
Kingdom of Spain

EUR 12 billion 1.20% 20-year benchmark due 31st of October 2040

PRESS RELEASE – 09 June 2020

The Kingdom of Spain, acting through the Spanish Treasury, rated A/A-/Baa1/A (stab/stab/stab/stab) by S&P, Fitch, Moody's and DBRS, successfully priced its fifth syndicated nominal Obligaciones del Estado in 2020, a new EUR 12 billion 20yr benchmark due 31 October 2040. The bond pays an annual coupon of 1.20% with a short first coupon and was priced at a spread of 28bps over SPGB due July 2035, implying a reoffer yield of 1.251%. The placement was carried through a syndicate made of six lead managers: BBVA, Credit Agricole CIB, Citi, Goldman Sachs International Bank, Morgan Stanley, and Natwest Markets. The remaining primary dealers in the Kingdom of Spain government bond market were invited into the syndicate as co-leads.

Background

- ✓ In its latest forecast for 2020 funding programme, the Spanish Treasury announced a total gross issuance of EUR 297.3 billion, of which EUR 185.9 billion is to be attained in medium and long-term instruments.
- ✓ The Kingdom of Spain has already launched four syndicated nominal transactions this year, having priced a new EUR 10 billion 10-year benchmark in January, a new EUR 5 billion 30-year benchmark in February, a new EUR 10 billion 7-year benchmark in March and a new 15 billion 10-year benchmark in April.
- ✓ The Spanish Treasury has today completed 58.6% of its funding program and 63.7% of its medium and long-term funding program for 2020 via both auctions and syndicated transactions.

Execution Highlights

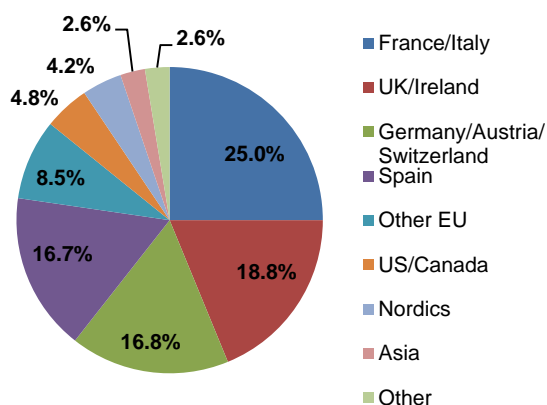
- ✓ The mandate of the new Obligaciones del Estado syndicated 20-year benchmark was announced on Monday 8th June slightly after 15:00 CET. Following the announcement of the transaction, the Joint Lead Managers ("JLM") started collecting substantial indications of interest from investors throughout the afternoon and overnight before the announcement of any price guidance.
- ✓ On the back of the strong investor feedback post the mandate announcement, with IOIs in excess of EUR 55 billion (including EUR 7.75 billion JLM interest), the issuer decided to officially open books on Tuesday, 9th June shortly after 09:15 CET with a price guidance of SPGB 07/35 + "low 30s".
- ✓ Demand continued to grow throughout the European morning, reaching in excess of EUR 75 billion (including EUR 7.75 billion of JLM interest) by 10:30 CET, allowing the issuer to revise the price guidance to SPGB 07/35 + 29bps area.
- ✓ With books reaching in excess of EUR 78 billion (including EUR 8 billion of JLM interest) by 11:40 CET, the issuer decided to further tighten the price guidance by 1bp and set the spread at 28bps over SPGB 07/35, while also announcing the closing of books at 12:15 CET.
- ✓ Final orderbooks closed in excess of EUR 78 billion (including EUR 8 billion of JLM interest) and witnessed participation from 460 investor accounts including co-lead accounts, allowing the Kingdom of Spain to comfortably set the transaction size at EUR 12 billion for its new SPGB 20-year benchmark.
- ✓ The deal was priced at 17:06 CET with a reoffer yield of 1.251% and a reoffer price of 99.090%, offering a New Issue Premium ("NIP") of approximately 4bps over the theoretical fair value.

- ✓ With this new transaction the Kingdom of Spain matches the successful outcomes of 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.

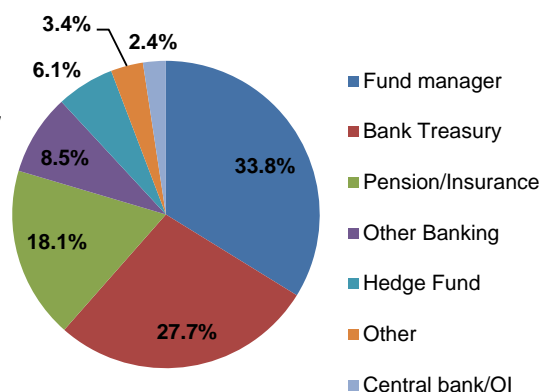
Summary of Distribution

- ✓ Interest from international investors was substantial, with 83.3% of the transaction distributed to non-domestic accounts, dominated by France/Italy which accounted for 25.0% of the final allocation, followed by UK/Ireland (18.8%). US/Canada accounted for 4.8% while Asian accounts took 2.6% of the allocations.
- ✓ The transaction benefited from extensive demand stemming from real money accounts. Amongst the main investors, fund managers accounted for 33.8% of the final allocation,, followed by Bank Treasury (27.7%) and Pension/Insurance (18.1%).

By geography:



By investor type:



Summary of terms and conditions

Issuer	The Kingdom of Spain
Issuer ratings	A/A-/Baa1/A (stab/stab/stab/stab)
Format	Obligaciones del Estado (in dematerialised book entry form), RegS Cat 1, 144A eligible, CACs
Size	Euro 12,000,000,000.00
Launch date	9th June 2020
Settlement date	16th June 2020 (T+5)
Maturity date	31st October 2040
Coupon	1.20%, Fixed, ann. (Act/Act), short first to 31st October 2020
Reoffer spread	SPGB 07/35 + 28bps
Reoffer price	99.090%
Reoffer yield	1.251%
Listing	Madrid (AIAF Mercado Renta Fija)
Governing law	Spanish Law
ISIN	ES0000012G42 (single ES tranche)
Joint-Bookrunners	BBVA / CACIB / Citi / GSIB / MS / Natwest