
KINGDOM OF SPAIN

New EUR 10 billion 0.5% 10-year benchmark due 30 April 2030

PRESS RELEASE – 14TH JANUARY 2020

The Kingdom of Spain, acting through the Spanish Treasury, rated A/A-/Baa1/A (stab/stab/stab/pos) by S&P, Fitch, Moody's and DBRS, priced a new 10-year benchmark on Tuesday 14th January, its first syndicated *Obligaciones del Estado* in 2020. The new EUR 10 billion SPGB due 30 April 2030 pays an annual coupon of 0.5% and was priced at a spread of 32bps over mid swaps and a reoffer price of 99.751%. The placement was carried out through a syndicate comprising six lead managers: BBVA, Citi, HSBC, J.P. Morgan, Santander and SG CIB. The remaining primary dealers in the Kingdom of Spain government bond market were invited into the syndicate as co-leads.

Background

- The Kingdom of Spain's total gross funding needs for 2020 are projected to be EUR 196.504 billion (of which EUR 117.469 billion in medium-and long-term instruments).
- Following today's transaction, the Spanish Treasury has now completed 13.3% of its stated medium-and long-term funding for the year, with EUR 15.570 billion issued in one auction and one syndicated transaction.

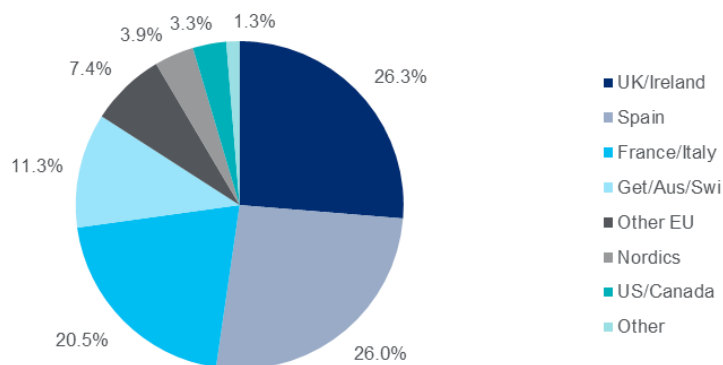
Execution highlights

- The mandate for the new *Obligaciones del Estado* syndicated 10-year euro benchmark was announced on Monday 13th January at 14:03 CET with the objective to execute the transaction on Tuesday 14th.
- Following the announcement, the new benchmark transaction received substantial interest from investors throughout the European afternoon and overnight before the announcement of any price guidance.
- With Indications of Interest ("Iols") well in excess of EUR 32 billion (including EUR 4.45 billion from leads), the order book officially opened at 09:22 CET with guidance at MS +37bps area.
- Demand continued to grow significantly after the guidance was announced and with demand in excess of EUR 45 billion (including EUR 5.15 billion from leads) by 10:30 CET, decision was taken to revise the guidance tighter at MS +35bps area.
- The order book continued to grow throughout the European morning, allowing the Kingdom to fix the spread at MS +32bps at 11:30 CET. The order book officially closed shortly thereafter at 12:00 CET.
- The transaction launched at 12:47 CET with a size of EUR 10 billion. The final orderbook stood in excess of EUR 52 billion, making it the largest book by any issuer in euro history. The high-quality and diversification of the investor base with over 347 accounts involved in the transaction allowed for a transaction size at EUR 10 billion. This is the fourth time that the size and quality of an order book enable Spain to launch a EUR 10 billion transaction, after a EUR 10 billion 10-year April 2024 in January 2014 (largest ever single syndicated Eurozone issue at the time), a EUR 10 billion 10-year April 2028 in January 2018 and a EUR 10-year in January 2019.
- Allocations were released at 15:40 CET and the transaction priced at 16:20 CET with MS +32bps, implying a reoffer yield of 0.525%. The transaction offered a New Issue Premium ("NIP") of approximately 1bps over the estimated fair value. With this new transaction, the Kingdom of Spain brings another record-breaking benchmark to the markets mirroring the success of its EUR 10 billion 10-year from January 2018 and January 2019 and reaffirming the breadth and quality of Spain's investor franchise.

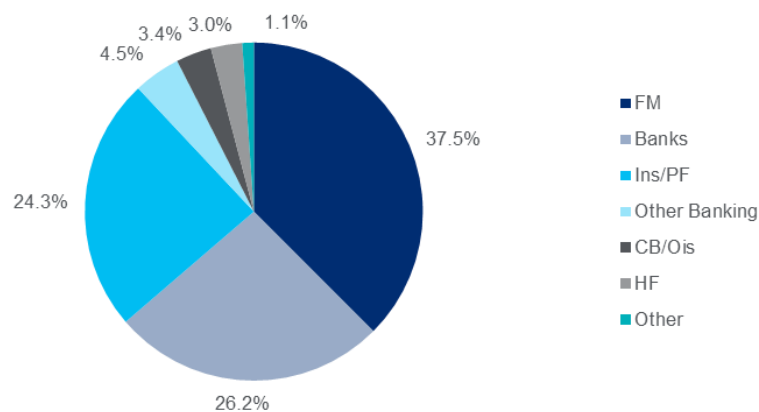
Summary of distribution

- The new transaction confirmed the heightened demand for the Spanish credit within the international investor community with 74% of the allocation. Within this, UK/Ireland received 26.3% of allocations, followed by France/Italy (20.5%) and Germany/Austria/Switzerland (11.3%). Other EU countries were allocated 7.4%, whilst Nordic investors took 3.9% of allocations. US/Canada took 3.3% and finally, investors in other regions received 1.3% of allocations.
- From an investor perspective, Fund Managers were the largest investor group taking 37.5% of the transaction, followed by banks' treasuries with 26.2%. Pension/Insurance took 24.3%, other banking investors took 4.5% and central banks/official institutions took 3.4%. Finally, hedge funds and other investors took 3.0% and 1.1% respectively.

Distribution by region



Distribution by type



Summary of terms and conditions

| | |
|-------------------|---------------------------------------------------------------------------------------------|
| Issuer | The Kingdom of Spain |
| Issuer ratings | A/A-/Baa1/A (stab/stab/stab/pos) (S&P / Fitch / Moody's / DBRS) |
| Format | Obligaciones del Estado (in dematerialized book entry form) RegS Cat 1, 144A eligible, CACs |
| Size | Euro 10,000,000,000 |
| Launch date | 14th January 2020 |
| Settlement date | 21st January 2020 (T+5) |
| Maturity date | 30th April 2030 |
| Coupon | 0.5%, annual, ACT/ACT, short first coupon on 30th April 2020 |
| Reoffer spread | MS +32bps DBR 0 02/30 +69.2bps |
| Reoffer price | 99.751% |
| Reoffer yield | 0.525% |
| Listing | Madrid (AIAF Mercado Renta Fija) |
| Governing law | Spanish Law |
| ISIN | ES0000012F76 |
| Joint-Bookrunners | BBVA, Citi, HSBC, J.P. Morgan, Santander, Société Générale |