



Instituto de Crédito Oficial

GREEN BOND REPORTING

Green Bond launched in
October 2020

Published May 2021



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.



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.



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

Type of Project	Energy Capacity Installed (MW)	Energy Production Distributed (GWh)	Km of new underground lines	Distance traveled avoided by car annually (Km)	Annual GHG emissions avoided (Tn CO2e)	Allocated million EUR
Wind Power	669	1,905	-	-	109,076	154
Solar Power (*)	2,705	5,485	-	-	153,352	328
Clean transportation	-	-	5.7	46,740,064	125	14
Biomass	349	1,148	-	-	477	4
Total	3,723	8,537	5.7	46,740,064	263,030	500

(*) Solar Power includes Photovoltaic (99%) and Thermosolar (1%) sources.

- 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.

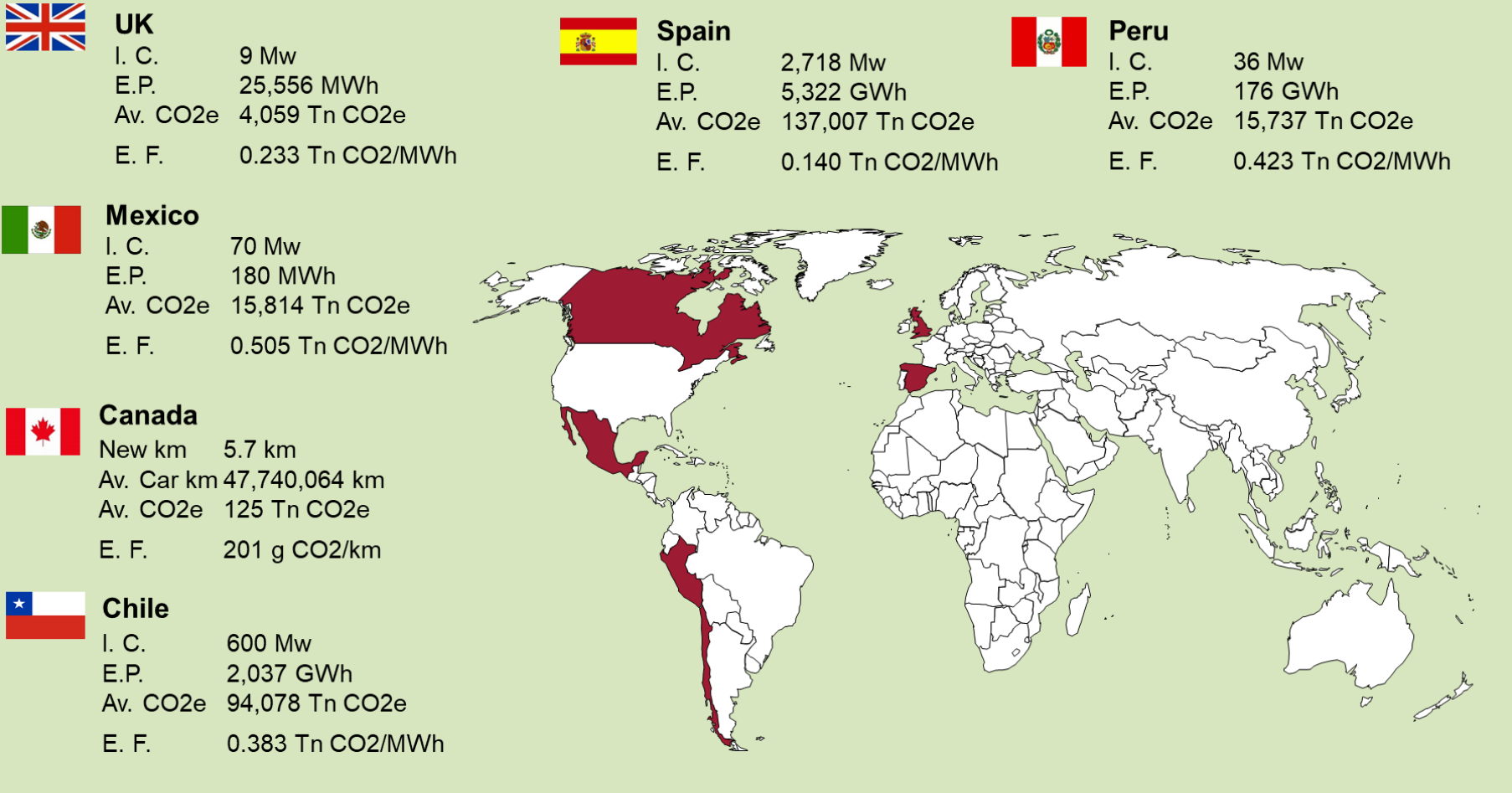
[Link to the report¹](#)

1. <https://www.ico.es/documents/20124/39511/Review+mayo+2021+bono+verde.pdf>

Allocations and Environmental Impact

Green Bond EUR 500 mn 0% due April 2026 launched October 2020 (ISIN XS2250026734)

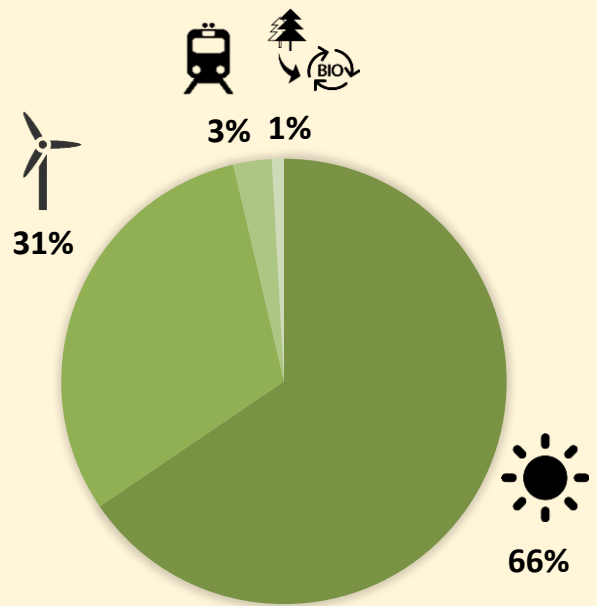
Main metrics by country:



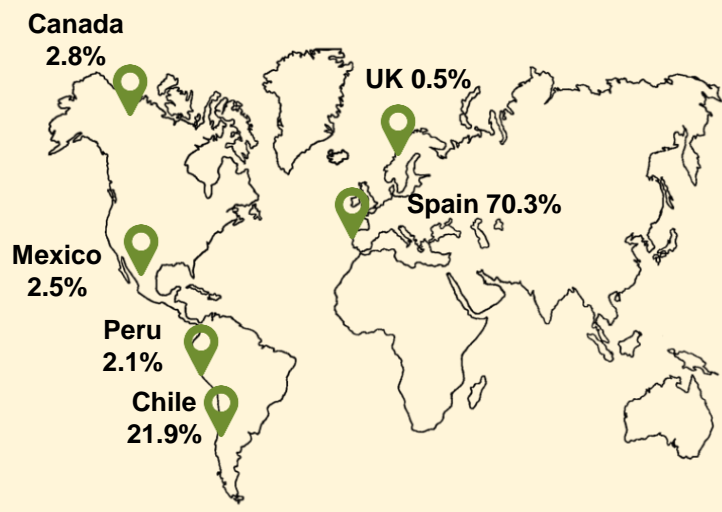
I. C. - Installed capacity E.P. - Energy Produced Av. CO2e - Avoided CO2e Emissions New km. – New lines km
 Av. Car km – Km avoided by car E. F. - Emission factor

Proceeds allocation

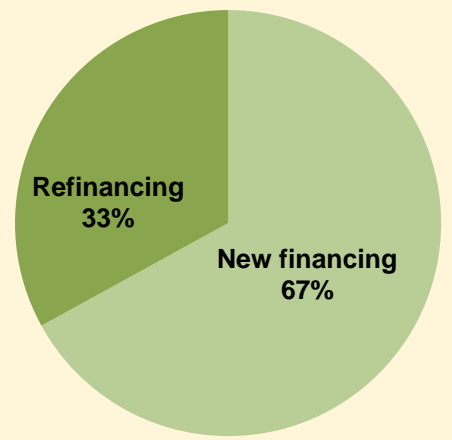
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Breakdown by energy source



Breakdown by country



Share of financing vs refinancing

- **100% fund allocation** in the first year after being issued. Refinancing (loans disbursed before 2020) accounts for 33% of the total.
- By financing the projects included in this bond ICO has **contributed to mobilizing EUR 6,012Mn 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

Green Bond EUR 500 mn 0% due April 2026 launched October 2020 (ISIN XS2250026734)

	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 11	Project 12	Project 13
Project description	Development, construction, operation and maintenance of a solar plant and a wind farm	Development, construction, operation and maintenance of 14 solar plants and 10 wind farms	Development, construction, operation and maintenance of a solar plant	Development, construction, operation and maintenance of a wind farm	Development and construction of an extension of an existing metro line	Development, construction, operation and maintenance of a solar plant	Construction and operation of photovoltaic plants	Development, construction, operation and maintenance of a wind farm	Development, construction, operation and maintenance of a wind farm	Development, construction, operation and maintenance of a wind farm	Development, construction, operation and maintenance of a solar plant	Construction of biomass electric generation plants.	Construction of biomass electric generation plants.
Sector and environmental objective	Renewable Energy – Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation	Clean Transportation - Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation	Renewable Energy - Mitigation
Total project cost (EUR Mn)	110	1363	72	114	1,022	290	113	25	25	232	1,486	1,026	136
Allocated amount (EUR Mn)	18	200	13	41	14	140	9	5	5	42	8	2	2
Financing contract formalisation year	2020	2020	2019	2019	2020	2019	2019	2019	2019	2020	2018	2016	2018
Energy capacity installed (MW)	139	2,040	70	78	-	500	128	18	18	173	210	299	50
Annual energy production distributed (GWh)	385	3,931	180	278	-	780	286	88	88	424	950	823	325
Km of new underground lines	-	-	-	-	5.7	-	-	-	-	-	-	-	-
Distance traveled avoided by car annually (Km)	-	-	-	-	46,740,064	-	-	-	-	-	-	-	-
Annual GHG emissions avoided Tn CO2e	24,299	80,755	15,814	38,665	125	52,717	3,327	7,925	7,812	29,115	1,999	268	209

Sample project: Nuñez de Balboa Photovoltaic Plant

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Nuñez de Balboa is the largest photovoltaic plant in Europe and it is located in Badajoz region in Spain.

The plant has a total capacity of 500 megawatts (MW) and a surface area of nearly 1,000 hectares. Thanks to the panels that constitute the plant, around 832 GWh of energy will be produced yearly. It will be able to supply clean energy to 250,000 people, more than the combined population of the cities of Cáceres and Badajoz (south-west of Spain), and it is estimated that it will avoid the emission into the atmosphere of 215,000 tonnes of CO₂ per year.



Photo: Nuñez de Balboa Photovoltaic plant - Iberdrola

The construction of this project has become a dynamic element of the industrial fabric and local employment, with purchases from around thirty suppliers worth 227 million euros. It has created a record number of jobs, more than 1,200; 70% of them in the Spanish region of Extremadura.

In words of the President of ICO, José Carlos García de Quevedo, “This operation strengthens the support for financing investments in energy efficiency or the production of energy from renewable and non-polluting sources. This financing is part of the ICO Group's global strategy which includes sustainability criteria to perform its activities.”

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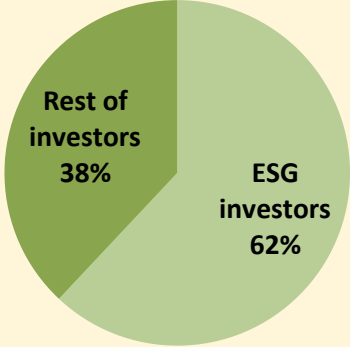
- > ICO launched its Green Bond Framework¹ in 2019 receiving a favorable Second Opinion²
- > This is ICO's **second** Green Bond Transaction and reinforces the leadership of ICO in the Sustainability Bond market
- > Six times oversubscribed, with a demand of over **EUR 3,000 millions**

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:	21st October 2020
Settlement Date:	28th October 2020
Maturity Date:	30th April 2026
Re-offer Spread:	SPGB 1.95% April 2026 + 7 bps
Re-offer Yield:	-0.201%
Re-offer Price:	101.114%
Annual Coupon:	0%, Fixed
Listing:	Luxembourg
Denominations:	EUR 1,000 + EUR 1,000
ISIN:	XS2250026734

89% of the issue was bought by international investors



ESG investors accounted for 62% of the final allocation



1. <https://www.ico.es/documents/20124/39589/Green+Bond+Framework+marzo.pdf>
 2. <https://www.ico.es/documents/20124/39589/ICO+green+bond+second+party+opinion+15032019.pdf>

During 2020, ICO approved operations in different areas of **sustainability** (ESG) for a volume of more than **EUR 2,760 million**. Among these operations, those with a **social impact (EUR 1,620 million)** stand out this year. ICO has provided support to the Spanish economy through 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. Additionally, ICO has maintained its historic high degree of commitment to **environmental impact financing (EUR 1,140 million)**

Latest SRI milestones

- At its meeting on 27th February 2020, ICO's General Board adopted a new **Sustainability Policy**¹, establishing a general framework for action that ICO's activity must comply with. The policy involves all areas of the organisation and its activity, acting as a management foundation that allows it to fulfil its mission as a public and promotional bank.
- ICO joined the **Joint Initiative on Circular Economy (JICE)**, an initiative to accelerate the transition to a sustainable and circular economy launched by the EU's largest National Promotional Banks and Institutions and the European Investment Bank.
- ICO joined the **Clean Ocean Initiative**, supporting the development and implementation of sustainable, viable and low carbon projects that reduce pollution in the oceans, with a particular focus on plastics.
- ICO promotes and leads the **"CSR Action Group in Public Companies"**, coordinated by Forética, which aims to contribute to the achievement of the 2030 Agenda and the promotion of best business practices in environmental, social and Corporate Governance matters.
- AXIS (ICO's private equity subsidiary) has joined a platform called **Foro Impacto**, which aims to bring together all agents of impact investment in Spain to join the Global Steering Group (GSG) for Impact Investment.

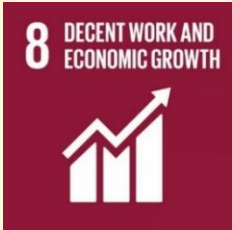
1. https://www.ico.es/es/web/ico_en/ico/about_ico/sustainability/sustainability_policy

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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.



SUSTAINABLE DEVELOPMENT GOALS