

Instituto de Crédito Oficial EUR 500mn 5-year Social Bond – Press release

Instituto de Crédito Oficial (ICO), the Spanish Public Sector Agency, rated A-(pos)/Baa1(stb)/A-(u) (stb)/A (stb) (S&P/Moody's/Fitch/DBRS) and explicitly guaranteed by the Kingdom of Spain, today priced its 4th Euro-denominated RegS Social Bond Issue.

The new EUR 500 million 5-year Social Bond benchmark transaction, is due on October 2023, pays a coupon of 0.750% and priced with a spread of +10bps over the SPGB 4.40% October 2023, equivalent to MS+43.4 bps. This is ICO's first benchmark transaction this year and the 5th Social Bond ever issued by ICO, demonstrating ICO's continued effort and commitment as the longest standing issuer of Social Bonds in the public markets.

Crédit Agricole CIB, HSBC, J.P. Morgan and Santander acted as Joint-Lead Managers on this landmark transaction.

In line with the Social Bond Principles (SBP) released in June 2017 and updated in May 2018 by ICMA, ICO's Social Bond framework confirms that proceeds will be allocated towards loans funded by ICO's second-floor facilities that meet the following eligibility criteria:

- a) Be a small, medium or microenterprise (SME) in accordance with the EU definition,
- b) Be located in a region with a GDP per capita that is below the national average, and
- c) Not carry out their activity in any of the sectors that are not considered to be sustainable in terms of social responsibility.

Through its Social Bond programme, ICO aims to support employment creation and retention in underperforming regions of Spain, where high unemployment rates have prevailed since the financial crisis that hit global markets in 2009. ICO's Social Bond also contributed to achieve part of the United Nations SDGs: Decent Work and Economic Growth (8), Industry, Innovation and Infrastructure (9) and Reduced Inequalities (10).

ICO's commitment to the development of the Social Bond market is clearly proven through annual reports on projects, including the distribution of the funds raised by region, sector, number of SMEs and number of employees.

ICO's fifth Social bond was well received by the market in November 2018 after a successful deal roadshow in Europe. This transaction is the result of ICO's work towards more transparency. ICO has continuously aimed to achieve a more detailed Social Bond impact reporting on each issuance, with last publication of October 2018 related to its Social Bond issuance from September 2017. ICO's Social Bond impact reporting has created a reference for the social bond market with the disclose of extremely valuable information about the jobs created, given more precision to the investor of its the social impact. Following the best practices of Social Bond market, ICO's Use of Proceeds and Reporting Criteria were verified also by Sustainalytics.

Execution

Following a week of heightened volatility on the back of the EU's rejection of the Italian budget, European markets opened stable in the morning of Monday 19th November and the decision was taken to proceed with the announcement of ICO's 5th Social Bond benchmark transaction for an intra-day execution to limit risk. The announcement was preceded by a week of investors meetings in eleven different European destinations, who provided solid encouragement for the transaction.

Initial Pricing Thoughts (IPTs) were released at 'SPGB + 13bps area' for a new EUR short 5-year Social Bond benchmark at 8:50am London time.

With Indications of Interest (IoIs) in excess of EUR 500mn (excluding JLM interest), books opened at 10am London time with official guidance at SPGB+12bps area. High quality investors, most of whom were previously engaged via the European roadshow drove momentum into the morning with strong support from a variety of key ESG accounts allowing for the spread to be set at SPGB+10bps and for final books to close at 11:30pm London time at over EUR 1.2 bn (excluding JLM interest) and more than 90 investors.

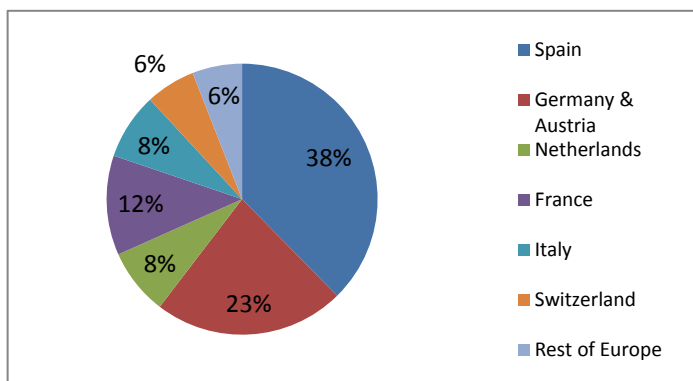
The more than twice oversubscribed transaction, which gathered very high quality orders in a record turnaround with books opened for only an hour and a half amid busy primary market, highlights the focus from European SRI investors on ICO's name and their support for ICO's solid Social framework.

The deal was priced at 15:00p.m London time with a reoffer yield of 0.774% and a reoffer price of 99.885%, offering 1 bp New Issue Premium.

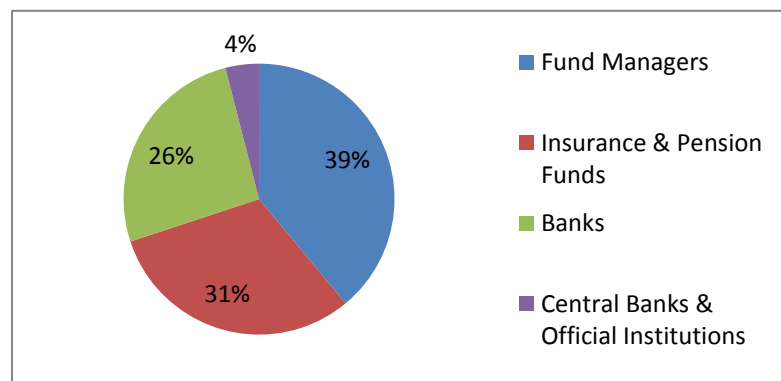
Distribution considerations

The final book included over 90 orders and around 48% of the transaction was bought by investors who incorporate ESG considerations in their investment decisions.

Geography



Investor Type



INSTITUTO DE CRÉDITO OFICIAL EUR 500MN BENCHMARK DUE 31 OCT 2023: FINAL TERMS

Issuer:	Instituto de Crédito Oficial (A-/Baa1/A-/A)
Issue Amount:	€ 500,000,000
Pricing Date:	19 th November 2018
Payment Date:	26 th Nov 2018
Maturity Date:	31 th 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

For further information, please contact:

- Antonio Cordero, ICO, Head of Funding and Treasury (+34 915921843)
- Rodrigo Robledo, ICO, Head of Capital Markets (+34 915921917)

BACKGROUND ON ICO

Instituto de Crédito Oficial –ICO– (www.ico.es) is a State-owned corporate entity attached to the Ministry of Economy and Finance of the Spanish Government. With its more than 30-year history, ICO has become a benchmark credit institution in the financing of both SME and large-scale infrastructure projects, not only in Spain but also abroad. The institute's purpose is to boost any economic activity which, on account of its social, cultural, innovative or ecological significance, merits promotion and development.