



NORD/LB Issuer Guide 2023 – Spanish Agencies

NORD/LB Markets Strategy & Floor Research

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Marketing communication (see disclaimer on the last pages)

NORD/LB

ISSUER GUIDE 2023

Spanish Agencies

List of authors

Dr Norman Rudschuck, CIAA
Floor analyst, SSA/Public Issuers
Director
norman.rudschuck@nordlb.de

Christian Ilchmann
Floor analyst, SSA/Public Issuers
Associate
christian.ilchmann@nordlb.de

Assisted by
Lukas-Finn Frese

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Floor analysts:

Covered Bonds/Banks

Dr Frederik Kunze
frederik.kunze@nordlb.de

SSA/Public Issuers

Dr Norman Rudschuck, CIAA
norman.rudschuck@nordlb.de

Christian Ilchmann
christian.ilchmann@nordlb.de

NORD/LB:
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The Spanish agency market – an overview

Authors: Dr Norman Rudschuck, CIIA // Christian Ilchmann

Spanish agency market dominated by two large issuers

At the time of going to print, the four Spanish agencies covered in this Issuer Guide have 59 bonds outstanding with a total volume of EUR 20.5bn. In a European comparison, the Spanish agency market can therefore be described as relatively small, albeit fairly diverse in nature at the same time. In addition to the promotional bank Instituto de Crédito Oficial (ICO), there is also a securitisation vehicle, a rail network operator and an institution responsible for administering Spain's strategic oil reserves. In the following, we shall be looking in greater detail at Fondo de Amortización del Déficit Eléctrico (FADE), which was founded in 2010 with the aim of securitising claims, or tariff deficit receivables, on the part of Spanish electricity providers against the government. Owing to the regulatory framework conditions, these electricity providers had generated losses, which were to be offset by the government. The purpose of FADE is to ensure that the deficits incurred by the electricity providers are offset more rapidly. The sale of tariff deficit receivables from the utility companies to FADE has since led to the issuance of bonds, some of which have been in benchmark format, temporarily leading to a significant increase in the annual number of EUR-denominated benchmark deals on the Spanish agency market in the process. The second biggest agency as measured by total assets is Instituto de Crédito Oficial (ICO), the Spanish promotional bank. The importance of ICO increased during the Spanish banking crisis in particular, as many financial institutions reduced their lending activities, in some cases significantly so, on account of recapitalisation and restructuring processes. The promotional bank's influence also increased because market access became more difficult for the Spanish regions. The third agency covered in this Issuer Guide is Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES), which is responsible for administering Spain's strategic oil reserves in its role as a stockholding entity. Founded in 2013, ADIF Alta Velocidad (ADIF-AV) is the largest Spanish agency as measured by total assets. Its remit is to operate Spain's high-speed railway network and has been using the capital market since 2015 as one option of meeting its funding requirements. In comparison with other jurisdictions, attention must always be paid to ratings of Spanish agencies, which are often lower than is the case, for example, for other issuers from Germany, France, the Netherlands and even Austria. Given that Instituto Valenciano de Finanzas (IVF) and Instituto Catalán de Finanzas (ICF) only have a small volume of outstanding bonds, these organisations are not included in this Issuer Guide. Fondo de Reestructuración Ordenada Bancaria (FROB) is also no longer included in our coverage, as this agency has been responsible for distributing ESM funding since the end of 2012 and is therefore no longer active on the primary market.

Spanish agencies – an overview

Institution	Type	Owner(s)	Guarantee	Risk weight
Instituto de Crédito Oficial (ICO)	Promotional bank	100% Spain	Explicit guarantee & EPE status	0%
Fondo de Amortización del Déficit Eléctrico (FADE)	Securitisation vehicle	-	Explicit guarantee for all bonds	0%
ADIF Alta Velocidad (ADIF-AV)	Rail network operator	100% Spain	EPE status	0%
Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES)	Administrator of strategic oil reserves	-	-	50%

Source: Issuers, NORD/LB Markets Strategy & Floor Research

Explicit guarantees result in risk weighting of 0%

ICO and FADE have explicit guarantees from the Spanish state. As such, a risk weighting of 0% is possible according to the standard approach of [CRR/](#)Basel III.

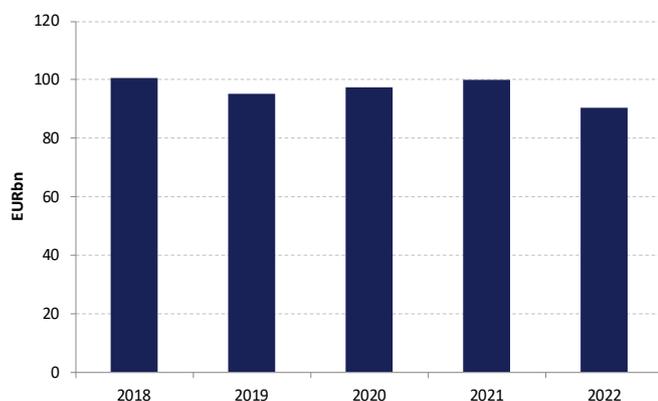
Implicit liability due to EPE status with exception of CORES (RW 50%) and ICO

In Spain, the legal status of Entidad Pública Empresarial (EPE; public law institution) exists as a special form of liability mechanism. ICO and the ADIF-AV operate under this legal status, which implies a strong dependency on the central government. EPEs are exempt from insolvency law and can only be liquidated through legislation. If liquidation occurs, the remaining assets and liabilities are transferred to the state or another institution with a comparable legal status. According to our understanding, there consequently exists an implicit guarantee for ADIF-AV, but this is weaker than the comparable liability mechanisms of the French *établissement public* (EP) status or *Gewährträgerhaftung* (guarantor liability) in Germany, for example. Conversely, in the case of ICO, the statutes stipulate direct liability on the part of the Spanish state in addition to EPE status. However, in view of the absence of a liability mechanism, a 0% risk weighting is not possible in the case of CORES. Under the standard approach of CRR/Basel III, the applicable risk weighting is derived from the rating and amounts to 50% at present.

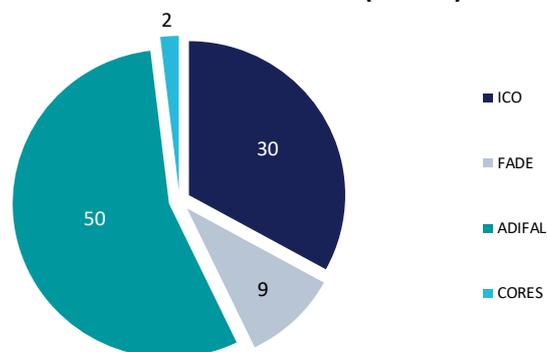
Special case: ADIF-AV

Another special case is that of ADIF-AV. A risk weighting of 0% applies for ADIF-AV, even without a corresponding liability mechanism having been put in place. Based on this risk weighting of 0%, ADIF-AV bonds also qualify as Level 1 assets under the LCR. In addition, ADIF-AV benefits from an implicit guarantee from the Spanish government due to its status as a government-related issuer.

Spanish agencies – aggregated balance sheet totals



Comparison of balance sheet totals (EURbn)

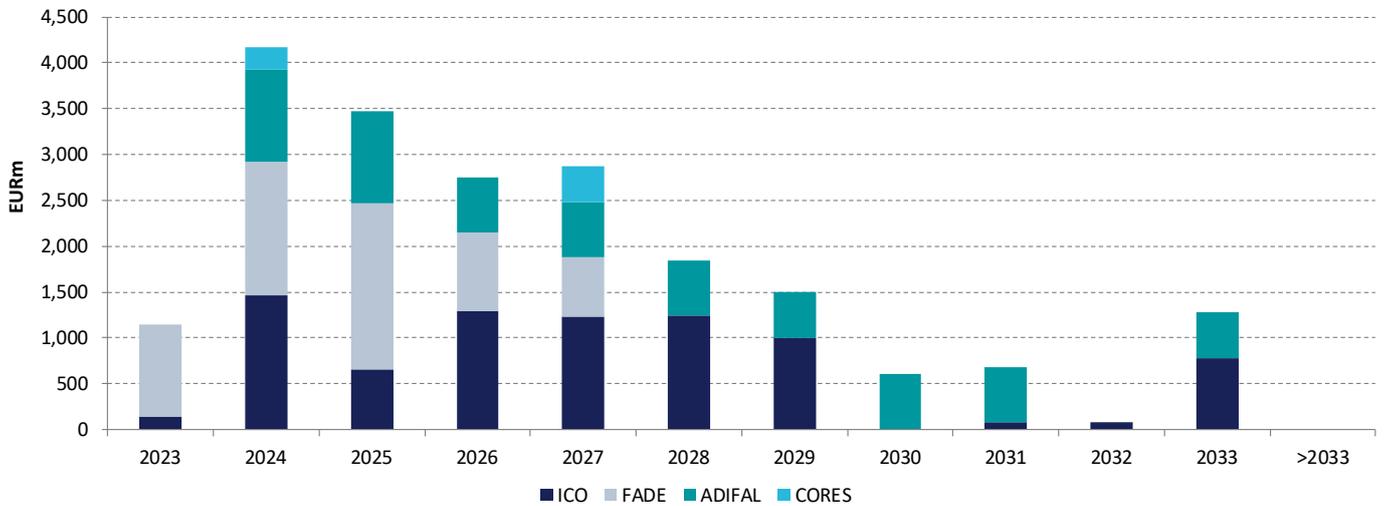


Source: Issuers, NORD/LB Markets Strategy & Floor Research

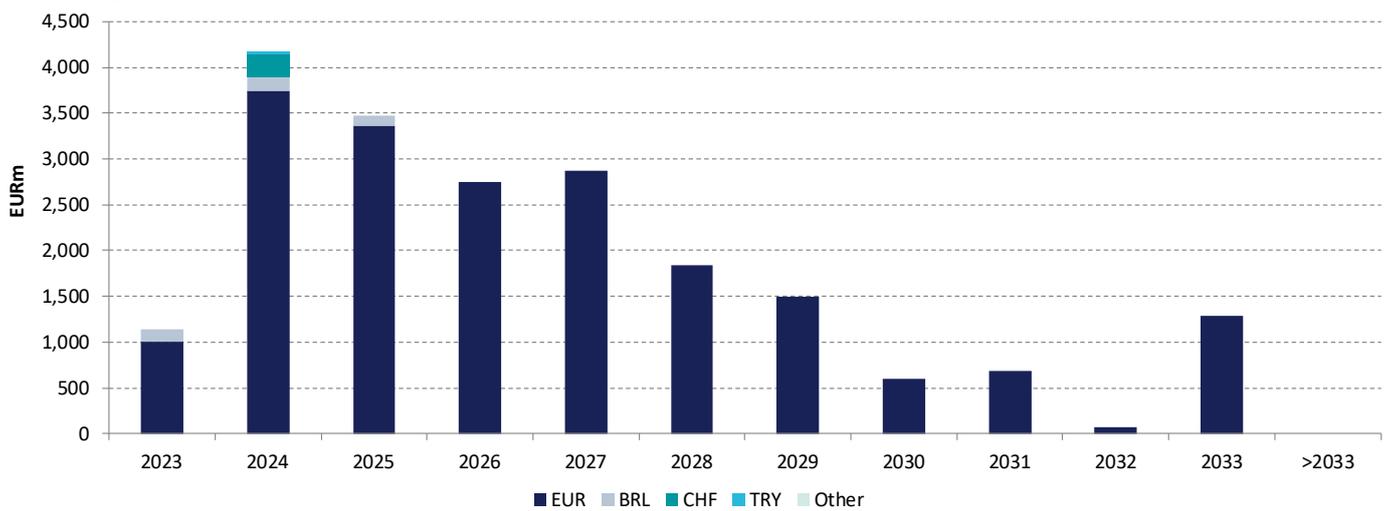
Declining trend in balance sheet totals continues

The aggregated balance sheet totals of the four Spanish agencies included in this Issuer Guide have been in decline since 2013. The Spanish promotional bank ICO has been primarily responsible for this development. While the balance sheet total of ICO stood at EUR 102.2bn in 2013, this figure steadily declined to stand at a value of EUR 31.8bn in 2019. In both 2020 and 2021, ICO reversed this long-standing trend to balance sheet growth amounting to EUR 2.6bn and EUR 3.4bn respectively. In 2022, total assets at ICO contracted again by a total of EUR 8.0bn, reflecting a reduction of 21.2%. A reduction in the balance sheet total of FADE (EUR -1.8bn) was also observed in 2022. This impacted the aggregated balance sheet total of all issuers, which fell by EUR 9.8bn to stand at EUR 90.3bn in 2022.

Spanish agencies: outstanding bonds by issuer



Spanish agencies: outstanding bonds by currency



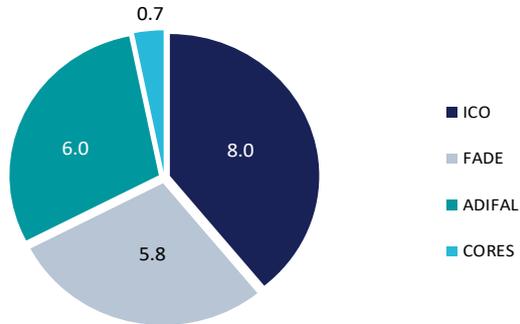
NB: Foreign currencies are converted into EUR at rates as at 13 November 2023.

Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

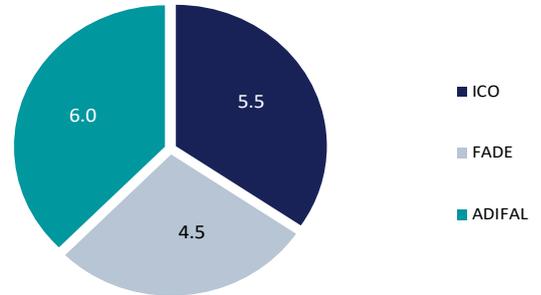
Supply mainly denominated in EUR at the short end

The Spanish agency market has a certain supply of EUR bonds, particularly in the maturity range up to 2027, which accounts for a significant number of the bonds placed in benchmark format. Only around 3.3% of the outstanding volume relates to seven bonds denominated in three different foreign currencies (all attributable to ICO). At present, a total of 24 EUR-denominated benchmark bonds are outstanding.

Outstanding bond volumes (EURbn)



Outstanding EUR benchmarks (EURbn)



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn.
Foreign currencies are converted into EUR at rates as at 13 November 2023.
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

Spanish agencies – an overview (EURbn/EUR equivalent)

Name	Ticker	Rating (Fitch/Moody's/S&P)	Outstanding Volume	EUR volume	Funding target 2023	Maturities 2023	Net Supply 2023	Number of ESG bonds	ESG volume
ICO	ICO	A-/Baa1/A	8.0	7.3	5.5	1.0	4.5	9	4.5
FADE	FADE	-/-/-	5.8	5.8	1.0	3.5	-2.5	0	0.0
ADIF-AV	ADIFAL	A-/Baa2/-	6.0	6.0	1.1	0.6	0.5	6	3.4
CORES	CORES	A-/-/A	0.7	0.7	0.0	0.0	0.0	0	0.0
Total			20.5	19.8	7.6	5.1	2.5	15	7.9

NB: Fitch, Moody's and S&P rate FADE's bonds on a par with Spain's credit rating; FADE is not assigned an issuer rating.
Foreign currencies are converted into EUR at rates as at 13 November 2023.

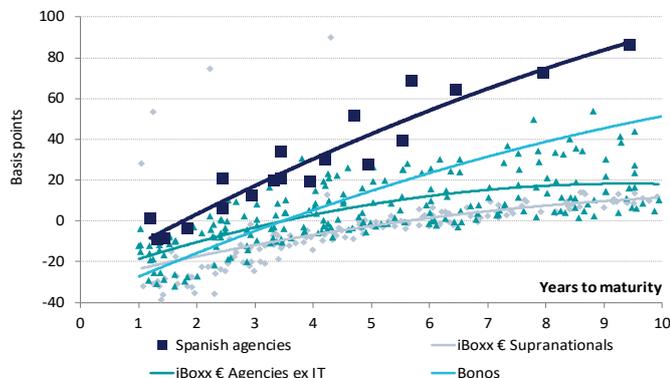
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Comment

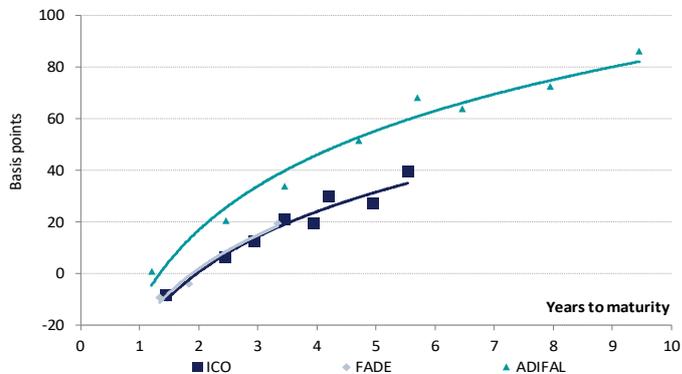
Although fresh supply has been declining for a number of years, the Spanish agency market continues to rank among the active SSA segments within Europe, albeit one that is on the smaller side. We assume that fresh supply will stabilise at lower levels in the coming years, with ICO likely to continue accounting for the lion's share of the funding requirement.

Spain A comparison of spreads

Spanish agencies vs. iBoxx € indices and Bonos



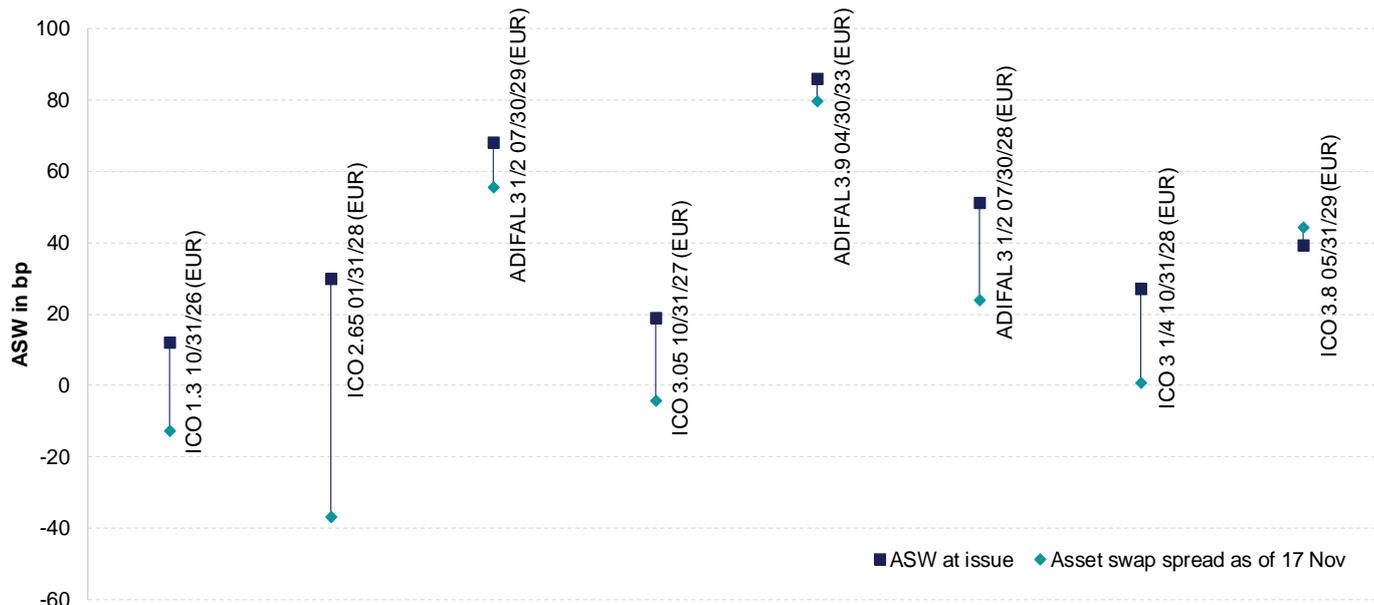
Spanish agencies – a comparison



* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Spain Primary market activities – an overview

Performance of fixed income benchmark issues 2022/23



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn or USD 1.0bn.
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

Reduction in primary market activities brought to a halt

After a brief high in 2011, issuance volumes on the part of Spanish agencies plummeted up to 2018. For more than five years now, issuance volumes have been at a comparable level (net supply of roughly EUR 1.5-3.0bn per year). FADE will continue to refinance existing bonds via new issuances, meaning that the net supply of bonds will amount to a maximum of 0. In the meantime, ICO also reported declining primary market supply. Nevertheless, its primary market activities have since picked up pace again due to an abundance of maturing bonds and the COVID-19 pandemic. Supply from CORES is relatively marginal when compared with the other issuers, a situation reflected in the fact that this issuer currently has no EUR benchmark bonds outstanding. However, the fact that ADIF-AV has established itself on the primary market looks set to have a stabilising effect moving forwards. The supply of ESG bonds has also seen steady growth over recent years.



Instituto de Crédito Oficial

General information

[Website](#)

[Investor Relations](#)

Owner(s)

100% Spain

Guarantor(s)

Spain

Liability mechanism

Explicit guarantee and EPE status

Legal form

Entidad Pública Empresarial (EPE)

Bloomberg ticker

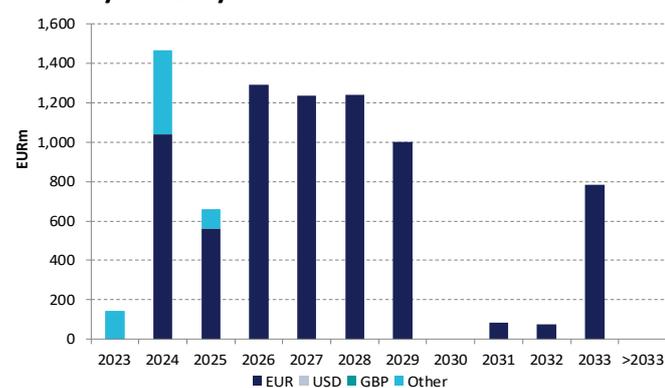
ICO

Ratings	Long-term	Outlook
Fitch	A-	stab
Moody's	Baa1	stab
S&P	A	stab

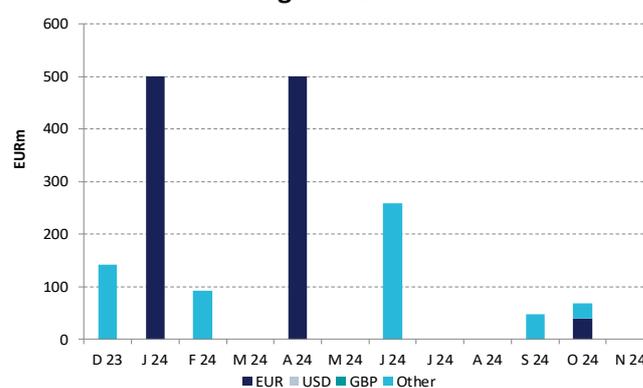
Instituto de Crédito Oficial (ICO)

Founded in 1971, Instituto de Crédito Oficial (ICO) was initially the central institute for state-owned banks at that time. In 1991, the remit of ICO was significantly altered with the decision to privatise the state-owned credit sector. Today, ICO functions as a national promotional bank and state finance agency. In addition, the agency is a key instrument in the implementation of Spanish economic and financial policies. In this context, it pursues four main objectives on the basis of the [ICO Group Strategy 2022-2027](#): first, ICO seeks to promote corporate growth, competitiveness and the resilience of the Spanish economy. In this context, the focus is on financing investments by small and medium-sized enterprises (SMEs) and advancing the internationalisation of such firms. Furthermore, ICO supports Spanish businesses in their efforts linked to advancing the digital transformation of the Spanish economy, while ESG topics are additionally afforded high strategic priority. To this end, companies are supported in their transition towards achieving greater social and ecological sustainability. Last but not least, ICO is seeking to strengthen its governance and digital processes. For this, ICO awards promotional loans, which are ultimately processed and managed by the respective end client's house bank (house bank principle), among other measures. The importance of sustainability issues for the agency is reflected, among other aspects, in the issuance of a range of social bonds since 2015, with green bonds supplementing the funding mix since 2019. As a state promotional bank, ICO played a key role in mitigating the economic consequences of the COVID-19 pandemic. The promotional bank also provides equity and mezzanine capital via its subsidiary AXIS, Spain's first venture capital fund, which was founded in 1986. The Spanish state is the sole owner of ICO, which operates in the legal form of an Entidad Pública Empresarial (EPE), a type of public law institution. The Royal Decree 706/1999 stipulates that an explicit guarantee will be provided by the Kingdom of Spain for all of ICO's liabilities, which accordingly offers the agency regulatory advantages.

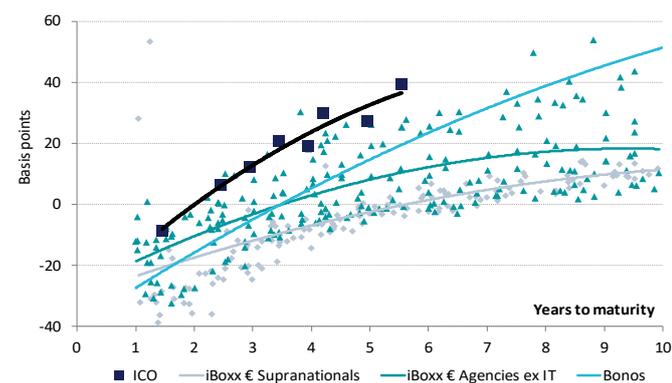
Bonds by currency



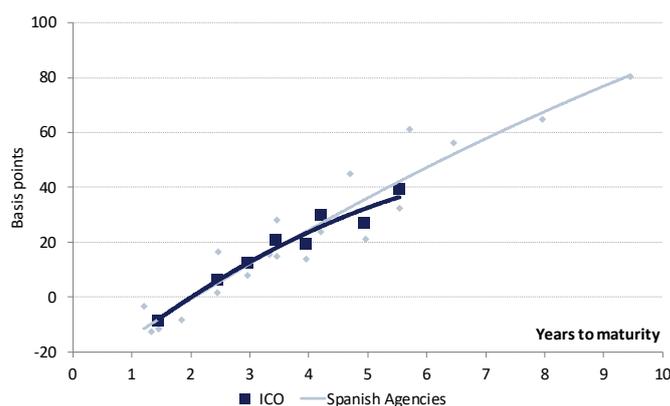
Bond amounts maturing in the next 12 months



ICO vs. iBoxx € indices and bonos



ICO vs. Spanish agencies



Regulations

Risk weighting according to CRR/Basel III (standard approach) 0%	Liquidity category according to Liquidity Coverage Ratio (LCR) Level 1	Haircut category according to ECB repo rules IV	Leverage ratio / BRRD Does not apply
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Relative Value

Attractiveness vs. Spain (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
-14	-7	4	-9	20	39	0.0%	0.0%

Funding & ESG (EURbn/EUR equivalent)

Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
5.5	1.0	4.5	Benchmark issues, other public bonds, ESG bonds, private placements, CP	ECB	9	4.5

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
8.0	7.3	10	0.0	0	0.7

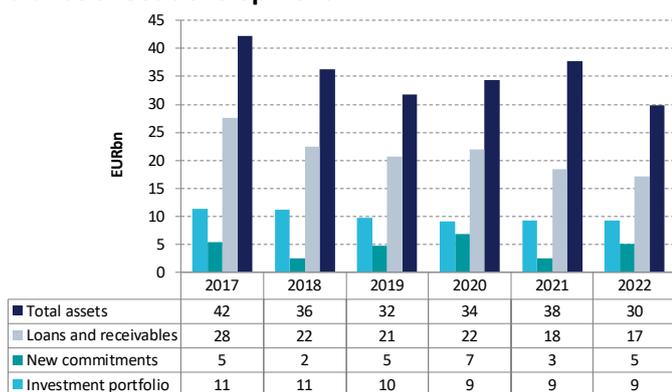
* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.

** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 13 November 2023.

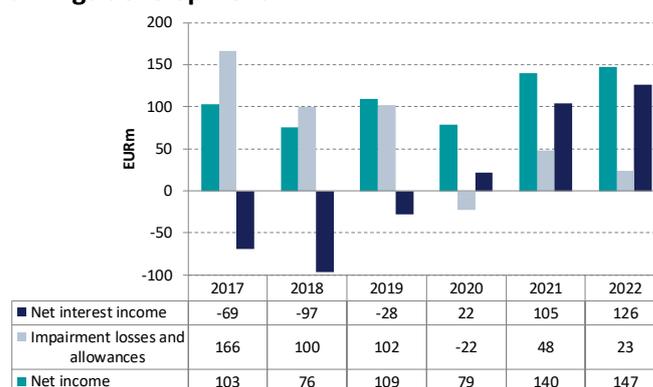
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

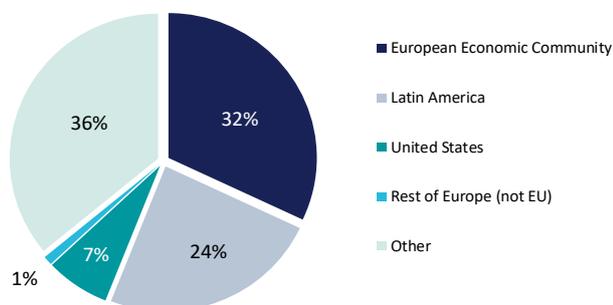
Balance sheet development



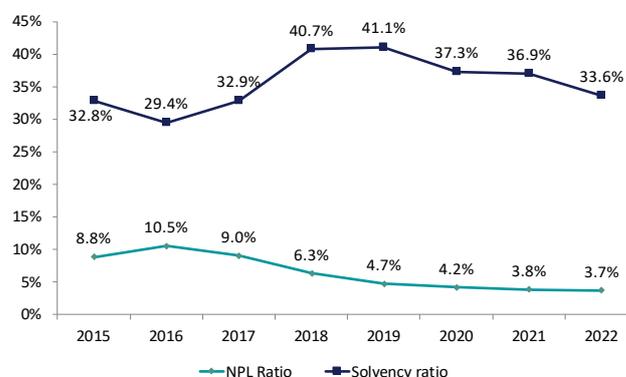
Earnings development



Breakdown of financial assets by location



Development of NPL and Solvency Ratio



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths/Chances

- + Explicit guarantee
- + Very high importance for the Spanish state
- + Sustained decline in the NPL ratio

Weaknesses/Risks

- Fluctuating profitability owing to the counter-cyclical nature of the business model
- Sustained reduction in the Solvency Ratio



Fondo de Amortización del Déficit Eléctrico (FADE)

Founded in 2010, the purpose of Fondo de Amortización del Déficit Eléctrico (FADE) is to amortise the cumulative deficits incurred by Spanish electricity providers between 2000 and 2013. The deficits were incurred because regulations implemented by the Spanish government kept electricity prices at an artificially low level for end customers until 2009. While the electricity suppliers had to pay market prices to procure energy, their end customers were paying a much lower price. To offset the deficits resulting from this situation, the electricity suppliers receive compensation payments from the government, including interest, within a time frame of 8-15 years. It is ultimately the Spanish consumer that ends up footing the bill for these compensation payments in the form of grid charges. In order to facilitate a more rapid deficit equalisation on the part of the electricity providers, they are permitted to sell compensation claims to FADE, which in turn receives the compensation payments. FADE issues asset-backed securities (ABS) that are secured directly by the compensation claims in order to finance these transfers. The state energy board, Comisión Nacional de Energía (CNE), is responsible for collecting the compensation payments. This makes the tariff deficit loans acquired by FADE up to 2013, the last of which expires in 2029, its most important financial assets. The primary mission of FADE is to minimise the financing costs and the refinancing risk. To solidify FADE's liquidity position, the fund has a credit line with ICO (Instituto de Crédito Oficial; see previous section) amounting to EUR 2.0bn. Because FADE does not have its own legal form, its funds are managed by the Titulización de Activos Sociedad Anónima (TdA S.A.), a service provider focused on securitisations. In addition, it should be noted that FADE has no owner. Instead, the Spanish state explicitly guarantees FADE's bonds up to a volume of EUR 26.0bn. Fitch, Moody's and S&P equate the ratings of bonds issued by FADE with the credit rating of Spain. As a result, FADE does not have an issuer rating of its own.

General information

[Website](#)

Owner(s)

-

Guarantor(s)

Spain

Liability mechanism

Explicit guarantee

Legal form

-

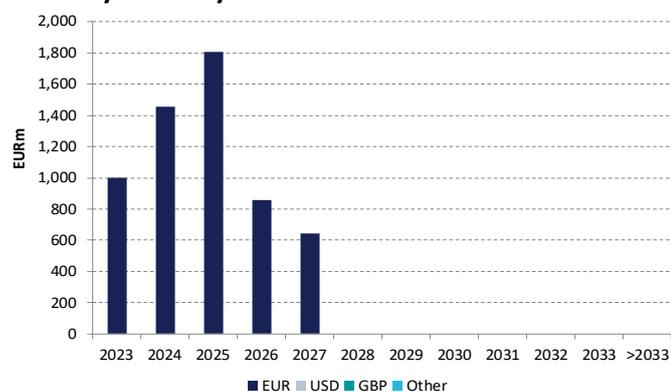
Bloomberg ticker

FADE

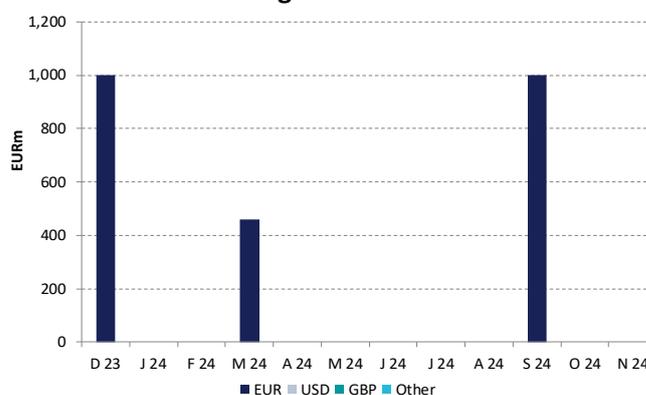
Ratings

	Long-term	Outlook
Fitch	-	-
Moody's	-	-
S&P	-	-

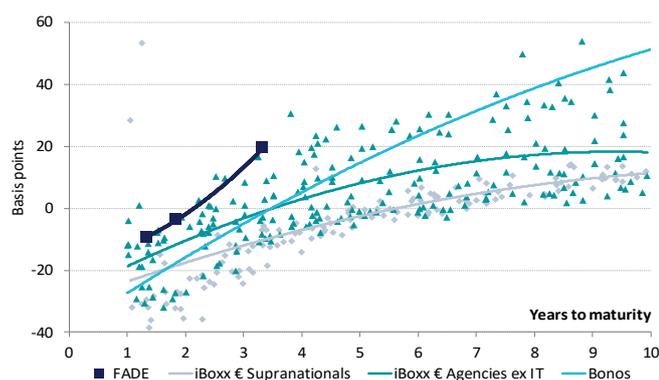
Bonds by currency



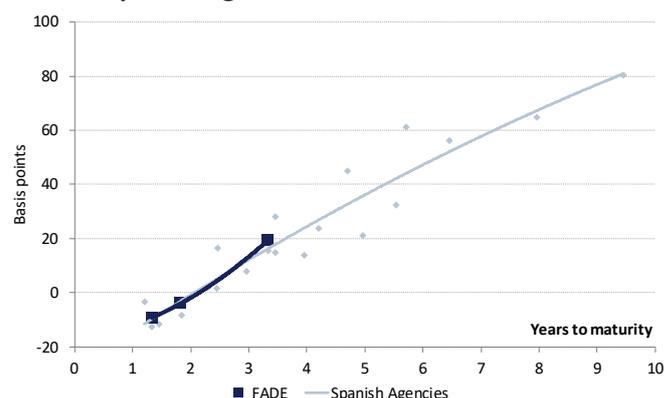
Bond amounts maturing in the next 12 months



FADE vs. iBoxx € indices and bonos



FADE vs. Spanish agencies



NB: Foreign currencies are converted into EUR at rates as at 13 November 2023; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn. Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulations

Risk weighting according to CRR/Basel III (standard approach) 0%	Liquidity category according to Liquidity Coverage Ratio (LCR) Level 1	Haircut category according to ECB repo rules III	Leverage ratio / BRRD Does not apply
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Relative Value

Attractiveness vs. Spain (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
-7	-6	3	-9	-4	19	0.1%	0.2%

Funding & ESG (EURbn/EUR equivalent)

Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
1.0	3.5	-2.5	Benchmark issues, other public bonds, private placements	-	0	0.0

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
5.8	5.8	5	0.0	0	0.0

* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.

** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 13 November 2023.

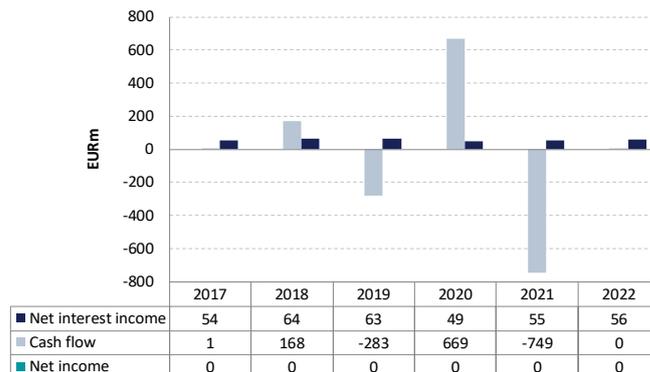
On account of the issuer’s individual funding mix, the values for “funding target” and “net supply” in particular may deviate from reality.

Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



Earnings development

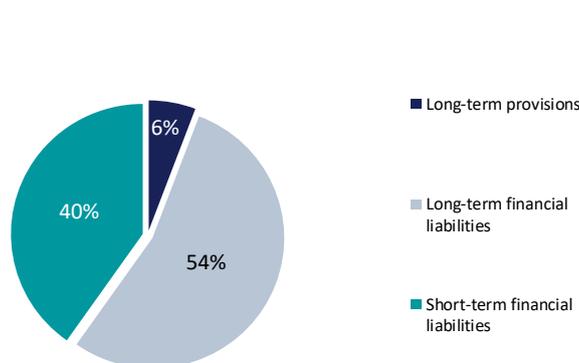


Credit Risk Exposure



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Composition of liabilities



Strengths/Chances

- + Explicit guarantee
- + Revenues from charges paid by Spanish consumers

Weaknesses/Risks

- Dependent on economic development
- Potential restriction of investor base through ABS classification



ADIF Alta Velocidad (ADIF-AV)

ADIF-Alta Velocidad (ADIF-AV) was created on 31 December 2013 after being spun off from the state-owned operator of Spain’s rail network, Administrador de Infraestructuras Ferroviarias (ADIF). Since then, ADIF-AV has been responsible for the construction and operation of Spain’s high-speed rail network, while ADIF runs the rest of the rail network. The aim of the split was to achieve maximum efficiency, guarantee budget stability and promote the sustainable development of the rail network. As part of the spin-off, ADIF-AV assumed 95% of the debts run up by the predecessor institution (around EUR 11.6bn). Overall, the length of the high-speed rail network operated by ADIF-AV covers 3,165 km, encompassing 45 stations in total. ADIF-AV is wholly owned by the Spanish government and, moreover, operates in the legal form of an Entidad Pública Empresarial (EPE; public law institution), which serves to reinforce the agency’s high-level dependency on the central government. As a result, ADIF-AV is exempt from insolvency law and can only be liquidated through legislation. If liquidation occurs, the remaining assets and liabilities are transferred to the state or another institution with a comparable legal status. ADIF-AV is obliged to operate in line with an economically sustainable approach. It derives its financial resources by charging for use of the rail network, through state grants and EU subsidies, in addition to raising external capital. In terms of borrowing, ADIF-AV’s credit authorisations are capped by the government budget each year. In our view, in spite of the absence of a liability mechanism, a very high probability of support can be assumed in the case of ADIF-AV. Even though the Spanish state has not provided any explicit guarantee, ADIF-AV is eligible for 0% risk weighting in accordance with CRR/Basel III. Sustainability is also a priority for the agency. For example, ADIF-AV has issued seven [green bonds](#) since 2017, with the most recent deal of this kind having been placed in April 2023 (EUR 500m).

General information

[Website](#)

[Investor Relations](#)

Owner(s)

100% Spain

Guarantor(s)

-

Liability mechanism

EPE-Status

Legal form

Entidad Pública Empresarial (EPE)

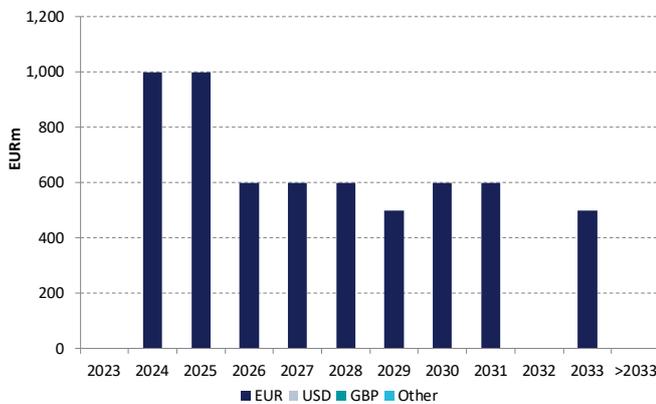
Bloomberg ticker

ADIFAL

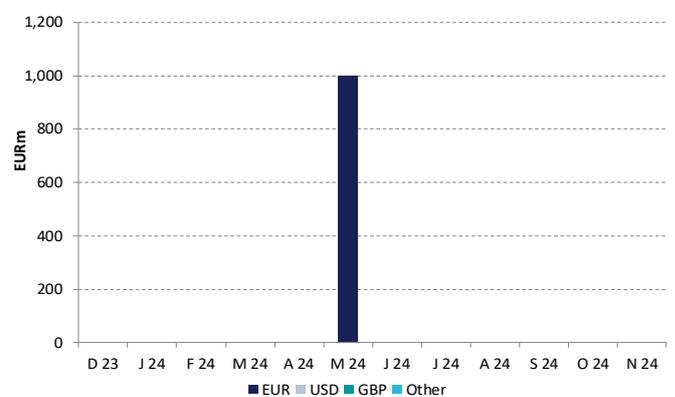
Ratings

	Long-term	Outlook
Fitch	A-	stab
Moody's	Baa2	stab
S&P	-	-

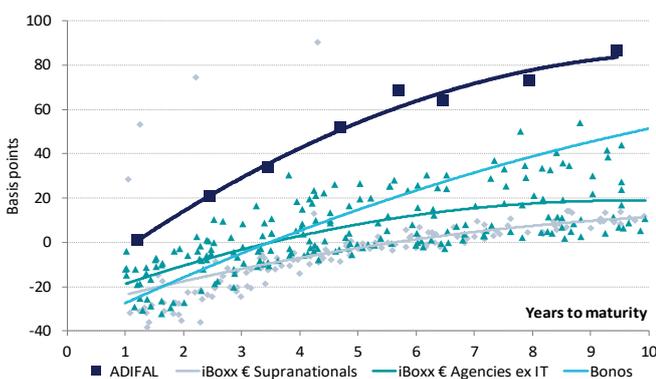
Bonds by currency



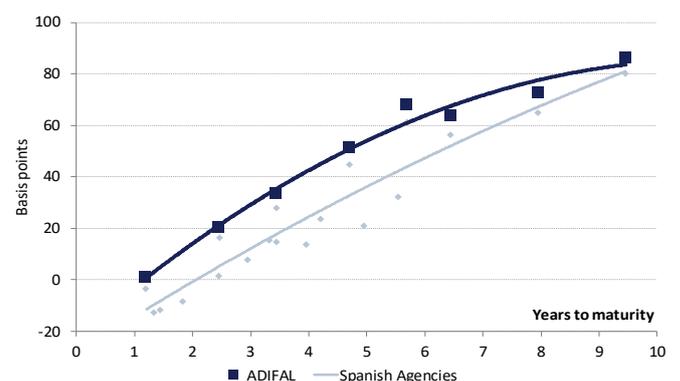
Bond amounts maturing in the next 12 months



ADIFAL vs. iBoxx € indices and bonos



ADIFAL vs. Spanish agencies



NB: Foreign currencies are converted into EUR at rates as at 13 November 2023; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn. Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulations

Risk weighting according to CRR/Basel III (standard approach) 0%	Liquidity category according to Liquidity Coverage Ratio (LCR) Level 1	Haircut category according to ECB repo rules III	Leverage ratio / BRRD Does not apply
----------------------------------------------------------------------------	----------------------------------------------------------------------------------	------------------------------------------------------------	------------------------------------------------

Relative Value

Attractiveness vs. Spain (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
8	15	21	1	58	86	0.1%	0.2%

Funding & ESG (EURbn/EUR equivalent)

Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
1.1	0.6	0.5	Benchmark issues, ESG bonds	-	6	3.4

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
6.0	6.0	9	0.0	0	0.0

* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.

** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 13 November 2023.

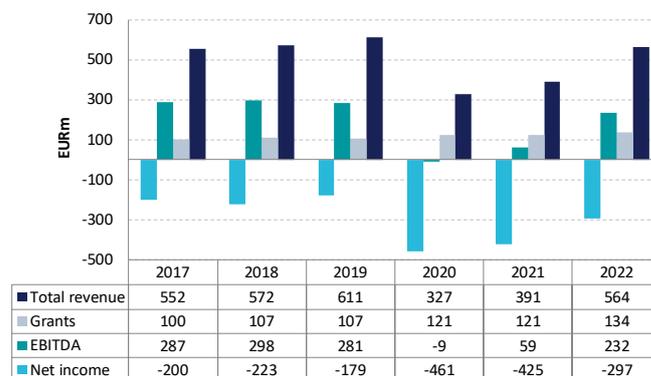
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

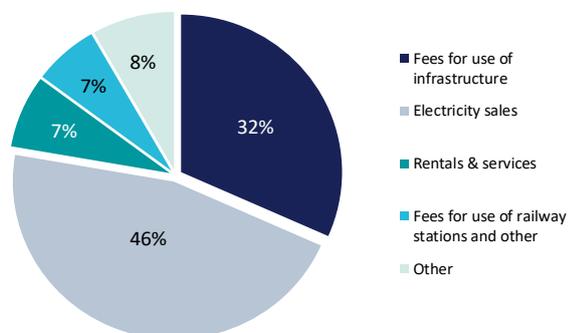
Balance sheet development



Earnings development



Operating income by source

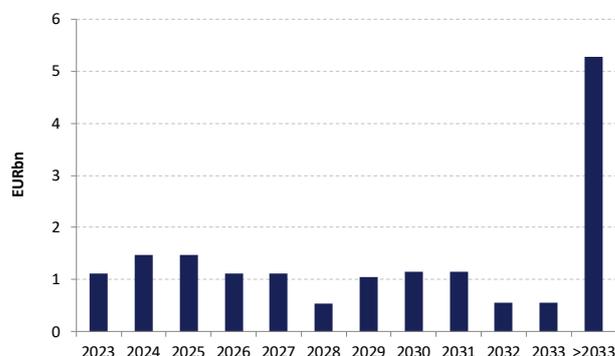


Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths/Chances

- + High level of strategic importance
- + Protected from insolvency by law

Maturing liabilities by year



Weaknesses/Risks

- No explicit guarantee
- Relative weakness of credit profiles underlying ADIF-AV



Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES)

The obligation to hold crude oil stocks has applied and been steadily expanded in Spain since 1927. In 1995, the Spanish government founded the Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES). Since then, the mandate of CORES has been to build up, maintain and manage Spain's strategic reserves of crude oil and to monitor compliance with legal minimum reserves of petroleum products, liquefied petroleum gas (LPG) and natural gas. The obligation to maintain reserves of crude oil and petroleum products to last 92 consumption days is split between CORES (42 days) and the oil industry (50 days). In addition, CORES is responsible for monitoring the diversification of sources of natural gas in relation to maintaining legal limits. CORES operates as a Corporación de Derecho Público (legal entity under public law) with its own legal entity under private law and is subject to indirect supervision through the Ministry for the Ecological Transition and the Demographic Challenge (MITECO) in Spain. Due to its legal status, CORES does not have subscribed equity capital of its own, nor does it have any owner(s). CORES generates its income through the fees paid by its members and other companies that are obliged to maintain minimum reserves. In Spain, wholesalers of crude oil and liquid gas products, as well as suppliers of natural gas, are automatically registered as members of CORES. The companies Repsol, CEPSA and BP account for the majority of Spain's storage capacity. In December 2013, CORES was appointed as the central stockholding entity for Spain as defined in EU Directive 2009/119/EC. No legal guarantee or liability mechanism is in place with respect to CORES, although it should be pointed out that member contributions can be increased at any time with governmental approval in order to strengthen the solvency of CORES. However, in view of its crucial importance as the central body administering strategic oil reserves, a high probability of support can be assumed for this agency.

General information

[Website](#)

[Investor Relations](#)

Owner(s)

-

Guarantor(s)

-

Liability mechanism

-

Legal form

Corporación de Derecho Público

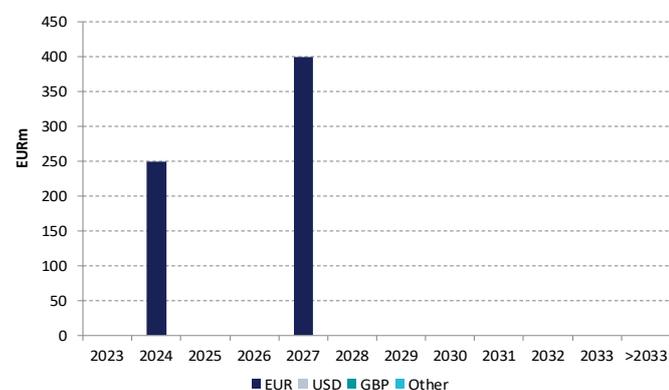
Bloomberg ticker

CORES

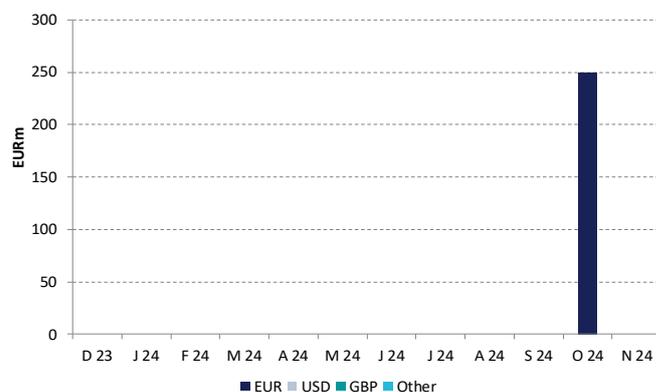
Ratings

	Long-term	Outlook
Fitch	A-	stab
Moody's	-	-
S&P	A	stab

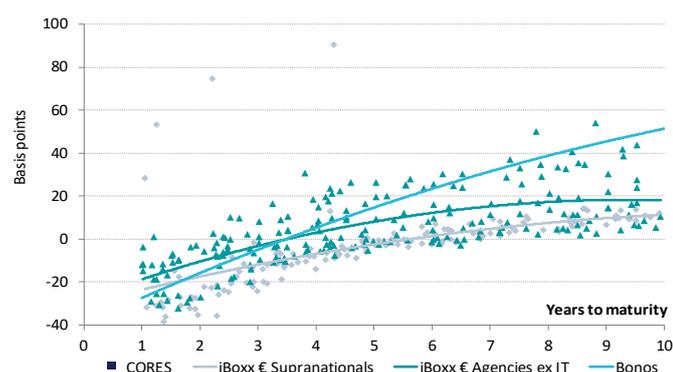
Bonds by currency



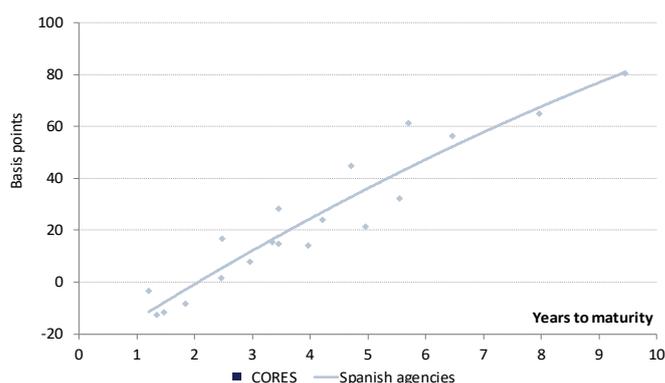
Bond amounts maturing in the next 12 months



CORES vs. iBoxx € indices and bonos



CORES vs. Spanish agencies



NB: Foreign currencies are converted into EUR at rates as at 13 November 2023; residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.

Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulations

Risk weighting according to CRR/Basel III (standard approach)
50%

Liquidity category according to Liquidity Coverage Ratio (LCR)
-

Haircut category according to ECB repo rules
III

Leverage ratio / BRRD
Does not apply

Relative Value

Attractiveness vs. Spain (G-spread; in bp)*

Minimum	Median	Maximum
-	-	-

Attractiveness vs. Mid-Swap (ASW-spread; in bp)*

Minimum	Median	Maximum
-	-	-

Index weighting

iBoxx € Sub-Sovereigns	iBoxx € Agencies
0.0%	0.0%

Funding & ESG (EURbn/EUR equivalent)

Target 2023	Maturities 2023	Net Supply 2023
0.0	0.0	0.0

Funding instruments

Benchmark issues & other public bonds

Central bank access
-

No. of ESG bonds
0

ESG volume
0.0

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
0.7	0.7	0	0.0	0	0.0

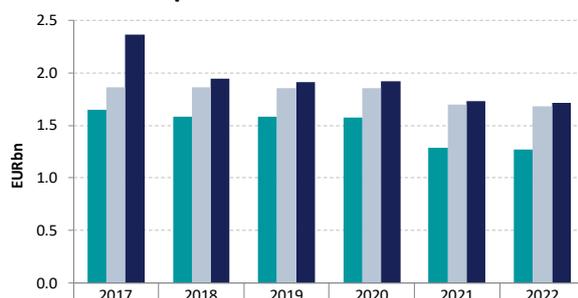
* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.

** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 13 November 2023.

On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

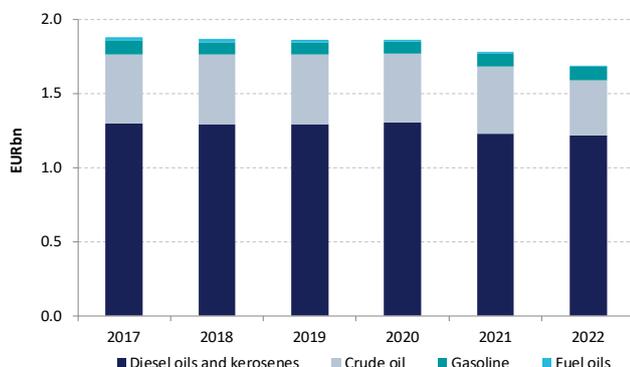
Balance sheet development



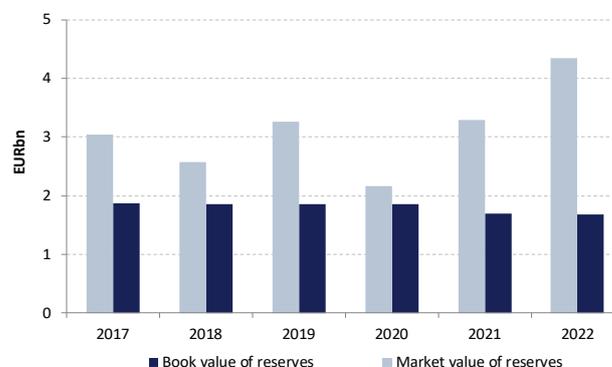
Earnings development



Development of strategic reserves (book value)



Book values vs. market values of strategic reserves



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths/Chances

- + High strategic importance for Spanish state and economy
- + Rules on covering costs significantly reduce liquidity risks

Weaknesses/Risks

- No explicit guarantee
- Comparatively high risk weighting according to standard approach of CRR/Basel III

Appendix

Publication overview

Covered Bonds:

[Issuer Guide Covered Bonds 2023](#)

[Covered Bond Laws](#)

[Covered Bond Directive: Impact on risk weights and LCR levels](#)

[Risk weights and LCR levels of covered bonds](#) (updated semi-annually)

[Transparency requirements §28 PfandBG Q2/2023](#) (quarterly update)

[Covered bonds as eligible collateral for central banks](#)

SSA/Public Issuers:

[Issuer Guide – German Laender 2023](#)

[Issuer Guide – European Supranationals 2023](#)

[Issuer Guide – French Agencies 2023](#)

[Issuer Guide – Dutch Agencies 2023](#)

[Issuer Guide – German Agencies 2022](#)

[Beyond Bundeslaender: Belgium](#)

[Beyond Bundeslaender: Greater Paris \(IDF/VDP\)](#)

[Beyond Bundeslaender: Spanish regions](#)

Fixed Income Specials:

[ESG-Update 2023](#)

[ECB: Now is not the time for forward guidance!](#)

[ECB preview: Wait and see without calling it a pause](#)

[ECB: This rate terminates here – 99.9% sure](#)

Appendix

Contacts at NORD/LB

Markets Strategy & Floor Research



Dr Frederik Kunze

Covered Bonds/Banks

+49 172 354 8977

frederik.kunze@nordlb.de



Dr Norman Rudschuck, CIIA

SSA/Public Issuers

+49 152 090 24094

norman.rudschuck@nordlb.de



Christian Ilchmann

SSA/Public Issuers

+49 157 851 64976

christian.ilchmann@nordlb.de

Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Sales MM/FX	+49 511 9818-9460
Fixed Income Relationship Management Europe	+352 452211-515

Origination & Syndicate

Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

Treasury

Collat. Management/Repos	+49 511 9818-9200
Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

Sales Wholesale Customers

Firmenkunden	+49 511 361-4003
Asset Finance	+49 511 361-8150

Relationship Management

Institutionelle Kunden	rm-vs@nordlb.de
Öffentliche Kunden	rm-oek@nordlb.de

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Time of going to press: 17.11.2023 (12:37)