
KINGDOM OF SPAIN

New EUR 15 billion 1.250% 10-year benchmark due 31 October 2030

PRESS RELEASE – 22ND APRIL 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 10-year benchmark on Wednesday 22nd April, the fourth syndicated *Obligaciones del Estado* in 2020. The new EUR 15 billion SPGB due 31 October 2030 pays an annual coupon of 1.250% and was priced at a spread of 17bps over the SPGB 30-Apr-30 and with a reoffer price of 99.456%. The placement was carried out through a syndicate comprising six lead managers: Barclays, BNP Paribas, Citi, HSBC, 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

- This is the Kingdom of Spain's second syndication post the COVID-19 pandemic following the €10 billion 7-year benchmark issued in March.
- This transaction is aligned with Tesoro's strategy of accelerating the execution of its 2020 funding program to respond swiftly to the challenges posed by the COVID-19 pandemic.
- This is the fourth syndicated nominal *Obligaciones del Estado* issued in 2020, following the EUR 10 billion 10-year and EUR 5 billion 30-year *Obligaciones del Estado* issued in January and February respectively and the EUR 10 billion 7-year *Obligaciones del Estado* issued in March.

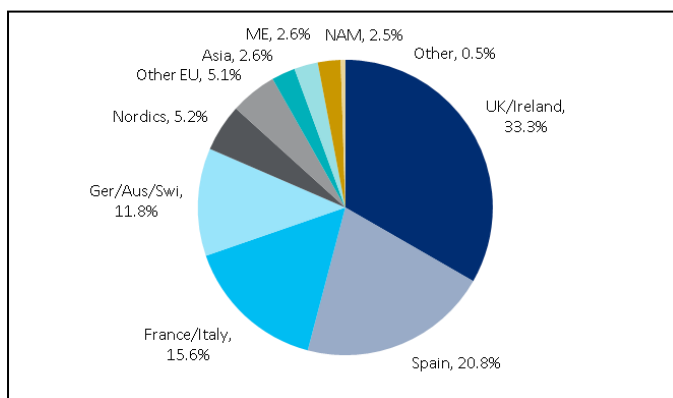
Execution highlights

- The mandate for the new *Obligaciones del Estado* syndicated 10-year euro benchmark was announced on Tuesday 21st April at 15:30 CET with the objective to execute the transaction on Wednesday 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 38 billion (including EUR 8.6 billion from leads), the order book officially opened at 09:27 CET with guidance at SPGB 30-Apr-30 +22bps area.
- Demand continued to grow significantly after the guidance was announced and with demand in excess of EUR 66 billion (including EUR 10.3 billion from leads) by 10:27 CET, guidance was later revised 2bps tighter at SPGB 30-Apr-30 +20bps area.
- The order book continued to grow throughout the European morning, allowing to fix the spread at SPGB 30-Apr-30 +17bps. 11:27 CET. The order book officially closed shortly thereafter at 12:00 CET.
- The transaction launched at 13:24 CET with a size of EUR 15 billion, making it the largest syndicated tranche in capital markets' history. The final orderbook stood in excess of EUR 96.5 billion, making it at the same time the largest book by any issuer and in any currency for a single tranche transaction. The high-quality and diversification of the investor base with 560 different accounts involved in the transaction allowed for a transaction size at EUR 15 billion. This transaction follows the largest syndicated tranche in Euro history achieved by the Kingdom of Spain as well with the EUR 10 billion 10-year April 2024 in January 2014.
- Allocations were released at 16:25 CET and the transaction priced at 17:09 CET at SPGB 30-Apr-30 +17bps, implying a reoffer yield of 1.306%. The transaction offered a New Issue Premium ("NIP") of approximately 12bps over the estimated fair value.

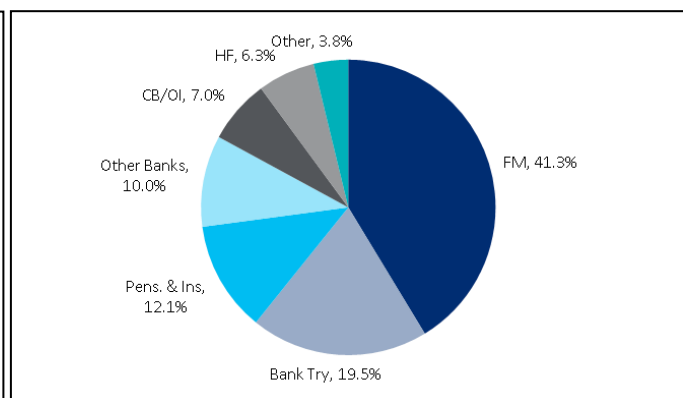
Summary of distribution

- This transaction confirms the heightened demand for the Spanish credit within the international investor community with 79% of the allocation. Within this, UK/Ireland received 33.3% of allocations, followed by France/Italy (15.6%) and Germany/Austria/Switzerland (11.8%). Other EU countries were allocated 5.1%, whilst Nordic investors took 5.2% of allocations. Asian Investors took 2.6% followed by Middle East (2.6%), North America (2.5%) and finally, investors in other regions who received 0.5% of allocations.
- From an investor perspective, Fund Managers took the lion's share of the allocation with 41.3% of the transaction, followed by bank treasuries with 19.5%. Pension/Insurance took 12.1%, other banking investors took 10.0% and central banks/official institutions took 7%. Finally, hedge funds and other investors took 6.3% and 3.8% respectively.

Distribution by region



Distribution by type



Summary of terms and conditions

Issuer	The Kingdom of Spain
Issuers 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	€15bn
Maturity	31 October 2030
Settlement	30 April 2020 (T+6)
Coupon	1.25% annual ACT/ACT, short first to 31 October 2020
Reoffer	SPGB 4/30 (1.136%/94.011%) +17 / 1.306% / 99.456% (107%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	ES0000012G34 (single ES tranche)
Bookrunners	BARC,BNPP,CITI,HSBC,J.P.MORGAN(B&D/DM),SANTANDER
Timing	Priced. TOE 16.09Ldn. FTT 16.20Ldn