



The Boards of Directors of Caja Madrid, Bancaja, Caja Insular de Canarias, Caja de Ávila, Caixa Laietana, Caja Segovia and Caja Rioja approve the IPS Integration Contract

The seven companies will call their respective Assemblies to meet on 14 September to ratify the union approved today in the form of an Institutional Protection Scheme (IPS), that will also have the authorisation of those Autonomous Communities that require it. This alliance will give rise to the first-placed Spanish savings bank, with assets of some 340,000 million euros, and the leading company in retail and business banking in the domestic market in terms of turnover..

The Group will strengthen its liquidity and solvency consolidating 100% of profits via a parent company, and as well as this, each savings bank will maintain its legal identity, its trading activity within its own regions, community projects, brand and governing bodies.

29 July 2010.- The IPS of Caja Madrid, Bancaja, Caja Insular de Canarias, Caja de Ávila, Caixa Laietana, Caja Segovia and Caja Rioja has taken one more step in its union. The Boards of Directors of the seven companies, who guaranteed the Integration Protocol and the Viability Plan of this alliance on 14 June, have today approved the Integration Contract, which should be ratified by the respective Assemblies on 14 September and authorised by those Autonomous Communities that require it.

The seven savings banks have a total of 4,500 branches, 26,000 employees and assets of some 340,000 million euros, which confirms the new IPS as the leading savings bank. In addition, it becomes the first-placed company in retail and business banking in the domestic market in terms of turnover.

In order to meet the challenge of this strategic alliance, the group has requested 4,465 million euros from the Spanish Fund for Orderly Bank Restructuring (FROB), which would allow it to face even the most stressful situations, as was clearly shown when the IPS passed the tests carried out last Friday by the Committee of European Banking Supervisors (CEBS).

The IPS, that hopes to achieve significant synergistic gains that will approach 500 million euros annually starting from 2013, will give rise to a contractual group formed of seven companies and a parent company that will take on the form of a Public Limited Company and be set up as a Bank. The integration of 100% of results in this parent company, which is designed to strengthen the

cohesion and stability of the group, will permit the strengthening its financial situation, its liquidity and solvency, and also improve access to markets, strengthen the brand image and create value to give better service to families and companies.

The weight that each of the seven savings banks will have in the new IPS, on the basis of their individual assessments, is 52.06% for Caja Madrid, 37.70% for Bancaja, 2.45% for Caja Insular de Canarias, 2.33% for Caja de Ávila, 2.11% for Caixa Laietana, 2.01% for Caja Segovia and 1.34% for Caja Rioja.

The company headquarters of the parent company and the address of the member companies will be in Valencia. The operational headquarters of the parent company will be in Madrid.

The Board of Directors of the new company will be formed of 21 members, two of them being independent, while the Executive Committee will comprise 11 members.

Regional strengthening

As well as strengthening solvency and liquidity via financial integration and mutual support commitments, the IPS will allow the seven savings banks to increase the leadership in their traditional respective regions of activity, maintaining their legal identities, trading activities, corporate brands in their regions, as well as their governing bodies and community projects. The areas of influence, which give broad geographical coverage to the group, have been specified as follows: Caja Madrid (Community of Madrid and Community of Castile-La Mancha); Bancaja (Valencian Community and Balearic Islands); Caja Insular de Canarias (Canary Islands); Caja de Ávila (province of Ávila); Caixa Laietana (province of Girona and Barcelona, except municipality of Barcelona); Caja Segovia (province of Segovia); and Caja Rioja (Community of La Rioja). Likewise, Caja de Ávila will be responsible for the management of Salamanca, and Caja Segovia for the management of Valladolid. Furthermore, in the municipality of Barcelona, Caja Madrid, Bancaja and Caixa Laietana will maintain the ownership and management of their respective branch networks. In the remaining territories the Group will operate under a common brand.

The savings banks want to strengthen the competitiveness, efficiency and growth capacity of the new company, which is carrying out one of the most solid and forward-looking integration processes of the financial sector. To achieve this objective, the group studies the efficiency ratios of the different branches, especially in the places where there are overlaps of branches. Although this will imply the need for reductions in the workforce, this will be done mostly via early retirements and the savings banks have promised to minimise this impact. Nevertheless, in order to seek the broadest consensus and to reach the best balance between the interests of all parties concerned, today the Negotiating Committee was set up with workers' representatives.

Once the Assemblies of the savings banks approve the IPS, the financial and functional integration process will move forward and also the elaboration of a Strategic Plan 2010-2014. First, the Bank will be set up so that it acts as a Parent Company and it can receive aids from the FROB, and later the process

of contributions to the parent company will be initiated to consolidate the results of the seven savings banks, with a planned starting date of January 2011.

The chairmen of the seven companies that compose the IPS have promised to continue working on this strategic alliance to guarantee that the social and regional commitment of the institutions can continue to respond to the needs of society, while they improve the efficiency and profitability of the financial system and strengthen medium term growth of the Spanish economy.