
Fondo de Reestructuración Ordenada Bancaria (FROB)

5.500% EUR 1.75 bn 5-year Benchmark

due 12 July 2016

Press release – 6 July 2011

Fondo de Reestructuración Ordenada Bancaria (FROB) explicitly guaranteed by the Kingdom of Spain, yesterday priced a new €1.75bn 5-year Euro benchmark transaction due 12th July 2016 (rated Aa2/AA/AA+ by Moody's, S&P and Fitch respectively). Barclays Capital, BBVA, BNP Paribas, Deutsche Bank and Natixis were mandated as Joint-Lead Managers. This transaction represents FROB's longest Euro benchmark transaction of 2011, and is FROB's third Euro benchmark issue since it began issuing in November 2009.

Execution highlights

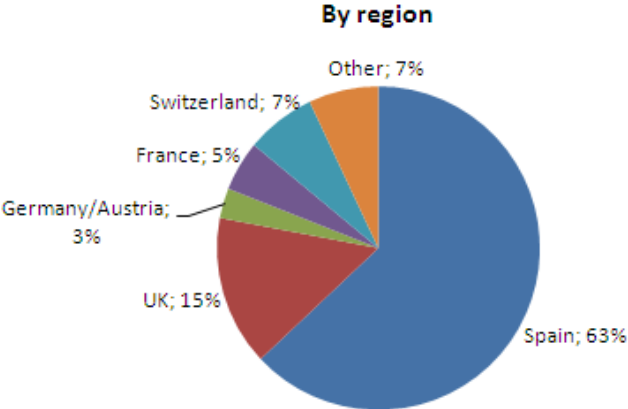
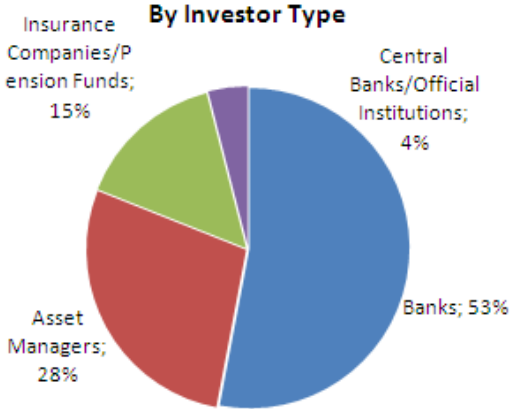
In light of the constructive market backdrop for high quality Spanish issuers, FROB announced the transaction at 2pm London time on Monday 4th July. Initial pricing thoughts were 80 basis points over the SPGB 3.25% issue due April 2016's secondary trading level versus mid-swaps. The order book opened at 9am London time on Tuesday 5th July, with immediate interest gathered from a broad range of accounts. By 10:45am London time, books were in excess of €1 billion, with over 75 accounts having committed to the transaction. Books closed at 2:30pm London time, with orders in the region of €2 billion. The transaction ultimately priced at 4pm London time, for a size of €1.75 billion and a spread of +270 basis points over mid-swaps, in line with original guidance.

In January 2011, FROB priced a €3 billion 3-year benchmark issue at SPGB +80 basis points, and the pricing level achieved for the new 5-year line reflects continued positive investor sentiment towards Spain. Indeed, allocations were distributed evenly across a range of investor jurisdictions and types. It was particularly pleasing to see UK accounts taking 14% of the transaction, and there was also good demand out of France, Germany and Switzerland. In a similar vein to its previous Euro benchmark, FROB received strong demand from the Asset Management community (28%). Insurance Companies and Pension Funds (15%) were also an important driver of the transaction. The order book was granular with 110 accounts involved in the transaction. The large number of accounts active in the transaction bears testament to FROB's loyal following in the international capital markets and demonstrates that FROB continues to enjoy good access to capital from across the international investment community.

FROB was created by Royal Decree-Law on 26th June 2009, providing for an orderly bank restructuring and equity reinforcement for credit entities in Spain, if needed. The bonds issued

by FROB benefit from an explicit, unconditional and irrevocable guarantee of the Kingdom of Spain, and a regulatory risk-weighting of 0%.

Summary of Placement



Summary of final terms and conditions

Issuer.....Fund for Orderly Bank Restructuring (FROB)
Rating.....Aa2/AA/AA+ by Moody's, S&P and Fitch
Guarantor.....The Kingdom of Spain
Guarantee.....explicit, unconditional and irrevocable
Risk-weighting.....0% RWA, confirmed by the Bank of Spain
Amount.....1,750,000,000 EUR
Coupon.....5.50% Fixed, annual, Act/Act ICMA
Maturity.....12-Jul-2016
Settlement.....12-Jul-2011
Re-offer spread.....MS+270bp
Re-offer price.....99.889%
Re-offer yield.....5.526%
Denominations.....100k+100k
Law.....Spanish
ISIN.....ES0302761020
Listing..... Madrid
Joint bookrunners...Barclays, BBVA, BNP Paribas, Deutsche Bank and Natixis