



Instituto de Crédito Oficial



















SOCIAL BOND REPORTING

**Social Bond
launched September 2022**

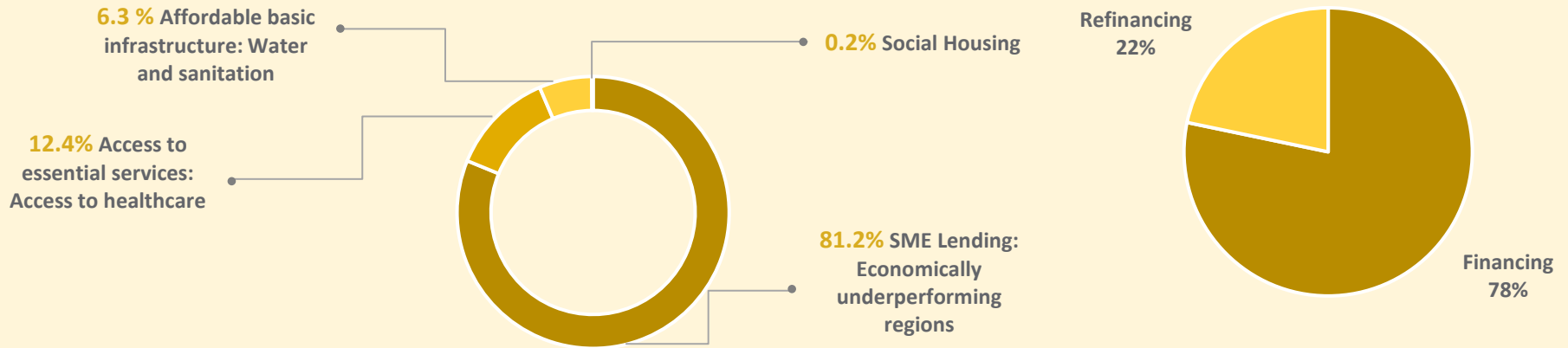
Published September 2023



Instituto de Crédito Oficial

Project Category	Definition	SDG
Second floor facilities		
SME Lending	Loans to SMEs established in economically underperforming regions of Spain, established in municipalities of Spain facing depopulation (hence supporting the fight against the 'Empty Spain) and affected by any natural / health disaster (pandemics, earthquakes, floods, droughts...)	  
Direct lending		
Socioeconomic advancement and empowerment	Programs that support the Socioeconomic advancement and empowerment (projects aiming at supporting, integrating and providing basic services to vulnerable population or developing job security / basic needs / equal opportunities)	   
Social Housing	Loans dedicated to the development and provision of Social Housing, including renovation, maintenance and improvements of social housing projects and Social Housing with adapted rents to disadvantaged targeted populations	 
Access to essential services	Healthcare, education, profesional training or financing for companies facing natural / health disasters (pandemics, earthquakes, floods, droughts...)	  
Affordable basic infrastructure	Water and sanitation, connectivity and digital access	 
Axis Venture Capital		
Socioeconomic advancement and empowerment	Investments in Social Funds providing funding to social enterprises, recognized as European social entrepreneurship fund, aligned with the European Union regulation for Social entrepreneurship funds.	   

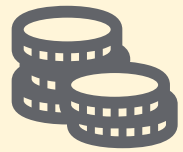
Framework: https://www.ico.es/documents/20124/39727/ICO+Social+Bond+Framework+_ .pdf



	No. projects	Allocated amount (millions)	Average maturity of loans (years)	Top regions
SME Lending: Economically underperforming regions	3,870	406.04 EUR	6	Andalucía, Galicia, Comunidad Valenciana
Access to essential services: Access to healthcare	3	61.85 EUR	8	Nicaragua Spain (various regions)
Affordable basic infrastructure: Water and sanitation	5	31.27 EUR	7	Nicaragua
Social Housing	1	0.84 EUR	14	Andalucía
	3,875	500,00 EUR	7	

Total mobilized funds: EUR 705 mn

Category's impact and allocation



EUR 406.04 mn
3,870 projects

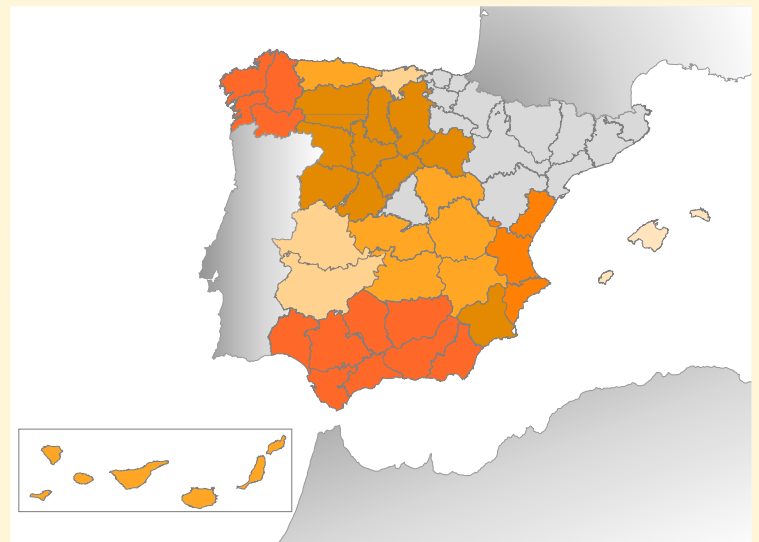
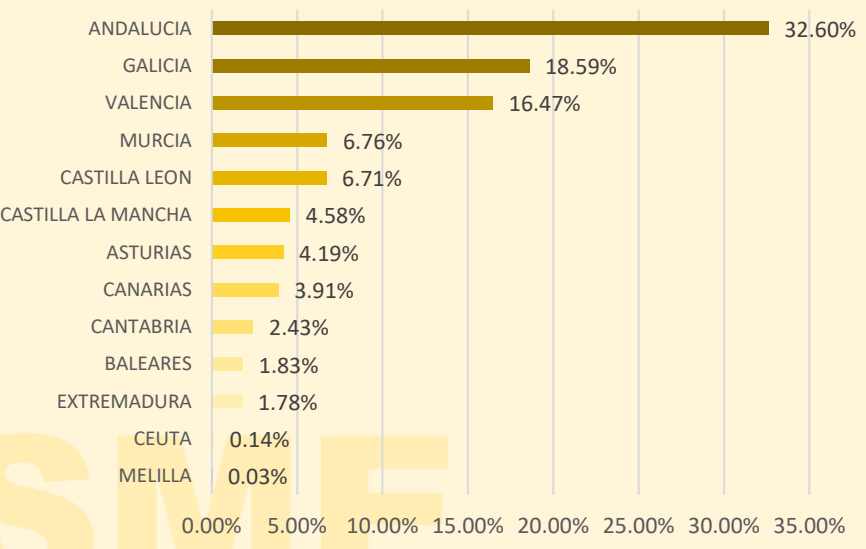


EUR 104,918 average loan
6.4 years average loan maturity



34,059 jobs created
and/or retained

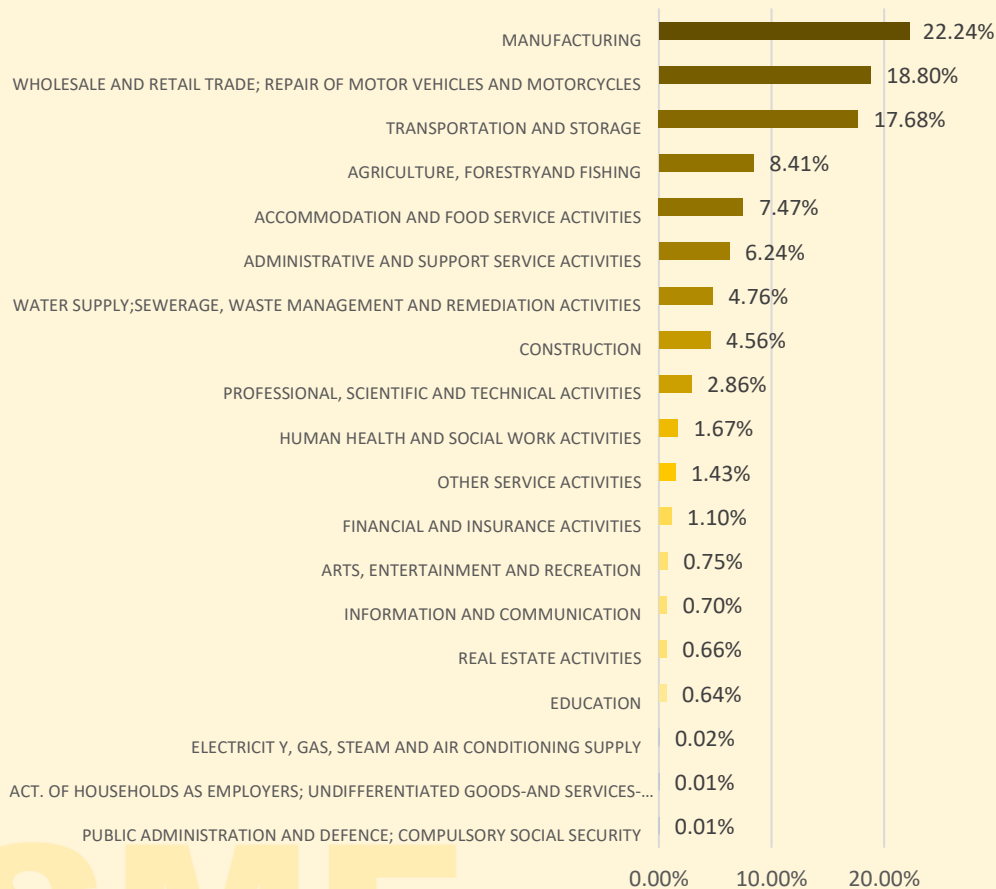
Regional distribution of the proceeds



SME

Category's impact and allocation

Distribution of the funds by activity sector



SME



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

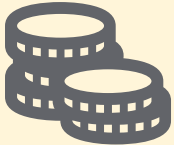
9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets



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

Category's impact and allocation



EUR 0.84 mn (100% of the project funded by ICO)



Purchase of a total of **9 privately owned homes**, in order to be incorporated into the rental market for vulnerable groups



Located in **Andalucía**

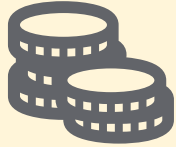


1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance



11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Category's impact and allocation



EUR 51,85mn, which represents a share of **36.72%** funded by ICO



2 hospitals built



507 beds and **142 hospital rooms**



7 new medical specialties and improvement of the remaining 8 ones (total specialties 15)



5,295 major surgeries per year



8 surgery rooms, **31 outpatient clinic stations**, **16 outpatient care stations** and **18 stations for dialysis services**



3,200 deliveries attended



4% reduction in childhood mortality



527 direct permanent jobs created by the project, of **which 65% are women**

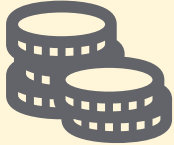


Will provide **health coverage to 910** surrounding **communities in disadvantaged and/or rural areas**



Location in **Nicaragua**

Category's impact and allocation



EUR 10 mn, which represents a share of **17.28%** funded by ICO



Capacity for **1,039 residents**



7 Senior healthcare centres/homes built



Location **Spain**, (Cornella, Córdoba, Gandía, Getafe, Huesca, Majadahonda and León)

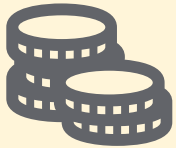
The **projects** from this category contribute to the following **SDG**:



3.7 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

3.8. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Category's impact and allocation



EUR 31.3 mn (on average 54% of the projects funded by ICO)



5 sanitation projects financed



305,366 beneficiaries



41,218.17 m³/day wastewater treated



331,842.00 equivalent inhabitants covered by the new system



Location in **Nicaragua**



6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

6.b Support and strengthen the participation of local communities in improving water and sanitation management.

Impact and allocation: overview (I)

Project description	Project Category			Target Population	Allocation information					Social Indicators	
	SBP Category	Sub-category	SDG addressed	Target Group	Signed amount (EUR mill)	Share of Total Financing (percent)	Eligibility of Social Bond (percent of signed amt.)	Allocated amount (EUR)	Portfolio lifetime or budgeted years (years)		
Financing of 4,870 of SMEs in regions with a GDP below the national average	Employment generation	SME financing	8, 9, 10	SMEs in line with European Union's standards and Economically underperforming regions	406.04	100.00%	100%	406.04	6	Number of SMEs financed	3,870
										Number of jobs created/retained	34,059
Financing the purchase of social houses	Affordable housing	Social Housing	1, 11	Eligible beneficiaries according to socio-economic requirements set by regional governments	0.84	100.00%	100%	0.84	14	Number of houses purchased	9
Construction of a hospital for the replacement of an existing one	Access to essential services	Health Care	3	Hospitals/ Healthcare (open to all population)	66.73	33.16%	100%	18.95	8	Number of hospitals built	1
										Number of beds provided	207
										Number of patients reached	339,494
Construction of a hospital	Access to essential services	Health Care	3	Hospitals/ Healthcare (open to all population)	99.85	38.76%	100%	32.90	8	Number of hospitals built	1
										Number of beds provided	300
										Patients served per day	1.000- 1.500
Construction of 7 senior healthcare centers	Access to essential services	Health Care	3	Hospitals/ Healthcare (open to all population)	57.86	17,28%	100%	10.00	10	Centers built	7
										Capacity (residents)	1,039

Impact and allocation: overview (II)



Instituto de Crédito Oficial

Project description	Project Category			Target Population	Allocation information					Social Indicators	
	SBP Category	Sub-category	SDG addressed	Target Group	Signed amount (EUR mill)	Share of Total Financing (percent)	Eligibility of Social Bond (percent of signed amt.)	Allocated amount (EUR)	Portfolio lifetime or budgetted years (years)		
Construction of a sanitation network and a wastewater treatment plant	Affordable basic infrastructure:	Water and sanitation	6	Underserved areas	16.67	65.41%	100%	9.56	5	Number of beneficiaries	132,919
										Volume wastewater treated (m3/day)	6,912
										Number of equivalent inhabitants covered by the new system	129,119
Construction of a sanitation network and a wastewater treatment plant	Affordable basic infrastructure:	Water and sanitation	6	Underserved areas	16.95	44.53%	100%	6.40	8	Number of beneficiaries	43,232
										Volume wastewater treated (m3/day)	6,912
										Number of equivalent inhabitants covered by the new system	51,536
Construction of the sewerage network	Affordable basic infrastructure:	Water and sanitation	6	Underserved areas	19.86	35.00%	100%	6.24	6	Number of beneficiaries	42,430
										Volume wastewater treated (m3/day)	9,844
										Number of equivalent inhabitants covered by the new system	49,212
Construction of a sanitation network and a wastewater treatment plant	Affordable basic infrastructure:	Water and sanitation	6	Underserved areas	15.63	33.92%	100%	4.95	8	Number of beneficiaries	78,035
										Volume wastewater treated (m3/day)	16,720
										Number of equivalent inhabitants covered by the new system	90,521
Construction of a sanitation network and a wastewater treatment plant	Affordable basic infrastructure:	Water and sanitation	6	Underserved areas	4.67	93.79%	100%	4.12	10	Number of beneficiaries	8,750
										Volume wastewater treated (m3/day)	830
										Number of equivalent inhabitants covered by the new system	11,454

Indicators refer to the total amount of the projects



Grupo Monte Nevado (Jamones Segovia, S.A) is a family business located in the province of Segovia, which has been innovating in the food sector for five generations, creating employment and contributing to the economic development of one of the regions suffering from depopulation, known as the 'Empty Spain'.

This long-lived company has managed to evolve preserving its tradition and adapting to the new times, keeping intact the quality of its product. They are pioneers in installations and research projects of different types that have allowed them to be far ahead of the regulations and even the requirements of their customers.

They have their own facilities in Carbonero el Mayor (Segovia), in Rasillo de Cameros (La Rioja) and have a stake in a very modern installation in Montejo (Salamanca). They also have three farms in Hungary where they raise the Mangalica pig, a breed native to the country, of great quality. In the U.S., they have set up a partnership with the Department of Agriculture for the marketing and distribution of their products there, and they are now finishing a small slicing facility there.

The company is very specialized in the production of ham and works every day to innovate its forms of marketing, to look for the best raw material, and to optimize the curing process to improve the product and at the same time be increasingly respectful with the environment, thus showing its commitment to sustainability.

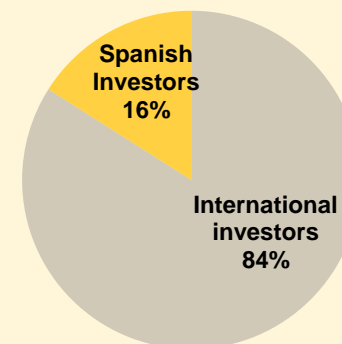
In addition, it is remarkable the activity they are carrying out in training with the launch of their campus so that the different actors of the sector can exchange knowledge and promote innovation.



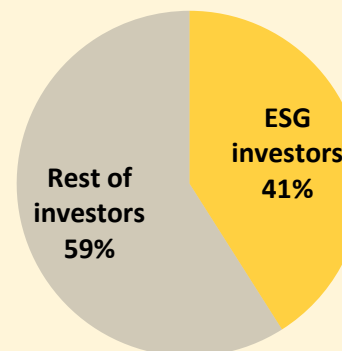
At the production level, they have developed a great team of professionals, betting on the promotion of their own employees and the quality of employment. The ICO funding has contributed to maintaining the employment of a workforce of 92 people in the current economic context within the so-called emptied Spain, favoring social and territorial cohesion.

Issuer:	Instituto de Crédito Oficial (A-/Baa1/A-/A)
Issue Amount:	€ 500,000,000
Pricing Date:	21 st September 2022
Payment Date:	28 th September 2022
Maturity Date:	31 st January 2028
Annual Coupon:	2.65%
Re-offer Price:	99.914%
Re-offer Spread:	SPGB 0 01/31/28+14bps
Re-offer Yield:	2.669 %
ISIN Code:	XS2538778478
Documentation:	GMTN Programme

International investors accounted for 86% of the final book



ESG investors accounted for 45% of the final book



Sustainalytics report

" (...) 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 Social Bond Framework. ICO has disclosed to Sustainalytics that the proceeds from the Social Bond were fully allocated as at July 2023."

<https://www.ico.es/documents/20124/39727/ICO+Social+Bond+Framework+Annual+Review+2023.pdf>

During 2022, ICO approved operations in different areas of sustainability (ESG) for a volume of more than EUR 2.2 bn. Among these operations, those with environmental impact (EUR 1.4bn) 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 climate change mitigation objective. Additionally, ICO has increased its support to social impact financing (EUR 816 million), through operations to face the economic and social impacts of COVID 19, social housing operations and sustainability-linked loans with social KPIs.

Latest SRI milestones

- In 2023, 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.
- ICO has approved the change of name of Fond-ICO Infraestructuras II to **Fond-ICO Sostenibilidad e Infraestructuras** and the adaptation of its prospectus to achieve its classification under article 8 of Regulation (EU) 2019/2088.
- ICO has implemented a **sustainability survey for its second-floor facilities** in order to identify those operations that contribute to the achievement of sustainability objectives.
- ICO conducted a **double materiality study** of the institution for the first time, to assess how its business is affected by sustainability issues and how their activities impact society and the environment.