
THE KINGDOM OF SPAIN

New EUR 10 billion 0.80% 7-year benchmark due 30th of July 2027

PRESS RELEASE – 24th OF MARCH 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 7-year benchmark on Tuesday 24th of March 2020. The new EUR 10 billion SPGB due 30th of July 2027 pays an annual coupon of 0.80% with a short first coupon and was priced at a spread of SPGB 30-Apr-2027 +18bps, implying a reoffer yield of 0.842%. The placement was carried out through a syndicate comprising six lead managers: BBVA, CACIB, HSBC, J.P. Morgan, Santander and Société Générale. The remaining primary dealers in the Kingdom of Spain government bond market were invited into the syndicate as co-leads.

Background

- ✓ This is the first time the Kingdom of Spain issues a benchmark reference in the 7-year area of the SPGB curve. 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 third 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.

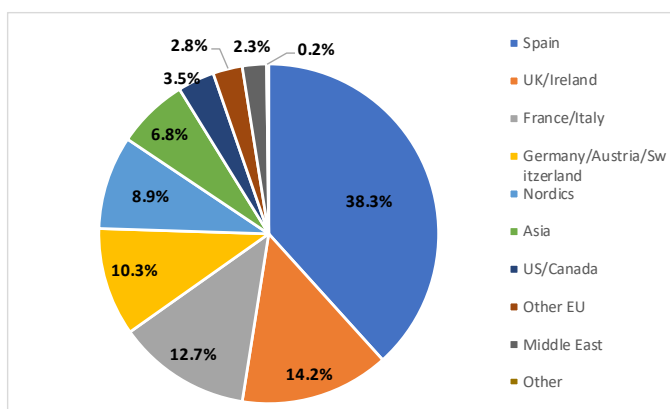
Execution highlights

- ✓ The mandate of the new *Obligaciones del Estado* syndicated 7-year benchmark was announced on Monday 23rd of March at around 12h30 CET. Following the announcement of the transaction, the Joint Lead Managers ("JLM") started collecting indications of interest from investors throughout the afternoon and overnight before the announcement of any price guidance.
- ✓ On Tuesday 24th of March and with Indications of Interest ("Iols") in excess of €13.5 billion (incl. €2.9 billion of JLM interest), at 09h30 CET the orderbook was officially opened with a price guidance of SPGB 30-Apr-2027 +20bps area.
- ✓ With books in excess of €25 billion (including €3.1 billion of JLM's interest), at 10h45 CET the spread was set at SPGB 30-Apr-2027 +18bps (2bps inside the initial price guidance). The orderbook was officially closed at 11h45 CET. 290 orders were placed in the transaction with the final book size over EUR 36.3 billion (including EUR 4.1 billion of JLM interest). Allocations were released at 15h00 CET and the transaction priced at 15h55 CET at SPGB 30-Apr-2027 +18bps, giving a re-offer yield of 0.842% and reoffer price of 99.703%.
- ✓ With this new transaction the Kingdom of Spain matches the largest outcome previously obtained this year of the EUR 10 billion 10-year benchmark issued in January, highlighting the value of the Spanish credit as well as the depth and quality of the Spanish investor base in the currently volatile market context.

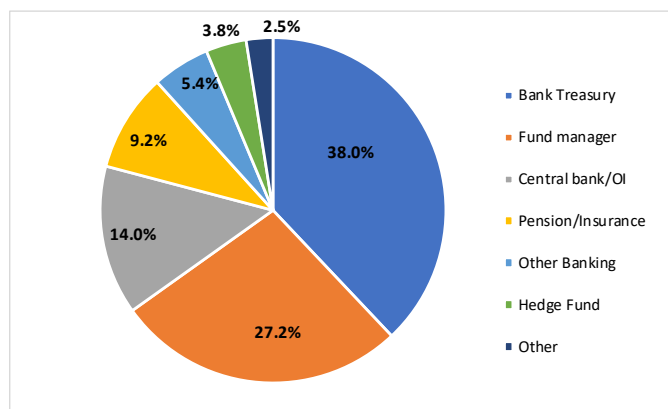
Summary of distribution

- ✓ The transaction demand demonstrated the strong appetite for the Spanish credit within the international investor community which represented 61.7% of the final allocation. From this group, the largest proportion of the final allocation went to investors based in the UK/Ireland (14.2%), followed by France/Italy (12.7%) Germany/Austria/Switzerland (10.3%), Nordics (8.9%) and Asia (6.8%). Domestic investors accounted for 38.3% of the final allocation.
- ✓ From an investor perspective, bank treasuries represented the largest share of the final allocation with 38%, followed by fund managers (27.2%) and central banks / official institutions (14%).

By Investor Country



By Investor 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:	EUR 10bn
Maturity:	30-July-2027
Settlement:	31-March-2020 (T+5)
Coupon:	0.80% Fixed, annual ACT/ACT, short first to 30-July-2020
Spread:	SPGB 30/04/2027 (ISIN ES00000128P8) + 18 bps pricing over mid 105.79%
Price:	99.703%/0.842% eq to 133.2bps over DBR 0.25% 02/2027
Denom:	€1k+1k
Listing/Law:	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
Target mkt:	Professionals, retail and eligible counterparties (all channels for distribution), each as defined in MIFID II
ISIN:	ES0000012G26 (single ES ISIN)
Joint-leads:	BBVA, CACIB, HSBC (B&D), J.P. Morgan, Santander and Société Générale
Timing:	TOE:14.55 UKT/ 15.55 CET/Priced /FTT at 16.15 CET