

## ICO launches a successful EUR 500mn 5-year Social Bond, its second benchmark transaction in 2024

(June 2024)

ICO launched a successful EUR 500mn 3.05% October 2029 Social Bond. The bond attracted significant interest, with demand exceeding EUR 2bn. More than four times oversubscribed, ICO was able to narrow the initial spread over the Treasury benchmark with the same maturity by 5 b.p., resulting in a final yield of SPGB 0.6 10/31/29 + 9 b.p.

The final orderbook was well supported by high quality accounts from a geographically diverse investor base. Banks took the largest share of allocations with 48% followed by asset managers with 24%, central banks & official institutions with 19% and insurers & pension funds with 9%. By geography, domestic accounts represented 28% of the allocation followed by Italy with 20%, France with 16%, Asia with 10%, Portugal with 8%, Germany & Austria with 7%, BeNeLux with 3%, the Middle East with 3% and other accounts taking the remaining 5%. ESG investors accounted for 55% of the final allocation

This transaction is the eleventh Social Bond issued by ICO since its debut in 2015 in this market, taking the overall issued amount of bonds in this format to EUR 5.55 bn. Together with the 6 green bonds launched since 2019, ICO has issued a total of EUR 8.5 bn, which have contributed to create or retain more than 523,000 jobs, and have financed Spanish businesses' projects that save 1,164,000 tonnes of CO2 per year.



## ICO brings together international investors and issuers at the 8th ICO Forum on Sustainable Bonds

(July 2024)



ICO held the eighth edition of its Sustainable Bond Forum on July 3<sup>rd</sup>. This event brought together international issuers and investors to explore the evolution of sustainable finance, with a particular focus on the development of green, social, and sustainable bond markets.

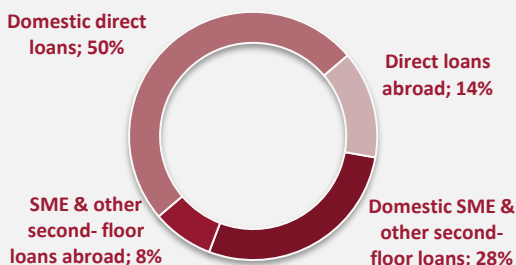
The conference commenced with welcoming remarks from ICO's Chairman, José Carlos García de Quevedo, and an opening address by Ana Puente, Deputy Director General of Sustainable and Digital Finance at the Ministry of Economy, Trade, and Enterprise. Attendees also had the opportunity to attend an interview with Helena Viñes, Chair of the EU Platform on Sustainable Finance and Director of the

Spanish Securities Market Commission, and to a keynote from Simone Utermarck, Senior Director of Sustainable Finance at ICMA. Additionally, three roundtable discussions took place, covering topics such as: *ESG Bonds: will the market rebound in 2024?*; *Innovative approaches in Sustainable Finance*; and *Transition, the rising theme of 2024*.

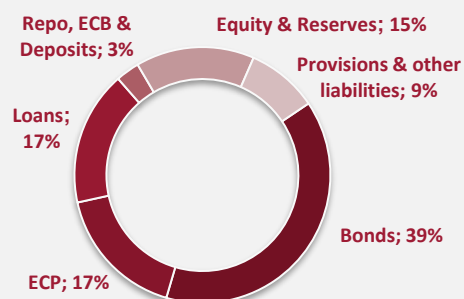
Organized by ICO in collaboration with BBVA, Crédit Agricole, HSBC, ING, and Santander, the Forum attracted leading representatives from investors, financial institutions, corporates, and the public sector.

## ICO in figures

### Loan Portfolio as at 30/06/2024



### Liabilities breakdown as at 30/06/2024



### Financial Highlights

	2020	2021	2022	2023	30/06/2024*
<b>Total assets</b> (Mill. EUR)	34,386	37,766	29,775	31,657	35,412
<b>Equity &amp; reserves<sup>1</sup></b> (Mill. EUR)	5,202	5,354	5,515	5,689	5,363
<b>Pre-tax profit</b> (Mill. EUR)	97.55	171.70	178.11	336.89	231.98
<b>Net interest income</b> (Mill. EUR)	-10.63	104.55	125.73	290.25	128.90
<b>Gross revenue</b> (Mill. EUR)	88.22	181.86	204.58	361.50	188.64
<b>Profitability ROA</b>	0.29%	0.49%	0.53%	1.09%	1.38%
<b>Tier I Ratio</b>	37.21%	36.94%	33.62%	26.49%	23.28%
<b>Non-Performing Loans</b>					
Direct Loans	4.16%	3.81%	3.67%	4.20%	4.21%
Total loans incl. second floor loans	2.33%	2.33%	2.31%	2.76%	2.61%
Provision coverage ratio	145%	157%	171%	128%	129%
<b>Efficiency</b>					
Operating expenses over gross revenue	47.70%	24.60%	23.40%	13.63%	13.37%

(1) Eligible capital for solvency purposes.

\* Unaudited figures

Source: ICO

## Funding Policy for 2024

- **Expected total funding in 2024: EUR 7-8 bn**  
ICO has increased its medium- and long-term funding programme for 2024 due to a higher than expected lending activity
- **EUR benchmark transactions**
- **Short to medium maturities**
- **Promotion of the sustainability bond market**

## Funding activity

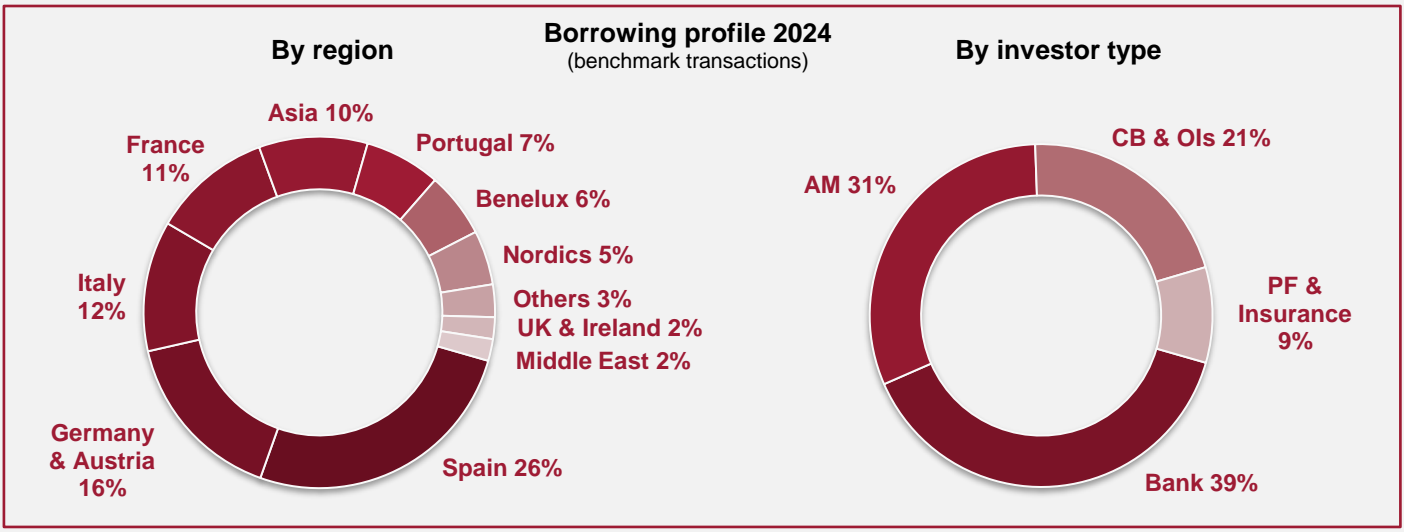
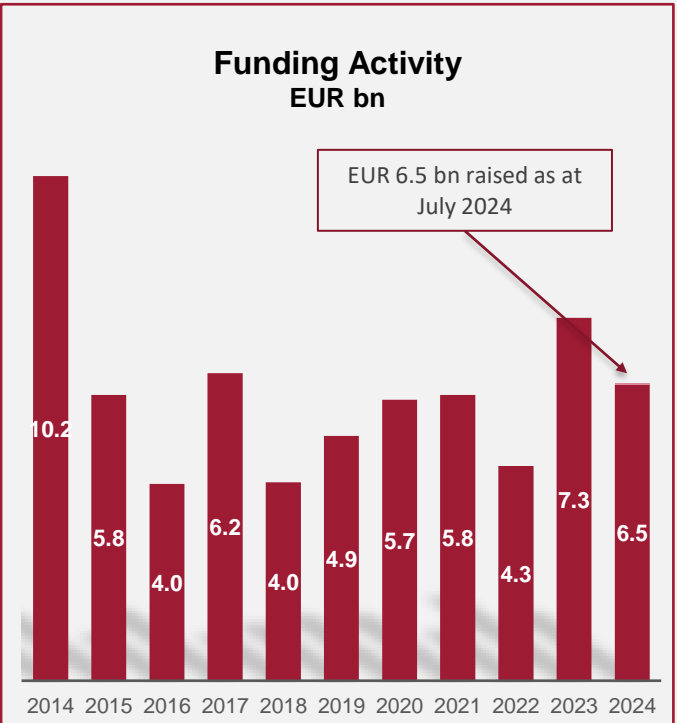
ICO enjoys the **guarantee** from the Kingdom of Spain which is defined in its bylaws as:

**Explicit**  
**Irrevocable**  
**Unconditional**  
**Direct**

**ICO's long term ratings**

<b>S&amp;P</b>	<b>A / Stable</b>
<b>DBRS</b>	<b>A / Stable</b>
<b>Fitch</b>	<b>A- / Stable</b>
<b>Moody's</b>	<b>Baa1 / Positive</b>

ICO Bonds qualify as **L1 HQLA assets** in the EU (pursuant to Article 10 of the Commission Delegated Regulation (EU) 2015/61 of October 10, 2014)

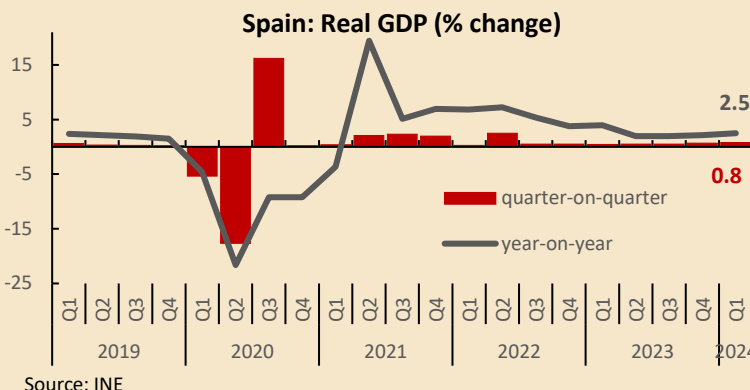


## Spanish Economy: latest figures and comments

In Q1 2024, **Spanish GDP growth surpassed even the most optimistic expectations, expanding by 0.8% QoQ**, up from 0.7% in the previous quarter. On an annual basis, growth reached 2.5% YoY, compared to 2.1% in Q4 2023. Both domestic demand (2.3%) and the foreign sector (0.2%) contributed positively. Given the still fragile state of many international economies, domestic demand remains the main driver of growth.

The robust GDP performance in early 2024 has prompted **upward revisions to Spain's GDP forecasts**. Institutions like the IMF have adjusted their 2024 GDP projection from 1.9% to 2.4%, and the Spanish Government has raised its growth estimate for the year from 2.0% to 2.4%. Consequently, **Spain's growth in 2024 is expected to closely mirror that of 2023** (2.5% in Spain versus 0.4% in the Euro Area in 2023). Moreover, Spanish GDP growth is anticipated to outpace the Euro Area average (forecasted at 0.9% in 2024 by the IMF). Looking ahead to 2025, the Spanish Government foresees a growth rate of 2.2%, up from the previously estimated 1.9%. Notably, domestic consumption remains a key driver of Spanish economic expansion, while **investment growth is projected to accelerate further** in the coming years.

Turning to the government's fiscal position, the budget deficit declined to -3.6% of GDP in 2023 (down from -10.1% in 2020). According to government estimates, this trend is expected to continue, with a deficit of -3.0% of GDP forecasted for this year and a further reduction to -1.8% of GDP by 2027. As a result, **the European Commission has decided not to initiate an Excessive Deficit Procedure against Spain**. Additionally, the government aims to bring down public debt, targeting a level below 100% of GDP by 2027 (specifically, 99.7%), down from 107.7% in 2023.



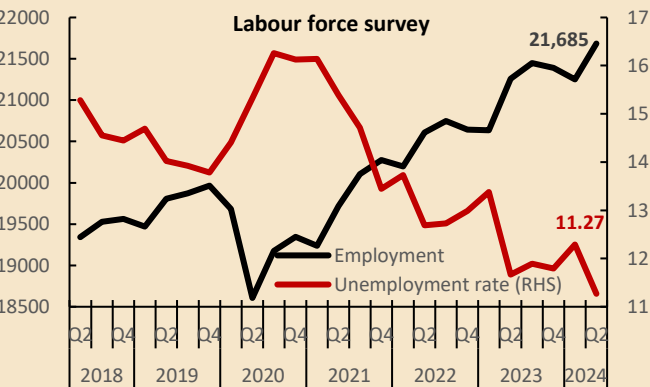
### Main features of Spain Forecast

	2023	2024	2025
<b>GDP real (% change)</b>	<b>2.5</b>	<b>2.4</b>	<b>2.2</b>
Private Consumption Expenditure	1.8	2.2	2.2
Government Consumption Expenditure	3.8	1.7	1.1
Gross Fixed Capital Formation	0.8	3.4	4.8
Exports	2.3	3.7	2.4
Imports	0.3	3.5	3.4
Domestic demand (contribution growth)	1.7	2.2	2.4
Net foreign balance (contribution growth)	0.8	0.2	-0.2
Total employment growth (full-time)	3.2	3.0	2.4
Unemployment rate: % labour force	12.2	11.1	10.2
Net lending/borrowing Nation (% of GDP)	3.7	3.5	3.3
General Gov. lending/borrowing (% GDP)	-3.6	-3.0	-2.5
General Government debt (% of GDP)	107.7	105.1	103.6

Source: Ministry of Economy and Ministry of Finance of Spain

**Inflation remains in check.** Core Consumer Price Index (CPI) grew by 3.0% YoY in June, significantly lower than its year-end variation in 2023 (3.8% in December 2023). Both General CPI and Core CPI are expected to continue moderating their annual growth in the coming months. However, Headline CPI may still be influenced by the phase-out of energy support measures implemented in previous years.

Lastly, **employment dynamics continue to show strength in 2024**. According to the INE Labour Force Survey for Q2 2024, employed individuals reached a record high of 21.7 million, with an increase of 426,000 employees compared to the previous year. The unemployment rate fell to 11.27% in Q2 2024, marking the lowest since Q3 2008.



## Contact us

Investors can find further information at: [https://www.ico.es/web/ico\\_en/ico/investor\\_relations](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](mailto:investors@ico.es)

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