Integration Plan Presentation

22nd June 2010

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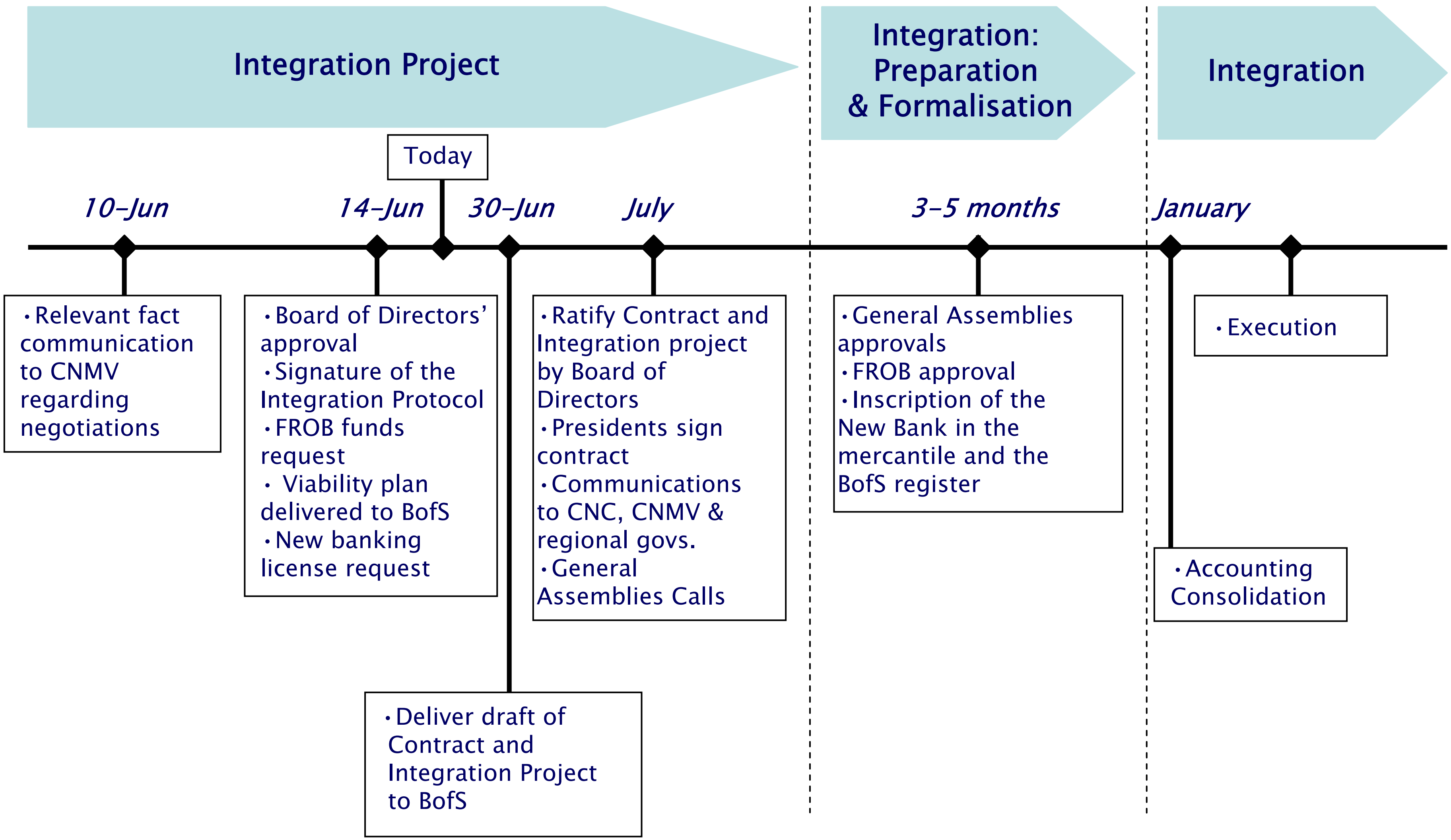
Transaction Highlights

- On June 14th, following the approval of its respective Board of Directors, an Integration Protocol was signed among Caja Madrid, Bancaja, Caja Insular de Canarias, Caixa Laietana, Caja de Ávila, Caja Segovia and Caja Rioja
  - ✓ Integration to be structured through an Institutional Protection System (SIP), pooling 100% of capital and profits to make a stronger and more diversified institution
  - ✓ SIP to be responsible for all key decisions, with savings banks responsible for distribution in their home regions and management of social projects and welfare funds (financed through dividends received by the SIP)
- This integration creates the deposit leader in Spain (ahead of SAN, BBVA and La Caixa) with a market share of c.12% and the 15th largest in the Eurozone (by total assets)
- As a result of the merger, the SIP will accelerate provisioning and write offs and will have a 100% coverage of the expected loss of the existing portfolio at inception reinforcing its P&L going forward
  - ✓ Capital strength maintained at similar pre-transaction levels through the €4,465mn new capital provided by the FROB
- Sound liquidity position with almost €30bn of existing available buffers
- Solid corporate governance standards

Integration Agreed, SIP Created in 2H '10



Agenda

I. Framework for Savings Banks Consolidation

II. The Transaction

Appendix

I. Framework for Savings Banks Consolidation

Spanish Savings Banks: From 45 to 21 Institutions

		Assets € million	%	Merger Type
1	Caja Madrid, Bancaja, Insular, Laietana, Avila, Segovia, and Rioja	339,021	25.3%	SIP
2	La Caixa and Caixa Girona	279,688	20.9%	Merger
3	CAM, Cajastur, Caja Extremadura and Caja Cantabria	135,329	10.1%	SIP
4	Caixa Catalunya, Caixa Tarragona and Caixa Manresa	81,024	6.0%	Merger
5	Caixa Galicia and Caixanova	78,077	5.8%	Merger
6	Caixa Penedes, Caja Murcia, SaNostra and Caja Granada	73,055	5.4%	SIP
7	Caja Duero and Caja España	46,643	3.5%	Merger
8	Grupo Banca Civica (Caja Navarra, Caja Canarias and Caja Burgos)	45,939	3.4%	SIP
9	Unicaja and Caja Jaen	35,167	2.6%	Merger
10	Cajasol and Caja Guadalajara	29,999	2.2%	Merger
11	Caixa Sabadell, Caixa de Terrassa and Caixa Manlleu	28,851	2.2%	Merger
	Total Merger Agreements	*1,172,793*	*87.4%*	
12	Ibercaja	44,691	3.3%	
13	BBK	29,806	2.2%	
14	CECA	22,109	1.6%	
15	Guipuzcoa	21,095	1.6%	
16	Cajasur – Government Intervention	18,960	1.4%	
17	Caja Inmaculada	11,938	0.9%	
18	Caja Vital	9,252	0.7%	
19	Burgos C.C.O.	5,208	0.4%	
20	Badajoz	4,248	0.3%	
21	Ontinyent	980	0.1%	
22	Pollensa	344	0.0%	
	Total Assets – Savings Banks Sector	1,341,425	100.0%	

** Source: CECA and Company data*

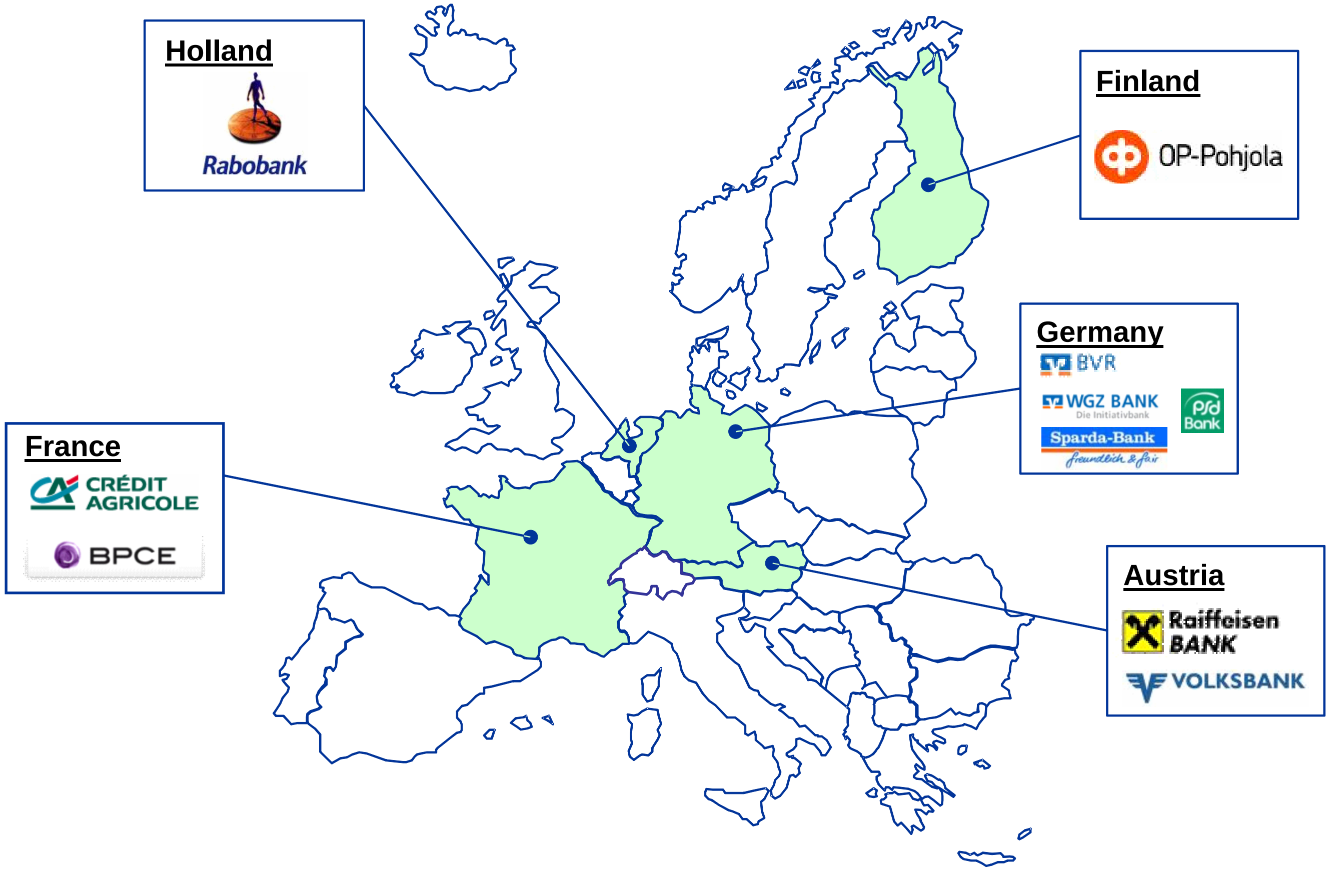
Institutional Protection Schemes: Characteristics

- **What are the minimum requirements for an** Institutional Protection Scheme **"SIP"?**
  - **Contractual arrangement** whereby members of a group undertake to support each other in terms of **liquidity and solvency**
  - Under Bank of Spain regulation and must fulfil a minimum set of conditions*:
    - **a) Central body must integrate** the group's **business strategies and risk management policies**
    - b) Central body will comply with **regulatory requirements on a consolidated basis**
    - c) Include a liability mutual arrangement for the solvency and liquidity of the institutions: at least **40% of each participating institution's eligible own funds must be integrated into the SIP**
    - **d) Mutualise at least 40% of each of the institution's results**
    - e) Minimum 10-year term
  - Participating institutions maintain their separate legal status and governance structure and are shareholders of the SIP

** As per Royal Decree-Law 6/2010 of 9 April 2010*

Institutional Protection Schemes: Similar Cases in Europe

- The SIP structure is new in Spain but there are similar success stories across Europe:



FROB Fund: Role in Consolidation

Objective

- Facilitate integration processes of viable institutions by strengthening capitalization and facilitating the adjustment of excess capacity

Conditions

- **Viability plan detailing the business project** approved and monitored by Bank of Spain
- **Bank of Spain could require additional measures to execute the plan**

Instrument

- FROB Funds instrumented in **perpetual convertible preference shares (Tier 1)**
- **Convertible into equity**

Interest Paid

- Non cumulative and subject to the existence of distributable profits
- Lower of:

  a) **7.75% annual yield**; or

  b) 5Y Treasury bonds issued by the Kingdom of Spain plus 500 bps
- **15 bps will be added annually** until the 5th year. After 5th year, additional 100 bps per year will apply
- **If conditions agreed are breached, remuneration increased by 200 bps**

FROB Fund: Role in Consolidation

Repayment

- **Repaid in 5 years: at the end of the period either redeemed or converted into Equity (at nominal value).** In exceptional circumstances, may be extended for additional 2 years
- Commitment to repurchase the securities as soon as possible
- If Bank of Spain **considers redemption unlikely**, FROB **may convert** the securities **at any time** and be entitled to intervene the entity
- Should the institution fail to repay:
  a. **Bank of Spain would immediately convert** the preference shares into **Equity**
  b. **If converted into "Cuotas Participativas" (savings banks case) these will grant voting rights to FROB**

II. The Transaction

The Transaction

1. The creation of a domestic champion

2. A new group with a reinforced balance sheet, a solid capital position and ample liquidity

3. Solid Corporate Governance

The Creation of a Domestic Champion

Savings Bank	Assets
Caja Madrid	191.9
Bancaja	111.5
Caja Insular de Canarias	9.3
Caixa d'Estalvis Laietana	9.2
Caja de Ávila	7.1
Caja Segovia	6.2
Caja Rioja	3.9
Total (€bn)	**339.0**

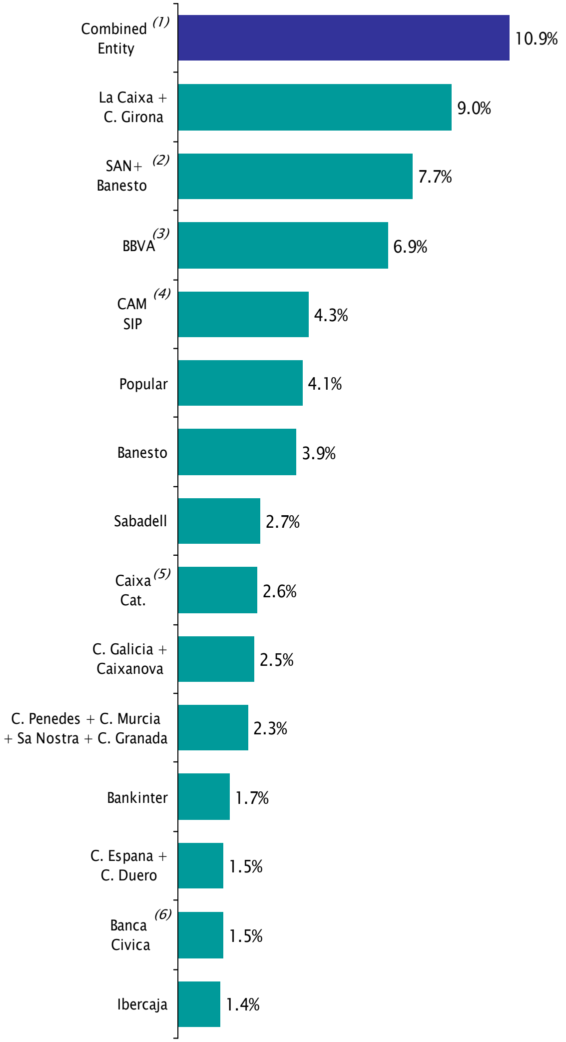
Metric	
Equity (€ bn)	17.6
Assets (€ bn)	339.0
Branches	4,500
Employees	26,000
Total Customer Loans (€bn)	212.0
Total Customer Deposits (€bn)	166.9

- Largest savings bank with 25.3% of Savings Banks total assets, 3rd largest Spanish banking group and the 15th largest in the Eurozone

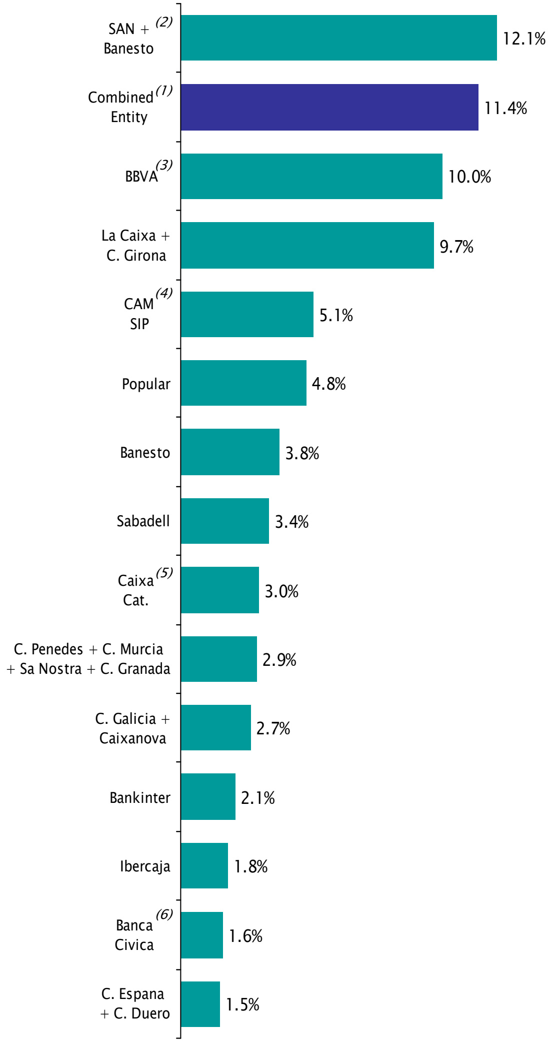
** Source: CECA and Company data (As of December 2009)*

The Creation of a Domestic Champion - #1 Deposit Taker in Spain

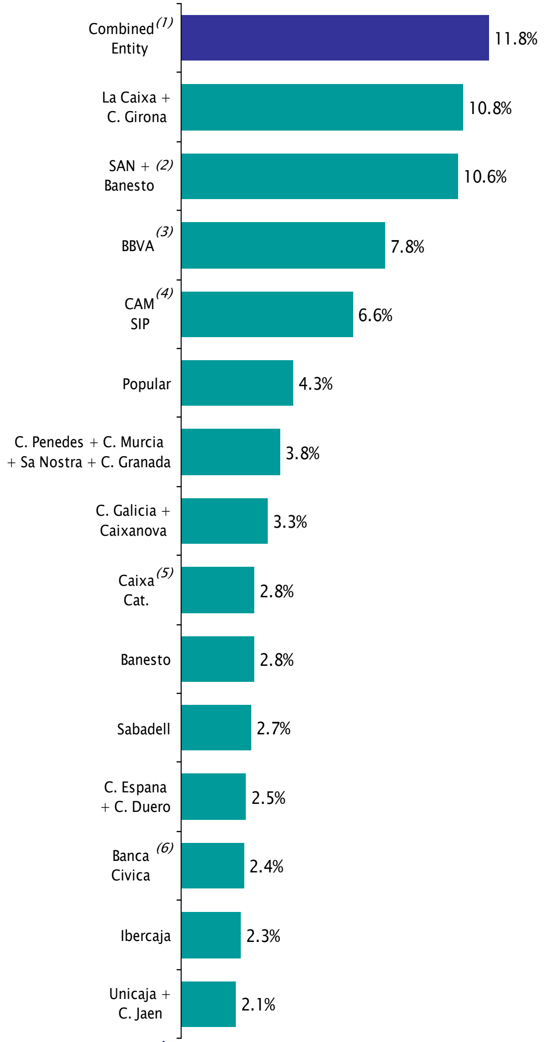
Total Assets



Private Sector Loans



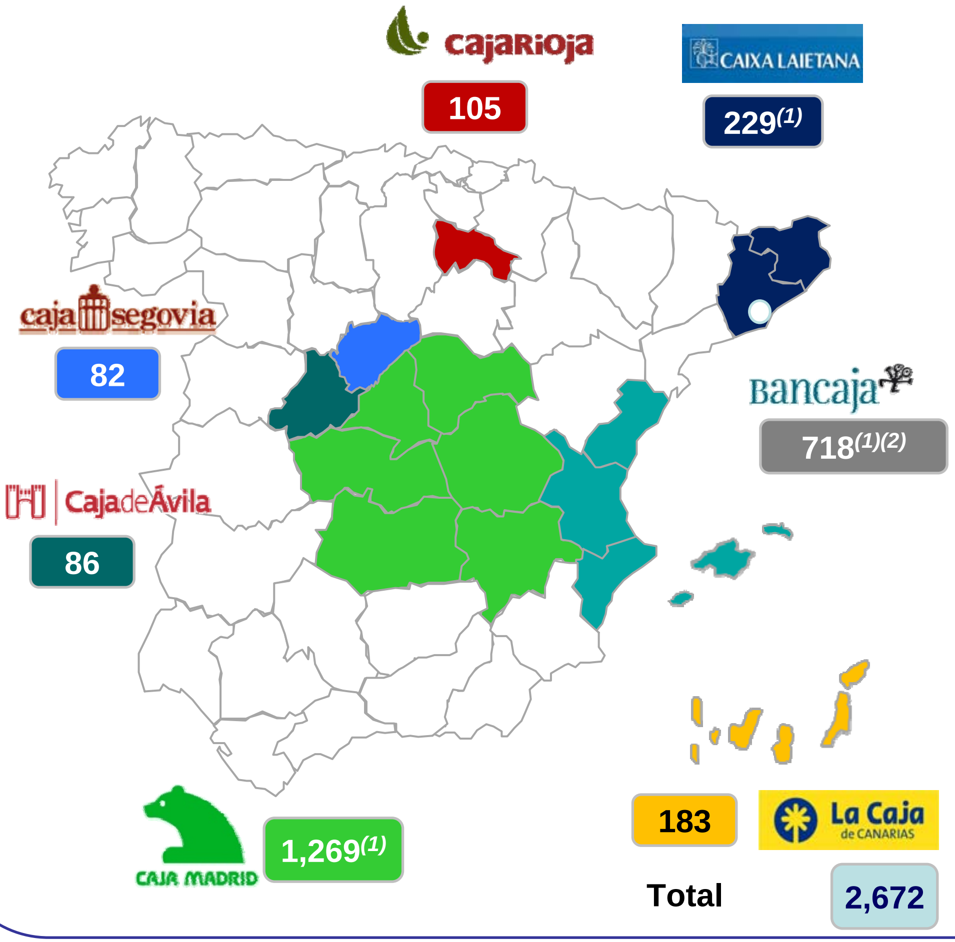
Private Sector Deposits



Source: Bank of Spain and Company data as of December 2009. Note: Private Sector Loans and deposits for Unicaja as of 9M 2009, Caixa Manlleu as of 6M 2009, Caja de Ávila and Caja Jaen as of 2008 (1) Caja Madrid, Bancaja, Caja Insular de Canarias, Caixa Laietana, Caja de Ávila, Caja Segovia, and Caja Rioja (2) SAN domestic operations (3) BBVA Spain & Portugal (4) CAM SIP includes: CAM, Cajastur, CCM, Caja Cantabria and Caja Extremadura (5) Caixa Cat. merger includes: Caixa Catalunya, Caixa Tarragona and Caixa Manresa (6) Banca Civica includes: Caja Navarra, Caja General de Canarias, Caja Burgos

2/3 of Branches are Located in our Home Regions

Home Regions

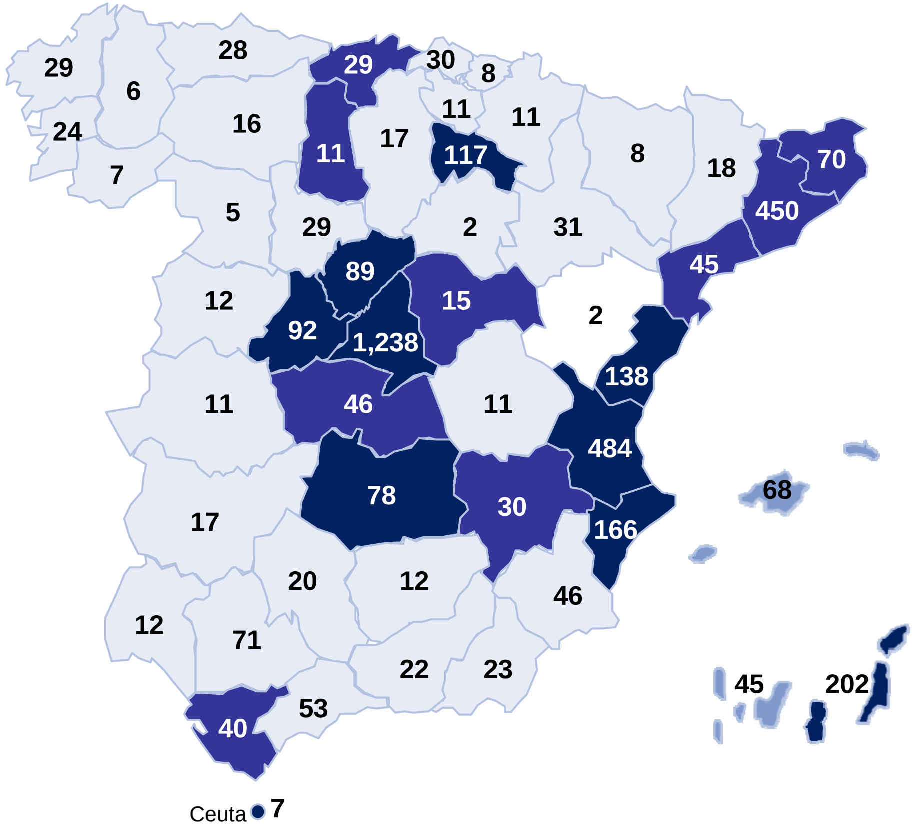


Rest of Regions

Savings Banks	Branches in Common Zones
Caja Madrid	833
Bancaja	421
Caixa Laietana	35
La Caja de Canarias	1
Caja de Ávila	42
CajaRioja	13
Caja Segovia	35
Total	**1,380**

** Municipality of Barcelona will be a "core territory" of Caja Madrid, Bancaja & Caixa Laietana (1) Includes branches in the municipality of Barcelona (2) Excludes Banco de Valencia branches (437)*

Nationwide Presence with Critical Size in the Most Attractive Markets



Province Colour Code

- > 10% market share
- >5% and <10% market share
- >1% and <5% market share
- < 1% market share

Relevant Figures

16%	**Market Share (Branches)** Savings banks sector
9%	**Market Share (Branches)** Total Spanish financial sector
10	**Provinces** where Branches market share is **above 10%**
100%	**Spanish Provinces** with presence in the Group

** Excludes 437 Banco de Valencia branches*

Caja Madrid · Bancaja · La Caja de Canarias · Caixa Laietana · Caja de Ávila · Caja Segovia · CajaRioja

Pooling of 100% of Capital and Profits to Make a Stronger and More Diversified Institution

- Structure:

  - 100% mutualisation of profits and consolidation of capital
  - Central body legally incorporated as a bank
  - Minimum 15-year term agreement with a high capital penalty

- Each Caja participates with the following stakes*:

Savings Bank	Stakes
Caja Madrid	52.1%
Bancaja	37.7%
Caja Insular de Canarias	2.5%
Caja de Ávila	2.3%
Caixa d'Estalvis Laietana	2.1%
Caja Segovia	2.0%
Caja Rioja	1.3%
Total	100.0%

** Subject to final due diligence results*

Operating as One Entity …

- **The SIP will integrate and centralize:**

General Policies

- Financial Management (ALM, Strategy, Planning, etc.)
- Treasury and Capital Markets (Treasury, Funding, etc.)
- Risk Policies and Management: credit risk, market risk, liquidity and interest rate risk, operational risk

Business

- Retail Business strategy
- Retail Banking branches located outside respective core regional markets
- Wholesale and Corporate Banking
- Non-banking financial businesses (Wealth, Insurance, Brokerage)
- Equity Investments Management, excluding Banco de Valencia

Services

- Operations (back-office), Accounting, Administration, Purchases
- Audit, Compliance, Legal, Tax
- Technology and Information Systems
- Research, Product Factory

... But Capitalising on each other's Regional Strengths

- Branch Network Management
  - Strategy, product design, risk, capital and liquidity management at SIP level
  - Retail network operated:
    - In Home Regions:
      - Regional brand to channel all SIP retail business in its home region, capitalizing on strong brand recognition and client loyalty
      - Branding: Regional brand with a reference to the Group brand
    - In Rest of Regions:
      - SIP will operate the branch network outside the respective home regions
      - Branding: In the future they will probably operate under the Group's common brand

A Highly Diversified Equity Portfolio Valued at Over €5.5bn

BANKING (€0.8bn)

Banco de Valencia	38%
Inversis Banco	39%
Bancofar – El Banco de los Farmacéuticos	36%

FINANCIAL SERVICES (€0.3bn)

Banco de Servicios Financieros Caja Madrid-Mapfre	51%
Ahorro Corporación	9%
BME	5%
LICO leasing	2%

INSURANCE (€1.0bn)

MAPFRE	15%
Caser Seguros	5%

ENERGY & INFRASTRUCTURE (€1.9bn)

Iberdrola	6%
Enagas	5%
abertis	1%

SERVICES (€0.7bn)

Iberia	23%
Grupo Aguas de Valencia	61%
Mecalux	20%

TECHNOLOGY (€0.5bn)

Indra	20%

FOOD (€31mn)

Grupo SOS	11%
Julián Martín Guijuelo	20%

LEISURE (€0.1bn)

NH Hoteles	16%

REAL ESTATE (€0.2bn)

Realia	28%
Colonial	3%
Martinsa Fadesa	6%
Metrovacesa	9%

** Source: Company data and Factset as of 18 June 2010*   *Note: Bancaja de Inversiones' stakes fully taken into consideration*

Solid Value Creation

- **Business and Structural Integration: Estimated impact**

Net Synergies

- **Employee reduction** to be completed by **2011** (mainly through early retirements)
- Branch closures to be completed by **2012**
- **General administrative costs savings of 10-12% expected by 2012**
- **Strengthened credit profile** resulting in funding savings
- **Additional technology investments** required
- **Slight revenue attrition** in the areas where branches are closed

c.€500mn net pre-tax synergies expected by 2013, with an expected net income (after FROB interest payment) in the region of €2bn by 2013

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Reinforced Balance Sheet

Stronger Asset Coverage

- As a result of the merger, the SIP will have a 100% coverage of the expected loss of the existing portfolio
  - Anticipating provisioning effort expected for the next 2 years

Maintaining Capital Standards Intact

- Capital position maintained at similar pre-transaction levels through the €4,465mn new capital provided by the FROB

By effecting this transaction the Group benefits from a stronger P&L going forward (provisioning effort upfront) whilst keeping the capital position intact

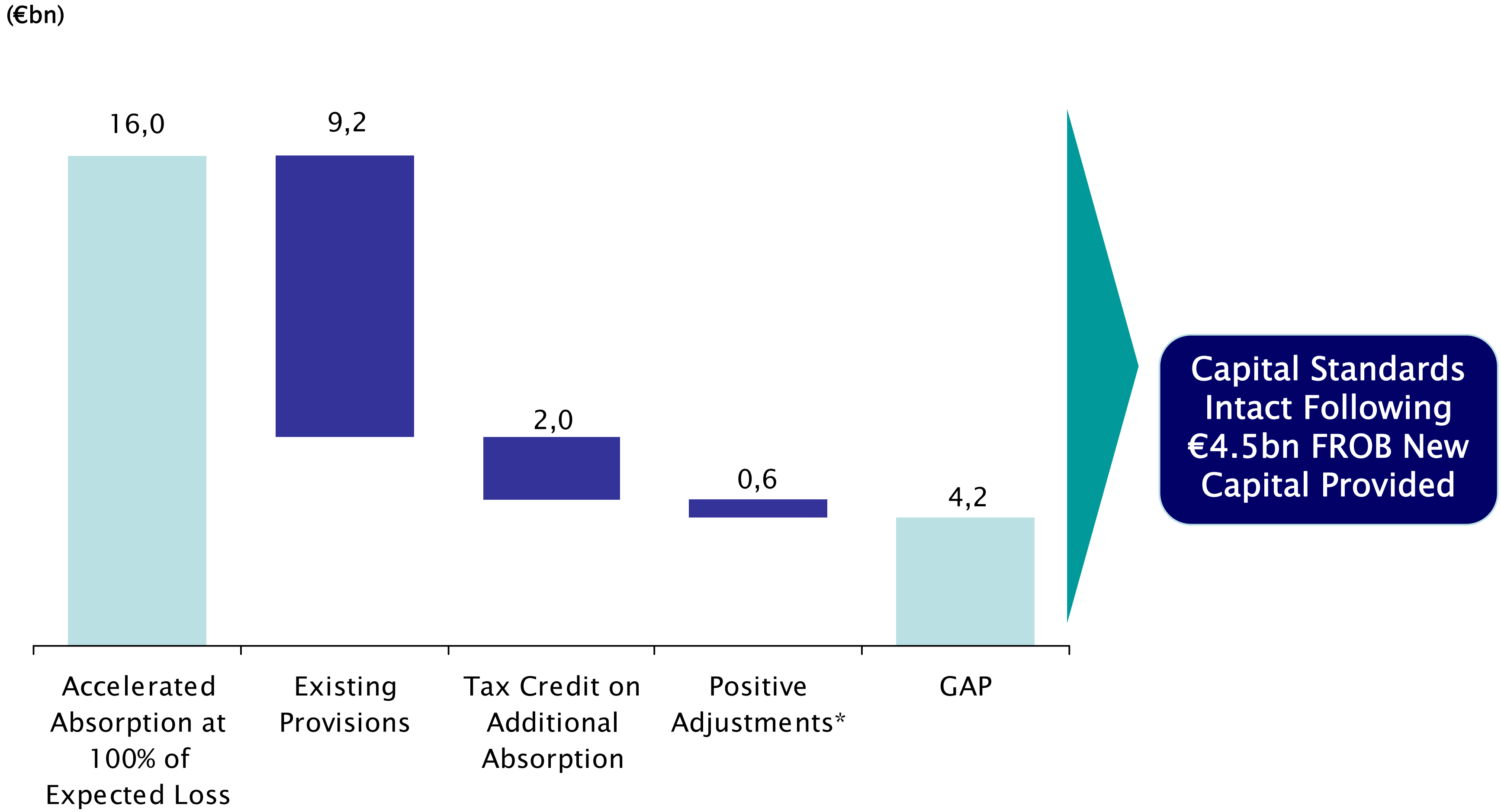
Stronger Asset Coverage

	Exposure (€bn)*	Default Probability	Loss Given Default
Land	14.7	28%	45%
Real Estate Developments & Construction	25.1	21%	37%
Completed Developments	13.9	15%	30%
Consumer	8.5	20%	40%
Non-RE Corporates & SMEs	68.2	20%	33%
Residential Mortgages	94.3	5%	19%
Credit written off	3.6	100%	90%
Real Estate Assets**	7.6	100%	30%
Total	235.8	18%	38%

Expected loss of €16.0bn fully covered

** Includes credit, guarantees & undrawn credit lines*
*** Includes foreclosures, repossessions & acquisitions*

FROB Capital Allows to Fully Cover Expected Loss



** As a result of the integration some specific unrealised gains will be recognised*

Capital Ratios Above Pre-Transaction Levels

		Post-Transaction	
	Pre-transaction	Without conversion	With conversion
Core Tier 1	6.8%	5.3%	7.3%
Tier 1	8.5%	9.3%	9.3%
Total Capital	11.3%	12.0%	12.0%

** Pre-transaction ratios based on 31st March 2010 / Post- transaction on expected closing*

Strong Liquidity Buffers Available...

- Liquidity Sources Available*

	(€mn)
Liquid Assets and Reserves	
ECB Facility	14,613
ECB Eligible Assets	6,088
Other Liquid Assets	2,212
	22,913

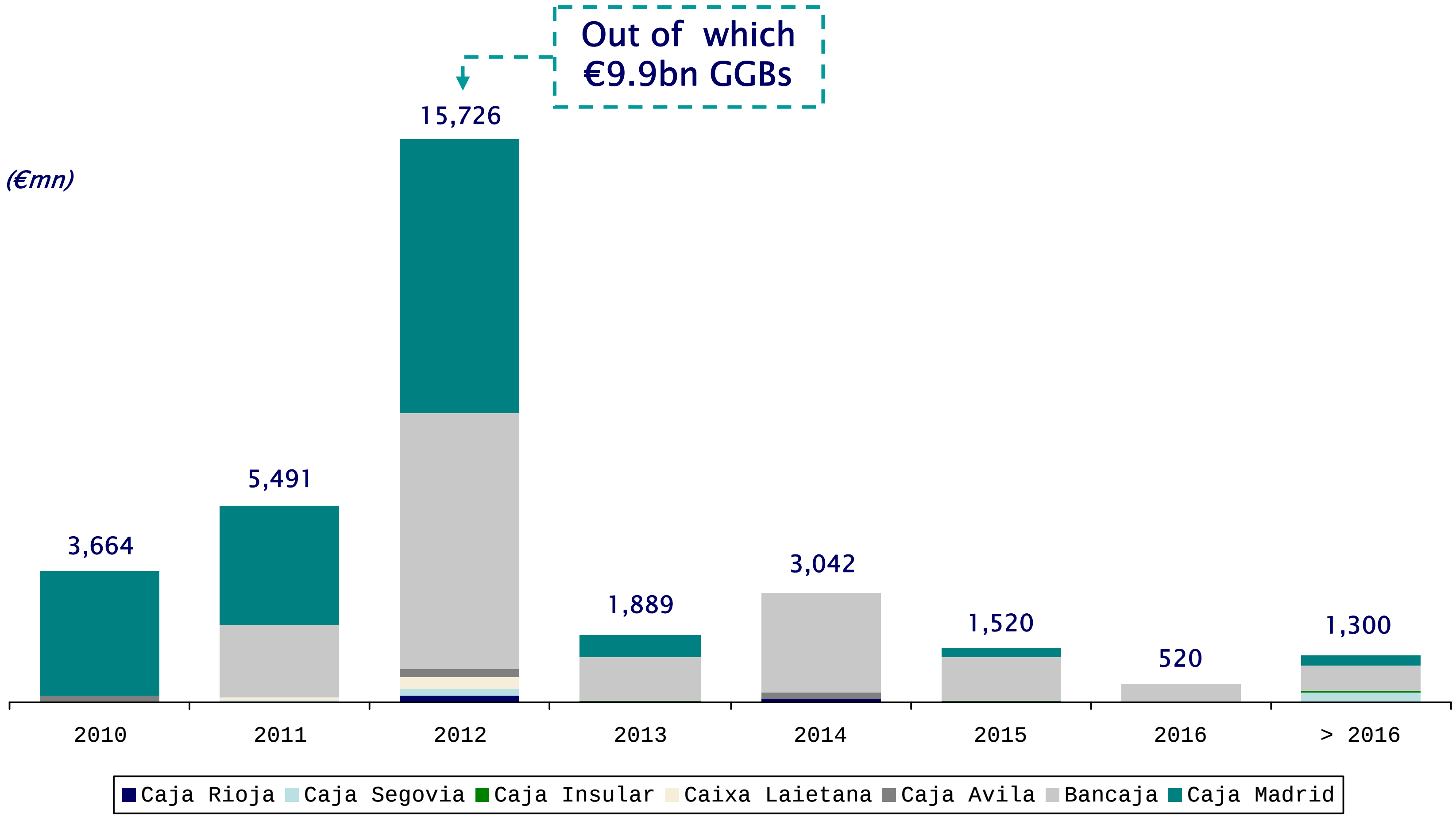
Government Guaranteed Bonds (Issuance Available)	5,766

Almost €30bn of liquidity available in addition to the contribution of a positive commercial gap

** As of 31st March 2010*

… Sufficient to Meet Senior Debt Maturities Until 2014

- Senior Unsecured Debt Maturities (including GGBs):



The Transaction

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Solid Corporate Governance

- SIP to be a Bank under Bank of Spain supervision
- SIP to be responsible for all key decisions, with savings banks only responsible for distribution in their home regions and management of social projects and welfare funds (financed through dividends received by the SIP)
- Representation of independent members in the Board, heading the Auditing and Remuneration Committees
- General Shareholders' Meeting:
  - ✓ Voting rights in the same proportion to the share of capital held in the bank
  - ✓ Voting thresholds for approval of specific operations such as:
    - Entry of new shareholders
    - Increase of capital
    - IPOs and secondary offerings
    - By-laws modifications
    - Liquidation
- Social headquarters in Valencia, operating headquarters in Madrid

Solid Corporate Governance

Management organization aiming to facilitate a smooth decision making process

Board of Directors	• 21 members, with maximum position length of 6 years, of which: – 11 members representing Caja Madrid – 6 members representing Bancaja – 2 members representing rest of Savings banks – 2 independent members • Executive chairman elected by Caja Madrid • Executive Vice-chairman elected by Bancaja
Executive Committee	• Made up of 11 members: – 6 members representing Caja Madrid – 4 members representing Bancaja – 1 member representing rest of Savings banks

Auditing Committee	• Independent Board member to chair the Committee	**Appointments and Remuneration Committee**	• Independent Board member to chair the Committee

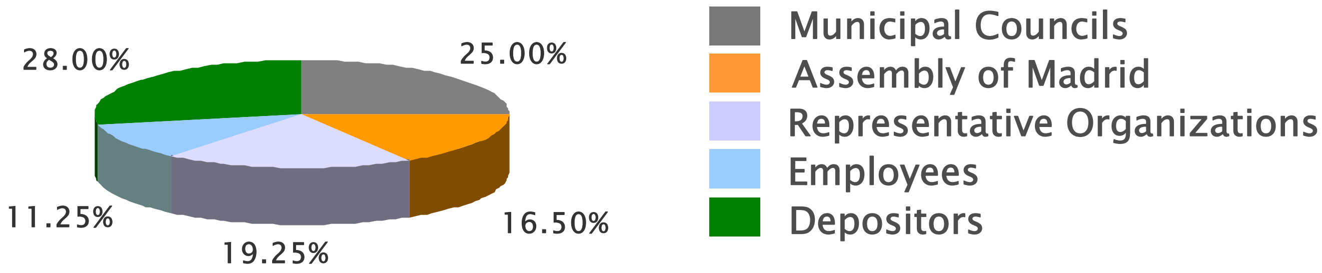
Appendix

Overview of Spanish Savings Banks

- **Savings Banks are not incorporated and have no shareholders.** Core capital is formed by reserves from retained earnings. Savings Banks do not pay dividends, but **allocate part of their net profits to support community social, educational and cultural projects**

- Savings Banks' **main Governing Bodies** are:
  - General Assembly
  - Board of Directors
  - Control Commission

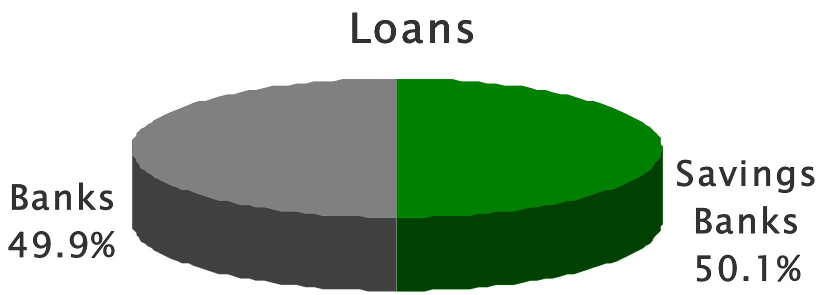
- The **General Assembly** (in Caja Madrid's case) is comprised of 320 members: representatives of the city and the region of Madrid, representatives of employees, customers and community institutions as follows:

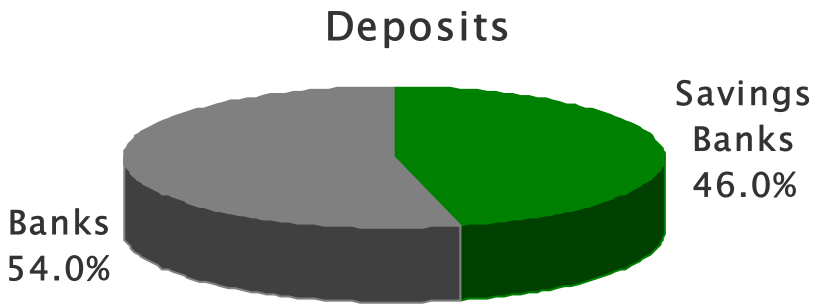


- **The General Assembly performs the traditional role of shareholders**: appoints the Board of Directors and Control Committee, and approves the annual financial statements, the Directors' report and the profit distribution proposed by the Board

Overview of Spanish Savings Banks

- Savings Banks' market share at year-end 2009 :
  - **Loans**: **50%** of a total of €1,812 billion
  - **Deposits: 46%** of a total of €1,491 billion





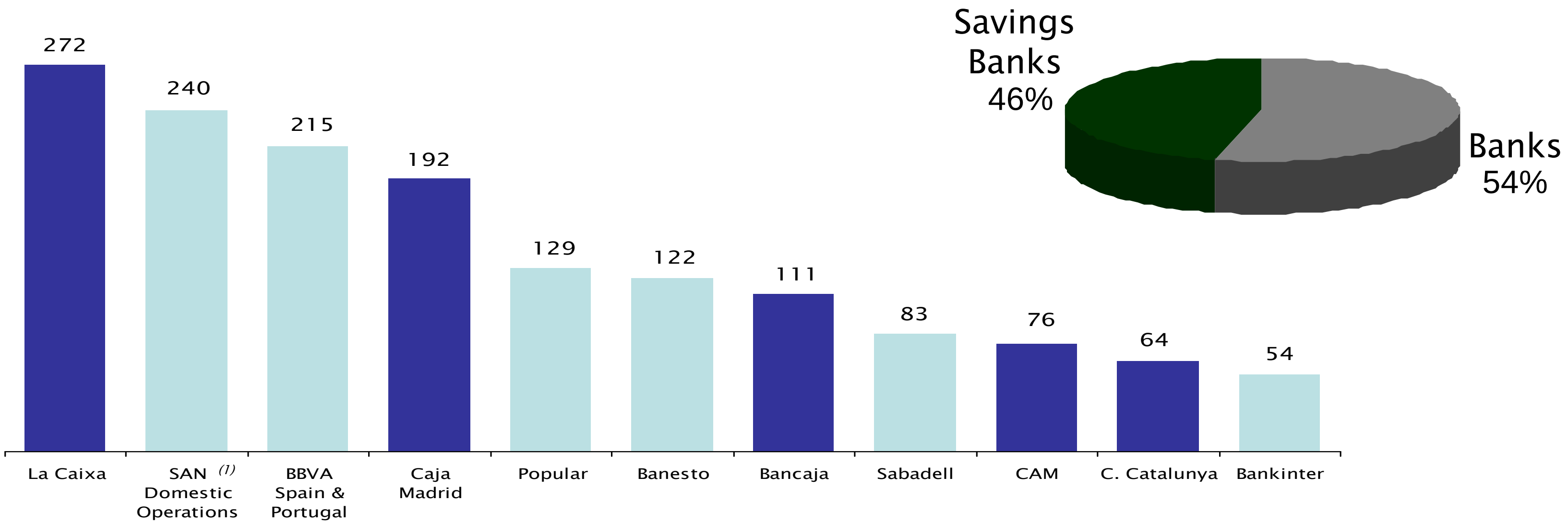
** Based on Total Customer Loans and Deposits, and taking into consideration Banks and Savings Banks only*

Overview of Spanish Savings Banks

- Spanish Banking System consists of:
  - 65 Banks
  - 45 Savings Banks
  - 81 Credit Cooperatives

- At year-end 2009 Savings Banks' total assets reached EUR 1.3 trillion, representing **46% of the Spanish financial system**

Total Assets - 2009 (€bn)



** Source: AEB, and Company data as of December 2009 (1) Including Banesto*

Senior Debt Maturities are the Key, Covered Bonds Can Be Refinanced

- **Medium and Long Term Maturity Profile:**