



Date of Release: April 12, 2018

## **DBRS Upgrades ICO's Senior Ratings to A with Stable Trend**

**Industry: Fin.Svc.--Banks & Trusts**

DBRS Ratings Limited (DBRS) upgraded the long-term ratings of Instituto de Crédito Oficial (ICO or the Bank), including the Long-Term Issuer Rating to "A". At the same time, the agency has confirmed ICO's Short-Term ratings at R-1 (low). All ratings have Stable Trend. ICO's Support Assessment remains SA1. See a full list of ratings at the end of this press release.

### **KEY RATING CONSIDERATIONS**

The upgrade of ICO's long-term Issuer rating to "A" stable trend follows DBRS' upgrade of the Kingdom of Spain Long-Term Foreign and Local Currency rating to "A" with Stable trend on April 6, 2018. ICO's ratings are backed by the explicit, unconditional, irrevocable and direct guarantee from the Kingdom of Spain. Therefore, ICO's ratings and trends are equalised with the Long-Term and Short-Term Foreign and Local Currency ratings of the Kingdom of Spain.

### **RATING DRIVERS**

The Long-Term and the Short-Term ratings move in line with the ratings of the Kingdom of Spain. Positive rating pressure could result from an upgrade of the Kingdom of Spain.

Given the direct guarantee from the Kingdom of Spain, ICO's Long-Term and the Short-Term ratings could come under pressure if the Kingdom of Spain rating were to be downgraded and the macroeconomic environment significantly deteriorates.

### **RATING RATIONALE**

ICO is a credit institution by law and is considered to be a State Finance Agency of Spain. It benefits from an explicit, irrevocable, unconditional and direct guarantee of its liabilities from the Kingdom of Spain that is stated in its by-laws under the Royal Decree Act 706/1999. As a public specialised lending institution and the state's financial agency, ICO enjoys a unique and dominant franchise in Spain which contributes to support its current rating. Moreover, the ratings also consider ICO's limited business scope, constrained by its business model and its high dependence on the Spanish Government.

### **Notes:**

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All figures are in Euros unless otherwise noted.

The principal applicable methodology is DBRS Criteria: Guarantees and Other Forms of Support (January 2018) and the Global Methodology for Rating Banks and Banking Organisations (May 2017). These can be found at: <http://www.dbrs.com/about/methodologies>

The sources of information used for this rating include SNL Financial and company disclosures. DBRS considers the information available to it for the purposes of providing this rating to be of satisfactory quality.

DBRS does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance.

Generally, the conditions that lead to the assignment of a Negative or Positive Trend are resolved within a twelve-month period. DBRS's outlooks and ratings are under regular surveillance

For further information on DBRS historical default rates published by the European Securities and Markets Authority ("ESMA") in a central repository, see: <http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

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Initial Rating Date: September 16, 2011

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Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Instituto de Crédito Oficial (ICO)	Long-Term Issuer Rating	Upgraded	A	Stb	Apr 12, 2018
Instituto de Crédito Oficial (ICO)	Long-Term Senior Debt	Upgraded	A	Stb	Apr 12, 2018
Instituto de Crédito Oficial (ICO)	Long-Term Deposits	Upgraded	A	Stb	Apr 12, 2018
Instituto de Crédito Oficial (ICO)	Short-Term Issuer Rating	Confirmed	R-1 (low)	Stb	Apr 12, 2018
Instituto de Crédito Oficial (ICO)	Short-Term Debt	Confirmed	R-1 (low)	Stb	Apr 12, 2018
Instituto de Crédito Oficial (ICO)	Short-Term Deposits	Confirmed	R-1 (low)	Stb	Apr 12, 2018

For more information on this credit or on this industry, visit [www.dbrs.com](http://www.dbrs.com) or contact us at [info@dbrs.com](mailto:info@dbrs.com).

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