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## KINGDOM OF SPAIN

### New EUR 10 billion 1.45% 10-year benchmark due 30 April 2029

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PRESS RELEASE – 22ND JANUARY 2019

The Kingdom of Spain, acting through the Spanish Treasury, rated A-/A-/Baa1/A (pos/stab/stab/stab) by S&P, Fitch, Moody's and DBRS, priced a new 10-year benchmark on Tuesday 22nd January, its first syndicated *Obligaciones del Estado* in 2019. The new EUR 10 billion SPGB due 30 April 2029 pays an annual coupon of 1.45% and was priced at a spread of 65bps over mid swaps and a reoffer price of 99.889%. The placement was carried out through a syndicate comprising six lead managers: BBVA, Citi, Crédit Agricole CIB, HSBC, JPM 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 2019 are projected to be EUR 209.526 billion (of which EUR 126.933 billion in medium-and long-term instruments).
- Following today's transaction, the Spanish Treasury has now completed 15.8% of its stated medium-and long-term funding for the year, with EUR 20.1 billion issued in two auctions and one syndicated transaction.

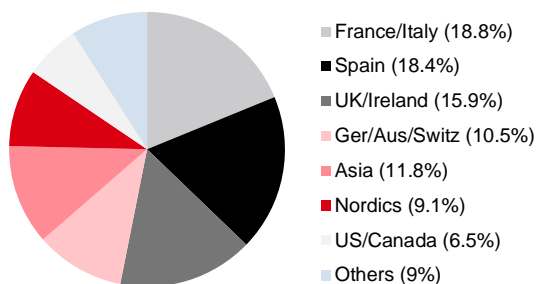
#### Execution highlights

- Taking advantage of a very constructive market backdrop, the mandate for the new *Obligaciones del Estado* syndicated 10-year euro benchmark was announced on Monday 21st January at 14:00 CET with the objective to execute the transaction on Tuesday 22nd.
- 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 32.5 billion (including EUR 4.35 billion from leads), the order book officially opened at 09:20 CET with guidance at MS +70bps area.
- Demand continued to grow significantly after the guidance was announced and with demand in excess of EUR 46 billion (including EUR 4.35 billion from leads) by 10:40 CET, decision was taken to revise the guidance tighter at MS +67bps area (+/-2bps WPIR).
- The order book continued to grow throughout the European morning, with demand in excess of EUR 50 billion (including EUR 4.35 billion from leads) by 11:15 CET allowing to fix the spread at MS +65bps.
- The order book officially closed at 11:30 CET with total demand at the final spread slightly over EUR 46.5 billion (including EUR 4.35 billion from leads), making it the largest ever order book for any public issuer in euros.
- The high-quality and diversification of the investor base with 410 accounts involved in the transaction allowed to comfortably set the transaction size at EUR 10 billion at 13:15 CET. This is the third time in history 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) and a EUR 10 billion 10-year April 2028 in January 2018.
- Allocations were released at 15:40 CET and the transaction priced at 16:25 CET with MS +65bps, implying a reoffer yield of 1.462% and offering a New Issue Premium ("NIP") of approximately 3bps over the estimated fair value as the secondary SPGB curve remained strong during bookbuilding process.
- 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 2014 and January 2018 and reaffirming the breadth and quality of Spain's investor franchise.

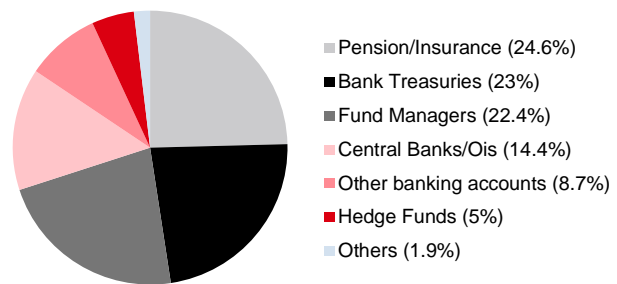
### Summary of distribution

- The final allocations demonstrated that recent rating upgrades allowed for a widening and deepening of Spain's investor base, and for an improvement in the average quality of participants.
- In particular, this new transaction confirmed the heightened demand for the Spanish credit within the international investor community with 81.6% of the allocation. Within this, 11.8% of the allocation went to Asia, the highest allocation to this region, in relative terms, since July 2010. Away from Asia, the largest regions of demand were France/Italy (18.8%), UK/Ireland (15.9%), Germany/Austria/Switzerland (10.5%), Nordic countries (9.1%) and US/Canada (6.5%).
- From an investor perspective, Pension/Insurance were the largest investor group taking 24.6% of the transaction followed by banks' treasuries with 23%. Fund managers took 22.4%, Central Banks/Official Institutions took 14.4%. Finally, other banking investors and hedge funds took 8.7% and 5% respectively.

*Distribution by region*



*Distribution by type*



### Summary of terms and conditions

Issuer	The Kingdom of Spain
Issuer ratings	A-/A-/Baa1/A (pos/stab/stab) (S&P / Fitch / Moody's / DBRS)
Format	Obligaciones del Estado (in dematerialized book entry form) RegS Cat 1, 144A eligible, CACs
Size	Euro 10,000,000,000.00
Launch date	22nd January 2019
Settlement date	29th January 2019 (T+5)
Maturity date	30th April 2029
Coupon	1.45%, annual, ACT/ACT, short first coupon on 30th April 2019
Reoffer spread	MS +65bps   DBR 0.25 02/29 +122.2bps
Reoffer price	99.889%
Reoffer yield	1.462%
Listing	Madrid (AIAF Mercado Renta Fija)
Governing law	Spanish Law
ISIN	ES0000012E51
Joint-Bookrunners	BBVA, Citi, Crédit Agricole CIB, HSBC, J.P. Morgan, Société Générale