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## Kingdom of Spain

### New EUR 5.0 billion 1.000% 30-year benchmark due 31 October 2050

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PRESS RELEASE – 25<sup>th</sup> February 2020

The Kingdom of Spain, acting through the Spanish Treasury, rated A/A-/Baa1/A (stab/stab/stab/pos) by S&P, Fitch, Moody's and DBRS, priced a new 30-year benchmark on Tuesday 25<sup>th</sup> February, its second syndicated nominal *Obligaciones del Estado* in 2020. The new EUR 5.0 billion SPGB due 31 October 2050 pays an annual coupon of 1.000% and was priced at a spread of 86bps over mid swaps and a reoffer price of 98.154%. The placement was carried out through a syndicate comprising six lead managers: Barclays, BBVA, BNP Paribas, Credit Agricole CIB, J.P. Morgan and Santander. 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 2020 are projected to be EUR 196.50 billion (of which EUR 117.47 billion is forecasted to be raised through medium-and long-term instruments).

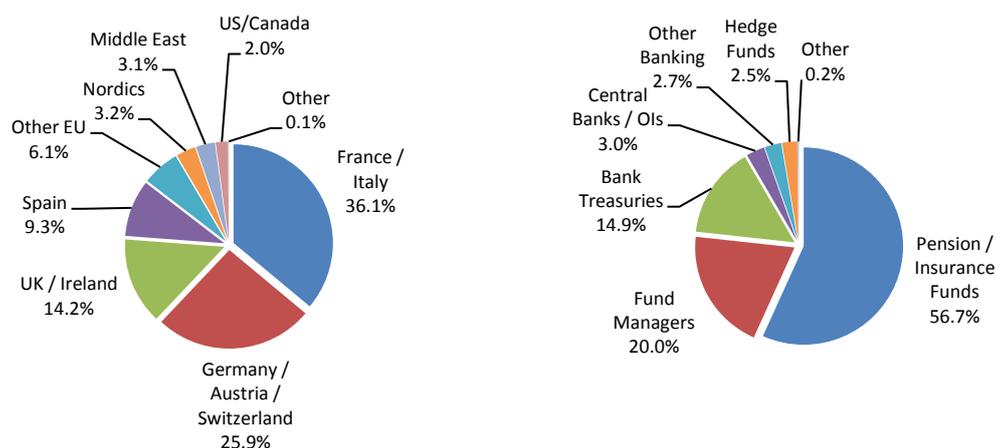
Following today's transaction, the Spanish Treasury has now completed 32.2% of its stated medium-and long-term funding for the year, with EUR 37.80 billion issued in four auctions and two syndicated transactions.

#### Execution highlights

- The mandate for the new *Obligaciones del Estado* syndicated 30-year euro benchmark was announced Monday 24<sup>th</sup> February at 14:50 CET.
- 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. At 9:04 CET on Tuesday 25<sup>th</sup> February, indications of interest ("IoIs") stood in excess of EUR 20.0 billion (including EUR 2.3 billion Joint Lead Manager interest), at which point the orderbook was officially opened with price guidance of MS + 89bp area.
- The orderbook continued to develop strongly and at 10:34 CET, with orders now in excess of EUR 30.0 billion (including EUR 2.55 billion Joint Lead Manager interest), the decision was taken to tighten the spread to MS +87bps area.
- At 11:25 CET, after orders were placed by key real money accounts, the decision was taken to set the spread at MS+86bps. Shortly thereafter at 11:45 CET, the orderbook was officially closed. The final book size was in excess of EUR 17.9 billion (including EUR 2.35 billion from Joint Lead Manager interest).
- At 14:26 CET, the high-quality and diversification of the orderbook enabled the Kingdom of Spain to launch a EUR 5.0 billion transaction. Allocations for the new SPGB due 31 October 2050 were released at 15:01 CET.
- The transaction was priced at 15:41 CET at MS+86bps, giving a reoffer price of 98.154%, reoffer yield of 1.071% and coupon of 1.00%, equivalent to a spread of 108.40bp over the DBR Aug-50. This represents the lowest-ever reoffer yield and coupon for a 30-year SPGB syndication.
- The final pricing of MS +86bps represents a new issue premium of approximately 2bp over the pre-announcement fair value, as estimated by the Joint Lead Managers.

## Distribution

- International investors took over 90% of the allocated bonds, which is a record for an SPGB syndication for available data. France/Italy was the single largest geography with 36.1%. Other notably active investor regions were Germany/Austria/Switzerland with 25.9% and the UK/Ireland with 14.2%.
- Pension and Insurance Funds constituted the largest investor group taking 56.7% of the transaction, also a record level for an SPGB syndication. Other Fund Managers and Bank Treasuries took 20.0% and 14.9% respectively.



## Summary of terms and conditions

Issuer:	The Kingdom of Spain
Exp Ratings:	A/A-/Baa1/A (stab/stab/stab/pos) (S&P/Fitch/Moody's/DBRS)
Format:	Obligaciones del Estado (in dematerialised book entry form), RegS Cat 1, 144A eligible, CACs
Size:	EUR 5bln
Maturity:	31-October-2050
Settlement:	03-March-2020 (T+5)
Coupon:	1.00% Fixed, annual ACT/ACT, short first to 31-October-2020
Reoffer:	98.154%, 1.071% ann
Spread:	Mid-Swap + 86bps, DBR 08/2050 + 108.40bps (Spot 100.392)
Denom/Listing/Law:	€1k+1k / Madrid (AIAF Mercado Renta Fija) / Spanish Law
Docs:	Exempt from prospectus requirements in Spain. Spanish public debt tax regime. No events of default. No tax grossup.
Bookrunners:	BARCLAYS, BBVA, BNPP, CACIB, J.P. Morgan, Santander (B&D)
Duration manager:	Santander
ISIN:	ES0000012G00
Timing:	T.O.E. 15.41 CET, FTT: 15:50 CET

The target market for the Bonds is professionals, retail and eligible counterparties (all channels for distribution), each as defined in MIFID II.