



Rato urges the directors of Caja Madrid to seek leadership in the financial system

- “We are creating a benchmark company in the Spanish financial system that will play in the first division of the European system”, Rato asserted.
- “Regardless of the sign on the door of the branch, all employees of the new group should feel proud to belong to a solid business project”, he pointed out.
- He highlighted the “efforts” made by Caja Madrid for the containment of delinquency, that fell again in May to 5.40%.

Madrid, 29 June 2010. The chairman of Caja Madrid, Rodrigo Rato, today urged more than 2,800 directors of Caja Madrid to “commit to the search for leadership in the Spanish financial sector”, which means playing in “the first division of the European system”.

“We are creating a benchmark company”. To achieve this objective, Rato said that Caja Madrid has two main leverage points: the IPS and a new business model.

Advantages of the IPS

The chairman of Caja Madrid confirmed that the amount of net synergistic gains derived from the integration will be 500 million euros annually, that will completely compensate the financial cost of the FROB.

The synergistic gains will be achieved thanks to a process of making savings of 10% in general expenses in central services, a rationalisation of the business network of the order of 12% and an optimisation of the staff of nearly 14%. He noted that these cuts are proportionately slightly lower than those which other integration processes have needed.

Rato has asserted that there is a commitment to deal with the "possible reductions in a framework of negotiation with the workers' representatives, trying to agree the least traumatic measures and those that might have the great possible consensus".

The chairman of Caja Madrid also asserted that “regardless of the sign on the door of the branch, all employees of the new group should feel proud to belong to a solid business project”. He also added that all workers “will have at their disposal the same computer tools and operations, the same advice from the central services, the same legal advice, the same marketing and the same products”.

The alliance is a “structural change, not a circumstantial one for Caja Madrid, an irreversible integration process” that will give rise to a public limited company with the status of a bank, the leading Spanish financial institution in retail and business banking in the domestic market for turnover, with 355,613 million euros, in addition to the fifteenth company in Europe with a liquidity of 30,000 million euros.

Among the advantages of this project, the achievement of a greater solvency of assets stands out, which will allow the tackling of “projects of a greater magnitude”, significant savings in costs, better geographical diversification and promotion of more diverse financing.

New business model

For the chairman of Caja Madrid, the second fundamental point necessary to lead the Spanish financial system is centred on a new business model: “We will change from a system based on the sale of products and campaigns to one centred on the client”, in which advice and a close relationship will be the keys, Rato asserted.

The chairman of Caja Madrid also urged strengthening of short term strategy, where one of the main challenges is to monitor and reduce delinquency. He highlighted the effort that has already been made, which has been translated into a reduction of 26 basic points in a year, reaching 5.40% in May, a better evolution than those of its major competitors.

The chairman of Caja Madrid also advocated facing the “financing challenge” since “liquidity does not always have to be abundant and cheap”. He urged the company to seek a rebalancing of the financial structure, with a greater weight of stable deposits. In addition, he assured that the offer of deposits with attractive conditions will continue to expand, which reward a close relationship with the entity and the capture of new money.