
Kingdom of Spain

New EUR 5 billion 2.90% 30-year benchmark due 31st of October 2046

PRESS RELEASE – 8th of March 2016

The Kingdom of Spain, acting through the Spanish Treasury, rated Baa2/BBB+/BBB+/AL (stab/stab/stab/pos) by Moody's, S&P, Fitch and DBRS, priced on Tuesday 8th of March a new benchmark in the 30-year maturity, its second syndicated nominal *Obligaciones del Estado* issued in 2016. The new EUR 5 billion SPGB due 31st of October 2046 pays an annual coupon of 2.90% with a short first coupon and was priced at a spread of 185bps over mid swaps implying a reoffer yield of 2.954%. The placement was carried through a syndicate made of six lead managers: Barclays, GSIB, HSBC, J.P. Morgan, Santander GBM and Société Générale. The remaining primary dealers in the Kingdom of Spain government bond market were invited into the syndicate as co-leads.

Context

- In its forecast for 2016, the Spanish Treasury announced total gross issuance of EUR 226.694 billion, of which EUR 125.301 billion in medium and long-term instruments.
- The Kingdom of Spain has launched two syndicated transactions so far in 2016, having already priced in January a successful new 10-year benchmark (coupon 1.95%, maturity 30th of April 2026) for EUR 9 billion.
- In this sense, the Spanish Treasury has now completed 29.7% of its medium and long-term funding program for 2016 via both auctions and syndicated transactions.

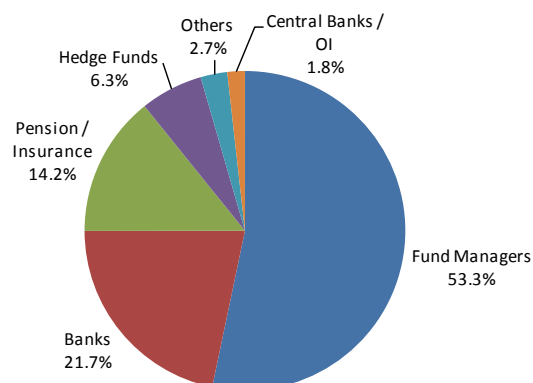
Highlights of the Issue

- Taking advantage of the good investor's demand present on the long-end of the EUR government bond market, the Spanish Treasury decided to launch a new EUR benchmark in the 30-year maturity bucket. The mandate was officially announced on Monday 7th of March at 14h30 CET, with the objective to launch the transaction the next day (i.e. Tuesday 8th of March).
- Following a go / no go call early on Tuesday 8th of March and on the back of the positive feedback received following the mandate announcement, the issuer and the Joint Lead Managers ("JLMs") decided to release Initial Pricing Thoughts ("IPTs") of 190bps area over mid swaps at 9h30 CET.
- With investors indications of interest exceeding EUR 11 billion (including EUR 1.85 billion of JLMs interest) the orderbook was officially open at 11h25 CET with initial price guidance of 187bps area over mid swaps.
- A strong orderbook in excess of EUR 13 billion (including EUR 2 billion of JLMs interest) allowed the issuer and the JLM to fix the spread at 185bps over mid swaps at 12h50 CET while also announcing the closing of the books set for 13h30 CET.
- With 308 accounts participating in the transaction and a high quality final order book close to EUR 14 billion (including EUR 2.15 billion from JLMs interest), the Kingdom of Spain set the transaction size at EUR 5 billion for its new SPGB 30-year benchmark.
- The new SPGB 30-year benchmark was finally priced at 17h25 CET with a reoffer yield of 2.954% and a reoffer price of 98.931%, offering a New Issue Premium ("NIP") of approximately 3.5bps over the theoretical fair value.
- The Spanish Treasury intends to provide further liquidity to the new 30-year benchmark through re-openings via auctions in the future.

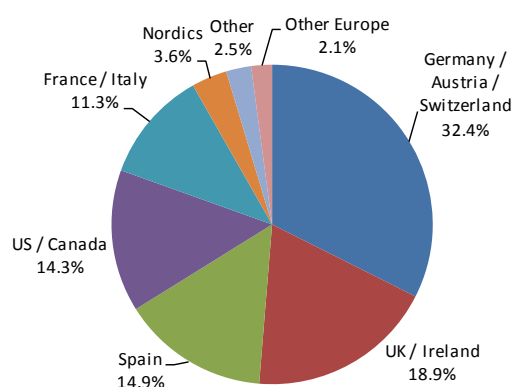
Summary of distribution

- Interest from international investors was substantial, with more than 85% of the transaction distributed to non-domestic accounts. Among non-residents participation, investors based in Germany / Austria / Switzerland represented the largest portion of the trade with around 32.4%, followed by UK / Ireland with 18.9% and US / Canada with 14.3%.
- The transaction benefited from extensive demand stemming from real money accounts. Amongst the main investors, fund managers accounted for 53.3% of the final allocation, followed by banks with 21.7% and pension funds and insurance companies with 14.2%.

Distribution by investor type



Distribution by geography



Summary of terms and conditions

Issuer	The Kingdom of Spain
Issuer ratings	Baa2/BBB+/BBB+/AL (stab/stab/stab/pos)
Format	Obligaciones del Estado (in dematerialised book entry form), RegS Cat 1, 144A eligible, CACs
Size	Euro 5,000,000,000.00
Launch date	8 th March 2016
Settlement date	15 th March 2016 (T+5)
Maturity date	31 st October 2046
Coupon	2.90%, Fixed, ann. (Act/Act) short first to 31 st October 2016
Reoffer spread	Mid swap +185bps
Reoffer price	98.931%
Reoffer yield	2.954%
Listing / Trading	Mercado de Deuda Pública en Anotaciones
Governing law	Spanish Law
ISIN	ES00000128C6 (single ES tranche)
Joint-Bookrunners	Barclays/ GSIB/ HSBC/ J.P. Morgan/ Santander/ SG CIB