

Social Bond SEK 500 mn 0.963% due September 2022 launched September 2017 XS1688140034

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,...)

ICO has played a pioneering role in the SEK Social Bond market

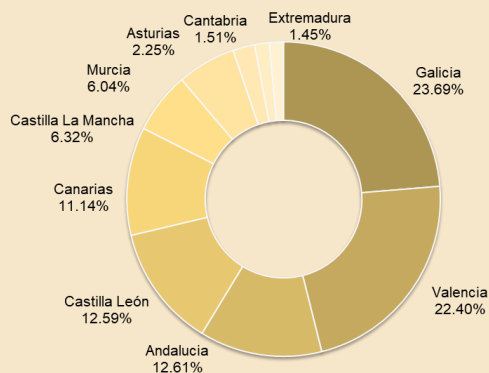
- First social bond issued in SEK consolidating the commitment to the social bond market
- ICO's social bond was placed mainly among Scandinavian accounts
- High participation of SRI investors

Proceeds allocation

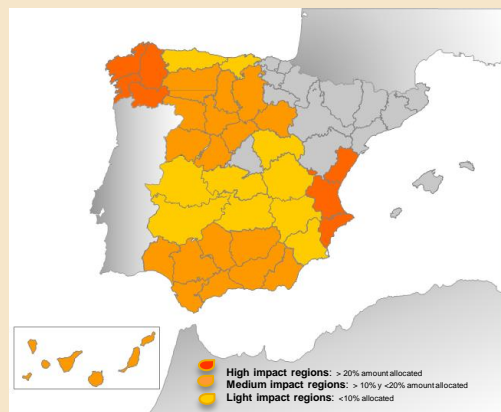
The allocation of the **proceeds (SEK 500 mn)** has been channelled to **1,156 projects** which fulfilled the requirements meeting the above mentioned eligibility criteria. The average profile of the recipients is a **self-employed**, likely sited in **Galicia**, applying for around **EUR 45,000 loan** and with **4.71 years maturity**.

Total amount distribution

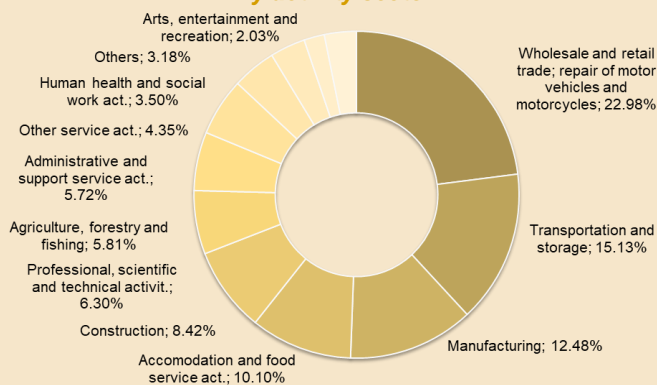
By region



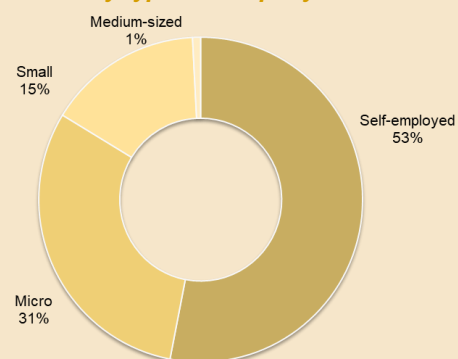
Regional impact



By activity sector¹



By type of company



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

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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 2017 by an amount of SEK 500mn (EUR 52.5 mn), it is estimated 5,487 jobs were created or retained.

Amount channelled	SEK 500 mn
Number of projects	1,156
Estimated jobs created or retained	5,487

Taking into account EPA data (the Spanish labour force survey figures published by the Statistical Institute, INE), the estimated job impact accounts for 0.05% in the selected regions in 2017.

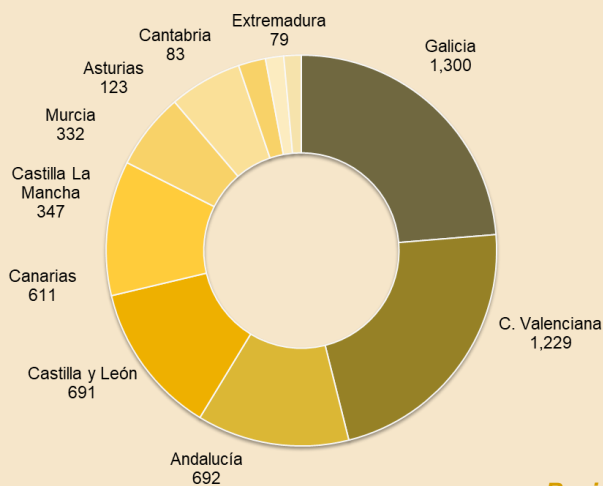
About the methodology

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.

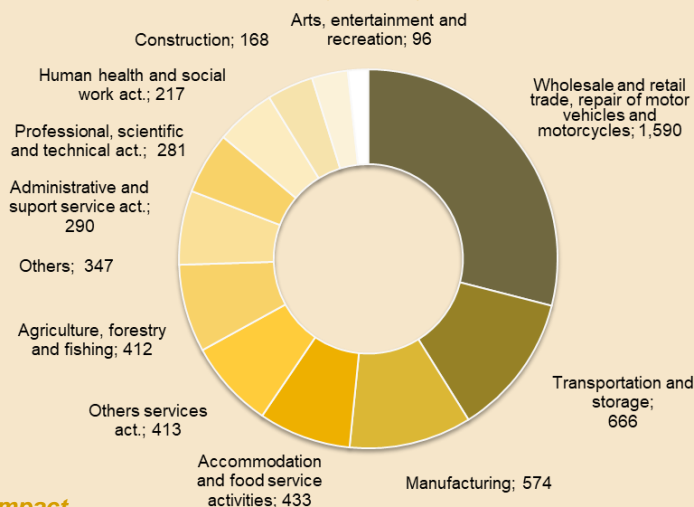
This methodology calculates the impact in the employment created and/or maintained and it also makes possible to calculate direct, indirect and induced impacts on the employment of the Autonomous Communities with a per capita income below the national average. For more information about the methodology click [here](#).

The ICO-Social Bond Impact on Spanish Employment

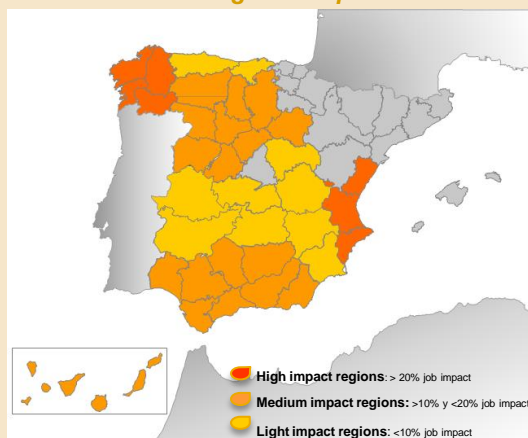
Number of jobs created or retained by region



Number of jobs created or retained by activity sector¹



Regional impact



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

Social Bond Reporting

October 2018

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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 fourth 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 September 2018"

[ICO LOAN PORTFOLIO REVIEW September 28th 2018](#)

Case Study: Cucine Oggi

Cucine Oggi is a benchmark company in the furniture accessories industry, with a high level of specialisation in the kitchen sector. With over 25 years of experience, it has managed to offer its more than 3,000 customers, products with notably innovative characteristics, which stand out for their quality and balanced design, key features of the Cucine Oggi brand.

Cucine Oggi is able to count on the leadership and technology of the major European manufacturers in the sector, to which it distributes and represents in Spain and Portugal. Its continuous presence in the main fairs has helped it achieve a unique experience between brand and customer, allowing it to expand its product catalogue from the kitchen to the rest of the home.

Currently Cucine Oggi is immersed in the development of its Home Products. These are a vital element for the brand, as they transfer the technology of the kitchen to the rest of the elements of the home, extensively tapping into a market that its customers demanded.

For more detailed information about the company please visit www.cucineoggi.com



- ✓ Thanks to funds provided by ICO, Cucine Oggi has been able to finance a **new logistics system** for its warehouses
- ✓ As a result of this new investment it has been possible to improve the efficiency of its facilities and increase the number of jobs with **three new positions**

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	12
	Nº new SME loans / total loans	99%
Capillarity of ICO's lending activity	Nº new ICO loans amount ≤ 25.000€ /Nº of total new ICO loans	53%
	Amount to long term investment (≥ 4 years)	58%
ICO's contribution to the funding of those SME that export on a regular basis	Funding to exporting companies/ Funding Total volume	15%
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	56%
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	38%

*According to Spanish Regional Accounting, last quarter 2017 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 2017 is displayed.

2017 ICO SRI Milestones

- In its internal direct financing procedures, ICO has implemented all management measures undertaken under **the Equator Principles**.
- ICO has signed the Fundación Tomillo agreement for the integration of **disadvantaged groups**
- ICO has signed the Spanish Red Cross agreement to promote actions **to help refugees**
- ICO has signed the Leukemia and Lymphoma Foundation agreement
- ICO has signed the Fundación Carmen Pardo-Valcarce- Campvs Project (2nd edition) agreement – a project whose purpose is **to employ disabled people in the company**
- ICO received the "Clover Solidarity" award from Down España for participating in the XTUMIRADA campaign working towards the **integration of disabled people**
- ICO participates in the **Transparency, Good Governance and Integrity Cluster, the Climate Change Cluster and the Social Impact Cluster**



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Contact us

Investors will find further information at: http://www.ico.es/en/web/ico_en/investor-relations

Please e-mail us if you have any queries or requests: investors@ico.es

Bloomberg site: ICO <GO>



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

