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## KINGDOM OF SPAIN

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### New EUR 6 billion 0.60% 10-year benchmark due 31<sup>st</sup> of October 2029

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#### PRESS RELEASE – 12<sup>th</sup> OF JUNE 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 Wednesday 12<sup>th</sup> of June 2019. The new EUR 6 billion SPGB due 31<sup>st</sup> of October 2029 pays an annual coupon of 0.60% with a short first coupon and was priced at a spread of 33bps over mid swaps implying a reoffer yield of 0.629%. The placement was carried out through a syndicate comprising six lead managers: BBVA, Crédit Agricole CIB, Goldman Sachs International Bank, HSBC, Santander and Société Générale. The remaining primary dealers in the Kingdom of Spain government bond market were invited into the syndicate as co-leads.

#### Background

- ✓ This new 10-year benchmark is the third syndicated nominal *Obligaciones del Estado* issued in 2019, following the EUR 5 billion 15-year and EUR 10 billion 10-year *Obligaciones del Estado* issued in February and January respectively.
- ✓ After this new transaction, the Spanish Treasury has completed EUR 70.3 billion in medium and long-term funding, equivalent to 57.7% of their announced gross issuance target for the year of 121.9 billion.

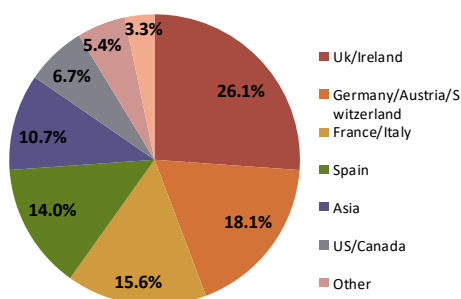
#### Execution highlights

- ✓ The mandate of the new *Obligaciones del Estado* syndicated 10-year benchmark was announced on Tuesday 11<sup>th</sup> of June slightly after 14h45 CET. Following the announcement of the transaction, the Joint Lead Managers ("JLM") started collecting substantial indications of interest from investors throughout the afternoon and overnight before the announcement of any price guidance.
- ✓ On Wednesday 12<sup>th</sup> of June and with Indications of Interest ("Iols") well above EUR 20.5 billion (including EUR 3.9 billion of JLM interest), at 09h20 CET the orderbook was officially opened with price guidance of mid swaps +37bps area and the transaction size was immediately announced at EUR 6 billion (no grow).
- ✓ With books in excess of EUR 31 billion (including EUR 4.15 billion of JLM interest), at 10h25 CET the guidance was revised to mid swaps +35bps area (+/- 2bps WPIR). At 11h05 CET the final spread was fixed at mid swaps +33bps (4bps inside initial price guidance). This pricing is 32bps tighter than the issue spread of the last *Obligaciones del Estado* 10-year benchmark launched in January.
- ✓ The orderbook was officially closed at 11h30 CET. A total of 212 orders were placed in the transaction with the final book size over EUR 27.5 billion (including EUR 3.75 billion of JLM interest). Allocations were released at 14h15 CET and the transaction priced at 15h05 CET at mid swaps +33bps, giving a re-offer yield of 0.629% and reoffer price of 99.710%.
- ✓ With this new transaction the Kingdom of Spain matches the previous successful outcomes of the EUR 5 billion 15-year and EUR 10 billion 10-year *Obligaciones del Estado* issued earlier this year, highlighting the value of the Spanish credit as well as the depth and quality of the Spanish investor base.

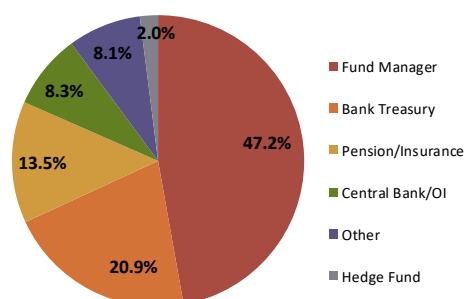
### Summary of distribution

- ✓ The transaction demand demonstrated the strong appetite for the Spanish credit within the international investor community which represented 86% of the final allocation. From this group, the largest proportion of the final allocation went to investors based in the UK/Ireland (26.1%), followed by Germany/Austria/Switzerland (18.1%), France/Italy (15.6%) and Asia (10.7%). Domestic investors accounted for 14% of the final allocation.
- ✓ From an investor perspective, fund managers represented the largest share of the final allocation with 47.2%, followed by bank treasuries (20.9%), pension/insurance (13.5%) and central banks/official institutions (8.3%).

*By Investor Country*



*By Investor Type*



### Summary of terms and conditions

Issuer	The Kingdom of Spain
Issuer ratings	A-/A- /Baa1/A (pos/stab/stab/stab)
Format	Obligaciones del Estado (in dematerialized book entry form) RegS Cat 1, 144A eligible, CACs
Size Euro	6,000,000,000.00
Pricing date	12 <sup>th</sup> June 2019
Settlement date	19 <sup>th</sup> June 2019 (T+5)
Maturity date	31 <sup>st</sup> October 2029
Coupon	0.60%, fixed, annual, ACT/ACT, short first coupon on 31 <sup>st</sup> October 2019
Reoffer spread	MS +33bps / DBR 0.25% 02/2029 +86.6bps
Reoffer price	99.710%
Reoffer yield	0.629%
Listing	Madrid (AIAF Mercado Renta Fija)
Governing law	Spanish Law
ISIN	ES0000012F43
Joint-Bookrunners	BBVA, CACIB, GS, HSBC, Santander and SG CIB