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## KINGDOM OF SPAIN

### New EUR 5 billion 1.85% 15-year benchmark due 30 July 2035

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PRESS RELEASE – 26<sup>th</sup> February 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 15-year benchmark on Tuesday 26th February, its second syndicated nominal *Obligaciones del Estado* for 2019. The new EUR 5 billion SPGB due 30 July 2035 pays an annual coupon of 1.85% with a short first coupon and was priced at a spread of 80bps over mid swaps implying a reoffer price of 99.808%. The placement was carried out through a syndicate comprising 6 lead managers: Barclays, Goldman Sachs International Bank, HSBC, Morgan Stanley, Natwest Markets and Santander. The remaining primary dealers in the Kingdom of Spain government bond market were invited into the syndicate as co-leads.

#### Background

- The Spanish Treasury had published projected total gross funding needs for 2019 of EUR 126.9 billion in medium- and long-term instruments. After this transaction, it has completed EUR 34.5 billion in medium- and long-term funding, equivalent to 27.2% of their target.
- This is the Spanish Treasury's second syndicated transaction so far this year, having launched in January a new 10-year benchmark (1.45% April 2029) for EUR 10 billion.

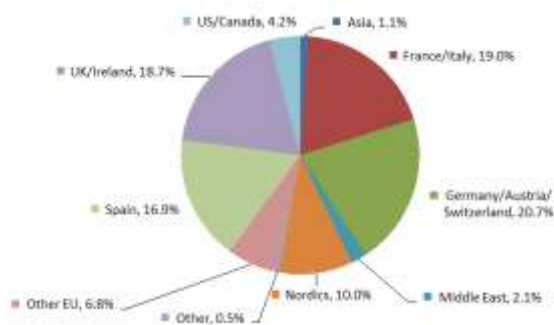
#### Execution highlights

- On the back of positive market conditions, the Spanish Treasury decided to bring a new 15-year EUR Government Bond to the market.
- The mandate was officially announced on Monday 25<sup>th</sup> February at 14:00 CET. Throughout the afternoon and overnight, the transaction received considerable interest from investors, leading to Indications of Interest ("Iols") in excess of EUR 26 billion (including EUR 3.45 billion Joint Lead Manager interest) on the following morning. At 09:25 CET on Tuesday 26<sup>th</sup> February, the decision was then taken to announce a EUR 5 billion "no grow" and to open books formally, with price guidance of mid swaps plus 85 bps area.
- The decision to announce a "no grow" transaction was driven mainly by the advanced nature of the the Funding Programme (27.2%, as noted above). With Iols of over EUR 26 billion on Tuesday morning, the Tesoro could easily have printed a much larger trade, even before books were formally open. Mindful of this, and wishing to clearly communicate their intentions to investors, the Tesoro highlighted that this would be a €5billion "no grow" transaction. The Tesoro maintains a regular fortnightly auction schedule for Spanish government bonds, and is very focussed on continuing to be responsive in providing liquidity to its curve where demand exists via this mechanism, as well as maintaining flexibility to consider opportunities to potentially launch further new lines this year.
- In the hour following books being formally opened, the orderbook continued to develop strongly and by 10:30 CET, with books in excess of EUR 43 billion (including 3.45 billion Joint Lead Manager interest), price guidance was revised to mid swaps plus 82 bps area (+/-2bp WPIR). Less than 15 minutes later, the Tesoro decided to set the final spread at mid swaps plus 80 bps, and books closed at 11:00 CET, comprising 466 individual orders.

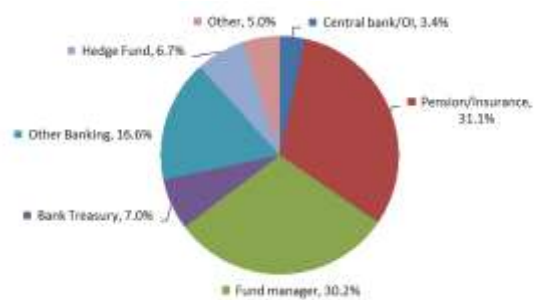
- With this new transaction, the Kingdom of Spain brings another key benchmark to the markets, repeating the success of its EUR 10 billion 10-year from January 2019, and reaffirming the breadth and quality of Spain's investor base.

### Summary of distribution

*Distribution by region*



*Distribution by type*



### Summary of terms and conditions

Issuer	The Kingdom of Spain
Issuer ratings	Baa1/A-/A-/A (stab/pos/stab/stab)
Format	Obligaciones del Estado (in dematerialized book entry form) RegS Cat 1, 144A eligible, CACs
Size	Euro 5,000,000,000.00
Launch date	26th February 2019
Settlement date	5 <sup>th</sup> March 2019 (T+5)
Maturity date	30 <sup>th</sup> July 2035
Coupon	1.85%, annual, ACT/ACT, short first coupon on 30 <sup>th</sup> July 2019
Reoffer spread	MS +80bps
Reoffer price	99.808%
Reoffer yield	1.864%
Listing	Madrid (AIAF Mercado Renta Fija)
Governing law	Spanish Law
ISIN	ES0000012E69
Joint-Bookrunners	BARCLAYS / HSBC / GSIB / MS / NWM / SANTANDER