
KINGDOM OF SPAIN

New EUR 10 billion 0.1% 10-year benchmark due 30 April 2031

PRESS RELEASE – 13th January 2021

The Kingdom of Spain, acting through the Spanish Treasury, rated A/A-/Baa1/A (neg/stab/stab/stab) by S&P, Fitch, Moody's and DBRS, priced a new 10-year benchmark on Wednesday 13th January, the first syndicated *Obligaciones del Estado* in 2021. The new EUR 10 billion SPGB due 30 April 2031 pays an annual coupon of 0.1% and was priced at a spread of 4bps over the SPGB 31-Oct-2030 and with a reoffer price of 99.857%. The placement was carried out through a syndicate comprising six lead managers: BBVA, Citi, HSBC, J.P. Morgan, Santander and Société Générale. The other primary dealers in the Kingdom of Spain government bond market were invited into the syndicate as co-leads.

Background

- This is the Kingdom of Spain's first syndicated *Obligaciones del Estado* priced in 2021.
- The Kingdom of Spain's total gross funding needs for 2021 are projected to be EUR 289.1 billion (of which EUR 184.4 billion in medium-and long-term instruments).
- Following today's transaction, the Spanish Treasury has now completed 9.1% of its stated medium-and long-term funding for the year, with EUR 16.8 billion issued in one auction and one syndicated transaction.

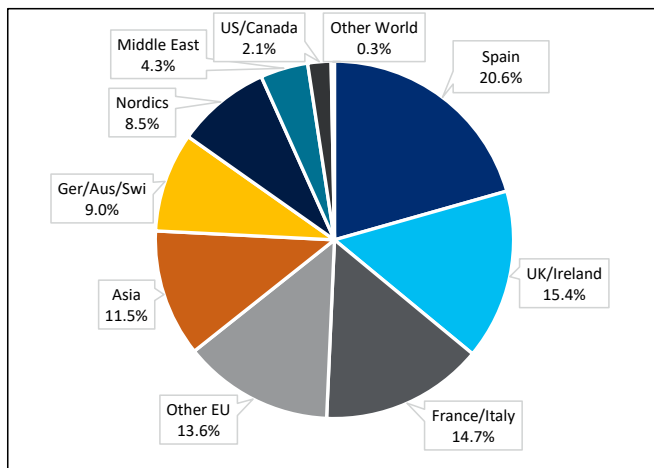
Execution highlights

- The mandate for the new *Obligaciones del Estado* syndicated 10-year euro benchmark was announced on Tuesday 12th January 2021 at 15:00 CET with the objective to execute the transaction on Wednesday 13th January.
- With Indications of Interest ("Iols") over EUR 88 billion (including EUR 5.16 billion from JLM trading interest), the orderbook officially opened at 9:20 CET with guidance at SPGB 31-Oct-30 +8bps area.
- Demand grew significantly in the European morning to over EUR 130 billion (including EUR 5.66 billion from JLM trading interest) by 11:20 CET.
- Syndication is a price discovery process and with such a huge oversubscription, Tesoro decided to tighten the pricing. The lead managers recommended to fix the pricing at a spread of SPGB 31-Oct-30 +4bps, with a 1bp concession to the agreed fair value spotted at SPGB 31-Oct-30 +3bps. The orderbook closed at 12:00 CET.
- The transaction launched at 15.25 CET with a size of EUR 10 billion and a final orderbook over EUR 55 billion. Notably, this is very similar to the EUR 53 billion orderbook achieved for the EUR 10 billion SPGB Apr-30 syndication priced in January the previous year.
- The high quality and diversification of the investor base with over 290 different accounts involved in the transaction allowed for a transaction size at EUR 10 billion.
- Allocations were released at 17:50 CET and the transaction priced at 18:34 CET at SPGB 31-Oct-30 +4bps, implying a reoffer yield of 0.114%.
- The re-offer yield of 0.114% is the lowest yield ever in a 10-year SPGB syndication.

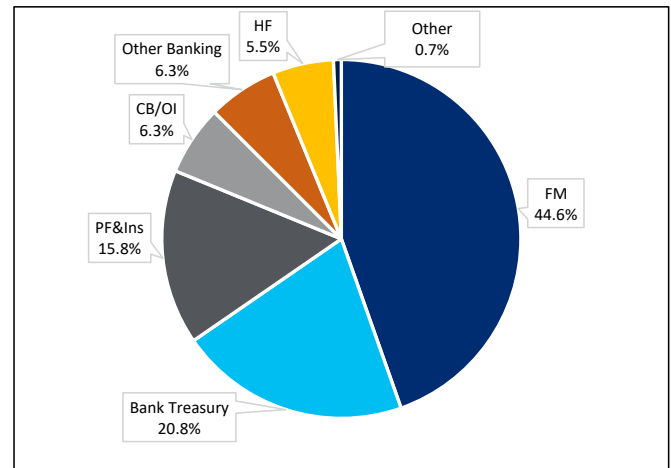
Summary of distribution

- This transaction confirms the heightened demand for the Spanish credit within the international investor community with over 79% of the allocation. Within this, UK/Ireland received 15.4% of allocations, followed by France/Italy (14.7%) and other EU accounts (13.6%). Asian accounts were allocated 11.5%, whilst German/Austrian/Swiss investors took 9% and Nordic investors took 8.5% of the allocations. Accounts from the Middle East took 4.3% followed by North America (2.1%) and finally, by investors in other regions who received 0.3% of the allocations.
- From an investor type perspective, Fund Managers took the lion's share of the allocation with 44.6% of the transaction, followed by bank treasuries with 20.8%. Pension and Insurance accounts took 15.8%, central banks and official institutions took 6.3% and other banking investors took 6.3%. Finally, hedge funds and other investors took 5.5% and 0.7% respectively.

Distribution by region



Distribution by type



Summary of terms and conditions

| | |
|-------------------|--|
| Issuer | The Kingdom of Spain |
| Issuers Ratings | A/A-/Baa1/A (neg/stab/stab/stab) (S&P/Fitch/Moody's/DBRS) |
| Format | Obligaciones del Estado (in dematerialised book entry form), RegS Cat 1, 144A eligible, CACs |
| Size | €10bn |
| Maturity | 30 April 2031 |
| Settlement | 20 January 2021 (T+5) |
| Coupon | 0.1% annual ACT/ACT, short first to 30 April 2021 |
| Reoffer | SPGB 10/30 (0.074%/ 111.47%) +4bps / 0.114% / 99.857% (98%HR) |
| 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 gross-up. |
| ISIN | ES0000012H41 (single ES tranche) |
| Bookrunners | BBVA, CITI, HSBC, JPM (B&D/DM), SANTANDER, SG |
| Timing | Priced. TOE 18:34 CET, FFT immediately |