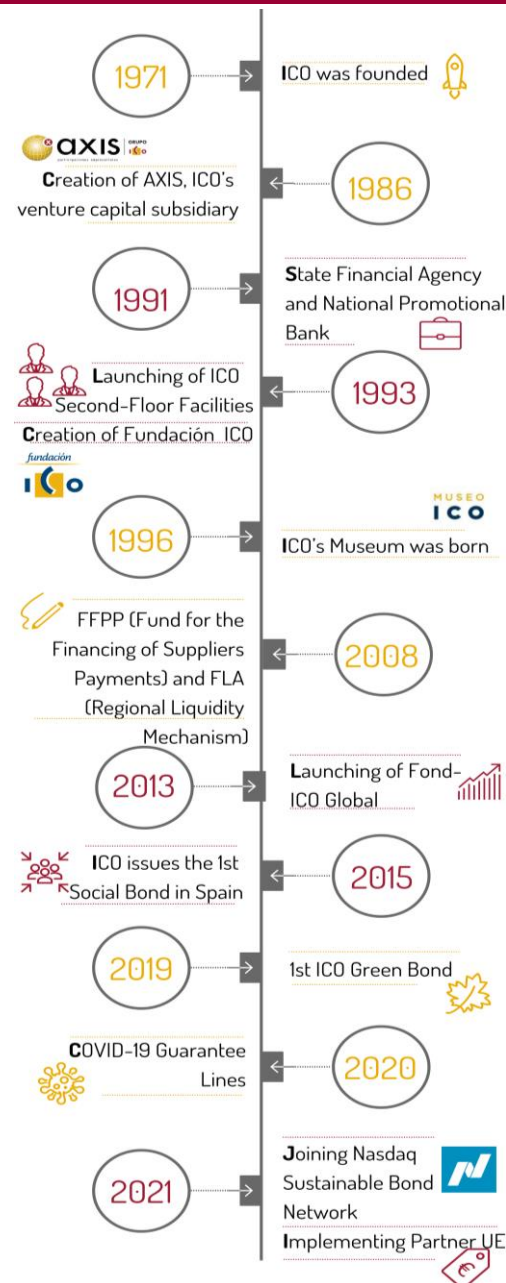


100% **State-owned** Institution
The Kingdom of Spain **Financial Agency**



Supervised as a credit institution by the Central Bank of Spain

Based on the principle of **financial equilibrium**



Purposes and Functions

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 COVID guarantee lines
on behalf of the Ministry of Economic Affairs

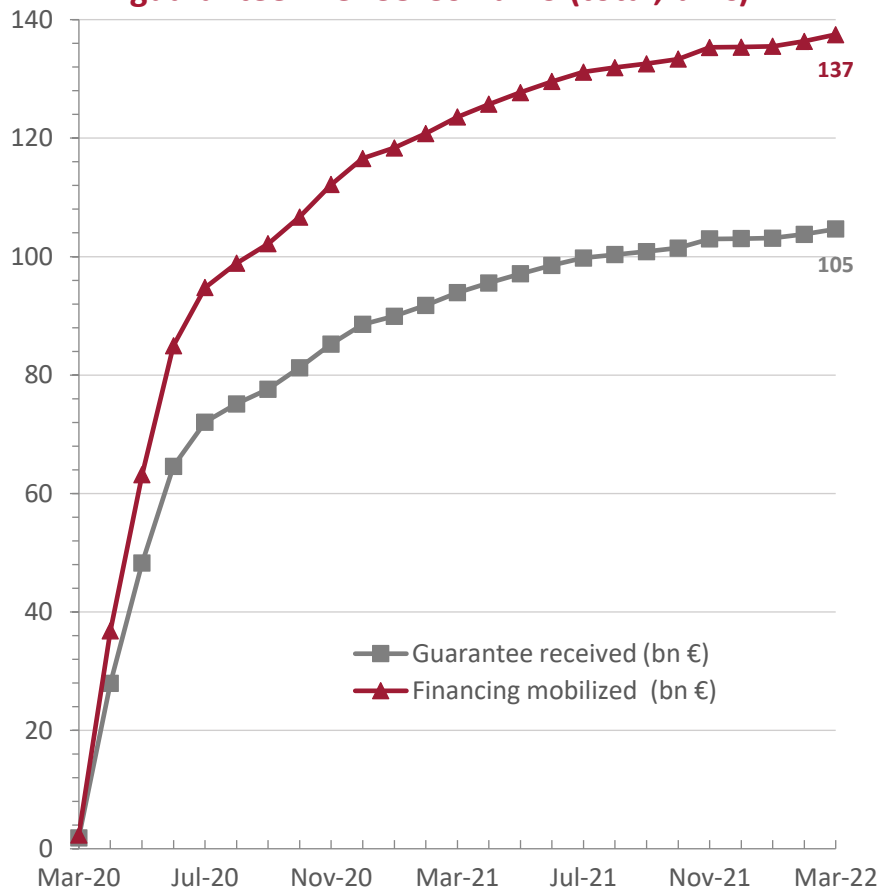
Internationalization FIEM - CARI
on behalf of the Ministry of Industry, Commerce and Tourism

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

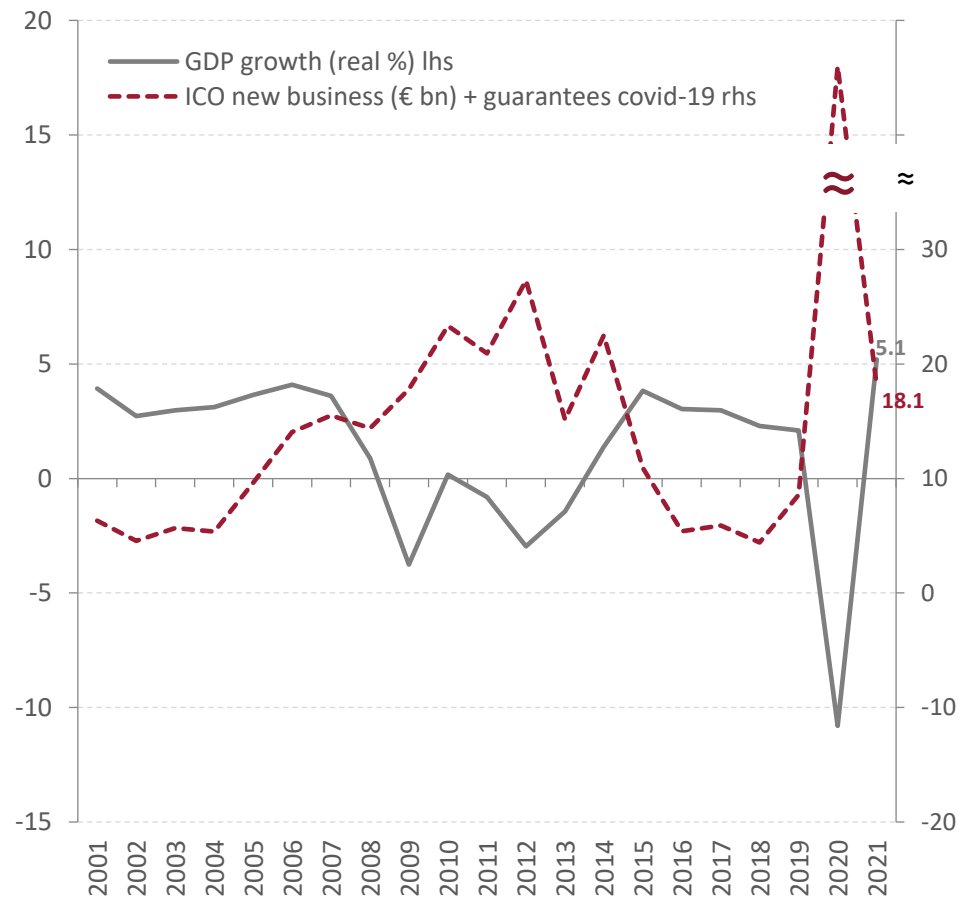
ICO, in its capacity as a national promotional bank, has traditionally worked **countercyclically** through the macroeconomic phases in the Spanish economy. ICO serves to mitigate “credit crunches” through increased credit production during economic downturns.

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



Source: ICO

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



Source: ICO, INE

Covid-19 special measures (I)

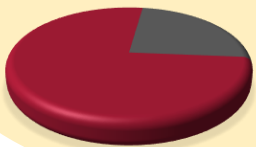
€100 billion Liquidity Guarantee Line

It may also be allocated to mutual guarantee societies through the State-owned **CERSA**, as well as to short term notes incorporated into the Fixed Income Market of the Association of Financial Assets Intermediaries (**AIAF**) and the Alternative Fixed Income Market (**MARF**)

The guarantee will cover:

- 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.

As at 31st of March 2022:
€92.7 billion



Spanish companies had received **€122.2 billion** of financing for a guaranteed amount of **over €92.7 billion**

NEW - €10 billion Liquidity Guarantee Line

Urgent measures within the framework of the National Response Plan to the war in Ukraine

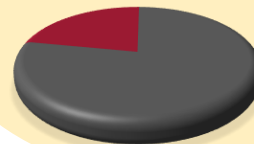
€40 billion Investment Guarantee Line

This line will be mainly focused around two axes: environmental sustainability and digitization.

The guarantee will cover:

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

As at 31st of March 2022:
€11.9 billion



Spanish companies had received **€15.3 billion** of financing for a guaranteed amount of **over €11.9 billion**

Support and flexibility measures for loans with public guarantee

- extend the maturity term of loans with public guarantee for an additional period
- convert the loans with public guarantee into participating loans
- reduce the principal of the debt with public guarantee
- **€2,750 Million** will be the limit for reductions for ICO

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

Covid-19 special measures (II)

€400 Million Tourism Sector specific second-floor facility

Includes a guarantee line provided by the Ministry of Industry, Trade and Tourism of up to 50% of the principal of the loan.

Interested companies applied through the collaborating financial entities **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.

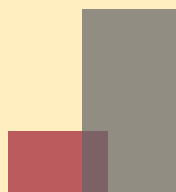
Covid-19 Direct Loans

ICO has so far provided direct funding with medium to long term maturities for several companies, to smooth the impact of Covid-19 on their activity, including syndicated loans benefiting from up to a 70% government guarantee.

Corporate Short-Term Debt Purchase and Guarantee Programme for Mid-Caps

Short-term corporate debt purchase programme for new issues in MARF

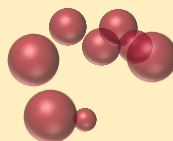
As at 31st March:



ICO has purchased over **€1,012.5 Million** that have succeeded to mobilize a total volume of **€3,310.6 Million**.

Guarantees of up to 70% for short-term financing issued in MARF

As at 31st March:



These guarantees have been materialized through **91 transactions** that represent a total issued volume of **€1,029.7 Million**.

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

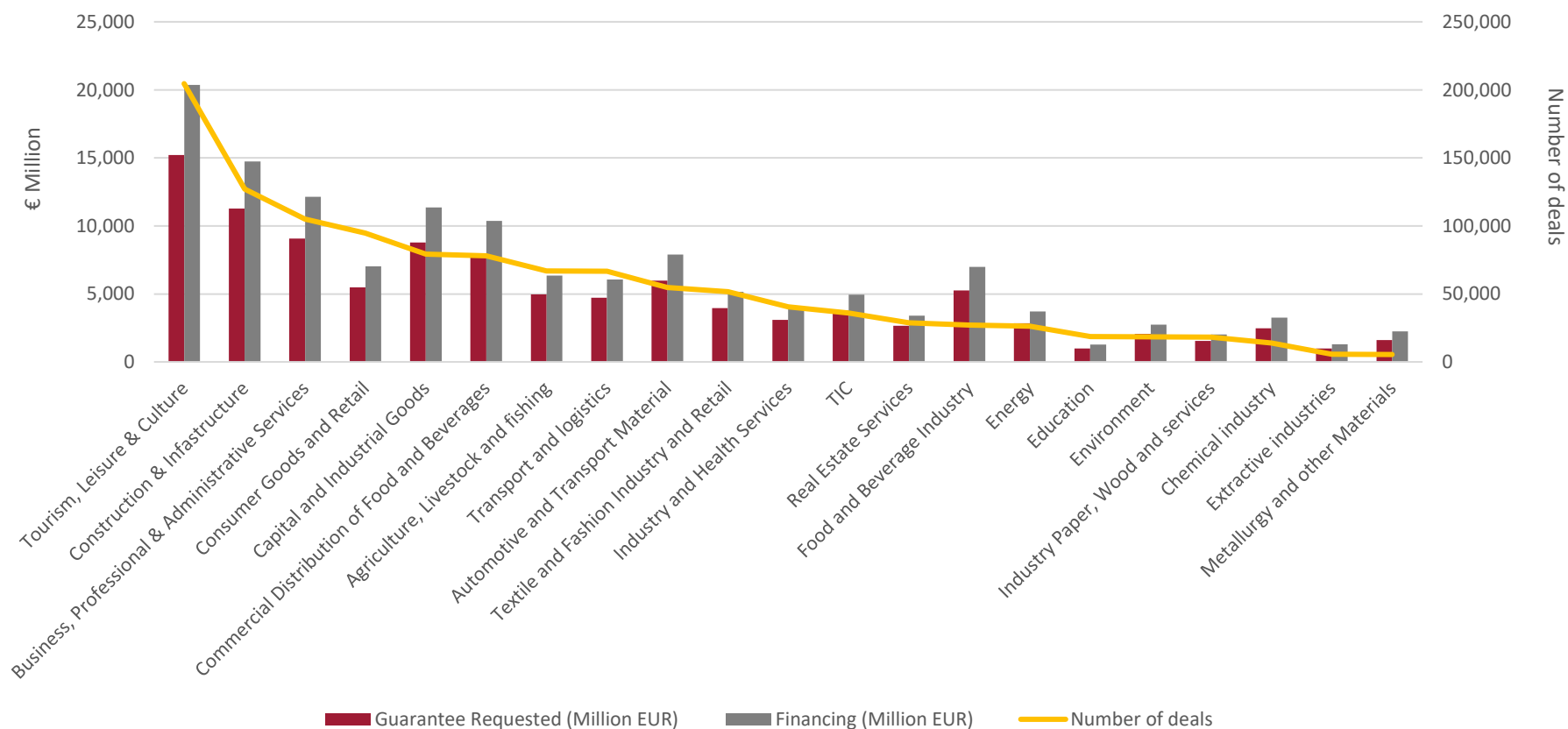
Total financing channeled to the self-employed and Spanish companies: **€137 billion**

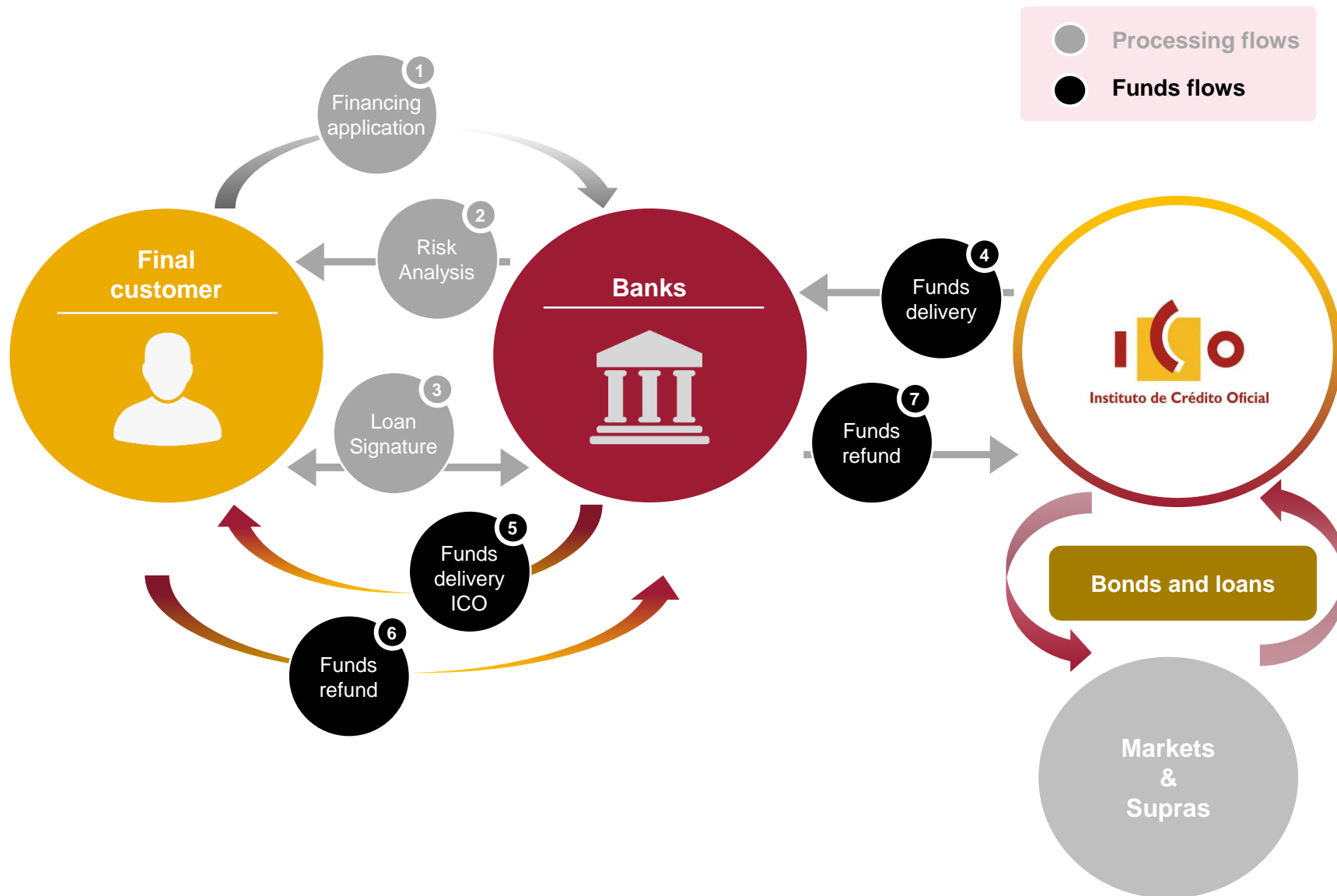
Total guaranteed amount: **€105 billion**

More than 98% of operations have been subscribed by SMEs (especially micro-SMEs) and self-employed.

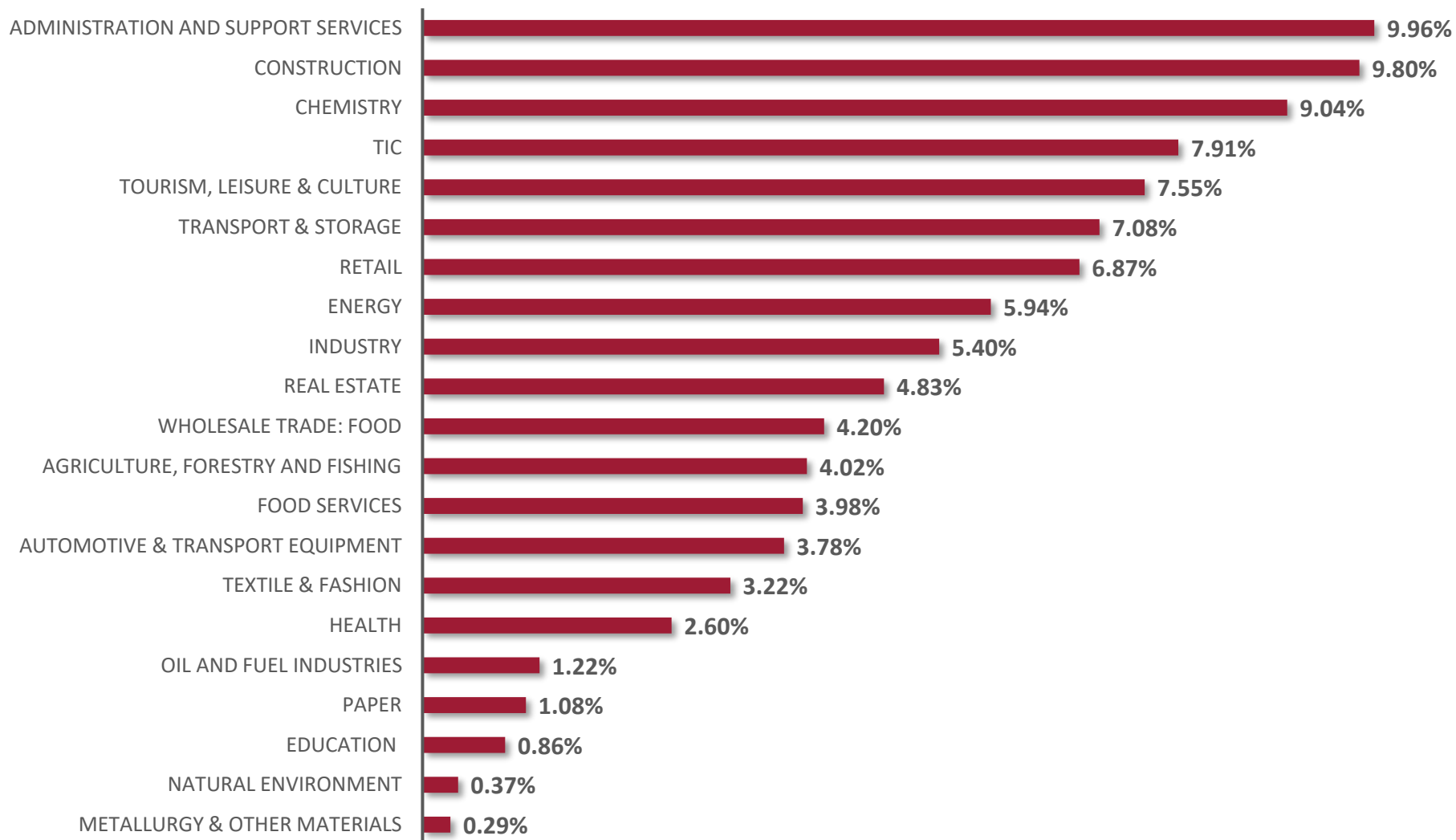
More than **1.2 million** operations have been approved under these programmes.

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

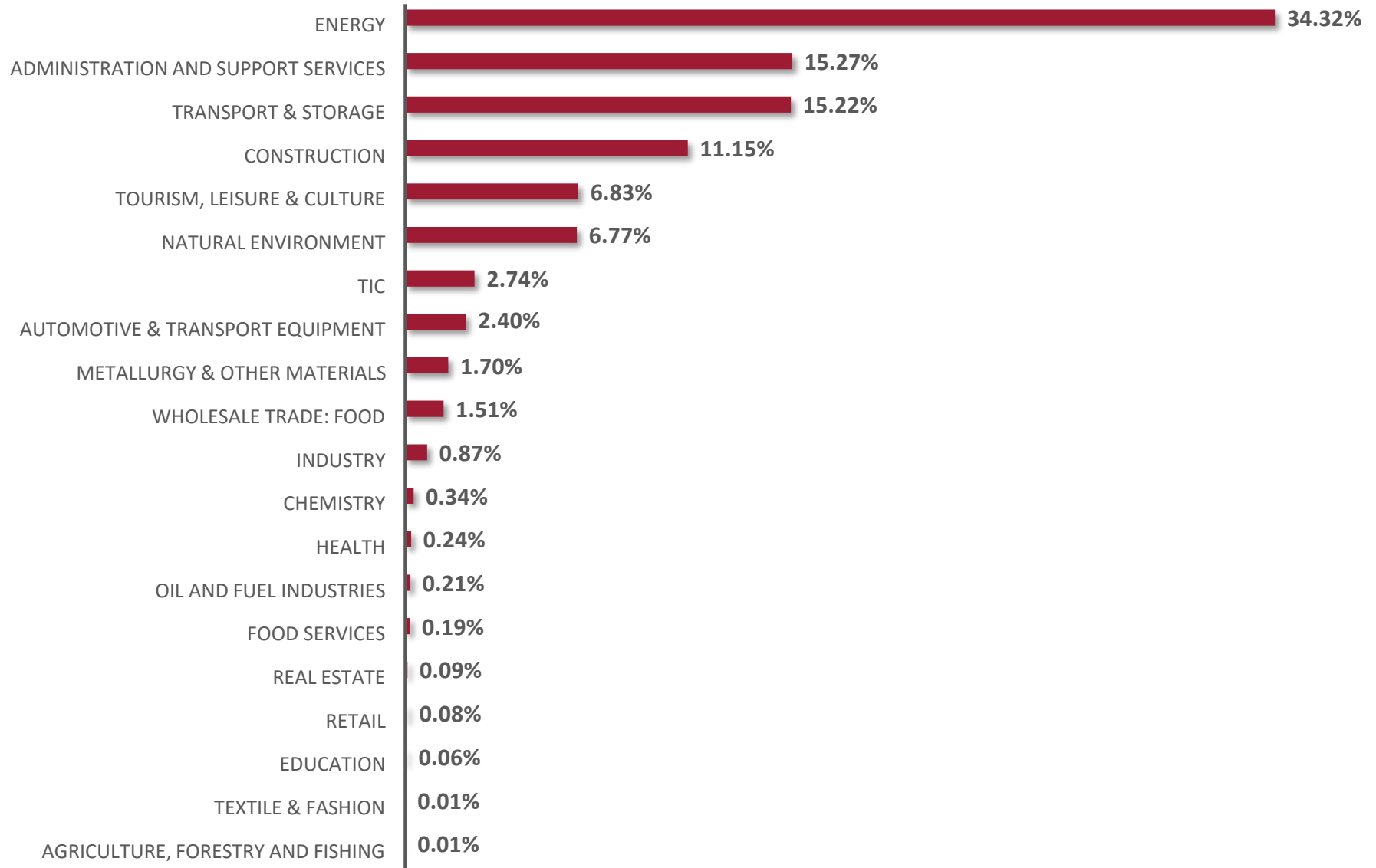




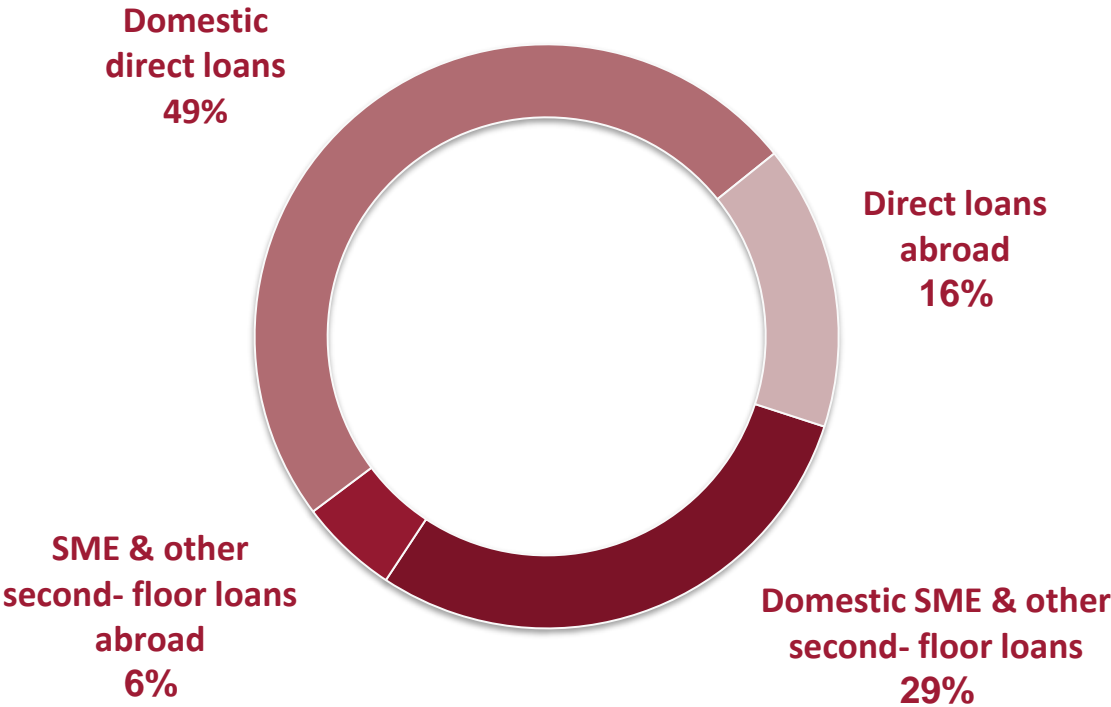
On-lending facilities by sectors (As at 31/03/2022)



Outstanding amount by sectors (As at 31/03/2022)



Investment Distribution



ICO loan **portfolio** is split roughly 65-35 between **direct lending** and **second floor facilities**

21% of the loan book is **international**

	2018	2019	2020	2021	31/03/2022*
Total assets (Mill. EUR)	36,237	31,823	34,386	37,766	35,332
Equity & reserves ¹ (Mill. EUR)	5,246	5,257	5,202	5,354	5,940
Pre-tax profit (Mill. EUR)	112.91	149.25	97.55	171.70	59.94
Net interest income (Mill. EUR)	-96.54	-28.06	-10.63	104.55	28.23
Gross revenue (Mill EUR)	55.23	90.53	88.22	181.86	44.50
Profitability ROA	0.28%	0.44%	0.29%	0.49%	0.68%
Tier I Ratio	40.54%	41.11%	37.21%	35.36%	37.98%
Non-Performing Loans					
Direct Loans	6.31%	4.72%	4.16%	3.81%	3.44%
Total loans incl. second floor loans	3.19%	2.43%	2.33%	2.33%	2.22%
Provision coverage ratio	154%	168%	145%	157%	158%
Efficiency					
Ordinary Expenditure/ATA	0.10%	0.12%	0.12%	0.13%	0.12%

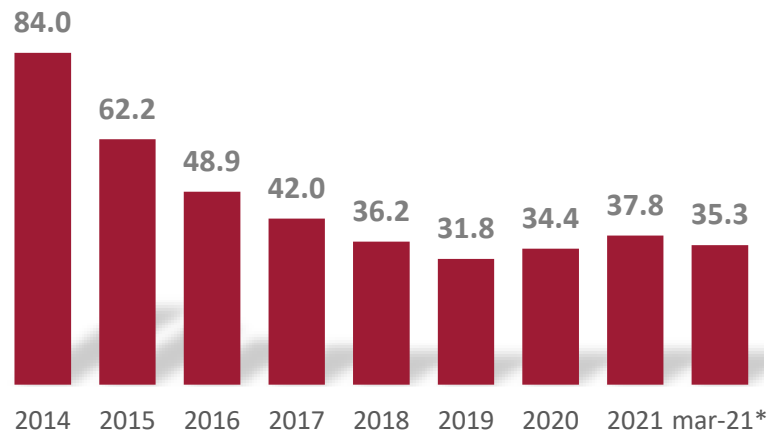
Source: ICO

*Unaudited figures

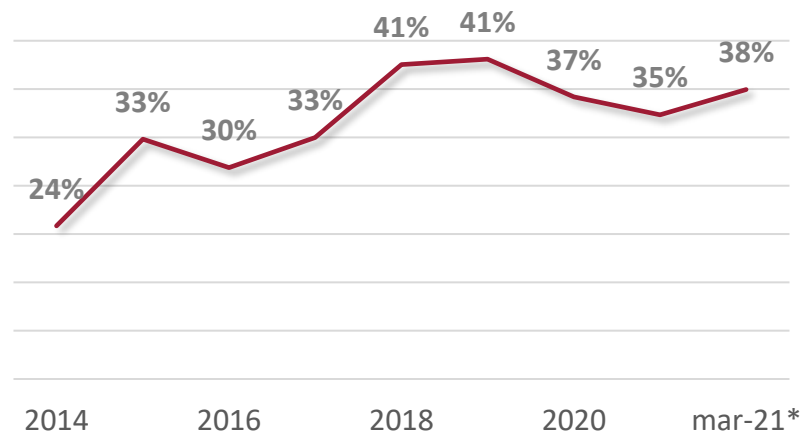
(1) Eligible capital for solvency purposes.

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.

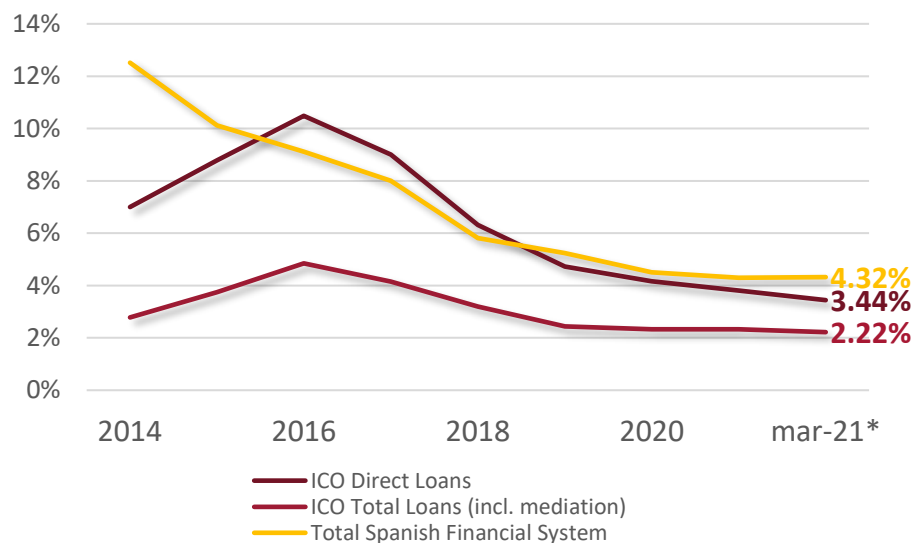
Total Assets (EUR billion)



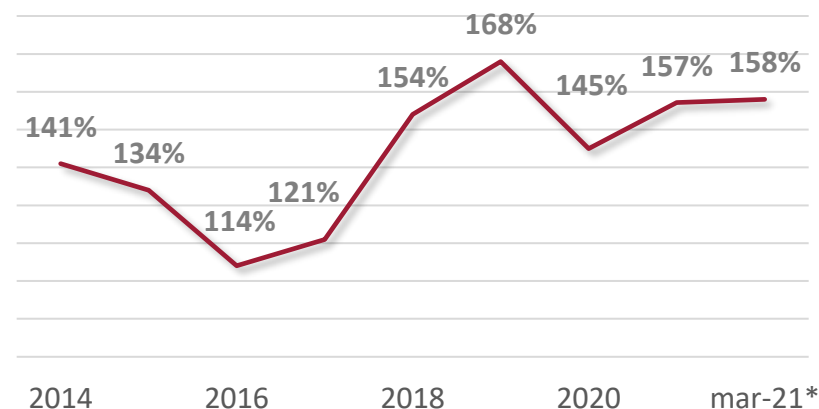
TIER I capital ratio %



NPL Ratios %



Provision coverage ratio %



2

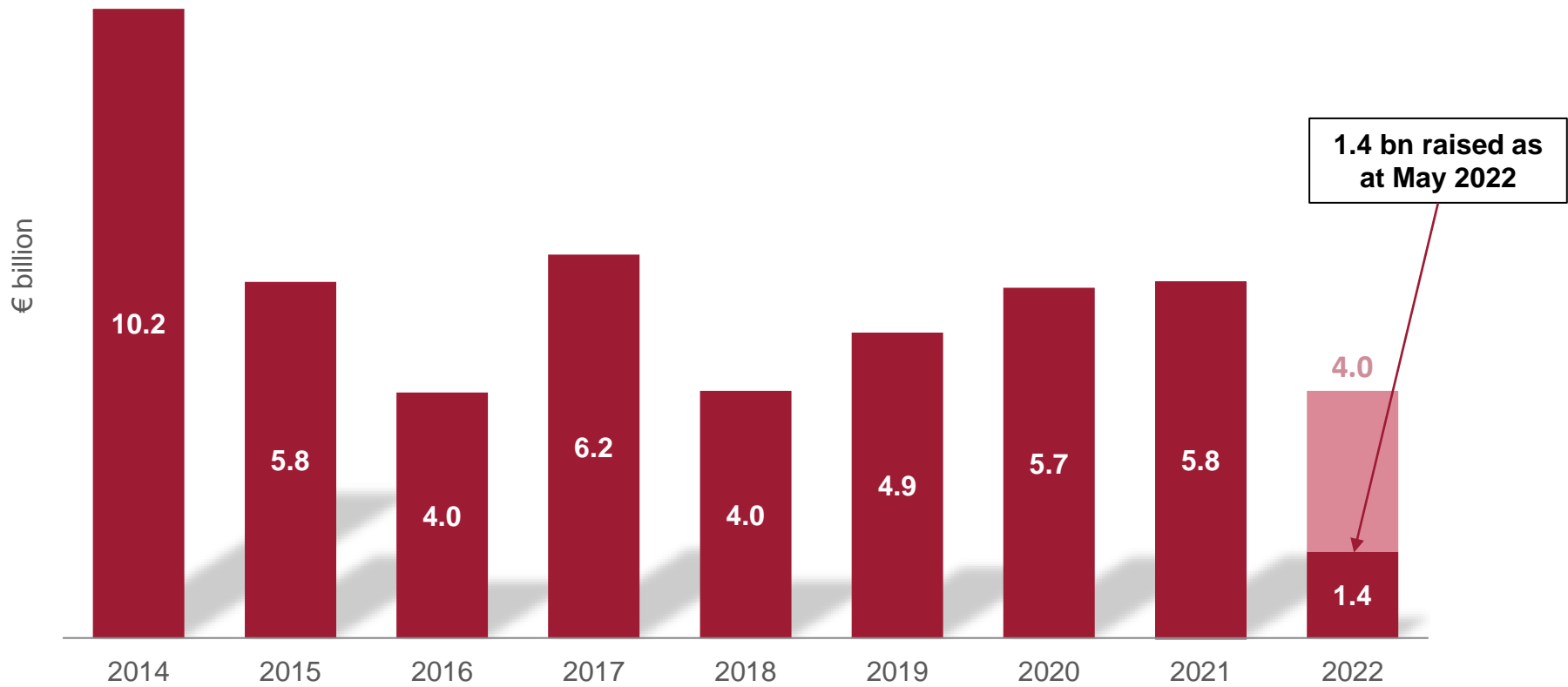
Funding Profile



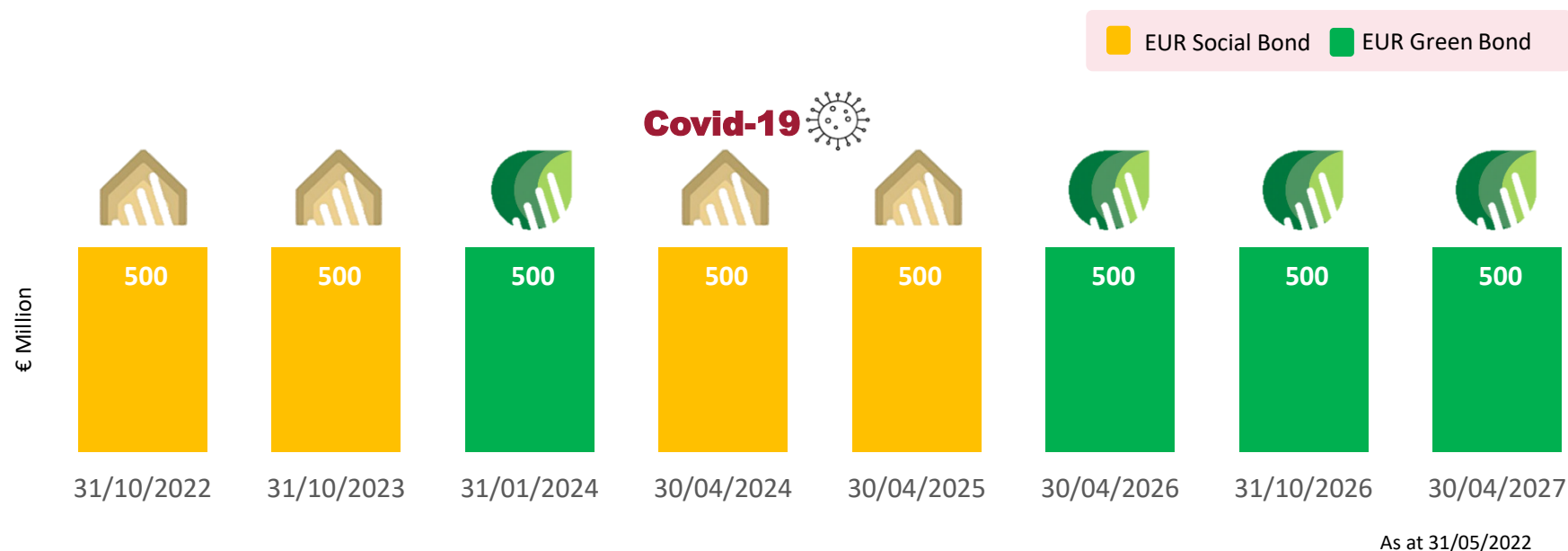




Funding activity



As at 31st May 2022



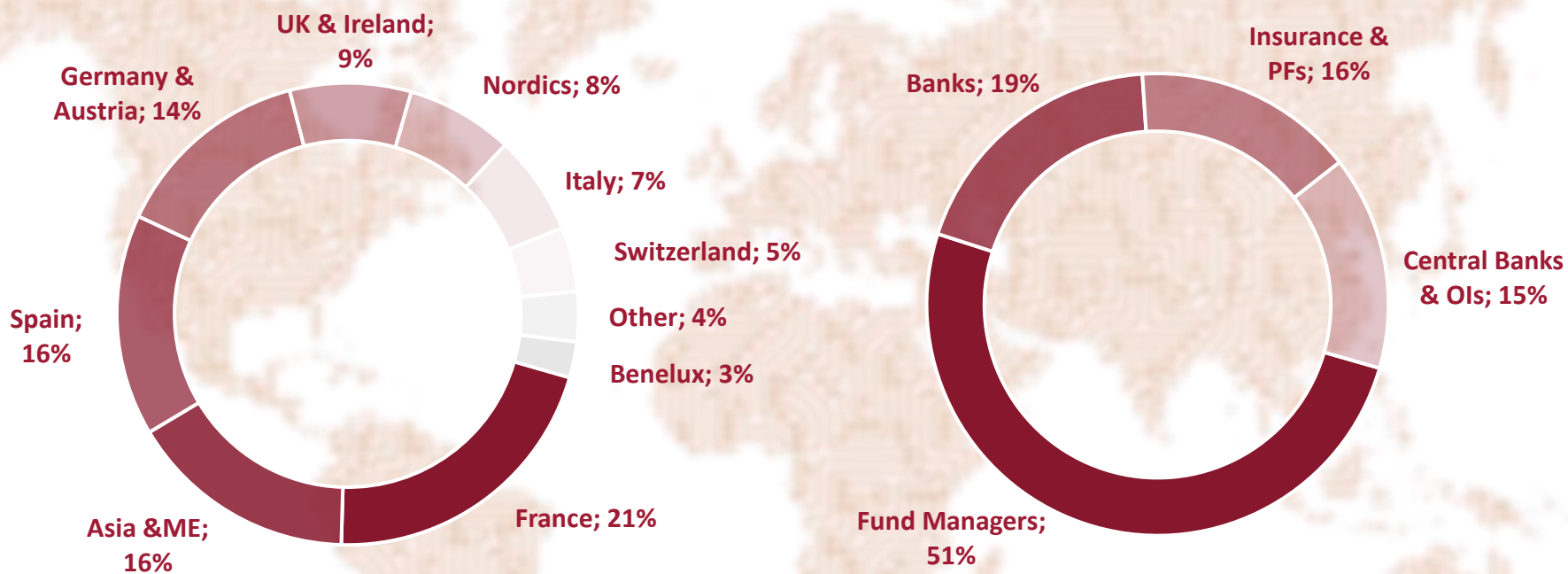
Strategy

Benchmark minimum size: **500 Million**

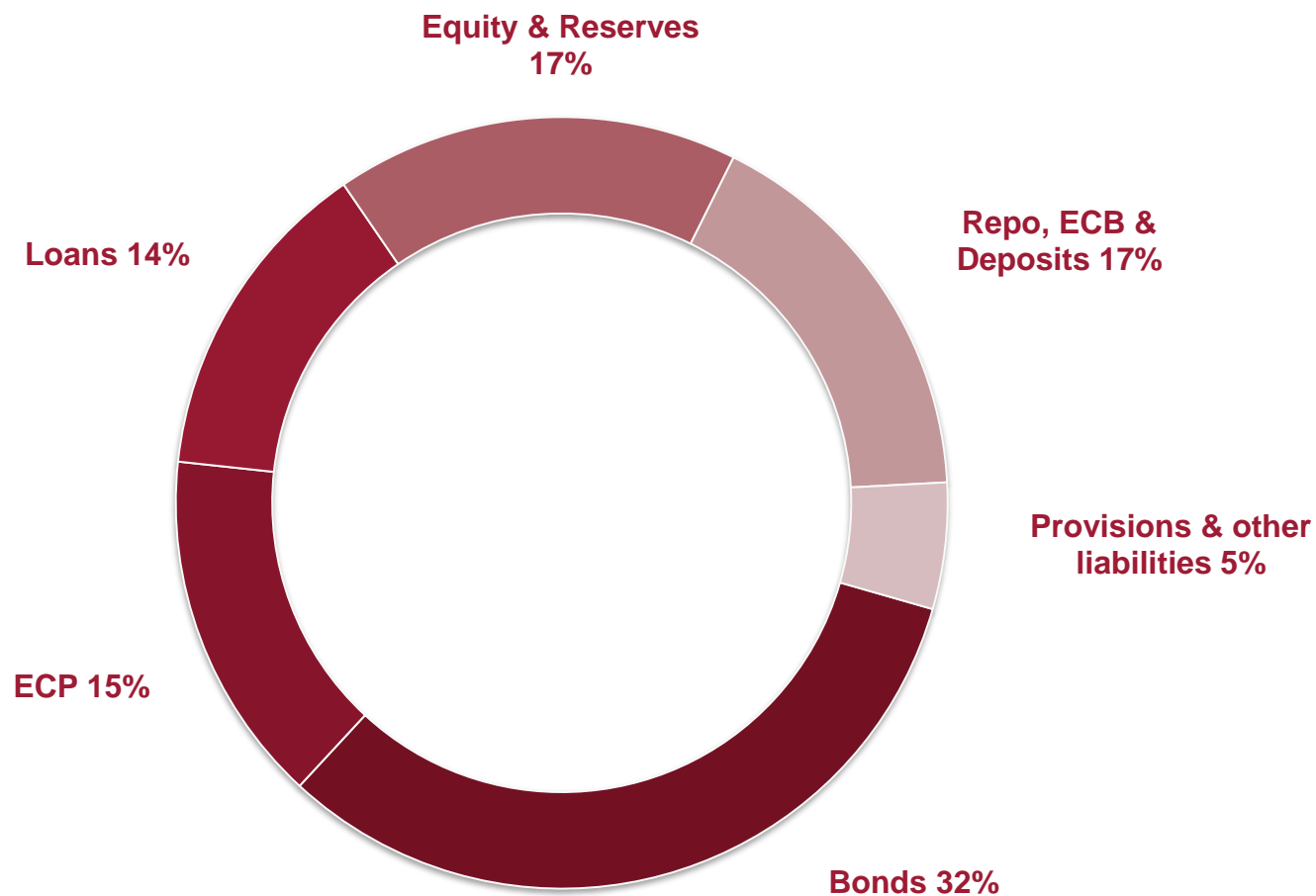
Taps minimum size: **50 Million**
(adding up clips of 25 Million)

Private placements minimum size: **10 Million**

(benchmark transactions 2021)



Liability Breakdown



Total Liabilities: €35,332 Million

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ICO Social and Green Bonds



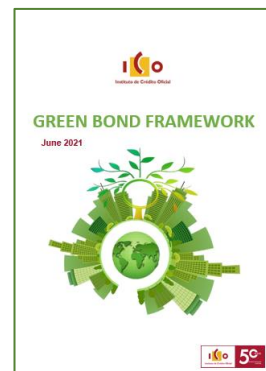
ICO issued its inaugural social bond in early 2015 when no guidelines were still established on this regard. Since this first issuance, ICO has demonstrated its leadership in the social bond market, having issued **8 social bonds amounting over €4,050 Million**, so far.

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 **3 green bonds amounting €1,500 Million**.

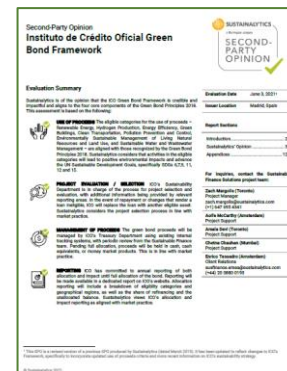
ICO has become a referent in the sustainable bond market by having issued **more than €5,550 Million** in different types of sustainable bonds that will help to contribute to a more sustainable world.



Framework (June 2021)



Second Party Opinion (June 2021)



Aligned with best in class market standards



Project Categories



Renewable energy



Green buildings



Energy efficiency



Clean transportation



Pollution prevention and Control



Environmentally sustainable management of living natural resources and land use



Hydrogen production & storage

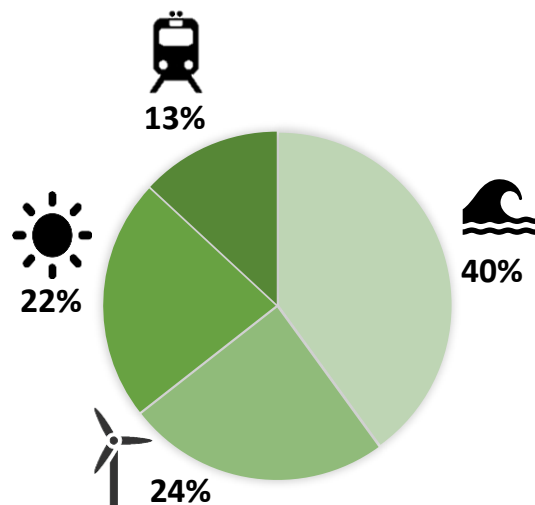


Sustainable water and wastewater management

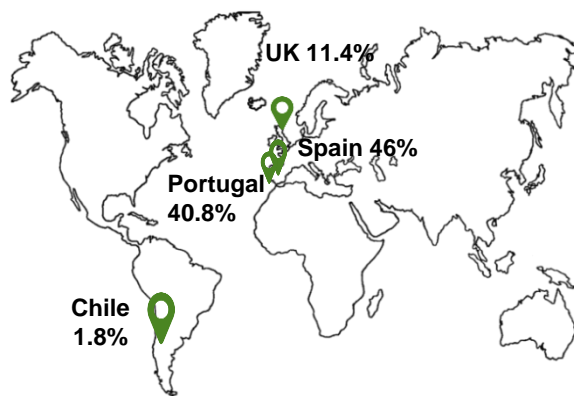
SUSTAINABLE DEVELOPMENT GOALS



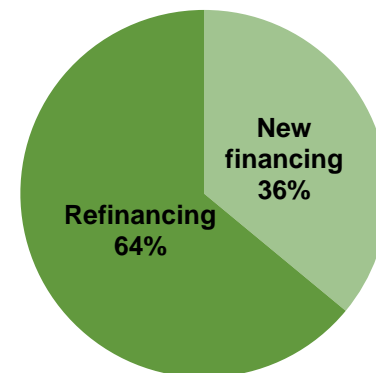
Green Bond €500 Million 0% due April 2027 launched June 2021 (ISIN XS2356033147)



Breakdown by energy source



Breakdown by country

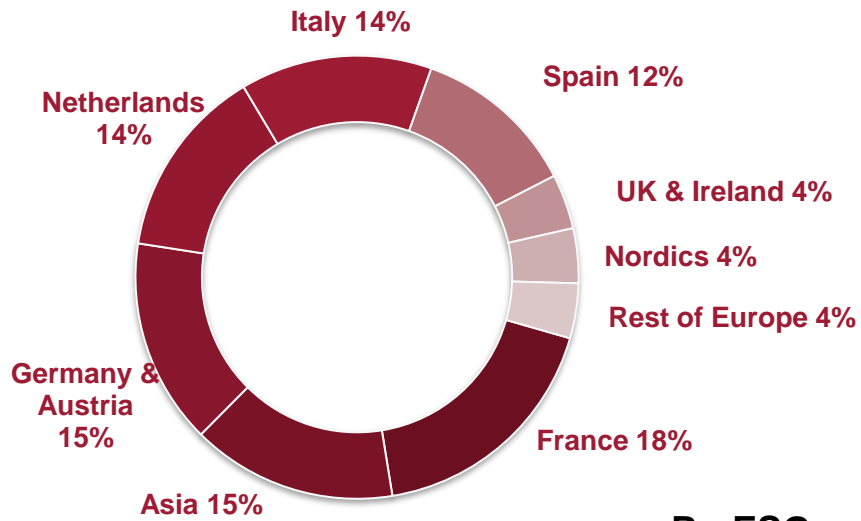


Share of financing vs refinancing

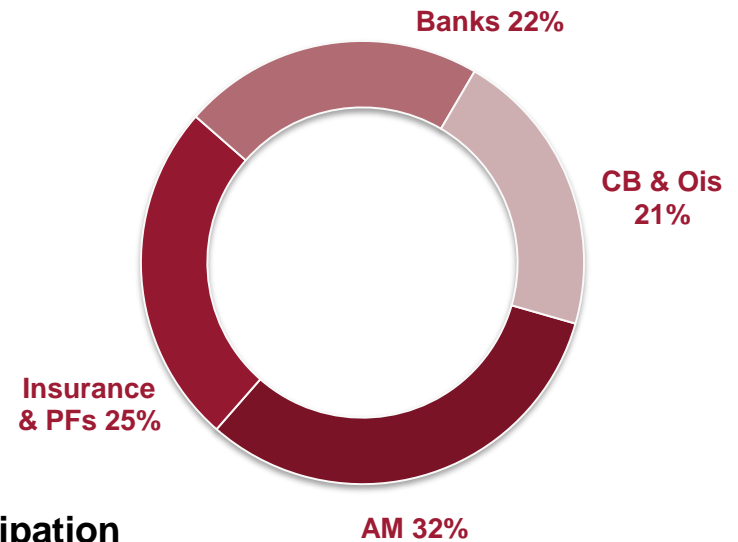
Type of Project	Energy Capacity Installed (MW)	Energy Production Distributed (MWh)	No. Charging points	Distance (Km)	Estimated Charge 2023 (MWh)	Annual GHG emissions avoided (Tn CO2e)	Allocated million EUR
Wind Power	524	1,456,400	-		-	36,092	122,140,997
Solar Power (*)	654	1,460,000	-		-	47,474	112,392,398
Hydropower	1,158	300,000	-		-	21,953	200,000,000
Clean transportation	-	-	2,345	3,600,000	10,686	8,592	65,466,605
Total	2,336	3,216,400	2,345	3,600,000	10,686	114,111	500,000,000

GREEN BOND €500 Million 1.3% Oct 2026 Issued in May 2022

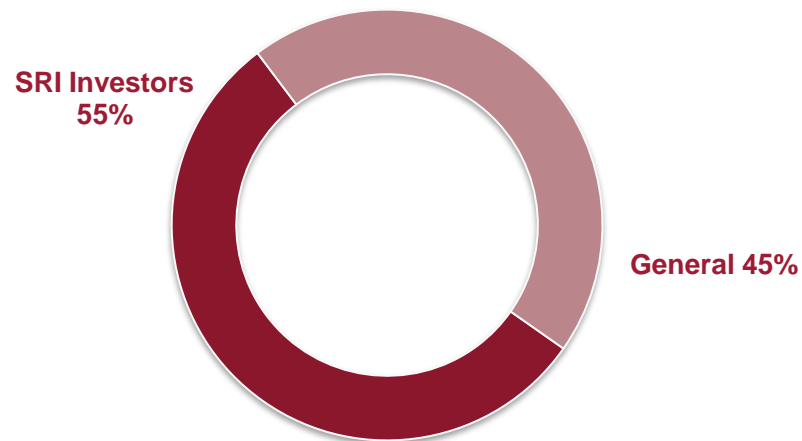
By Region



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.