Instituto de Crédito Oficial

GREEN BOND REPORTING

EUR 500mn Green Bond due October 2026 launched in May 2022

Published May 2023

Instituto de Crédito Oficial

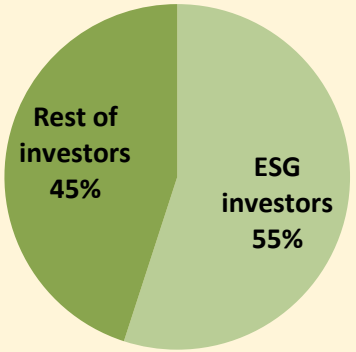
Green Bond EUR 500mn due October 2026 – launched May 2022

- Issued under ICO's Green Bond Framework [1] last updated in 2021 receiving a favorable Second Opinion [2]
- This is ICO's **fourth** Green Bond and reinforces the leadership of ICO in the Sustainability Bond market
- Two times oversubscribed, with a demand in excess of **EUR 1bn**

Issuer:	Instituto de Crédito Oficial
Issuer Ratings:	Baa1 / A / A- / A (Moody's / S&P / Fitch / DBRS)
Status of Notes:	Senior, Unsecured
Documentation:	GMTN Programme
Currency:	EUR
Principal Amount:	500,000,000
Trade Date:	24th May 2022
Settlement Date:	31st May 2022
Maturity Date:	31st October 2026
Re-offer Spread:	SPGB 1.3% October 2026 + 9 bps
Re-offer Yield:	-0.104%
Re-offer Price:	100.486%
Annual Coupon:	0%, Fixed
Listing:	Luxembourg
Denominations:	EUR 1,000 + EUR 1,000
ISIN:	XS2356033147

88% of the issue was bought by international investors

ESG investors accounted for 55% of the final allocation



1. https://www.ico.es/documents/20124/39589/Green+Bond+Framework+Junio.pdf
2. https://www.ico.es/documents/77230/77304/Green+Bond+Framework+second+party+opinion.pdf

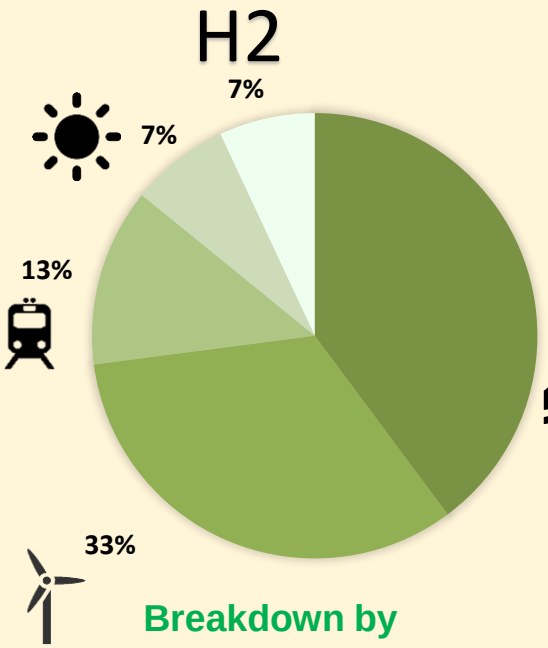
ICO Green Bond Framework: overview

Instituto de Crédito Oficial

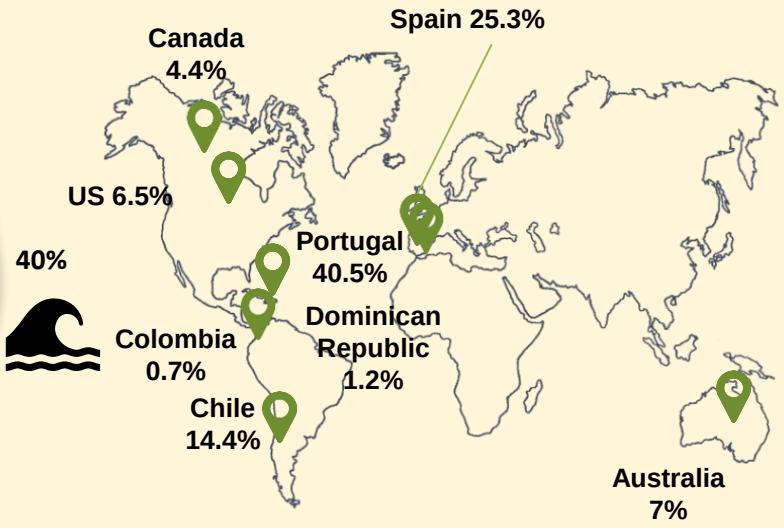
Use of proceeds

Renewable energy	• Acquisition, maintenance, refurbishment and/or repowering of existing and future renewable energy facilities from renewable sources (solar, wind and biomass) • Energy Transmission and Distribution networks from renewable sources
Green buildings	• Acquisition, construction, development, renovation of buildings with an Energy Performance Certificate (EPC) and Primary Energy Demand (PED)
Energy efficiency	• Development, operation, distribution and maintenance of equipment or technology helping reduce energy consumption and increase energy savings • Energy efficiency in buildings
Clean transportation	• Loans to finance Public mass and freight transportation for electrified transportation systems, or low-carbon transportation systems which meet carbon intensity thresholds for a 2-degree scenario as defined by the CBI low Carbon Transportation Standard
Pollution prevention and Control	• Loans to finance the development, manufacturing, construction, operation and maintenance of waste management activities
Environmentally sustainable management of living natural resources and land use	• Loans to finance the development, manufacturing, construction, operation and maintenance of sustainable agriculture and climate smart farm input or Environmentally sustainable fishery and or environmentally sustainable forestry
H2 Hydrogen production & storage	• Development, construction, and upgrade of hydrogen electrolysis, with related lifecycle emissions that comply with European Taxonomy threshold of 3tCO2e/tH2
Sustainable water and wastewater management	• Loans to finance the development, construction and maintenance of: water network and equipment for efficient water supply, distribution and storage or Wastewater discharge, water treatment and rainwater harvesting

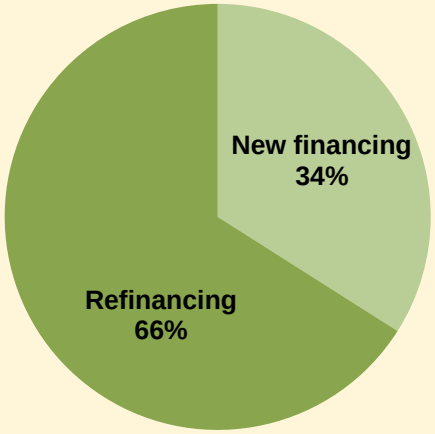
Proceeds allocation



Breakdown by energy source



Breakdown by country



Share of financing vs refinancing

- **100% fund allocation** in the first year after being issued. Refinancing (loans disbursed before 2022) accounts for 66% of the total.
- By financing the projects included in this bond ICO has **contributed to mobilizing EUR 7,861 mn of funds**
- Certain **activities will be excluded** due to their non-environmentally friendly nature, such as nuclear power generation, oil and gas, fossil-fuel-based energy, armament-related activities, carbon-related activities, tobacco or any other activities that are not considered environmentally friendly.

Allocations and Environmental Impact

Type of Project	Installed Capacity (MW)	Annual energy production distributed (MWh)	Hydrogen production (ton/year)	No. charging points	Estimated Charge 2023 (MWh)	Km of new underground lines	Distance traveled avoided by car annually (Km)	Annual GHG emissions avoided Tn CO2e	Allocated EUR
Wind Power	1,567	5,642,105	-	-	-	-		130,614	166,377,602
Solar Power (*)	440	953,418	-	-	-	-		27,825	36,011,354
Hydropower	1,158	300,000	-	-	-	-		21,953	200,000,000
Green Hydrogen	20	-	11,200	-	-	-		33	35,000,000
Clean transportation	-	-	-	770	4,984	6	46,740,064	4,286	62,611,044
Total	**3,184**	**6,895,523**	**11,200**	**770**	**4,984**	**6**	**46,740,064**	**184,712**	**500,000,000**

(*) Solar Power includes Photovoltaic sources (100%).

- The **methodology** used to calculate the amount of CO2 emissions avoided is **based on internationally recognized standards** to ensure solid results. It has been implemented by ICO with the technical advice of **PwC** and is based on the **GHG Protocol** for renewable energy projects.
- The Impact Report is **based on ex-ante estimates** of expected annual results for a **representative year** once the financed projects are completed and operating at normal capacity.

Sustainalytics Report

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Projects are not in conformance with the use of proceeds criteria and reporting criteria outlined in the ICO Green Bond Framework. ICO has disclosed to Sustainalytics that the proceeds of the 2022 Green Bond were fully allocated from a total of EUR 500 million, as of March 2023.

Link to the report[1]

1. https://www.ico.es/documents/20124/39589/Instituto+de+Cr%C3%A9dito+Oficial_Annual_Review_Final.pdf/36e748ed-8e17-e26f-a73e-341a8c98ffb4?t=1684929529427

Allocations and Environmental Impact

Instituto de Crédito Oficial

Spain

EUR 126.71mn
6 projects

25,452, Tn
400 MW
819,045 MWh
690
4,327 MWh
H2 11,200 Tn/year

Portugal

EUR 202.5mn
2 projects

22,358 Tn
1,158 MW
300,000 MWh
80
657 MWh

Chile

EUR 72.23mn
3 projects

44,729 Tn
501 MW
1,339,475 MWh

United States

EUR 32.45mn
1 project

11,091 Tn
806 MW
3,559,000 MWh

Australia

EUR 35.07mn
1 project

71,781 Tn
180.6 MW
621,500 MWh

Canada

EUR 21.9mn
1 project

191 Tn
6 km
46,740,064 km

Dominican Republic

EUR 5.87mn
1 project

7,827 Tn
97 MW
192,000 MWh

Colombia

EUR 3.27mn
1 project

1,281 Tn
41.6 MW
64,503 MWh

Annual avoided CO2 emissions
Annual energy production distributed
Number of charging points
Energy capacity installed
Vehicle estimated charge in 2023
H2 Hydrogen production
Km of new lines
Distance traveled avoided by car annually

Projects overview

Franework category	Environmental benefits	Economic activity (EU Taxonomy)	Project description	Total project cost (EUR Mn)	Allocated amount (EUR Mn)	Installed Capacity (MW)	Annual energy production distributed (MWh)	Hydrogen production (ton/year)	No. charging points	Estimated Charge 2023 (MWh)	Km of new undergro und lines	Distance traveled avoided by car annually (Km)	Annual GHG emissions avoided Tn CO2e
Renewable energy – Electricity generation from renewable energies	Climate change mitigation	Electricity generation from wind power	Construction of 8 wind farms	181	40.63	180	433,000	-	-	-	-	-	15,553
			Design, Construction, Operation and Maintenance of one wind farm	182	28.54	235	495,605	-	-	-	-	-	16,907
			Design, Construction, Operation and Maintenance of one wind farm	200	35.07	181	621,500	-	-	-	-	-	71,781
			Design, Construction, Operation and Maintenance of one wind farm	4,061	32.45	806	3,559,000	-	-	-	-	-	11,091
			Design, Construction, Operation and Maintenance of one wind farm	225	29.69	165	533,000	-	-	-	-	-	15,281
		Electricity generation from hydropower	Construction of a Hydropower plant	1,485	200	1,158	300,000	-	-	-	-	-	21,953
		Electricity generation using solar photovoltaic technology	Investment in renewable energy facilities (solar)	111.47	9.14	139	256,503	-	-	-	-	-	9,107
			Design, Construction, Operation and Maintenance of one photovoltaic plant	75	14	101	310,870	-	-	-	-	-	12,541
			Construction of 4 photovoltaic plants	129	12.87	200	386,045	-	-	-	-	-	6,177
Hydrogen production - Manufacture of hydrogen	Climate change mitigation	Manufacture of equipment for the production and use of hydrogen	Development and implementation of a green hydrogen generation plant (electrolysis from 100% renewable sources)	107	35	20	-	11,200	-	-	-	-	33
Clean transportation – Low carbon vehicles and infrastructure	Climate change mitigation	Infrastructure enabling low-carbon road transport and public transport	Installation of a set of supply points for fast-charging electric vehicles on the Spanish road network	30	25.71	-	-	-	427	2,621	-	-	2,584
			Implementation of 183 ultra-fast and fast chargers for electric vehicles in the Basic Network of the Atlantic and Mediterranean corridors of Spain and Portugal	17	10	-	-	-	183	1,049			724
			Installation of 160 charging points for electric vehicles, 80 in Spain and 80 in Portugal	10	5				160	1,314			786
		Infrastructure for rail transport	Design and construction of a subway line	1,048	22	-	-	-	-	-	6	46,740,064	191
				7,861	500	3,184	6,895,523	11,200	770	4,984	6	46,740,064	184,712

Case Study: Repsol's vehicle charging points in Spain & Portugal

This project aimed at **installing 610 fast and ultra-fast charging points** in the network of service stations that the multi-energy company has in the Iberian Peninsula.

Repsol has invested 42.5 million euros in this project, which was part of the company's goal to reach 1,000 public charging points by the end of 2022 - one every 50 kilometers on the main road corridors of the Iberian Peninsula - and to be a carbon-neutral company by 2050. Ultimately, Repsol achieved 1,200 public charging points by 2022, of which 956 are integrated in Repsol service stations.

This operation was carried out within the framework of the **European Union's Connecting Europe Facility initiative** (CEF), where ICO – in collaboration with the Ministry of Transport, Mobility, and the Urban Agenda – acts as an accredited implementing partner.

As an **Implementing Partner of the CEF programme**, ICO facilitates Spanish companies' access to this initiative to promote projects that contribute to boosting the energy transition by increasing the efficiency of the transport sector.

Photo: Repsol electric charging points in Spain and Portugal

The 18 ultra-fast and 592 fast electric charging points financed are in 577 Repsol service stations in Spain and 33 in Portugal, along the Mediterranean and Atlantic corridors. The installed power at the fast and ultra-fast charging points is 50 kW and 180 kW, respectively. All Repsol electric charging points are guaranteed to use 100% renewable energy.

Repsol's public charging network is one of the most important infrastructures of this type in Spain and Portugal. The multi-energy company is the leader in fast charging at service stations in the country. The first charging station for electric vehicles in Spain that incorporates energy storage using second-life batteries is also part of this network, located along the N-1 national road as it passes through the Guipuzcoan town of Tolosa, as well as the first two ultra-fast charging points in the Iberian Peninsula, installed in 2019 at the Lopidana (Álava) and Ugaldebieta (Vizcaya) service stations

ICO commitment to SRI

During 2022, ICO approved operations in different areas of sustainability (ESG) for a volume of more than EUR 2.2 bn. Among these operations, those with environmental impact (EUR 1.4bn) stand out this year. ICO, in its commitment to the transition towards a resilient and low carbon economy, has promoted the financing of operations that contribute to the climate change mitigation objective. Additionally, ICO has increased its support to social impact financing (EUR 816 million), through operations to face the economic and social impacts of COVID 19, social housing operations and sustainability-linked loans with social KPIs.

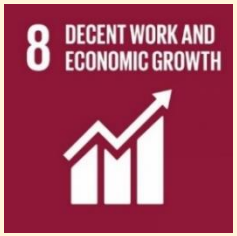
Latest SRI milestones

- In 2023, ICO has been reelected as member of **ICMA's Advisory Council of the Executive Committee of the Principles.**
- ICO is a member of **OFISO (Observatorio Español de la Financiación Sostenible),** a meeting, information and debate forum for companies, financial entities, public administrations, investors and other agents of the financial industry..
- As an **implementing partner of the European Union**, ICO continues to play an important role in channeling European funds through different programmes: InvestEU, Alternative Fuel Facility and Recovery and Resilience Facility.
- The ICO Group's strategy 2022-2027 positions **sustainability as one of its strategic** axes and sets a target of 40% sustainable financing.
- ICO has approved the change of name of Fond-ICO Infraestructuras II to **Fond-ICO Sostenibilidad e Infraestructuras** and the adaptation of its prospectus to achieve its classification under article 8 of Regulation (EU) 2019/2088.
- ICO has implemented a **sustainability survey for its second-floor facilities** in order to identify those operations that contribute to the achievement of sustainability objectives.
- ICO conducted a **double materiality study** of the institution for the first time, to assess how its business is affected by sustainability issues and how their activities impact society and the environment.

Contribution to the SDGs

ICO's contribution to the Sustainable Development Goals through the Green Bonds **is mainly based on renewable energy**, which all financed projects impact. The relevant SDGs are #3 Good Health and Well-being, **#7 Affordable and Clean Energy**, #11 Sustainable cities and communities, #12 Responsible Consumption and Production, and #13 Climate Action.

Furthermore, as ICO is a National Promotional Bank it also has a statutory mandate to foster economic development through financing key economic sectors. In this way, it also contributes to SDG 8 on Decent Work and Economic Growth.



SUSTAINABLE DEVELOPMENT GOALS