

# Inaugural Social Bond Issue

## EUR 300mln 1.500% 5y Social Bond due 24<sup>th</sup> October 2024

MEDIOCREDITO CENTRALE

INVITALIA

MCC  
1.500% 24-Oct-24

Senior Preferred Notes

EUR 300,000,000

SG Sole Social Bond Structuring Advisor

ITALY 17/10/2019

<b>Issuer:</b>	Banca del Mezzogiorno – MedioCredito Centrale S.p.A. ("MCC")	<b>Type:</b>	Senior Preferred
<b>Rating:</b>	Ba1 (Moody's, stab) / BBB- (S&P, neg)	<b>Launch Date:</b>	17 <sup>th</sup> October 2019
<b>Notional:</b>	EUR 300mln	<b>Maturity:</b>	24 <sup>th</sup> October 2024
<b>Coupon:</b>	1.500% (annual)	<b>Structuring Advisor:</b>	Société Générale
		<b>Bookrunners:</b>	Banca Akros, SoSociété Générale, UniCredit

<b>USE OF PROCEEDS</b>	<p>Financing / refinancing of loans to Italian enterprises which support positively the economic activities of the Deprived Areas of Italy, and in particular the South. Eligible categories include:</p> <ul style="list-style-type: none"> <li>• <b>Support of Employment</b></li> <li>• <b>Contribution to Socioeconomic Advancement</b></li> </ul>
<b>SELECTION &amp; EVALUATION</b>	<ul style="list-style-type: none"> <li>• Social Bond Working Group (representatives from Finance, Credit, Market, Legal, Compliance, IT and Planning departments) to oversee the evaluation and selection process</li> </ul>
<b>MANAGEMENT OF PROCEEDS</b>	<ul style="list-style-type: none"> <li>• Commitment to reach at least 70% allocation and, on a best effort basis, full allocation within one year of issuance and until maturity of the bond</li> <li>• Allocation determined on the basis of the level of utilization (outstanding amount) rather than on the committed amounts</li> <li>• Unallocated proceeds managed in line with normal liquidity management policy.</li> </ul>
<b>REPORTING</b>	<p>Annual reporting on:</p> <ul style="list-style-type: none"> <li>• Proceeds allocation (amount of loans funded, share of refinancing)</li> <li>• Output and Impact reporting (breakdown by region, GDP, sector, no. of companies, social impact on the South of Italy)</li> </ul>
<b>EXTERNAL REVIEW</b>	<ul style="list-style-type: none"> <li>• Second Party Opinion from <b>Vigeo Eiris</b> on the Framework</li> <li>• Annual assurance report by an external auditor</li> </ul>

### KEY FEATURES OF THE TRANSACTION:

- Following a 3-day roadshow that touched Milan, London and Paris, on Thursday, 17<sup>th</sup> October 2019, Banca del Mezzogiorno – MedioCredito Centrale S.p.A launched its inaugural 5-year Social Bond.
- Fully owned by Invitalia, a government-owned agency for economic development, MCC aims at fostering the economic growth of the South of Italy. It operates by offering credit facilities to SMEs and supporting public sector investments through bank guarantees. MCC manages the Fondo di Garanzia, the most important public subsidy fund in Italy.

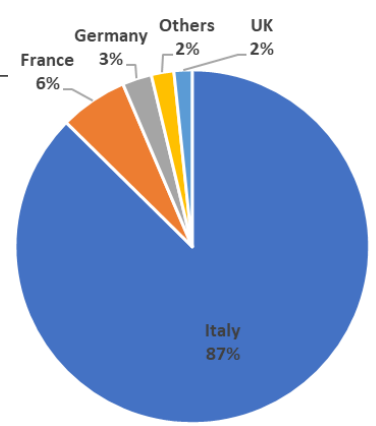
### OUTCOME:

- Pricing evolution:
  - IPTs: BTP 1.45% 11/15/24 + 130bp area
  - Guidance: BTP 1.45% 11/15/24 + 130bp area
  - Final spread: BTP 1.45% 11/15/24 + 130bp
- The orderbook reached €330m with more than 55 investors. Domestic accounts represented the lion's share of the final allocation (87%), followed by France (6%), Germany (3%), UK (2%) and others (2%). The Social Bond garnered demand from Banks (53%), followed by Fund Managers (34%), Official Institutions (10%) and Insurance Companies (3%).

### BOOKBUILDING AND SPREAD DISCOVERY:

- On Thursday 17<sup>th</sup> October at around 08:45 CET, MCC and the Joint Lead Managers (JLMs) decided to go ahead with the transaction by opening the books and announcing Initial Price Thoughts (IPTs) of BTP 1.45% 11/15/24 +130bp area to the market.
- At around 12:55 CET with an orderbook in excess of €300mln the price guidance was released and unchanged from IPTs. The spread was finally fixed at 15:15 CET at BTP 1.45% 11/15/24 + 130bp, with an orderbook above €330mln, and the closing of the books announced for 15:25 CET. At around 16:00 CET the size of the transaction was set at €300mln.
- The transaction was formally priced at 17:39 CET with a re-offer price of 99.604% and re-offer yield of 1.583%. The coupon of the bond was set at 1.500%

### ALLOCATIONS BY GEOGRAPHY



### ALLOCATIONS BY INVESTOR TYPE

