Instituto de Crédito Oficial

GREEN BOND REPORTING

EUR 500mn Green Bond due October 2027 issued in February 2023

Published February 2024

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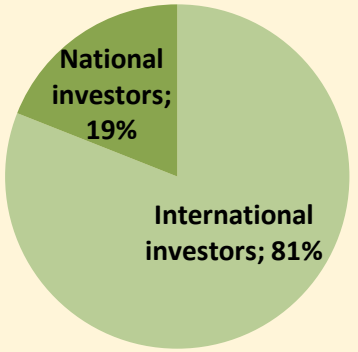
Green Bond EUR 500mn due October 2027 – issued February 2023

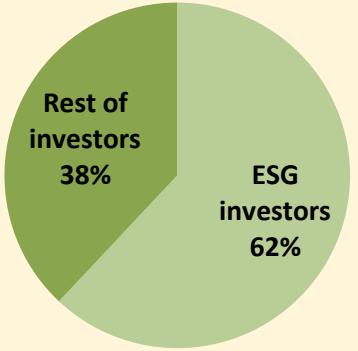
- Issued under ICO's Green Bond Framework [1] last updated in 2021 receiving a favorable Second Opinion [2]
- This is ICO's **fifth** Green Bond and reinforces the leadership of ICO in the Sustainability Bond market
- Nine times oversubscribed, with a demand in excess of **EUR 4.5bn**

Issuer:	Instituto de Crédito Oficial
Issuer Ratings:	A / A / A- / Baa1 (S&P / DBRS / Fitch / Moody's)
Status of Notes:	Senior, Unsecured
Documentation:	GMTN Programme
Currency:	EUR
Principal Amount:	500,000,000
Trade Date:	7th February 2023
Settlement Date:	14th February 2023
Maturity Date:	31st October 2027
Re-offer Spread:	SPGB 1.45% October 2027 + 22 bps
Re-offer Yield:	3.076%
Re-offer Price:	99.897%
Annual Coupon:	3.05%, Fixed
Listing:	Luxembourg
Denominations:	EUR 1,000 + EUR 1,000
ISIN:	XS2586947082

81% 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+Junio.pdf
2. https://www.ico.es/documents/77230/77304/Green+Bond+Framework+second+party+opinion.pdf

ICO Green Bond Framework: overview

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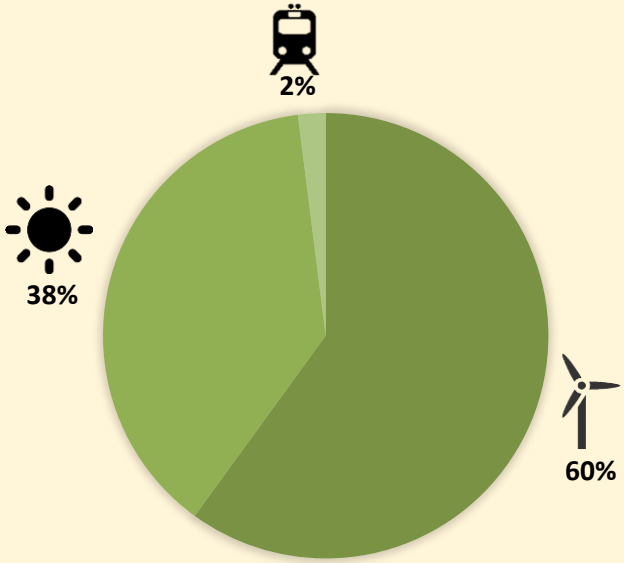
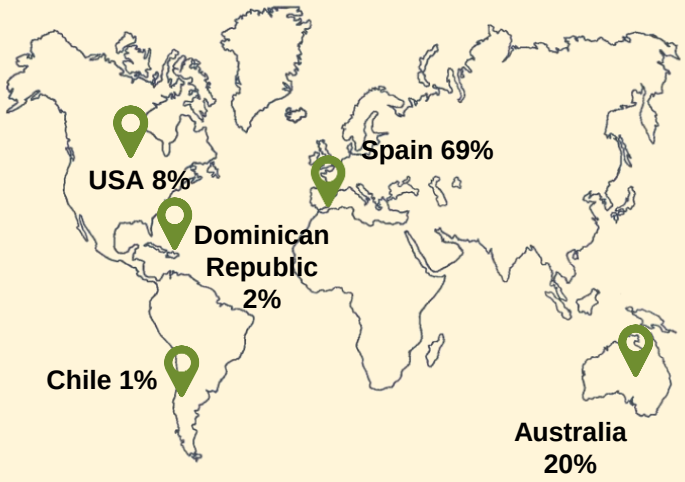
Use of proceeds

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

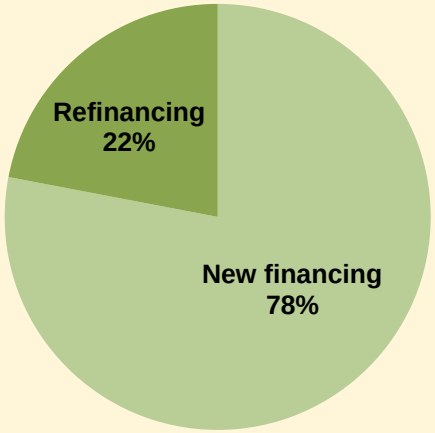
Proceeds allocation



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 22% of the total.
- By financing the projects included in this bond, ICO has **contributed to mobilizing EUR 7,998 mn**

Allocations and Environmental Impact

Type of Project	Installed Capacity (MW)	Annual energy production distributed (MWh)	No. Hydrogen refuelling stations	Estimated Charge 2023 (MWh)	Annual GHG emissions avoided Tn CO2e	Allocated million EUR
Wind Power	2,640	8,637,778	-	-	206,391	300,605,505
Solar Power (*)	2,010	3,960,827	-	-	78,473	189,394,495
Clean transportation	-	-	6	1,292	2,614	10,000,000
Total	**4,650**	**12,598,604**	**6**	**1,292**	**287,478**	**500,000,000**

(*) 100% 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.
- This 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.

Annual review

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 projects do not conform with the use of proceeds criteria and reporting commitments in the ICO Green Bond Framework. ICO has disclosed to Sustainalytics that the proceeds from the 2023 Green Bond were fully allocated as of January 2024. Link to the report [1]

Morningstar Sustainalytics, a globally-recognized provider of ESG research, ratings and data, evaluated ICO's Framework and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the Framework. The review, whether in whole or in part shall not be construed as part of the offering, and shall not be considered as an offer or advertisement to buy a security, solicitation of votes or proxies, investment advice, expert opinion or negative assurance letter as defined by the applicable legislation.

1 https://www.ico.es/documents/20124/660035/ICO+Green+Bond+Framework+Annual+Review+2024+F.pdf

Allocations and Environmental Impact

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Spain

EUR 347.23mn
6 projects

- 86,373 Tn
- 2,296 MW
- 4,692,109 MWh
- 1,292 MWh
- 6 Hydrogen Refuelling Stations

Australia

EUR 99.48 mn
1 project

- 165,216 Tn
- 1,026 MW
- 3,187,778 MWh

United States

EUR 39.29mn
2 projects

- 19,056 Tn
- 1,066 MW
- 3,993,718 MWh

Dominican Republic

EUR 10.86 mn
1 project

- 14,479 Tn
- 97 MW
- 192,000 MWh

Chile

EUR 3.14 mn
1 project

- 2,354 Tn
- 165 MW
- 533,000 MWh

Annual avoided CO2 emissions
Annual energy production distributed
Number of Hydrogen refuelling stations
Energy capacity installed
Vehicle estimated charge in 2023

Projects overview

Franework category	Environmental benefits	Economic activity (Taxonomy)	Project description	Total project cost (EUR Mn)	Allocated amount (EUR Mn)	Installed Capacity (MW)	Annual energy production distributed (MWh)	No. HRS	Estimated Charge 2023 (MWh)	Annual GHG emissions avoided Tn CO2e
Electricity generation from renewable energies	Climate change mitigation	Electricity generation from wind power	Design, construction and operation of a wind farm in Massachusetts.	3,548	9.29	806	3,559,000	-	-	3,634
			Design, construction and operation of a wind farm	214	3.14	165	533,000	-	-	2,354
			Construction and operation of a wind farm	1,267	99.48	1,026	3,187,778	-	-	165,216
			Construction and operation of a wind farm	617	177.16	463	925,000	-	-	31,877
			Construction and operation of a wind farm	181	11.53	180	433,000	-	-	3,310
		Electricity generation using solar photovoltaic technology	Investment in renewable energy plants	91	10.86	97	192,000	-	-	14,479.34
			Construction of 13 photovoltaic plants	471	20.45	605	1,108,784	-	-	5,782.10
			Photovoltaic energy project	35	13.00	34	71,555	-	-	3,182.58
			Design, construction, operation and maintenance of 4 photovoltaic plants in Palencia, Valladolid and Leon	264	9.37	290	516,770	-	-	2,205
			Construction and operation of 4 photovoltaic plants	617	6.50	259	659,000	-	-	833.75
			Construction of 2 photovoltaic plants in the US	330	30.00	260	434,718	-	-	15,422.06
			Construction and operation of 4 photovoltaic plants	318	99.21	465	978,000	-	-	36,568.09
Clean transportation – Low carbon vehicles and infrastructure	Climate change mitigation	Infrastructure enabling low-carbon road transport and public transport	Financing of 6 hydrogen refuelling stations (HRS)	46	10	-	-	6	1,292	2,614
				7,998	**500**	**4,650**	**12,598,604**	**6**	**1,292**	**287,478**

Case Study: Acciona's MacIntyre wind farm complex in Australia

ICO has participated in the financing of Corporación Acciona Energías Renovables (Acciona Group) for the construction and operation in southwest Warwick, Queensland (Australia), of the MacIntyre wind farm complex, which will be the largest renewable energy facility built by Acciona to date.

This wind farm complex has a total capacity of 1,026 MW, with 180 wind turbines, and will be one of the largest in the southern hemisphere. It will produce enough clean energy to power 700,000 Queensland households, and Acciona estimates that it will help avoid more than 3 million Tn of CO2.

Photo: Acciona, MacIntyre wind farm

This project represents a total investment of AUD 1.96 billion (around EUR 1 billion) and will help drive Queensland government's decarbonisation strategy and its climate change mitigation strategy.

The project began construction in 2022, and will have a gradual entry into operation, to ensure connection to the grid with full technical guarantees for the state electrical system, while optimizing the return on investment. The project includes 64 kilometers of power lines to connect the wind farm to the grid, with the aim of reaching full operation by 2025.

This project will add significant value to the local region during the project's life cycle and will generate significant economic activity in the Goondiwindi, Southern Downs and Toowoomba regions.

ICO commitment to SRI

During 2023, ICO approved operations in different areas of sustainability (ESG) for a volume of more than EUR 2,846 million. Among these operations, those with environmental impact (EUR 2,652 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 objectives of climate change mitigation and circular economy.

Latest SRI milestones

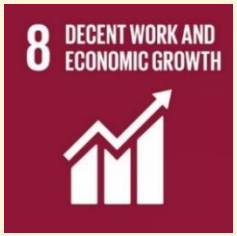
- In 2024, ICO has been reelected as member of **ICMA's Advisory Council of the Executive Committee of the Principles.**
- ICO is a member of **OFISO (Observatorio Español de la Financiación Sostenible),** a meeting, information and debate forum for companies, financial entities, public administrations, 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.
- Since 2023, ICO has been part of the **Spanish Strategy for International Climate Finance**, which aims to meet Spain's commitments in terms of international climate finance, specifically in countries defined as non-Annex 1 in the United Nations Framework Convention on Climate Change.
- In 2024, ICO has approved the **update of its sustainability policy,** renewing its public commitment to sustainability and its adaptation to the regulations and experience acquired in this area.
- In 2024, the Spanish Climate Change Office has favorably resolved the **registration of the carbon footprint** (scope 1 and 2) of the ICO group and the obtaining of the "Calculo" seal. In addition, the Carbon Footprint of ICO's loan portfolio (scope 3) continued to be calculated in accordance with the PCAF methodology.

As of the date of this report, ICO has already issued **5 Green Bonds amounting to EUR 2,500 million** that have help mobilize over **EUR 18.91 billion** euros and avoid **1,164,433Tn CO2e of GHG emissions** annually.

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