

Govern Illes Balears– EUR400m short 10-year

On February 12th, HSBC acted as Joint Bookrunner in a highly successful EUR400m short 10-year bond issue for Govern of Illes Balears

The transaction represents the issuer's return to Debt Capital Markets after 8-year hiatus

Govern Illes Balears opted for a 2-day execution strategy, providing the opportunity to investors to check risk lines and make the credit work

The strategy proved right with banks collecting bids in excess of EUR200m on day-1 (February 11th) ahead of any pricing guidance was announced

On February 12th, IPTs were released at SPGB+ Low 30s attracting an extremely warm reception from investors, allowing to collect EUR1.1bn orders from 75 individual investors that ultimately enabled the issuer to print EUR 400m at SPGB+27 bps (-5/6 bps vs. IPTs)

The 56% of the bonds allocated into foreign hands, including prominent orders from Central Banks/Official Institutions, are testament of the strong perception of Illes Balears among Fixed Income investors and HSBC's distribution capabilities

Execution Summary

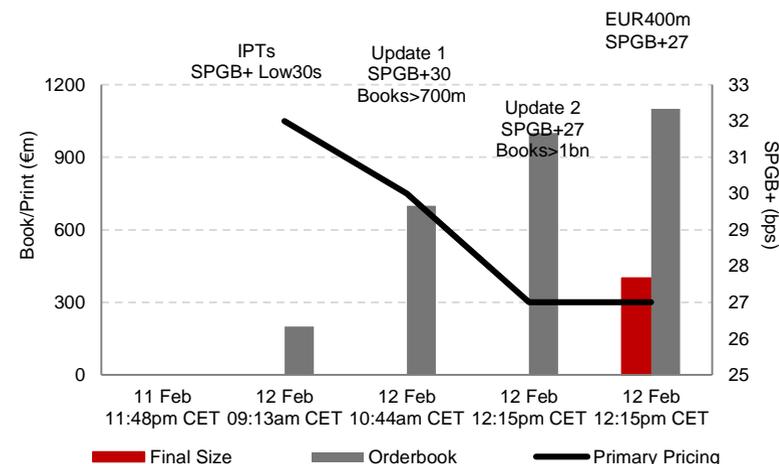
Transaction rationale and milestone	<ul style="list-style-type: none"> • First Illes Balears transaction since 2011 • First Spanish region public sub-benchmark transaction since 2016 • 56% of the bonds allocated into foreign investors 			
Announce Date	11 th February 2019			
Pricing Date	12 th February 2019			
Pricing (MS+)	IPTs EUR300min SPGB+ Low30s	Guidance SPGB+30	Revised Guidance SPGB+27	Final Terms EUR400m SPGB+27
Final Orderbook	EUR 1.1bn from 75 investors			

Summary Terms & Conditions

Issuer	Govern Illes Balears
Issuer Rating	BBB+ (S&P)
Description	Senior Unsecured
Size	EUR 400m
Pricing Date	12 th February 2019
Settlement Date	19 th February 2019
Maturity Date	21 st November 2028
Coupon / Yield	1.549%
Re-offer Spread	SPGB+27bps
Listing	AIAF
Law	Spanish
HSBC's Role	Joint Bookrunner

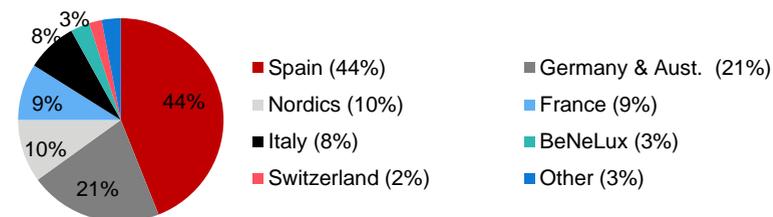
Transaction Timeline

11th and 12th February 2019

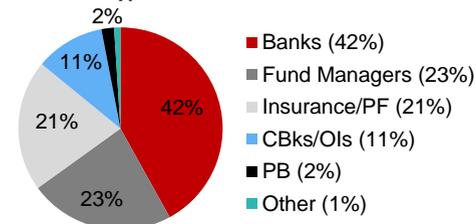


Orderbook Distribution

Geography Distribution (% Allocation)



Investor Type Distribution (% Allocation)



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