



# COVID-19 SOCIAL BOND REPORTING

Covid-19 Social Bond  
launched May 2020

Published May 2021



Project Category	Definition	SDG
<b>Second floor facilities</b>		
<b>SME Lending (1) Economically underperforming regions</b>	Loans to SMEs established in economically underperforming regions of Spain	  
<b>SME Lending (2) Depopulation</b>	Loans to SMEs established in municipalities of Spain facing depopulation, hence supporting the fight against the 'Empty Spain'	
<b>SME Lending (3) Natural disasters</b>	<b>Loans to support SMEs and self-employed affected by any natural / health disaster (pandemics, earthquakes, floods, droughts...)</b>	
<b>Direct lending</b>		
<b>Socioeconomic advancement and empowerment</b>	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)	   
<b>Social Housing</b>	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	 
<b>Access to essential services</b>	<b>Healthcare, education, professional training or financing for companies facing natural / health disasters (pandemics, earthquakes, floods, droughts...)</b>	  
<b>Affordable basic infrastructure</b>	Water and sanitation, connectivity and digital access	 
<b>Axis Venture Capital</b>		
<b>Socioeconomic advancement and empowerment</b>	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.	   

# Allocations and impact on employment

Covid-19 Social Bond EUR 500 mn 0.25% due April 2024 launched May 2020 (XS2173111282)

The aim of the bond is to generate **measurable social impact** alongside a financial return

As a result of this bond, it is estimated that **14,879 jobs were created or retained**

ICO financing for the projects included in the social bond have contributed to mobilize EUR 540Mn of funds

		SME Lending (3): natural / health disasters	Access to essential services: financing for companies facing natural / health disasters	Full portfolio
<b>ALLOCATION</b>	No. projects	1,054	44	1,098
	Allocated amount (millions)	EUR 350.26	EUR 149.74	EUR 500
	Average loan amount	EUR 332,419.60	EUR 3,404,996.32	EUR 455,546.53
	Average maturity of the loans (years)	5	5.1	5
	Top 3 regions	Catalonia, Andalusia and Madrid	Catalonia, Balearic Islands and Castilla y León	Catalonia, Balearic Islands and Andalusia
<b>IMPACT</b>	Estimated jobs created or retained (1)	10,405	4,474	14,879

(1) Methodology: <https://www.ico.es/documents/19/1594426/Methodology+report+on+the+employment+impact+of+ICOs+Social+Bond/61e3e1dd-5489-4d47-96e5-bc8e9f8ef776>

# Allocations: regional distribution

Covid-19 Social Bond EUR 500 mn 0.25% due April 2024 launched May 2020 (XS2173111282)

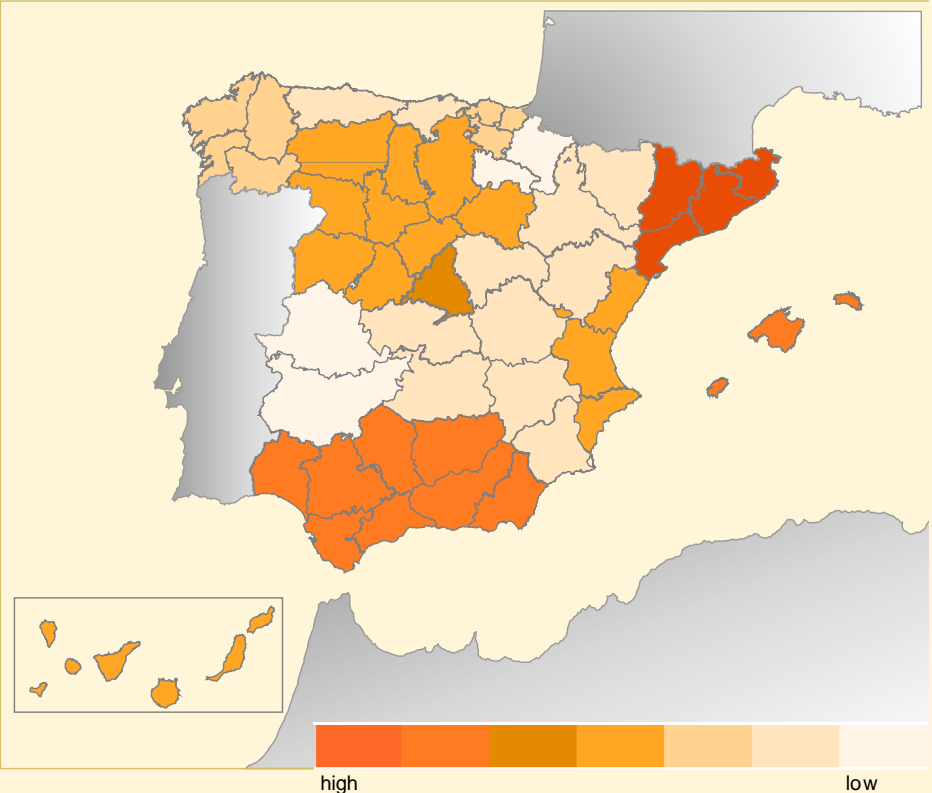
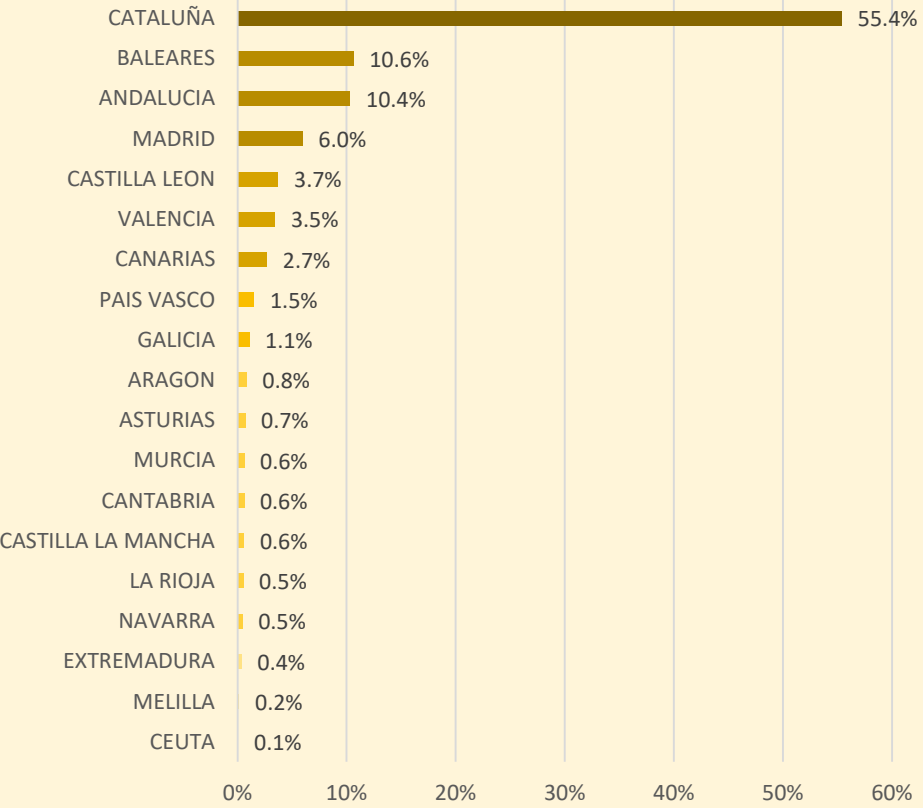


EUR 500 mn

## 1,098 projects

- Top 3 regions: Catalonia, Balearic Islands and Andalucía
- Average loan amount: EUR 455,546
- Average maturity of the loans: 5 years

## Regional distribution

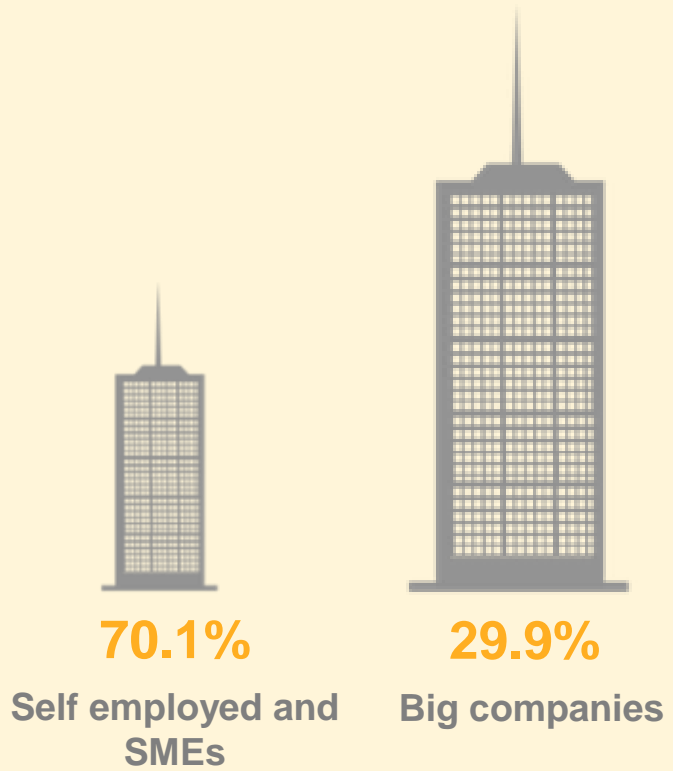


### Sustainalytics report

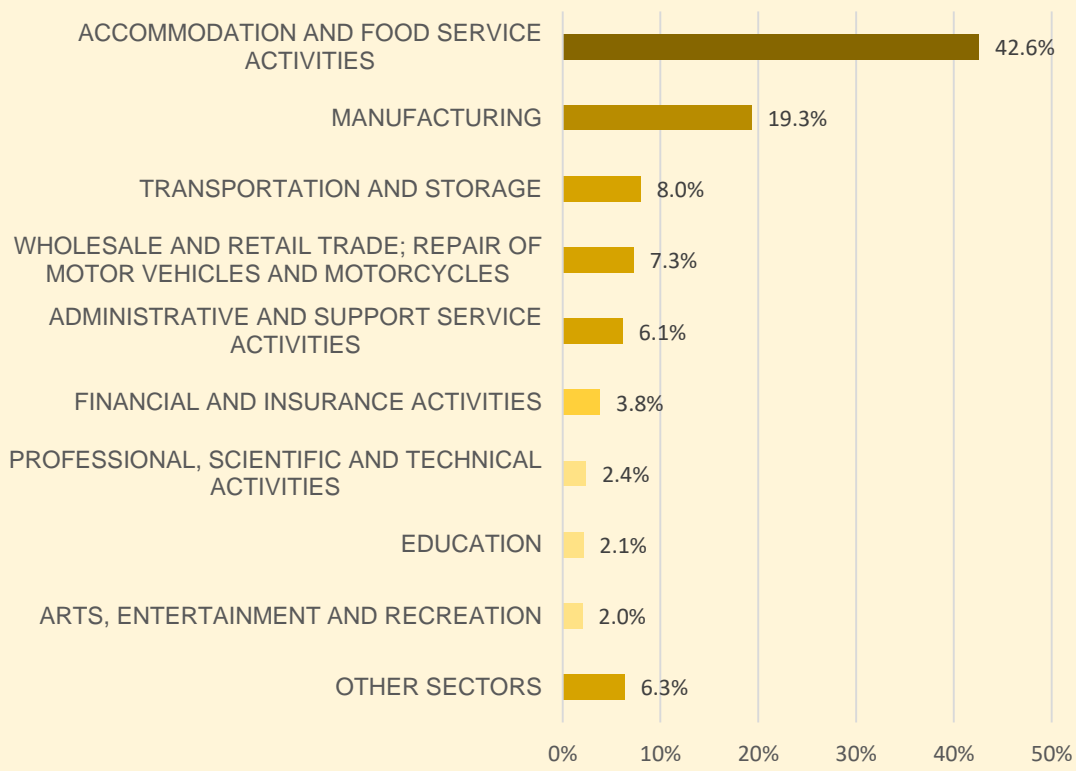
*“Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of ICO’s Social Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the ICO Social Bond Framework. ICO has disclosed to Sustainalytics that the proceeds of the social bond were fully allocated as of December 31st, 2020.”*

[LINK: ICO LOAN PORTFOLIO REVIEW](#)

### Funds allocated by size of company



### Funds allocated by activity sector



**Centraldereservas.com** is a company with over 20 years' experience in the online travel booking sector. It employs more than 100 people and has succeeded in combining direct and personal customer service with constant technological innovation. The company has been able to adapt to changes in the sector and the environment over the years.

In this process, the company has maintained an innovative approach and has led, in collaboration with various governmental bodies (for example, the Centre for Industrial Technological Development or the State Secretariat for Tourism), various projects to develop original technologies and operating models in the tourism sector.

The innovative effort and spirit of improvement that has characterised the company throughout its 20 years of existence was recognised in 2019 with the award of the Innovative SME seal by the Spanish Government.

The headquarters of Centraldereservas.com are located in Aínsa (Aragón) and its rural origins and philosophy remain unchanged, although the team is made up of some 150 people spread over more than 20 different locations in Spain and the rest of the world.

The effect of Covid-19 on this company, as on many others, has been significant, but it has always been able to act swiftly to adapt to this new situation, to attend its thousands of customers and to continue working to improve its service and prepare for the coming recovery of its sector.

Thanks to ICO financing, it has managed to keep 50 jobs in place throughout the pandemic, as well as to finance the social security costs of the remaining posts included in the ERTE (Expediente de Regulación Temporal de Empleo - Temporary Redundancy Plan)

It has also earmarked part of the financing for technological upgrades of its software and database versions. This has greatly strengthened its technological base and is allowing the company to grow very quickly. The company took advantage of the drop in demand for travel in 2020 to address its technological change. It has also worked on automating many processes to improve customer service.

In short, ICO's financing has been a big boost to see it through the year and be ready for the return to pre-pandemic sales levels. The general public is keen to travel and Centraldereservas.com hopes that the vaccination process will gradually restore confidence and increase the volume of sales.

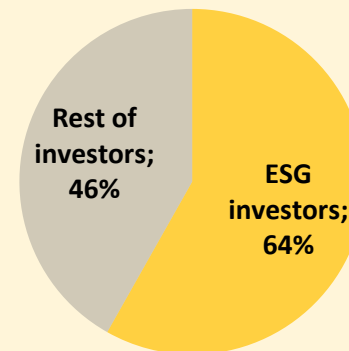


Issuer:	Instituto de Crédito Oficial (A-/Baa1/A-/A)
Issue Amount:	€ 500,000,000
Pricing Date:	6th May 2020
Payment Date:	13th May 2020
Maturity Date:	30th April 2024
Annual Coupon:	0.25%
Re-offer Price:	99.965%
Re-offer Spread:	SPGB 3.8 04/30/24+14bps
Re-offer Yield:	0.259%
ISIN Code:	XS2173111282
Listing:	Luxembourg
Denominations:	€1k
Documentation:	GMTN Programme

**International investors accounted for 67% of the final book**



**ESG investors accounted for 64% of the final book**



During 2020, ICO approved operations in the different areas of **sustainability** (ESG) for a volume of more than **EUR 2,760 million**. Among these operations, those with a **social impact (EUR 1,620 million)** stand out this year. ICO has provided support to large and medium-sized companies through the urgent measures implemented by the Government to face the economic and social impact of COVID-19, whose objective is to preserve the normality of the financing flows and maintain the economic activity of the companies. Additionally, ICO has maintained its historic high degree of commitment to **environmental impact financing (EUR 1,140 million)**

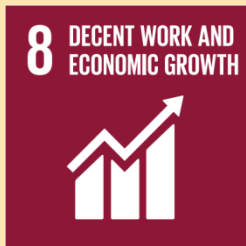
## Latest SRI milestones

- At its meeting on 27th February 2020, ICO's General Board adopted a new **Sustainability Policy**<sup>1</sup>, 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 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 European Investment Bank.
- 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.
- AXIS (ICO's private equity subsidiary) 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.

1. <https://www.ico.es/documents/19/0/ICO+SUSTAINABILITY+POLICY.pdf/af535e65-d30c-4ff7-847c-7bf833efc12b>



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 Bonds 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

