
Kingdom of Spain 50-year Obligaciones del Estado due July 2066

PRESS RELEASE – 11th May 2016

The Kingdom of Spain, acting through the Spanish Treasury, with ratings of Baa2 by Moody's (stable outlook), BBB+ by S&P (stable outlook), BBB+ by Fitch (stable outlook) and A (low) by DBRS (stable outlook), today launched a new EUR 3 billion 50-year Obligaciones del Estado. It represents the Kingdom's third syndicated transaction of the year following the launch of the 10-year nominal bond transaction due Apr-26 and the 30-year nominal bond transaction due Oct-46, and is largest ever 50-year EUR Government Bond issued by the Kingdom of Spain.

Due 30 July 2066, the EUR 3 billion 50-year benchmark issue carries a 3.45% annual coupon and was priced at a spread of 250bps over mid-swaps to give a yield of 3.493% and a re-offer price of 98.998%. Barclays, BNP Paribas, CaixaBank, Citi, Santander and Societe Generale CIB were mandated as joint bookrunners on the transaction, with the remaining primary dealers in the Kingdom of Spain Government Bond market invited in to the syndicate as co-leads.

Background

- Total gross funding needs are projected to be EUR 224.576 billion of which EUR 120.301 billion in medium- and long-term instruments.

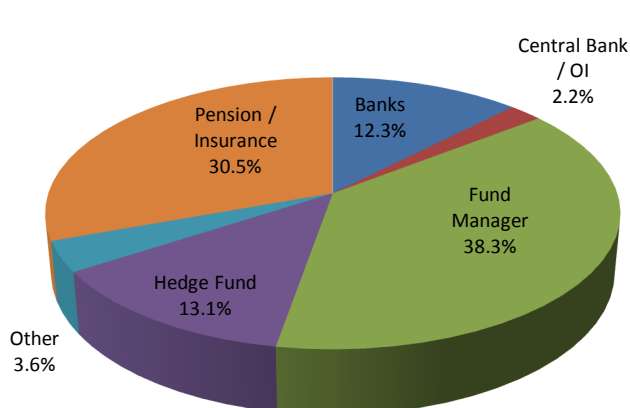
Highlights of the Issue

- The market for long end European Government Bond issuance has enjoyed a sustained period of activity in recent months, and it was with this elevated level of focus from the investment community that the Spanish Treasury made the decision to launch a new 50-year Obligaciones del Estado.
- The mandate was announced late in the European afternoon at 17.20 Madrid time on Tuesday 10th May.
- With a prevailing stable market backdrop on the morning of Wednesday 11th May, initial price thoughts (IPTs) of MS + mid/high 250's were announced to the market around 9.10am Madrid time.
- There was a tremendous response to the release of IPTs and by 11.00am Madrid time, with an indications of interest (IOI) book of EUR 6.5 billion, including EUR 1.175 billion of JLM interest, books were officially opened at the revised price guidance of MS + 253bps area.
- The orderbook continued to grow and 1 hour later was in excess of EUR 10 billion including EUR 1.2bn of JLM interest, at which point the spread was set at MS + 250bps. The orderbook was officially closed at 12:30pm Madrid time and the 302 investors that participated in the offering enabled the Kingdom of Spain to launch a heavily oversubscribed EUR 3 billion transaction.
- The EUR 3 billion transaction was priced at 17.15pm Madrid time at a final spread of MS+250bps, equivalent to a spread to the SPGB 2.9% Oct-46 of 63.5bps.

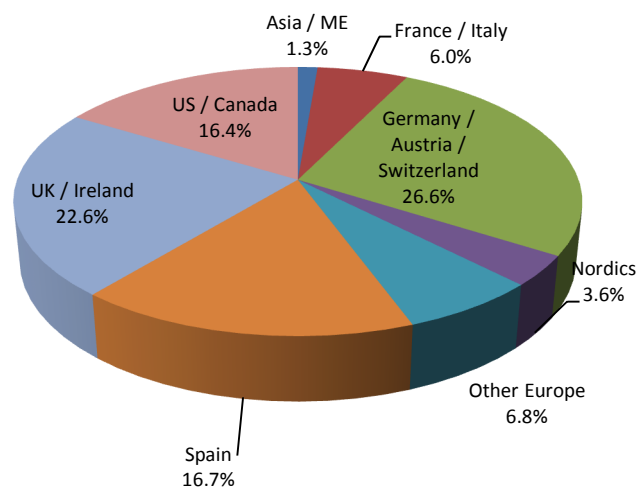
Distribution

- The final allocations demonstrated the heightened demand for the Spanish credit within the international investor community with 83.3% of the allocation. Within this, the two largest regions of demand were Germany/Austria/Switzerland and the UK/Ireland, with 26.6% and 22.6% of the overall allocation respectively.
- From an investor perspective, Fund Managers and Pension / Insurance continue to support the Spanish credit and represent the largest allocations with 38.3% and 30.5% of the allocation respectively. Hedge Funds and Banks then followed with 13.1% and 12.3%.

By investor type



By geography



Summary of terms and conditions

Issuer	The Kingdom of Spain
Issuer ratings	Baa2/BBB+/BBB+/AL (all stable)
Format	Obligaciones del Estado (in dematerialized book entry form) RegS Cat 1, 144A eligible, CACs
Size	EUR 3 billion
Launch Date	11th May 2016
Settlement Date	18th May 2016
Maturity Date	30th July 2066
Coupon	3.45%, annual, ACT/ACT, short first coupon on 30th July 2016
Re-offer Spread	MS + 250bps
Re-offer Price	98.998%
Re-offer Yield	3.493%
Governing Law	Spanish Law
ISIN	ES00000128E2
Joint-Bookrunners	Barclays, BNP Paribas, CaixaBank, Citi, Santander and Societe Generale