



Instituto de Crédito Oficial

GREEN BOND REPORTING

Green Bond launched in
June 2021

Published May 2022



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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.



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

Allocations and Environmental Impact

Green Bond EUR 500 mn 0% due April 2027 launched June 2021 (XS2356033147)

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

(*) 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

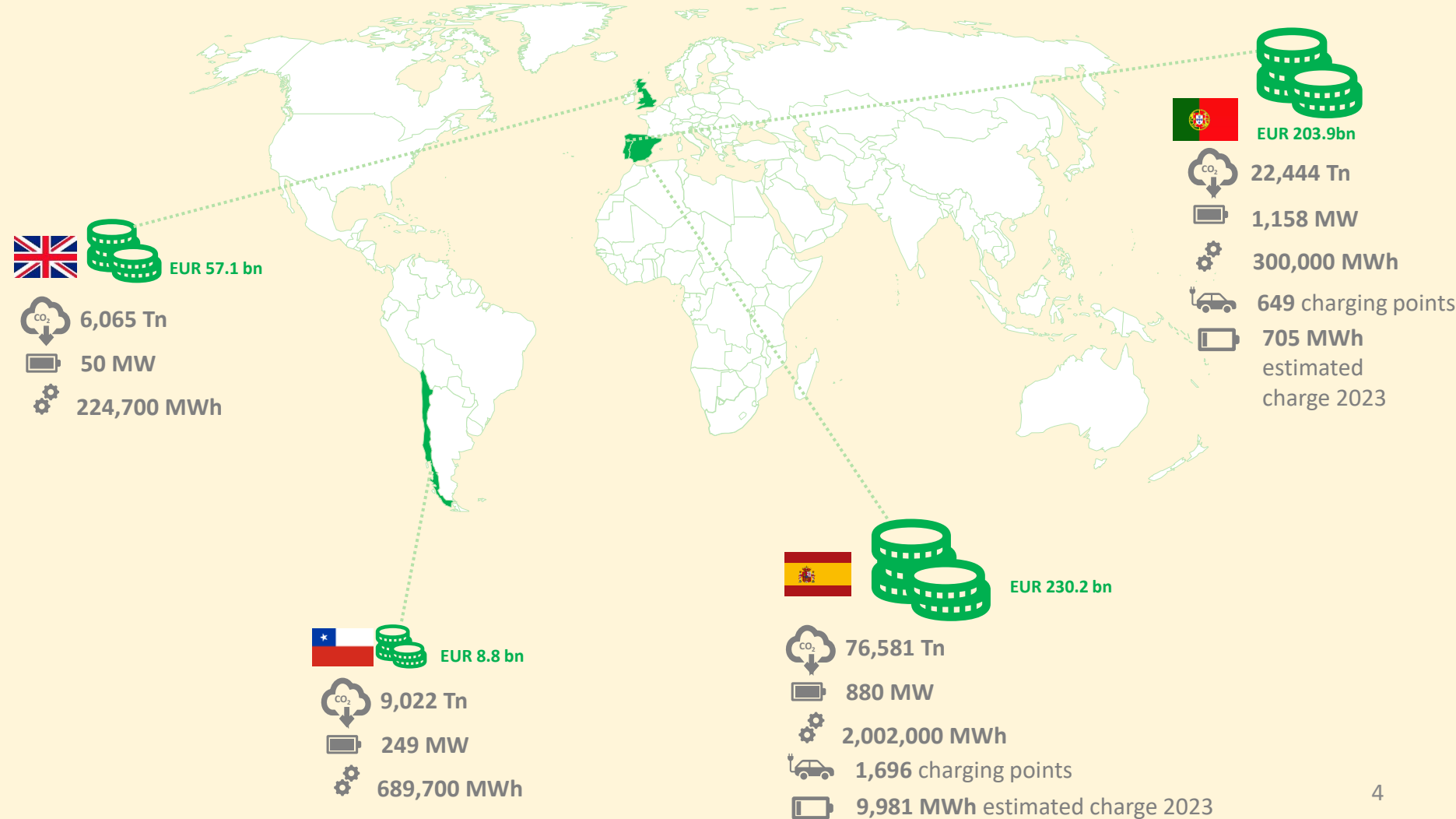
Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of ICO's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the ICO Green Bond Framework. ICO has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of March 2021.

[Link to the report¹](#)

1. <https://www.ico.es/documents/20124/39589/Green+Bond+Annual+Review+2022.pdf/58401d53-e9e5-acc6-d6ec-458769e186a0?t=1652867657153>

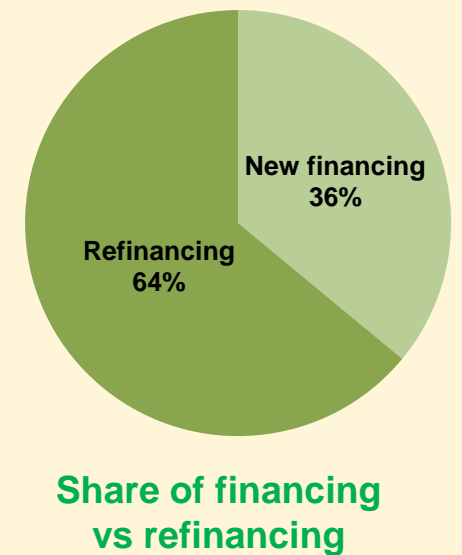
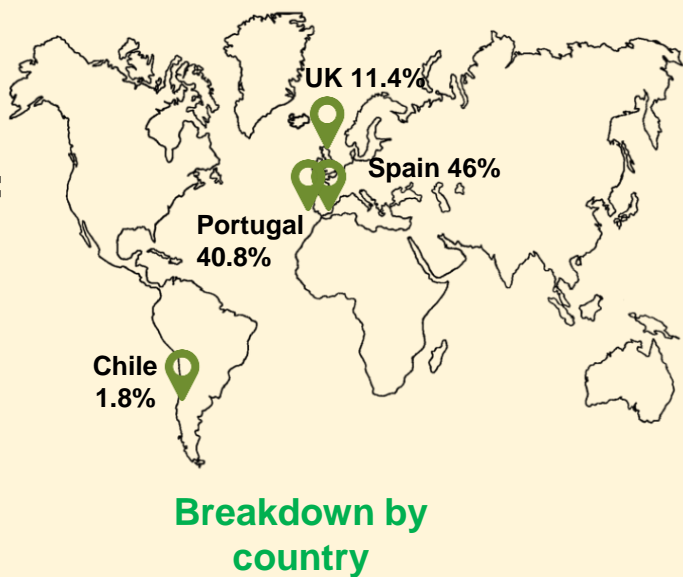
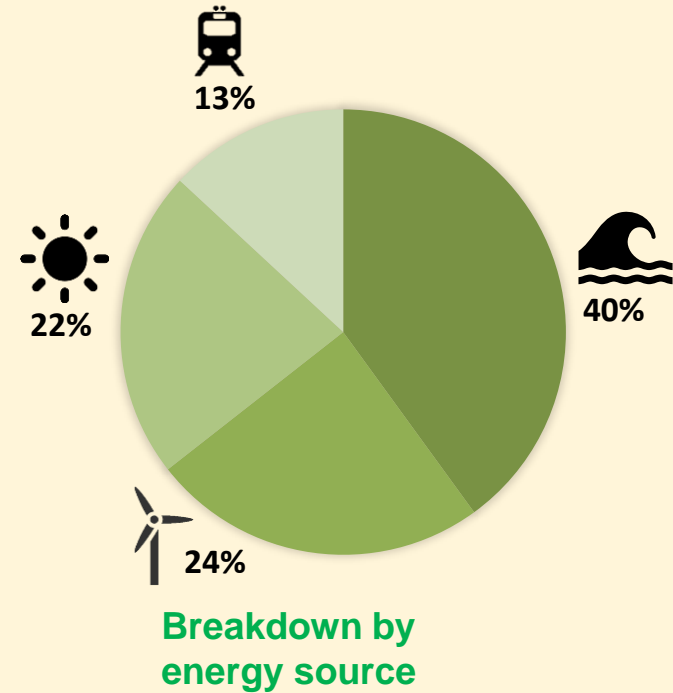
Allocations and Environmental Impact

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Proceeds allocation

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- **100% fund allocation** in the first year after being issued. Refinancing (loans disbursed before H1 2021) accounts for 64% of the total.
- By financing the projects included in this bond ICO has **contributed to mobilizing EUR 2,960.3 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.

Projects overview

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	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8
Project description	Construction of 3 new large dams and 3 hydropower plants	Development, construction, operation and maintenance of 4 wind farms	Construction of a green hydrogen infrastructure for vehicles	Expansion of a wind farm	Development, construction, operation and maintenance of a wind farm and a solar project	Construction and operation of an offshore wind farm	Installation of a set of supply points for fast-charging electric vehicles	Construction of 4 solar plants and 1 wind farm
Sector and environmental objective	Renewable Energy – Mitigation	Renewable Energy – Mitigation	Clean Transportation - Mitigation	Renewable Energy – Mitigation	Renewable Energy – Mitigation	Renewable Energy – Mitigation	Clean Transportation - Mitigation	Renewable Energy – Mitigation
Total project cost (EUR Mn)	1,485	117.2	18.7	114	110.0	449.2	99.1	567.1
Allocated amount (EUR Mn)	200.0	20.0	6.0	3.8	5.0	57.1	59.5	148.6
Financing contract formalisation year	30/05/2019	30/09/2021	07/07/2021	06/08/2021	27/10/2020	12/06/2020	22/07/2020	20/12/2021
Energy capacity installed (MW)	1,158	135	-	110	139	50	-	745
Annual energy production distributed (MWh)	300,000	389,000	-	304,700	385,000	224,700	-	1,613,000
No. Chargin points	-	-	6	-	-	-	2,339	-
Distance (Km)	-	-	3,600,000	-	-	-	-	-
Estimated Charge 2023 (MWh)	-	-	-	-	-	-	10,686	-
Annual GHG emissions avoided Tn CO2e	21,953	9,294	1,155	3,279	5,743	6,065	7,437	59,186

Sample project: TMB-Iberdrola: vehicle charging hydrogen plant

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This project will bring **Spain's first-ever public hydrogen station**, which will be built and operated by Iberdrola to supply renewable hydrogen to the fleet of buses operated by Transports Metropolitans de Barcelona (TMB).

This operation has been carried out within the framework of the European Union's Connecting Europe Facility initiative, where the ICO – in collaboration with the Ministry of Transport, Mobility and the Urban Agenda – acts as an accredited entity for channeling projects by Spanish companies that are boosting the ecological transition by increasing transport efficiency.

This infrastructure, which will be located in the city of Barcelona and will be made available to the public company TMB (among other users) and will consist of a hydrogen generation equipment through a PEM (Polymer Electrolyte Membrane) technology electrolyzer, powered by certified renewable energy and a hydrogen refueling station (or hydrogen generator) with six supply points for hydrogen vehicles (buses, cars or others).

This technology will allow an optimal and adequate service to be provided to the fleet of existing hydrogen vehicles and will be prepared to meet the new needs for greater charging power of new hydrogen vehicles, promoting sustainability through the use of renewable hydrogen in the transport sector (heavy and non-heavy), accelerating the replacement of fossil fuels and thus avoiding the CO2 emissions they generate.

With this backing from ICO, Iberdrola is making progress with its project to build the first private hydrogen station in the country on a 5,000 m² on the Zona Franca de Barcelona industrial estate, promoting the creation of a green hydrogen hub in a major industrial area of Catalonia and Spain.



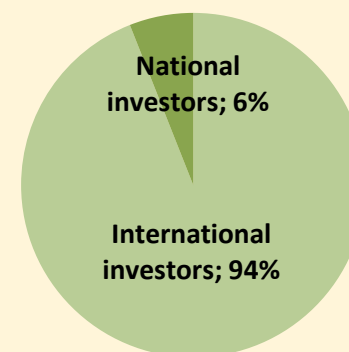
Photo: prototyped image of green hydrogen station- Iberdrola

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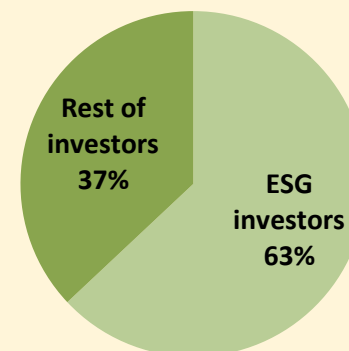
- > ICO launched its [Green Bond Framework](#)¹ in 2019 receiving a favorable [Second Opinion](#)²
- > This is ICO's **third** Green Bond Transaction and reinforces the leadership of ICO in the Sustainability Bond market
- > Four times oversubscribed, with a demand in excess of **EUR 2,000 millions**
- > **Lower spread** ever obtained over Spanish curve

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:	14th June 2021
Settlement Date:	21st June 2021
Maturity Date:	30th April 2027
Re-offer Spread:	SPGB 1.5% April 2027 + 6 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

94% of the issue was bought by international investors



ESG investors accounted for 63% of the final allocation



1. <https://www.ico.es/documents/19/1862636/Green+Bond+Framework>

2. <https://www.ico.es/documents/19/1862636/ICO+green+bond+second+party+opinion+15032019>

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During 2021, ICO approved operations in different areas of **sustainability** (ESG) for a volume of more than **EUR 1,810 million**. Among these operations, those with **environmental impact (EUR 1,463 million)** 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 objectives of mitigation and adaptation. Additionally, ICO has maintained its support to **social impact financing (347 million)**. Most of this financing is part of the urgent measures implemented by the Government to face the economic and social impact of COVID-19, whose objective is to preserve the normality of the financing flows and maintain the economic activity of the companies.

Latest SRI milestones

- In 2021, ICO has renewed its membership in **the Advisory Council of the Executive Committee of the Principles** from ICMA.
- In 2021, ICO joined **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, through its Sustainable Finance professionals, and a platform to give visibility and notoriety to its commitment to Financing Sustainable.
- As an **Implementing Partner of the European Union**, ICO has received approval to manage funds from the **InvestEU** Program, requesting a first guarantee of up to 125 million euros to cover the risk assumed for its participation as an investor in Venture Capital Funds. Sustainable Infrastructure.
- ICO, together with other five European national promotional banks and institutions, launched a two-billion-Euro **“Quick Response - Care for Ukrainian Refugees in Europe”** initiative as a quick response to support EU member states hosting Ukrainian refugees.
- The **Clean Oceans Initiative**, the largest common initiative dedicated to funding projects aimed at reducing plastic pollution at sea, doubled its commitment to provide **EUR 4 billion by 2025** to protect the Oceans, instead of the EUR 2 billion initially expected to be reached by 2023.

Contribution to the SDGs

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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 # 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.

