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## Kingdom of Spain

### EUR 8 billion 1.450% 10-year benchmark due 31<sup>st</sup> of October 2027

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#### PRESS RELEASE – 27 June 2017

The Kingdom of Spain, acting through the Spanish Treasury, rated Baa2/BBB+/BBB+/AL (stab/pos/stab/stab) by Moody's, S&P, Fitch and DBRS, successfully priced its third syndicated nominal Obligaciones del Estado in 2017, pricing a new EUR 8 billion 10yr benchmark due 31 October 2027. The bond pays an annual coupon of 1.450% with a short first coupon and was priced at a spread of 70bps over mid swaps, implying a reoffer yield of 1.529%. The placement was carried through a syndicate made of six lead managers: Barclays, BBVA, Citi, GSIB, HSBC, and Santander. 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 2017 funding programme, the Spanish Treasury announced a total gross issuance of EUR 230.017 billion, of which EUR 132.904 billion is to be attained in medium and long-term instruments.
- The Kingdom of Spain has already launched two syndicated nominal transactions this year, having priced a new EUR 9 billion 10-year benchmark (coupon 1.50%, maturity 30<sup>th</sup> April 2027) in January and a new 5 billion 15-year benchmark (coupon 2.35%, maturity 30<sup>th</sup> July 2033) in February.
- The Spanish Treasury has now completed 64.5% of its medium and long-term funding program for 2017 via both auctions and syndicated transactions.

#### Highlights of the Transaction

- Taking advantage of the constructive market backdrop and a clear execution window this week, the Spanish Treasury announced the mandate for a new 10-year benchmark on Monday, 26<sup>th</sup> June at 15:15 CET, with the transaction expected to launch in the near future, subject to market conditions.
- On the back of the strong investor feedback post the mandate announcement, with IOIs in excess of EUR 18.5 billion (including EUR 4.25 billion JLM interest), the issuer decided to officially open books shortly after 0910 CET with a price guidance of Mid-Swaps + "mid 70s".
- Demand continued to grow throughout the European morning, reaching in excess of EUR 25.7 billion (including EUR 4.75 billion of JLM interest) by 10:50 CET, allowing the issuer to revise the price guidance to Mid-Swaps + 72bps area.
- With books reaching in excess of EUR 28.5 billion (including EUR 4.75 billion of JLM interest) by 11:45 CET, the issuer decided to further tighten the price guidance by 2bps and set spread at 70bps over Mid-Swaps, while also announcing the closing of books at 12:15 CET.
- Final orderbooks closed in excess of EUR 28.9 billion (including EUR 4.55 billion of JLM interest) and witnessed participation from 237 investor accounts including co-lead accounts, allowing the Kingdom of Spain to comfortably set the transaction size at EUR 8 billion for its new SPGB 10-year benchmark.
- The deal was priced at 17:05 CET with a reoffer yield of 1.529% and a reoffer price of 99.249%, offering a New Issue Premium ("NIP") of approximately 2bps over the theoretical fair value.
- The Spanish Treasury intends to provide further liquidity to the new 10-year benchmark through reopenings via auctions in the future.

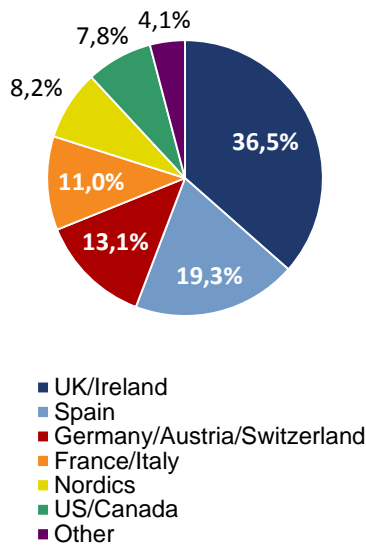




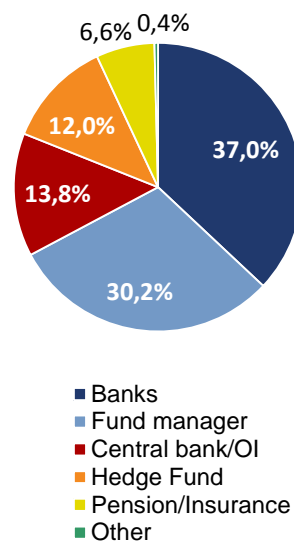
## Distribution Statistics

- Interest from international investors was substantial, with 80.7% of the transaction distributed to non-domestic accounts, dominated by UK/Ireland which accounted for 36.5% of the final allocation.
- The transaction benefited from extensive demand stemming from real money accounts. Amongst the main investors, fund managers accounted for 30.2% of the final allocation, and the strong demand from Central Banks/OIs, taking 13.8% of the final allocation, is worth highlighting.

### By geography:



### By investor type:



## Summary of terms and conditions

|                   |  |
|-------------------|--|
| Issuer            | The Kingdom of Spain   |
| Issuer ratings    | Baa2/BBB+/BBB+/AL (stab/pos/stab/stab)   |
| Format            | Obligaciones del Estado (in dematerialised book entry form), RegS Cat 1, 144A eligible, CACs |
| Size              | Euro 8,000,000,000.00  |
| Launch date       | 27th June 2017   |
| Settlement date   | 04th July 2017 (T+5)   |
| Maturity date     | 31st October 2027  |
| Coupon            | 1.450%, Fixed, ann. (Act/Act), short first to 31st October 2017                              |
| Reoffer spread    | Mid swap + 70bps   |
| Reoffer price     | 99.249%  |
| Reoffer yield     | 1.529%   |
| Listing           | Public Debt Market of the Kingdom  |
| Governing law     | Spanish Law  |
| ISIN              | ES0000012A89 (single ES tranche)   |
| Joint-Bookrunners | Barclays / BBVA / Citi / GSIB / HSBC / Santander   |