

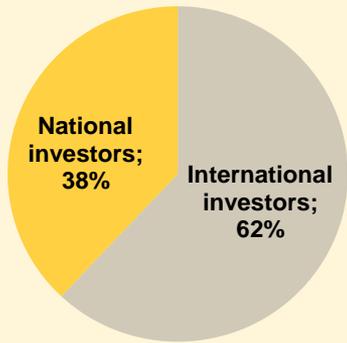
Social Bond EUR 500 mn 0.75% due Octubre 2023 launched November 2018 (ISIN XS1915152000)

Eligibility criteria

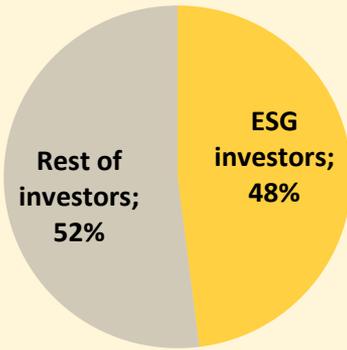
- > **SME** Under European Commission's definition
- > **Regions with GDP per capita below the national average**
- > **Excluded activities** either social or environmentally unfriendly (e.g. Alcohol, Tobacco, Gambling,,)

Issuer:	Instituto de Crédito Oficial (A-/Baa1/A-/A)
Issue Amount:	€ 500,000,000
Pricing Date:	19th November 2018
Payment Date:	26th Nov 2018
Maturity Date:	31th Oct 2023
Annual Coupon:	0.750%
Re-offer Price:	99.885%
Re-offer Spread:	SPGB 4.40% October 2023+10bps or MS+43.4bps
Re-offer Yield:	0.774%
ISIN Code:	XS1915152000
Listing:	Luxembourg
Denominations:	€1k
Documentation:	GMTN Programme

International investors accounted for 62% of the final book



ESG supporters accounted for 48% of the final book



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Proceeds allocation

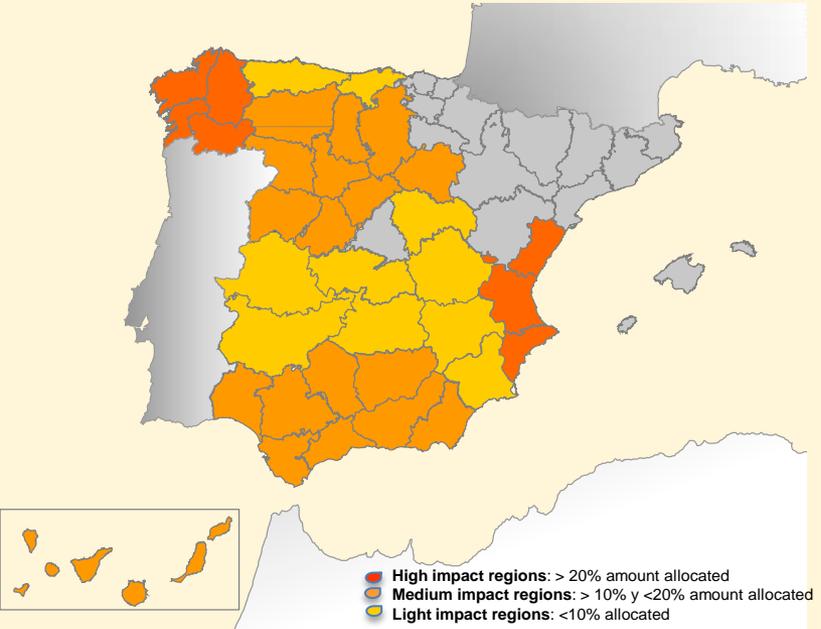


EUR 500 mn

➔ **7,177 projects**

- Average profile: self-employed and micro company
- Likely sited in Andalucía, Galicia or Valencia
- Average loan amount: EUR 70,000
- Average maturity of the loans: 5.79 years

By region



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Proceeds allocation

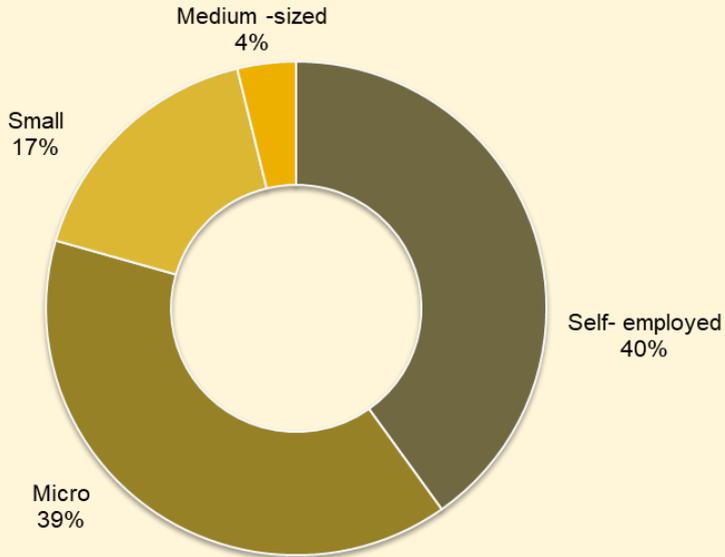


EUR 500 mn

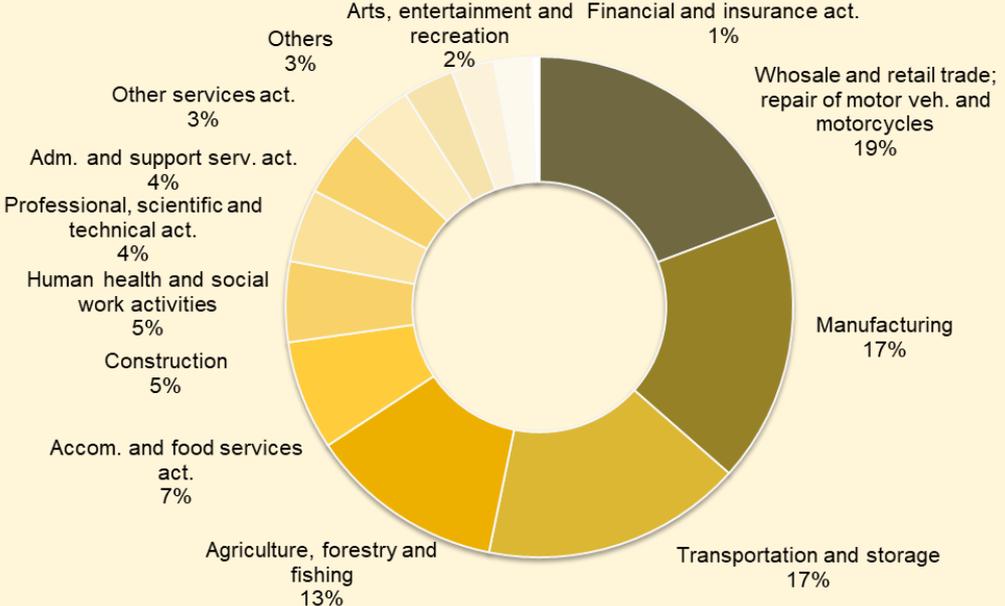
7,177 projects

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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 in 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 2018 by an amount of EUR 500 mn, it is estimated 61,826 jobs were created or retained.

Taking into account EPA (the Spanish labour force survey figures published by the Statistical Institute, INE), the estimated job impact accounts for 0.59% of the employment in the selected regions in average of 2018

Amount channelled	EUR 500 mn
Number of projects	7,177
Estimated jobs created or retained	61,826

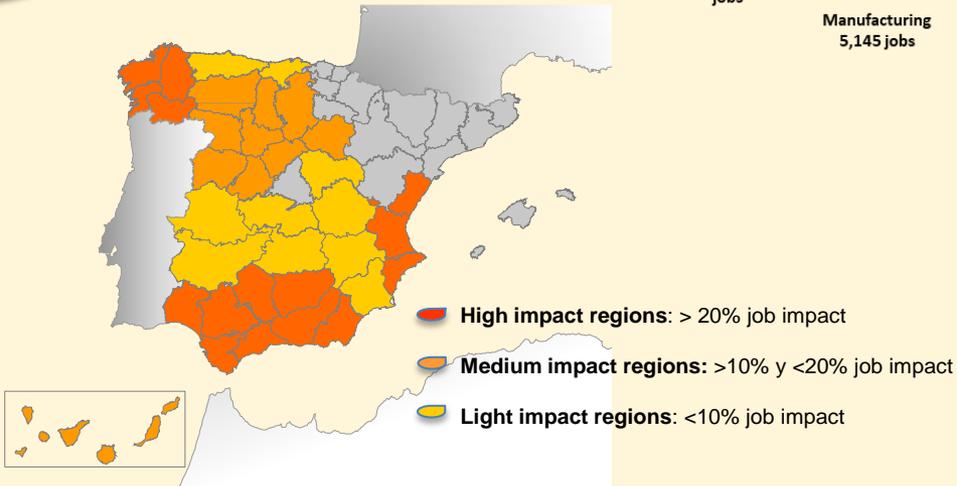
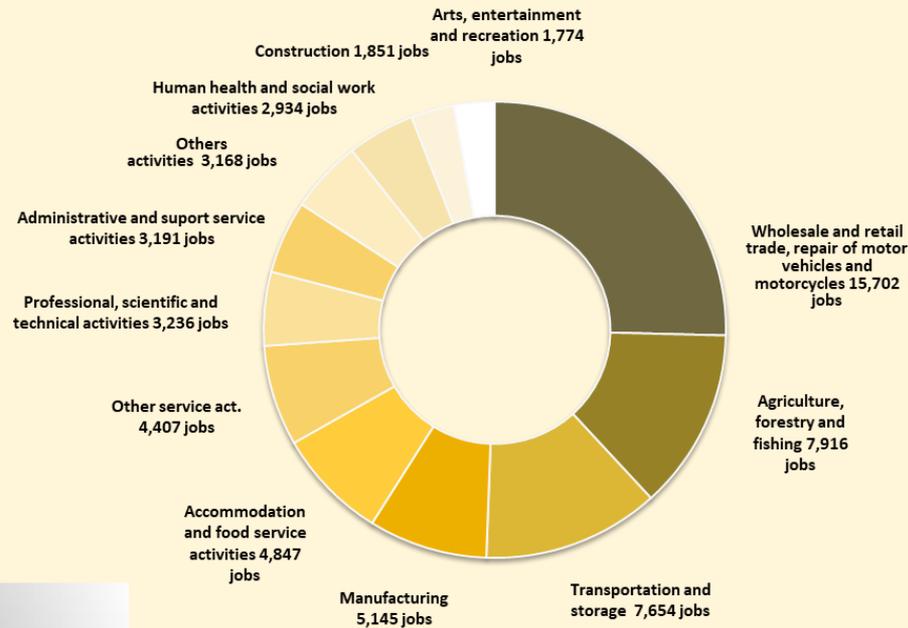
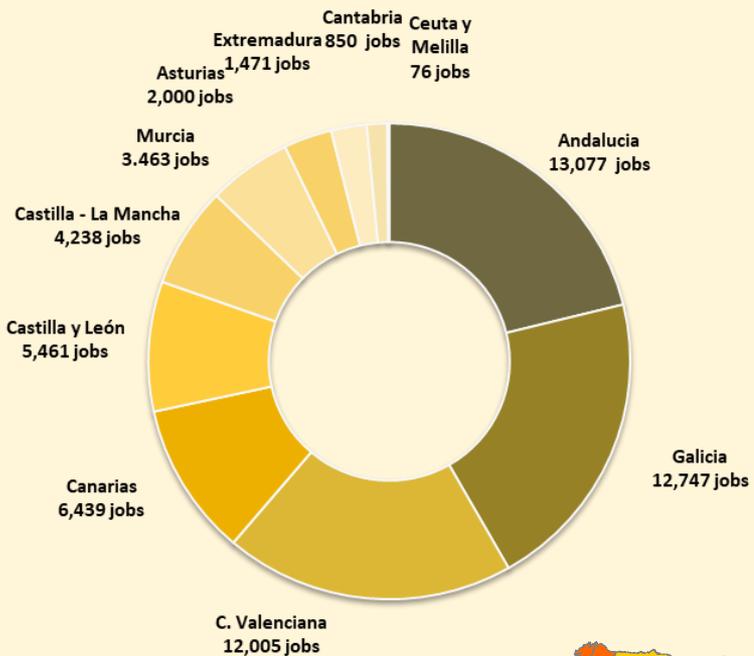
About the methodology

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 in 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.

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Impact in employment



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, ICO’s Fifth Social Bond, issued to fund eligible projects through ICO’s second floor facilities, is not in conformance with the Use of Proceeds and Reporting Criteria outlined in the ICO Social Bond Framework. ICO has disclosed to Sustainalytics that the proceeds of the social bond were fully allocated as of August 2019.”

ICO LOAN PORTFOLIO REVIEW October, 10th 2019

Case Study: Laboratorios Munuera

Laboratorios Munuera is an innovative analytical services company, incorporating R&D&I and quality, environment, water, food security and marine ecology consultation, as well as special works under BLP/GLP. Its activity focuses on the control and results of the impact of industrial and human activity on the environment and on the quality and safety of products that may impact public health.

The company has 2600 m2 facilities, up-to-date technological equipment and over 80 highly qualified professionals (Doctors, Engineers, Graduates, Masters, etc.) in various scientific branches (chemistry, biology, pharmacy, environmental sciences, food technology, etc.).

Thanks to the funds provided by ICO, Laboratorios Munuera has financed:

- Laboratory: Advanced analytical instruments and a range of equipment .
- Equipment for Sea ecology department (oceanographic studies): Underwater robot (scientific work in depths of up to 300 m), underwater pyramidal cap, level probe.
- Occupational Health and Safety: defibrillator, modifying elements and works
- Environmental: gas-powered vehicles
- Software: Office licenses, website modernization, extranet, laboratory management software...



- Hardware: Equipment for information processing, intranet capacity expansion.
- Works: Photovoltaic installation.

As a result of this new investment, the workforce is expected to increase **by 4-5 positions** by the end of 2020.

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 2017		
Company size of those SME receiving funds from ICO, according to number of employees	Arithmetic mean	16
	Nº new SME loans / total loans	98%
Capillarity of ICO's lending activity	Nº new ICO loans amount ≤ 25.000€/Nº of total new ICO loans	54%
	Amount to long term investment (≥ 4 years)	46%
ICO's contribution to the funding of those SME that export on a regular basis	Funding to exporting companies/ Funding Total volume	31%
ICO's contribution to those regions with a GDP per capita lower than the national average	Nº new ICO loans with Spanish regions with a GDP per capita* lower than the average / Nº total new ICO loans	57%
ICO's contribution to those regions with a higher unemployment rate	Nº new ICO loans with Spanish regions with a unemployment rate** higher than the average / Nº total new ICO loans	24%

*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.

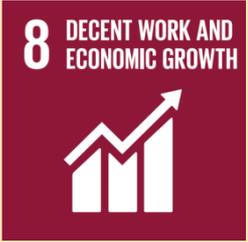
ICO will likewise ensure it remains exemplary and transparent in its operations and that it continues to apply international best practices. Likewise, ICO shall bear in mind social responsibility values and principles when providing loans in order to install them in the companies granted financing or 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 2018 is displayed.

ICO SRI Milestones

- ICO received **“Best Social Bond of the Year 2016”** award from Global Capital Magazine.
- ICO wins **“2016 European award for Environmental and SRI Sustainability”** by European Business Awards
- ICO has developed, in partnership with the Global Compact, an initiative that helps the **integration of the SDGs in the management of SMEs: icopyme.ods**
- In its internal direct financing procedures, ICO has implemented all management measures undertaken under the **Equator Principles**.
- ICO joins the **“Inter-ministerial Working Group on Internationalization and Human Rights” (GTIDH)**.
- ICO has carried out a **study of the impact of its activity and financial products on each of the Sustainable Development Goals**.
- ICO promotes and leads with the coordination of Forética the **“CSR Action Group in Public Companies”** that aims to contribute to the achievement of the 2030 Agenda and the promotion of best business practices in environmental, social matters and Corporate Governance.
- ICO participates in the **Transparency, Good Governance and Integrity Cluster, the Climate Change Cluster and the Social Impact Cluster**.
- ICO is a process of setting up its **Sustainable Financing Action Plan** to be aligned with the Sustainable Finance Action Plan from the EU. This project has the technical support of the SRSP (Structural Reform Support Programme) of the European Commission.
- A new initiative has been launched by AXIS in, with an objective amount of 50 million euros and within the framework of **Fond-ICO Pyme, to invest in Sustainability and Social Impact Funds**.
- AXIS has joined a platform called **Foro Impacto**, whose purpose is to bring together all the agents of impact investment as well as Spain to join the Global Steering Group (GSG) on Impact Investment.
- ICO has been selected as member of the **Advisory Council of the Green Bond Principles and Social Bond Principles Executive Committee** from ICMA.

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

