

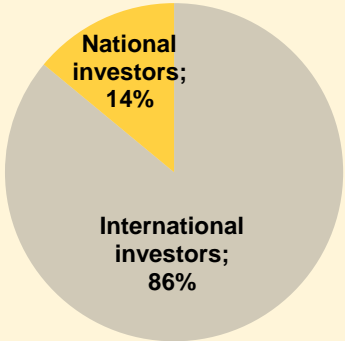
Social Bond EUR 500 mn 0% due October 2022 launched October 2019 (ISIN XS2073787470)

Eligibility criteria

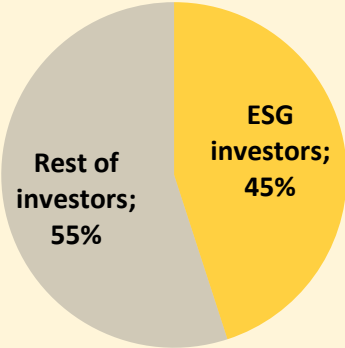
- > **SME** Under European Commission’s definition
- > **Regions with GDP per capita below the national average**
- > **Excluded activities** either social or environmentally unfriendly (e.g. Alcohol, Tobacco, Gambling,,)

Issuer:	Instituto de Crédito Oficial (A-/Baa1/A-/A)
Issue Amount:	€ 500,000,000
Pricing Date:	23rd October 2019
Payment Date:	31st October 2019
Maturity Date:	31st October 2022
Annual Coupon:	0%
Re-offer Price:	100.863%
Re-offer Spread:	SPGB 0.45% October 2022+7bps or MS+6 bps
Re-offer Yield:	-0,286%
ISIN Code:	XS2073787470
Listing:	Luxembourg
Denominations:	€1k
Documentation:	GMTN Programme

International investors accounted for 86% of the final book



ESG investors accounted for 45% of the final book



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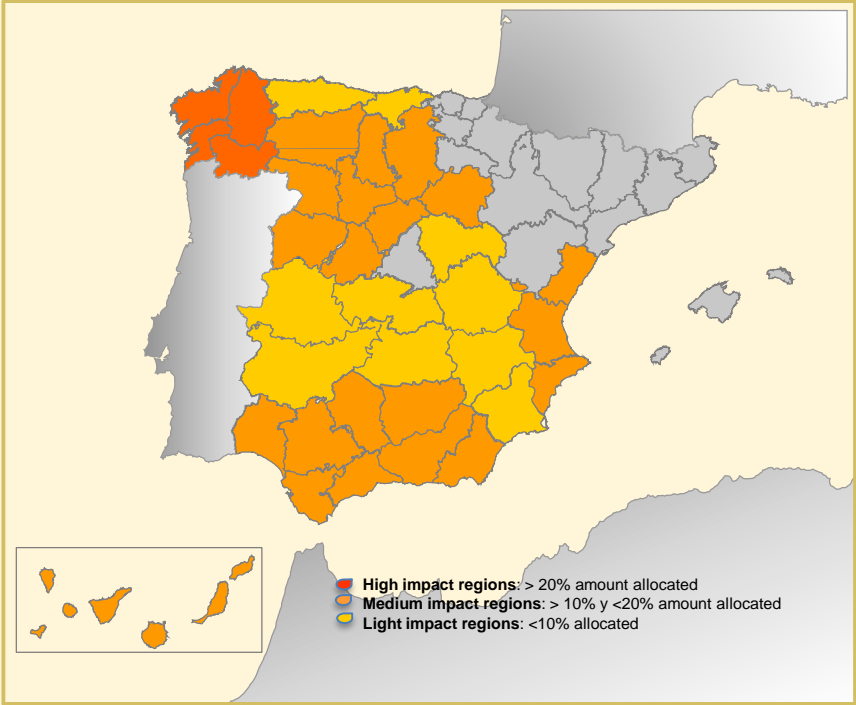
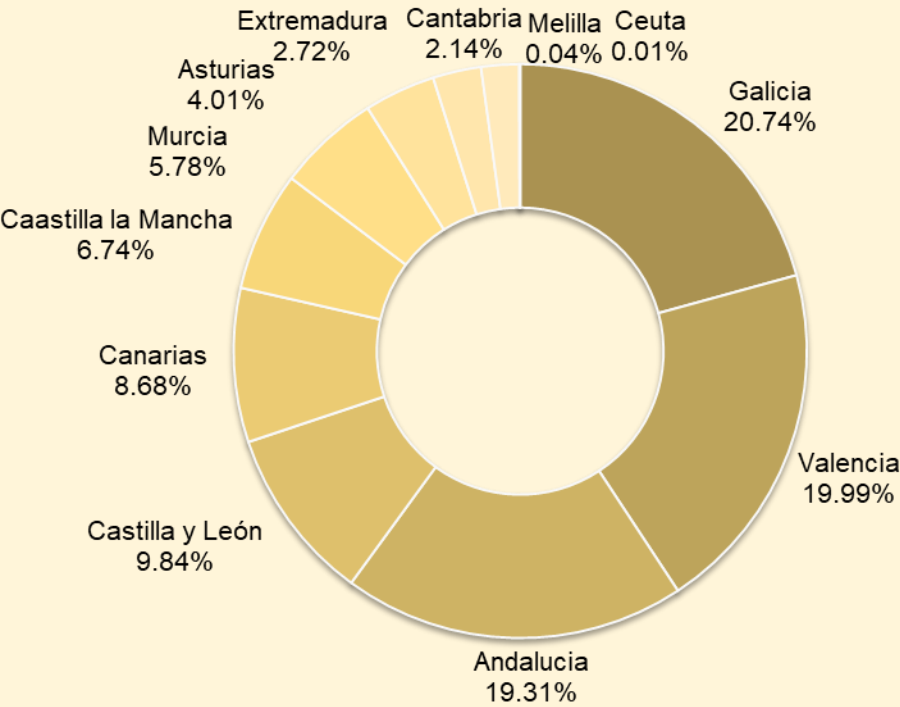
Proceeds allocation


EUR 500 mn

9,514 projects

- Average profile: **self- employed and micro company**
- Likely sited in **Galicia, Andalucia and Valencia**
- Average loan amount: **EUR 52,500**
- Average maturity of the loans: **4.40 years**

By region



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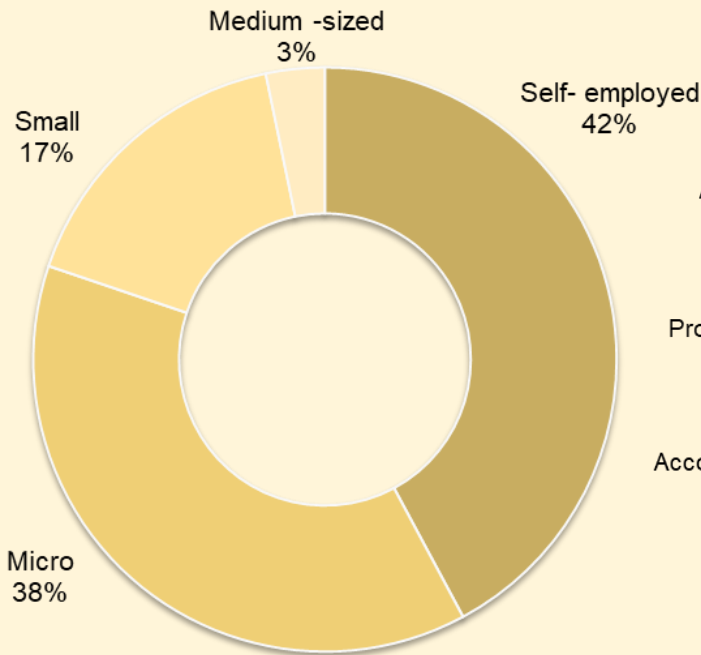
Proceeds allocation


EUR 500 mn

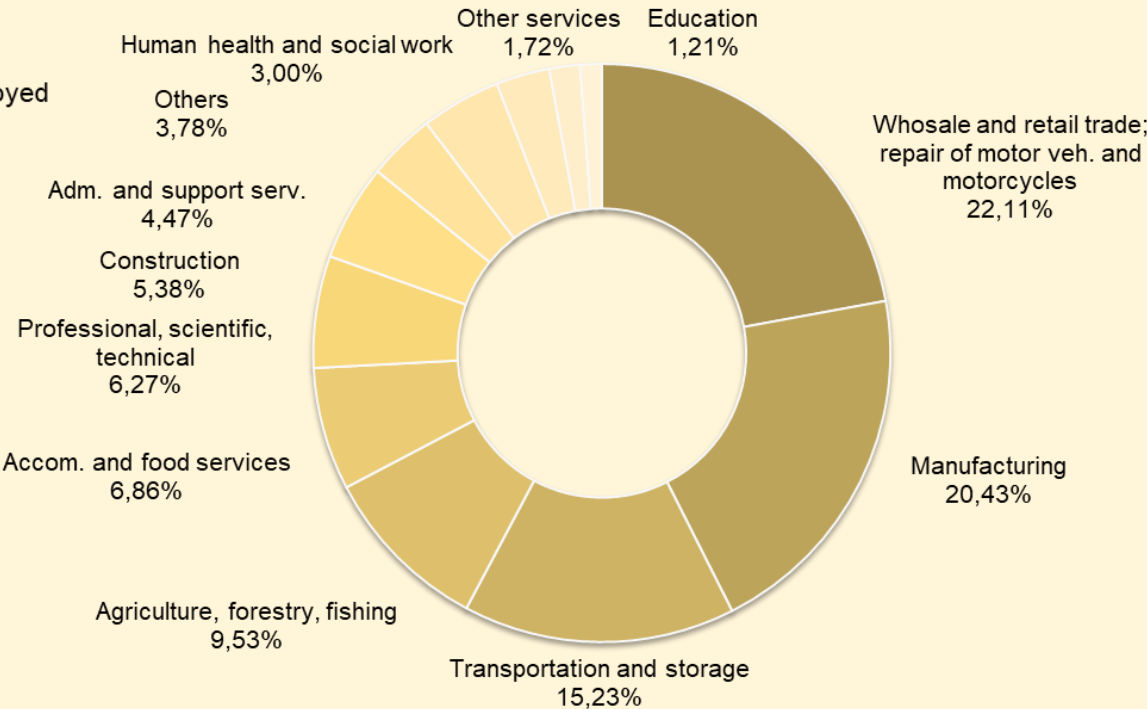
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By type of company



By activity sector¹



¹ According to sections defined in Statistical Classification of Economic Activities in the European Community (NACE)

Impact on employment

About the ICO Social Bond

The aim of the bond is to generate measurable social impact alongside a financial return. In this sense and as a result of this funding in 2019 by an amount of EUR 500 mn, it is estimated that 44,733 jobs were created or retained.

Taking into account the EPA (the Spanish labour force survey figures published by the Statistical Institute, INE), the estimated job impact accounts for 0.42% of the total employment in the selected regions in average in 2019.

Amount channelled	EUR 500 mn
Number of projects	9,514
Estimated jobs created or retained	44,733

About the methodology

ICO has developed an analysis for the quantification of the macroeconomic impact generated by its financing activity linked to the Social Bond. The analysis is based on the input-output tables of the National Accounts, combined with econometric and statistical methods.

This methodology calculates the impact on the employment created and/or maintained and it also makes possible to calculate direct, indirect and induced impacts on the employment of the Autonomous Communities with a per capita income below the national average. A more complete detail of the methodology is available in **www.ico.es**.

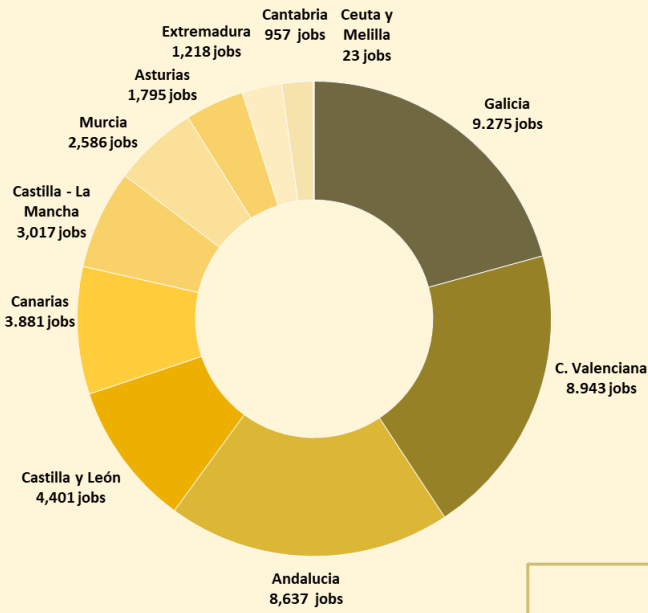
Sustainalytics report

“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 Social Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Instituto de Crédito Oficial Social Bond Framework. ICO has disclosed to Sustainalytics that the proceeds of the social bond were fully allocated as of December 2019.”

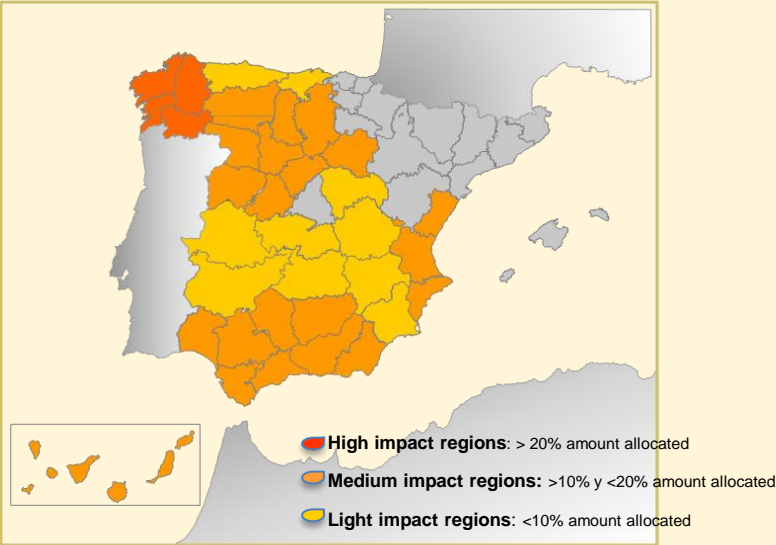
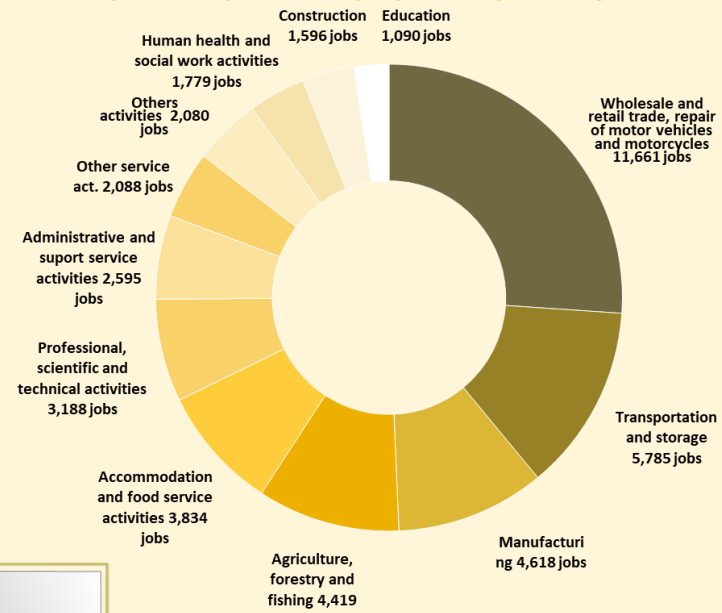
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Impact on employment

Impact on Spanish employment by region



Impact on Spanish employment by activity sector



Case Study: Agrozymes

Agrozymes is a Spanish company dedicated to the manufacture and marketing of products based on microorganisms and natural extracts for their sustainable application in agriculture. This products increase the efficiency of organic matter and fertilisers by improving the conditions of the soil structure in order to optimise crop yield.

Agrozymes is committed to sustainable and efficient agriculture for crop development, as well as being profitable for the farmer. This company works to bring the latest scientific findings from the laboratory to the field, applying the benefits of research to the farmer, contributing to higher quality agriculture that meets the requirements and demands of society and the environment.

Its products are the effective and innovative solution needed by today's farmer and a guaranteed substitute for chemicals that are being phased out because of their harmful effects. Thanks to an R+D+i Department that carries out constant research and analysis of the demands of the agricultural market, it offers products that provide additional benefits beyond excellent results for crop protection, producing positive physiological effects on the plant, which translate into greater vitality, higher production and better quality harvests.



Thanks to the funds provided by ICO, Agrozymes has been able to finance the purchase of a warehouse and its subsequent adaptation for the manufacture of products based on microorganisms for the agricultural sector. A laboratory has been built in this warehouse for the production of soil bacteria with biofertilising effect and suitable quality control. By applying these microorganisms to crops, it seeks to reduce the input of chemically synthesised fertilisers and manures and to make use of the natural resources available to plants to produce crops. In addition to promoting sustainable agriculture, Agrozymes seeks to align itself with the EU policies on the circular economy.

On the other hand, as a result of this investment, Agrozymes has created an export department, and will expand its workforce.

ICO commitment to SRI

ICO views Corporate Social Responsibility as a set of strategies, policies and actions that all companies should implement to ensure their activity is environmentally, economically and socially sustainable, encompassing the Institute itself as well as those groups of stakeholders that interact with it in undertaking its business activities.

Statistics on ICO second-floor activity 2019		
Company size of those SME receiving funds from ICO, according to number of employees	Arithmetic mean	16
	Number of new SME loans / total loans	98%
Capillarity of ICO's lending activity	Number of new ICO loans amount \leq 25.000€ / N° of total new ICO loans	48%
	Amount to long term investment (\geq 5 years)	44%
ICO's contribution to the funding of those SME that export on a regular basis	Funding to exporting companies / Funding Total volume	34%
ICO's contribution to those regions with a GDP per capita lower than the national average	Number of new ICO loans with Spanish regions with a GDP per capita* lower than the average / Number of total new ICO loans	55%
ICO's contribution to those regions with a higher unemployment rate	Number of new ICO loans with Spanish regions with a unemployment rate** higher than the average / Number of total new ICO loans	37%

*According to Spanish Regional Accounting, last quarter 2018 GDP

** EPA (Spanish labour force survey)

When designing its financing products, **ICO shall observe the particular circumstances present in Spain and in those international markets where Spanish companies operate at any given time.** Acting with subsidiarity vis a vis other private banking institutions, **ICO funding lines facilitate access to bank loans for the self-employed and small and medium-sized companies** and, where applicable, to those companies operating in regions where the GDP is below the national average, fostering their consolidation and supporting their international expansion.

ICO will likewise ensure it remains exemplary and transparent in its operations and that it continues to apply international best practices. Likewise, ICO shall bear in mind social responsibility values and principles when providing loans in order to install them in the companies granted financing or ICO products. To this end, ICO has defined a set of social and environmental indicators to monitor the impact stemming from its activities. A summary of impact stats on ICO second-floors activity 2019 is displayed.

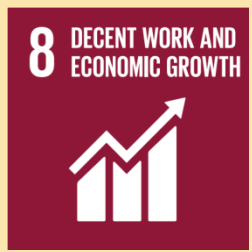
ICO SRI Milestones

- In early 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 has become the first Spanish issuer to launch a public **Social Bond** designed to alleviate the economic impact of **COVID-19**.
- 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 EIB.
- ICO is part of **Invest EU's Sustainability Proofing Expert Group**, for the definition of the methodology and criteria that will be used to ensure sustainability in projects financed through InvestEU linked to the 2021-2027 EU MEF.
- 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.
- ICO is part of **FINRESP (Center for Responsible and Sustainable Finance)**, which was born to address the difficulties and needs of the business fabric and, in particular, Spanish SMEs, to contribute positively to the commitments of the 2030 Agenda .
- AXIS (a venture capital manager wholly owned by ICO) 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.
- ICO has been an active member of the **Advisory Council of the Green Bond Principles and Social Bond Principles Executive Committee from ICMA**.

1. <https://www.ico.es/documents/19/0/ICO+SUSTAINABILITY+POLICY.pdf>

ICO’s Social Bond contribution to the achievement of the Sustainable Development Goals (SDGs)

As a State-owned bank and State Financial Agency, ICO’s main role is to promote economic activities that contribute to the growth and development of the country while improving the distribution of national wealth. ICO’s Social Bond contributes to achieve part of the SDGs implemented by the United Nations, through the consecution of the following goals and targets:



8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all



9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets



10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

