


2010

Corporate Social
Responsibility Report

Bancaja 



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1. Letter from the Chairman
and the General Manager

Bancaja 

1. Letter from the Chairman and the General Manager



Presentation (1.1)

Dear reader:

Once again we take this opportunity to inform you, through the annual report, about the economic, social and environmental balance sheet for the past financial year. In it we present an account of the actions carried out with the various Bancaja stakeholders, as well as of our goals and to what extent they have been achieved.

The year 2010 has been a year strongly marked by the economic crisis and the restructuring of the Spanish financial sector, which has particularly affected savings banks.

In this context, Bancaja initiated an integration process with Caja Madrid, La Caja de Canarias, Caixa Laietana, Caja Ávila, Caja Segovia and Caja Rioja, through the establishment of an Institutional Protection Scheme (SIP), thus becoming the leading commercial business banking institution in the national market in terms of turnover and the third largest Spanish banking group.

This integration process has allowed the institutions to bolster solvency ratios and liquidity levels, optimise efficiency and provide better service to their wide customer base. At the same time, we have also ensured the continuance of the Welfare Project, with which we contribute to the economic and social development of society, the paramount goal of savings banks.

This goal will be upheld in the new financial group, along with the development of corporate responsibility, allowing us to continue to meet the expectations of society and stakeholders more effectively.

Not only have we maintained our traditional support for existing corporate policies and commitments, we have also taken on new challenges.

We continue to support families and people facing severe financial difficulties, both through our own lines, such as the *Bancaja Commitment* and the refinancing of credit transactions, as well as through ICO agreements. The application of these measures in 2010 allowed over 3,300 transactions to be deferred, with a total of 915 new financing operations granted.

We have launched an innovative line in the Spanish market, the *Housing Commitment*, with special mortgage terms, such as exemption from fees, interest and capital payments during the first three years, which has provided over 1,700 families and individuals with access to housing. We have also helped finance small companies and self-employed individuals, with over 6.1 billion euros in restructuring operations and 1.475 billion euros granted in ICO lines.

A total of 60 million euros have been invested in the Welfare Project, representing 38% of the annual net revenue of the previous financial

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year, with a greater priority being given to the social development line, in consistency with the economic situation. More than 4.1 million people have benefitted from these actions and 2,600 activities have been carried out. During 2010, some 1,715 associations and foundations received 4.5 million euros thanks to NGO and Volunteer cards, as well as grants to non-profit organizations.

Bancaja has joined the Framework Cooperation Agreement between the Spanish Confederation of Savings Banks, the Bank of Spain and the National Securities Market Commission, for the development of the Financial Education Plan 2008-2012, aimed at sectors such as children, young people and senior citizens. Furthermore, as a signatory institution of the United Nations Global Compact, it endorses the 7 Women's Empowerment Principles promoted by this organisation, an international initiative that seeks to promote gender equality in the workplace, in the markets and in society.

To further develop our environmental commitment, a new product called *Green Leasing* has been created. This initiative compensates for the CO₂ emissions generated by the vehicles financed, through a reforestation project in Mexico, backed by the *CeroCO2* climate care initiative. Internally, we have improved our environmental management systems, expanding our certifications to include the Sorolla Building and the headquarters of operations and Governing Bodies of Bancaja, along with four other branches.

In fulfilment of another of our commitments, the Bancaja employee pension plan produced the first Progress Report on the implementation of the United Nations Principles for Responsible Investment, which has been approved by the Control Committee.

These and many other Bancaja actions have enabled the Bank, for the first time, to obtain "Prime Status" from the *Oekom* sustainability rating agency, recognising Bancaja as a sustainable and responsible institution, suitable for investments with social, environmental and good governance criteria, in addition to the strictly financial.

Once again, we want to express our commitment to the United Nations Global Compact and its ten principles, whose goal is to promote

the respect of human rights, labour regulations, the environment and the fight against corruption. This initiative, together with effectively addressing the economic needs of people and the development of the best practices in the fields of sustainability and corporate governance, serves as a reference point that is fully integrated in the Institution's corporate culture and action model.

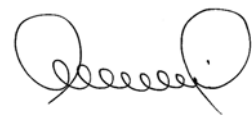
As in previous financial years, this Report has been prepared in accordance with the Global Reporting Initiative Guide, G3. It presents a balanced and reasonable view of the economic, environmental and social performance of our organisation. We have received an A+ rating from this organisation and have undergone an independent external audit process, in accordance with the ISAE3000 and AA1000AS verification rules.

Once again this year, we wish to acknowledge the collaboration of everyone who helped make this report possible with their contributions, as well as with their criticisms and suggestions. Your views are welcome and for this purpose we have provided a form and an e-mail address for submitting your comments. Your opinions are valued and will help us to improve.

Thank you.



José Luis Olivas Martínez
Chairman



Aurelio Izquierdo Gómez
General Manager



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2. Bancaja in the current context

Bancaja 

2. Bancaja in the current context

2.1 Business model and profile

About us

Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja (hereinafter "Bancaja" or the "Institution"), is a foundational credit institution with a charity-social purpose whose origins go back to the mid-19th century. Its one and only goal is to contribute to general interests and the economic and social development of the people and societies with which it relates in its scope of action. (2.1)

Operationally, its activities can be assimilated to those of a bank, except that its annual surpluses (profit after tax) are devoted, on the one hand, to increase the Institution's solvency by making provisions and, on the other hand, to create and sustain welfare projects on its own or jointly with other bodies, a signature trait of Savings Banks. Since there is no share capital, Bancaja has no shareholders and pays no dividends. (2.6)

Under the aegis of the Generalitat Valenciana, it is subject to the rules and regulations governing banking institutions in Spain and those set by the economic and monetary authorities of Spain and the European Union.



Since December 2010, together with six other Spanish savings banks, Bancaja forms part of the leading commercial and business banking institution in the national market, Banco Financiero y de Ahorros S.A.

Business strategy (4.8)(4.11)

In accordance with the established strategic objectives, the general lines of action approved by the Bancaja General Assembly for 2010 focus primarily on:

- Consolidating the distribution system towards commercial specialisation, in order to improve market share and position through the efficient use of resources and **increase the loyalty of the customer base**;
- **Improving commercial capacity and the profitability** of branches, with brand strategy as the differentiating element, maintaining the Bancaja Commitment as an effective and tangible instrument to differentiate the Institution in the eyes of customers;
- **Giving priority to quality, solvency and profitability over growth**, strengthening investment diversification, management and monitoring policies;
- Managing financial resources in a balanced manner, maintaining an **appropriate degree of capitalisation**;
- Serving as an exemplary model of **corporate social responsibility**.

Markets in which bancaja has operations (2.3)(2.5)(2.7)(2.8)(S01)

The financial activities carried out by Bancaja focus mainly on commercial banking, although supplementary services are offered as well. Bancaja is an institution with branches across Spain and in

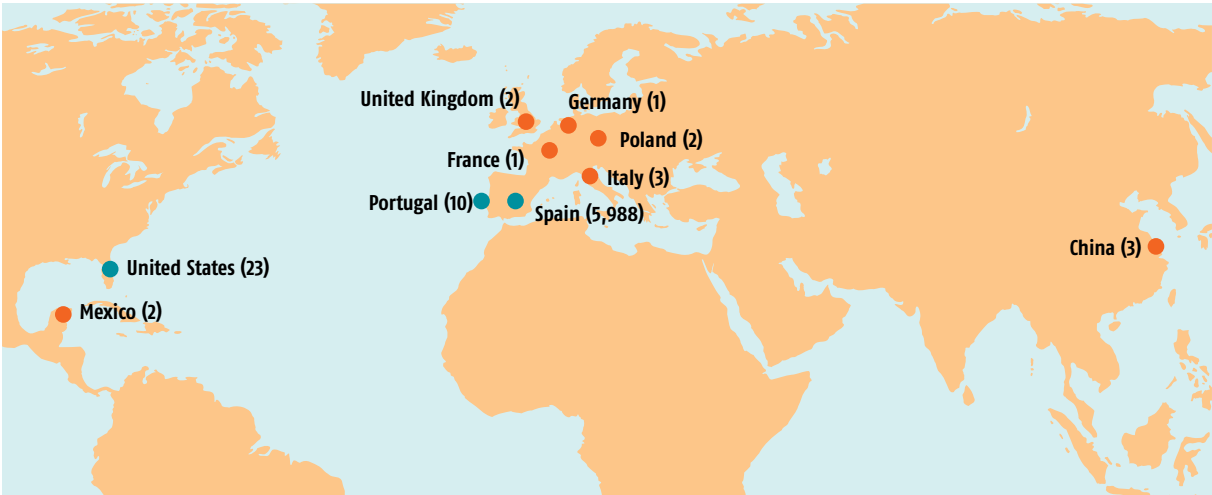
CSR Report 2010 | 2. Bancaja in the current context

nine other countries, with three operational branches in Miami, Lisbon and Porto, and seven representative branches that maintain commercial agreements and strategic alliances with leading international operators.

- Representative branches: London (United Kingdom), Milan (Italy), Munich (Germany), Paris (France), Shanghai (China), Warsaw (Poland) and Cancun (Mexico).
- Commercial agreements: Insurance (United Kingdom) and Commercial Banking (China, Ecuador, United Kingdom, Italy and Norway).

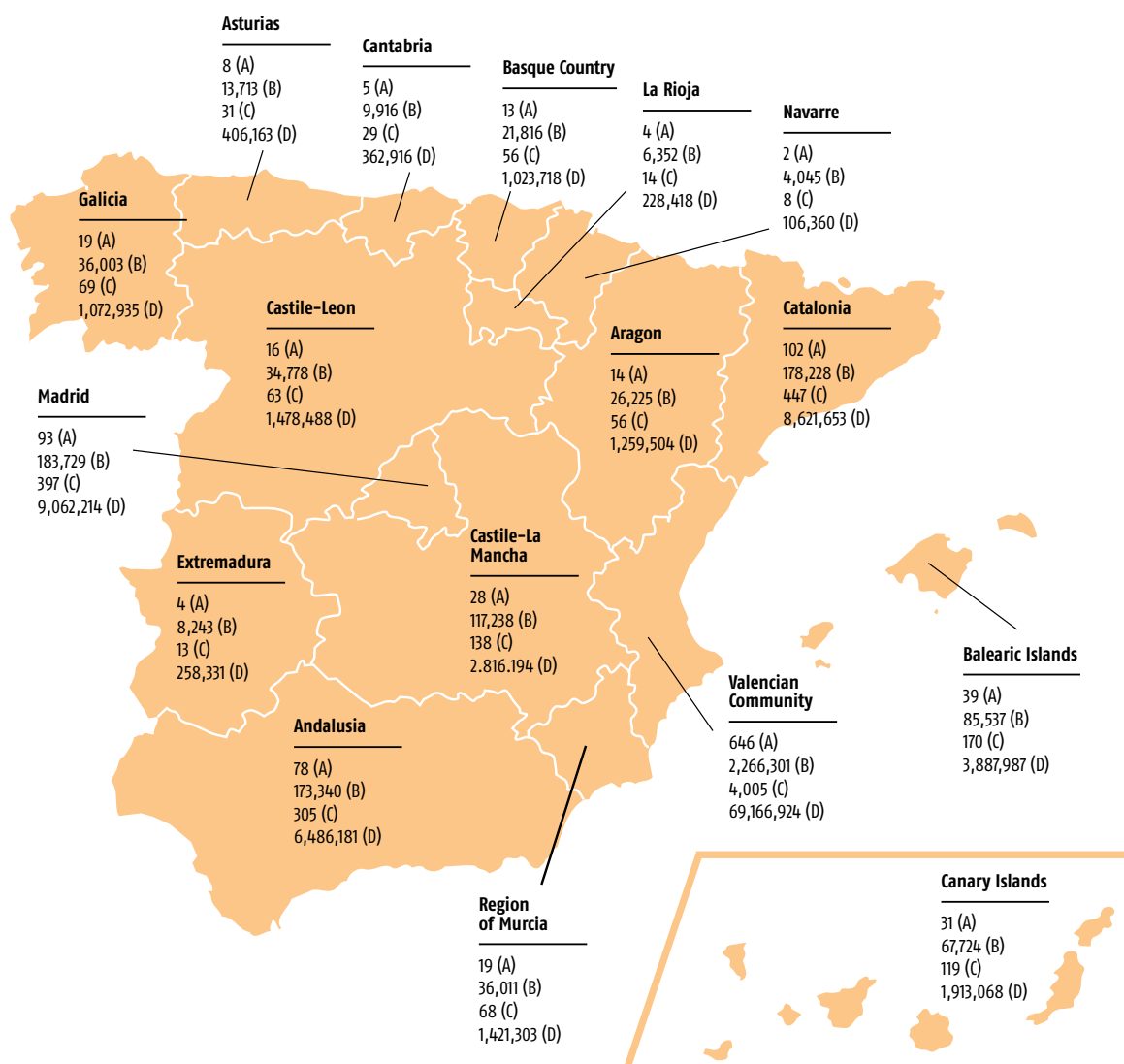
Its international profile is aimed at supporting Spanish customers abroad, attracting Spanish customers that are subsidiaries of companies with foreign capital and developing corporate banking in major markets.

The following map shows the geographical distribution of Bancaja's branches, customers, employees and turnover: **(LA1)**



● Own branches
 ● Representative branches
 (Number of employees)

Distribution by region



(1) Turnover based on average monthly balance and in thousands of euros. Off-network customers include, among others, exclusive customers of the virtual branch, the Purchase Sales Channel and specialised branches. (2) Figures corresponding to the number of employees in operational branches and representative branches, according to geographical location. (3) Does not include representative branches. The turnover of the bank's overseas branches represented 0.3% of total turnover.

2010	(A) Branches ⁽³⁾	(B) Customers ⁽³⁾	(C) Employees ⁽³⁾	(D) Turnover ⁽¹⁾⁽³⁾
Spain	1,128	3,304,481	5,988	111,949,272
Overseas (own branches)	3	1,153	33	327,191
Representative branches	-	-	14	-
Total	1,131	3,305,634	6,035	112,276,462

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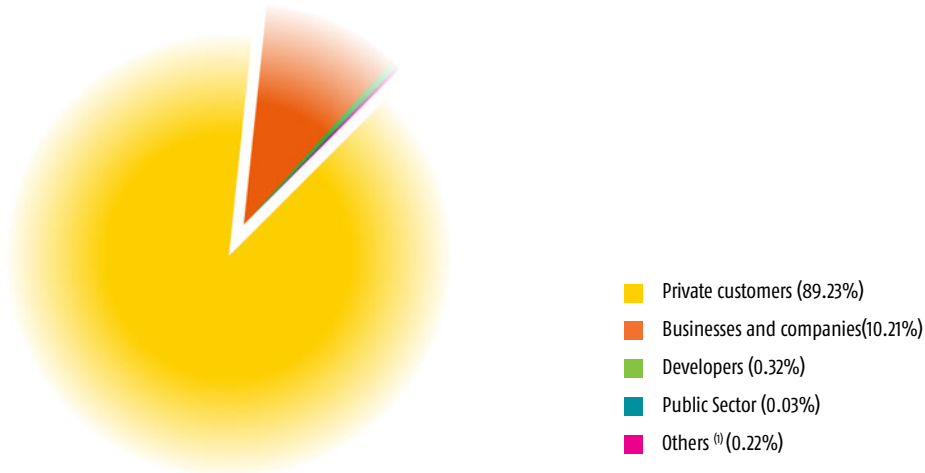
The distribution of the Bancaja branch network by market type is shown in the following table: **(FS6)**

Branches by market type	2010			
	Number of branches	Percentage of branches	Percentage of customers	Percentage of employees ⁽²⁾
Commercial banking	952	84.17%	92.10%	65.93%
Business banking	39	3.45%	1.02%	5.75%
Property developers division	6	0.53%	0.12%	1.46%
Personal banking	25	2.21%	2.18%	7.49%
Special branch	10	0.88%	1.65%	1.04%
Administrative units and remote cashier points ⁽¹⁾	99	8.75%	2.92%	1.51%
Total	1,131	100.00%	100.00%	83.63%

(1) Focused on commercial banking or retail businesses. **(2)** All other employees are assigned to central services and other centres not included in this table.

84 % of the branch network and 92% of customers belong to commercial or retail banking. 95% of Bancaja's customer base consists of private customers, of which 38% are under 35 years old. New Citizens (people born in a country other than Spain) represented 15% of the private customers at the close of 2010.

Distribution by number of customers (%)



(1) Associations, foundations, communities, etc.

At the end of 2010, business customers (not including the public sector) amounted to 347,754, of which 87% are MicroSMEs and 5% are SMEs (92% in all).

In the year 2010, Bancaja was not untouched by the restructurings in the sector, closing 11 branches in Spain, mostly in the Valencian Community, in districts where other branches were located. However, a new branch was opened in Portugal, in the city of Porto. **(2.9)**

Two new commercial agreements were signed, with the Standard Chartered Bank (United Kingdom) and Banca Popolare de Vicenza (Italy).

services, focusing basically on global banking and broadens its offer with non-financial products, such as insurance, asset and wealth management, marketing and development of housing and holiday travel.

The new products and services launched in 2010 are described in the Bancaja Annual Report, which is available at www.bancaja.es.

The Bancaja brand (2.2)

Bancaja aims to be a reputable brand by fulfilling the promises it makes to its customers. The main brands are:

Main products and services (2.2)

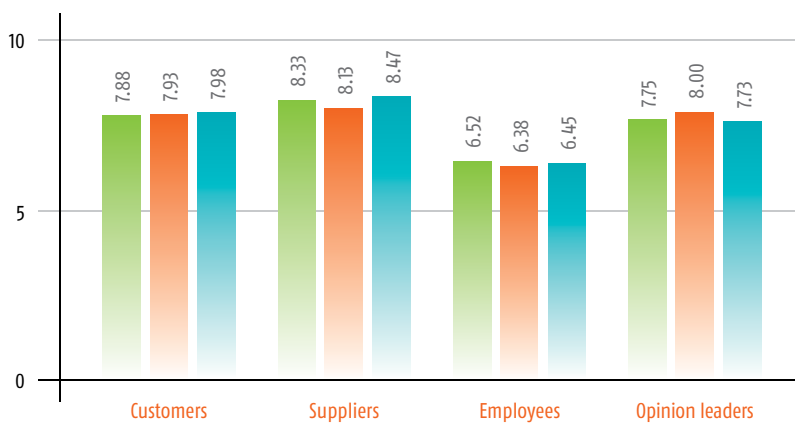
Bancaja makes it easier to create and capitalise on savings by granting loan transactions; it offers a wide range of financial products and



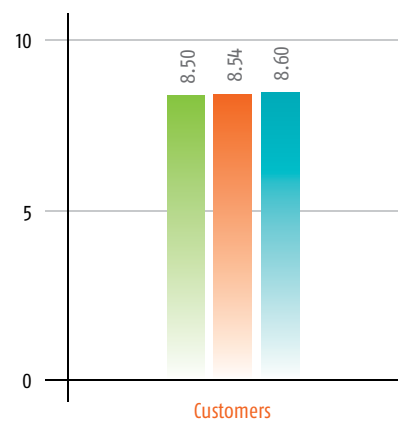
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These objectives are assessed annually, through brand tracking that rates the perception and satisfaction of the primary stakeholders in regard to two aspects: Bancaja's image and *The Bancaja Commitment*, the backbone of commercial relations. **(3.9)(4.16)**

Brand rating - the Bancaja image



Rating of the Bancaja commitment



On a scale of 10 points.

(1) 2,420 private customers from the Valencian Community and Murcia and remaining territories, between 18 and 70 years old. (2) 250 Bancaja suppliers from the private sector, with a relationship of at least 2 years and total invoicing of more than 1,000 euros over the last 12 months. (3) 816 permanent and temporary employees (13% of the total workforce). (4) 12 opinion leaders from different activity sectors.

2008 2009 2010

The **mercoMarcas Report**, the benchmark ranking of corporate reputation and brand management for leading Spanish companies, ranked the Bancaja brand in fifth position in its 2010 national financial institution ranking (in 2009 it was ranked fourth).

In addition, in 2010 the **mercoPersonas Report** placed Bancaja in 33rd position in its ranking of the 100 best companies to work for in Spain (24th in 2009) and in 49th position in the **mercoEmpresas Report**, which assesses the 100 Spanish companies with the best reputation (61st in 2009).

2.2 Bancaja SIP integration agreement (2.3)(2.9)(3.11)

Financial year 2010 unfolded against a backdrop of reduced economic growth, high volatility and widespread market falls, in which sovereign debt caused risk premiums to rise significantly, increasing misgivings towards the so-called peripheral countries, including Spain.

Within this context, the need to establish solid and efficient entities or groups of entities with the capacity to compete in an increasingly more demanding market, together with the pertinent legislative amendments making this possible, has prompted a major restructuring of the Spanish financial sector.

To promote the restructuring process of the financial sector, on 26 June 2009, the Government approved the Fund for Orderly Bank Restructuring (FROB), whose responsibilities include, among others, facilitating integration processes which present a viable integration plan to reduce the system's installed capacity, by means of temporary assistance from public funds, at a cost and subject to approval by the Bank of Spain.

The restructuring process has given rise to 13 integration processes, involving 94% of the total assets of the savings bank sector (40 institutions). Of these 13 processes, 8 have applied for assistance from the FROB, for an amount of 10.581 billion euros. The largest integration progress is that of Bancaja with Caja Madrid, La Caja de Canarias, Caixa Laietana, Caja Ávila, Caja Segovia and Caja Rioja, through the establishment of an Institutional Protection Scheme (SIP), making it the **leading commercial and business banking institution in the national market in terms of turnover** and the third largest Spanish banking group. This integration allows member institutions to bolster their solvency ratios and liquidity levels, optimise their efficiency and provide better service to the extensive customer base, in addition to expanding their geographical coverage.

Timeline of the Integration Process

On 14 June, Bancaja's Board of Directors approved an agreement in principle (Protocol) for SIP integration with the aforementioned six savings banks. The SIP requested 4.465 billion euros from the FROB. **(EC4)**

The board members of the seven savings banks approved the Integration Contract on 29 July 2010. On the basis of an assessment of the value of the institutions comprising the SIP, the percentage of the holding of each member of the Group is as follows: 52.06% for Caja Madrid, 37.70% for Bancaja, 2.45% for La Caja 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 SIP will allow the seven savings banks to increase their leadership position within their respective regions, while maintaining their legal status, commercial activities and corporate branding in their territories, as well as their governing bodies and welfare projects.

The operational headquarters of the central company is established in Madrid, while the corporate headquarters and the management of the investee companies are based in Valencia.

The Assemblies of the seven banks ratified the Integration Contract on 14 September 2010. With the approval of the General Assemblies of the seven banks, the SIP emerges as the great project of the future, strengthening the Group's competitive position and driving future growth, while simultaneously improving the profitability of the financial system and, in the medium term, that of the Spanish economy.

The SIP is set up as a contractual group formed by seven institutions and a central company which is established as a bank. The mutualisation of 100% of the group's revenue will help reinforce its financial situation, liquidity and solvency, improve market access and create value to provide customers with better service.

The members want to strengthen the competitive position, efficiency and growth potential of the new institution and, to achieve this goal, the Group is considering a reduction of its installed capacity. Although this will mean employment adjustments, the banks agree to minimise the impact on the workforce and carry it out mainly through early retirement packages.

Upon receipt of the necessary authorisations from the Autonomous Communities of Madrid and Castile-Leon, the Regional Government of Catalonia and the National Competition Commission, on 3 December the central company of the SIP was founded, *Banco Financiero y de Ahorros, S.A.*, whereby and within a specific time frame, the operational integration process begins, with the mutualisation of 100% of the Group's revenue, the integration of part of their business and the implementation of a global treasury system.

The appointment of the 21 directors who make up the Board of Directors of the SIP was also made on 3 December (11 directors nominated by Caja Madrid, 6 by Bancaja, 1 by Caja Ávila, 1 by La Caja de Canarias and 2 independent directors). The Board of Directors delegated the Chairman's executive powers and the Deputy Chairman's executive powers for Shareholders and Auditing, and also appointed the managing directors.

The Bank's Board of Directors, at its first meeting, also approved a capital increase and the issue of ordinary shares, as a non-monetary contribution to mutualisation rights, as well as the issue of preferred shares. These will allow the banks to subscribe the 4.465 billion euros requested from the FROB, approved by Bank of Spain.

The incorporation of the bank and its governing bodies makes it possible to receive funding from the FROB, which occurred at the end of the financial year and, starting in January 2011, the process of allocating assets and liabilities to the central company is expected to begin, thus consolidating the integration process.

New financial group and market information

The operation corresponding to the integration of the new group means that, since the accounting close on 31 December 2010, the banks that belong to the group no longer present consolidated annual accounts and now only the annual consolidated accounts of the head bank, *Banco Financiero y de Ahorros, S.A.*, will be produced.

Once the SIP has been established, Banco Financiero y de Ahorros is the Group's interlocutor and public relations representative, and is specifically responsible for communication with supervisors, the preparation of reports, consolidated accounting statements and compliance with equity and liquidity obligations, as well as any other responsibilities of the Group on a consolidated basis.

For the above reasons, in 2010 the coverage of this report has been modified and it has now become an individual Bancaja sustainability report.

2.3 External recognition (2.10)

The Cadena SER **Ondas** award for the best radio advertising campaign for the **Bancaja Young Entrepreneurs Prizes** campaign.

Sol de Plata prize for the advertising campaign, **Financial Solution for Young Entrepreneurs**, at the 25th Festival El Sol. Festival Iberoamericano de la Comunicación Publicitaria de San Sebastián (Latin American Festival of Advertising Communication of San Sebastián).

The sustainable rating agency, **Oekom**, awards Bancaja **"Prime status"**, which qualifies the institution as suitable for sustainable and responsible investment. The "Prime status" has been awarded after analysing aspects of Bancaja, such as environmental and social policies, customer and employee relations and the products and services offered.

The best financial product award, given by the magazine **Ejecutivos**, for the **Bancaja Housing Commitment** 2010.

The best financial advertising award 2009, given by the magazine **Inversión y Finanzas**, for the **Bancaja Solution for Young Entrepreneurs**.

Euro de Oro 2009, for the best financial product for the campaign, **Zero Fees, Zero Conditions**, for checking accounts and savings pass-books.

The **Company and Finance Prize** for Bancaja's contribution to development in the Valencian Community.

The **ICO Financial Award 2010** went to Bancaja branch 346-Palma-Plaza Olivar- Empresas, for **being the branch with the greatest volume of ICO credit lines extended**. This branch also received prizes at the first and second edition of these awards.

The Employers' Confederation of Castellón (CEC) Award was given to Bancaja for its support of the business initiative for economic development in the province of Castellón and for its Welfare Project.

Within the framework of the PIMEC Awards 2010, **The Confederation of SMEs of Castellón, PIMEC**, awarded Bancaja a plaque in recognition of its collaboration.

Inversión award to Savings Banks Welfare Projects, in the Culture and Free Time category for the exhibit **"Sorolla. Vision of Spain"**.

Premio Importante, awarded by Editorial Prensa Valenciana to the Bancaja Foundation for its organisation of the exhibit **"Sorolla. Vision of Spain"**.

Special Mention by Forinvest to the Bancaja Foundation for its organisation of the exhibit **"Sorolla. Vision of Spain"**.

Institutional Prize awarded by Concemfe-Alborada (Toledo Provincial Association for people with physical, organic or sensory disabilities) to the Bancaja Foundation, for its direct support of welfare projects that encourage the integration of vulnerable groups and groups with social difficulties.

Silver Medal of the Valencia Council of Culture, of the Generalitat Valenciana, awarded to the Caja Castellón Foundation for its merits in restoring the Barranc dels Horts-Mas Vell nature reserve, a model for the protection of our forests and the principles of biodiversity, and for its support in paying tribute to the natural heritage of the Valencian Community.

Morningstar Award to Bancaja Fondos, for Best Manager of Mid-Cap Equity Funds.

Eurofunds-Fundclass Award to Bancaja Fondos, for best fund manager in the category of 26 to 40 funds.

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At the **Lipper Awards** 2010, two investment funds were distinguished:

- Fonduxo FI received the prize for the Best Investment Fund in 2009 in the category of Mixed Fixed Income, Euro Zone, at three years.
- Arcalia Global FI, received the prize for the best fund in Spain in 2009 in the category of Mixed Global Equity at five years.



3. Bancaja sustainability model

Bancaja 

3. Bancaja sustainability model ^(4.8)

3.1 Corporate values and ethics

Mission

"Contribute to achieving general interests through the economic and social development of the area in which it is active"

Vision

"We work to meet the financial needs of people throughout their lives and reinvest all profit back into society and our Institution"

Corporate culture

Customers. People working for Bancaja. Our Institution. Social responsibility. Management style. Be a reference in the sector.

Codes of conduct

The behaviour of Bancaja employees when performing their work and dealing with customers, colleagues and the society is based on the following principles of action:

- Employee Code of Conduct;
- Management model;
- Protocol for the prevention and treatment of workplace sexual or moral harassment;
- Internal regulations on Stock Market Conduct;
- Prevention of asset laundering in Bancaja.

These codes of conduct are part of the entrance protocol for people joining Bancaja and there are specific internal bodies which ensure compliance with them.

The Code of Conduct Committee publishes a report regularly with the most frequent questions and topics, the interpretation criteria and their resolution. During financial year 2010, the Code of Conduct Committee resolved a total of 10 requests.

With regards to the Internal Rules of Conduct of the Stock Market, there is a permanent control body, assisted by the Regulatory Compliance Unit, which oversees and supervises in full the proceedings derived from complying with these Rules.

As part of the annual internal audit Plan, in the verification programmes, we review the guiding principles applied. 38% of the branch network was reviewed during the 2010 financial year. **(FS2)**

The Bancaja commitments (FS1)(FS15)

Bancaja remains committed to maintaining market recognition and to distinguishing itself from competitors with effective customer care. To this end, it maintains a commitment to caring about people through its business model, which incorporates its values and corporate

identity, along with dedication, balanced relationships and trust in customers, under the slogan:



Bancaja continues to make specific commitments towards customers, employees and society, which the Institution must fulfil and improve, reporting on these aspects with complete transparency (see chapters 5.5, 6.5 and 7.5 respectively).

- Seventeen specific commitments towards its private customers for domestic financial transactions, reflected in **The Bancaja Commitment**.
- Seventeen specific commitments towards its employees, equivalent to those made towards customers, through the so-called **Internal Commitment**, which foster professional development, work-life balance, equal opportunities and the promotion of family co-responsibility between men and women.
- **Bancaja social commitment**. Actions which contribute to improving quality of life and the cultural and social progress of the areas of influence are constantly being carried out through Bancaja's Welfare Project, defining strategic plans according to social needs.



**Si no es bueno para ti,
no es bueno para nosotros**

In January 2010, Bancaja launched a new institutional commitment that is unique in the sector, the **Bancaja Housing Commitment**, which is designed to strengthen its support of the people hit hardest by the crisis, such as families finding it difficult to maintain or gain access to housing, in addition to providing an outlet for the real estate assets of the Bank.

3.2 Corporate governance

Governance structure (4.1)

The Corporate Governance Report published annually by Bancaja, both on the CNMV and the Institution's corporate website, describes in detail how Bancaja is governed, as well as the composition, functions and rules of each of the existing Governing Bodies. The remuneration of the Bank's Board of Directors and Senior Management is described in the Annual Report.

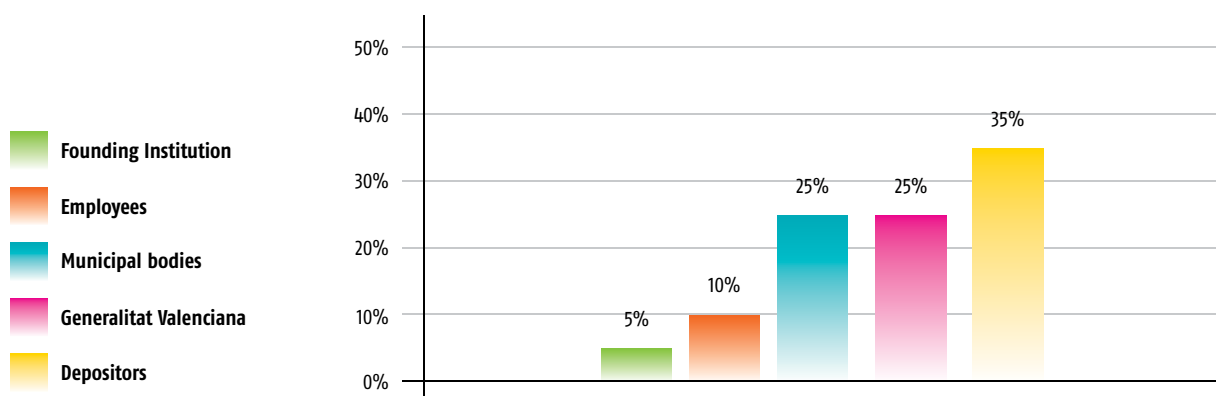
The most important elements of corporate governance are: (2.6)

- In accordance with its legal status, Bancaja has no shareholders.
- The governance, administration, management, representation and control of the Institution correspond to the General Assembly, the Board of Directors and the Control Committee.
- The members of the governing bodies represent various social and collective interests of Bancaja's area of action: investors,

employees, the Generalitat Valenciana, Town Halls and representatives of the Real Sociedad Económica de Amigos del País de Valencia, a Bancaja founding institution.

- The members of the governing bodies are appointed by means of a regulated electoral process which is carried out with the utmost transparency, publicity and assurance of equality. (4.7)
- The Chairman of the Bancaja Board of Directors performs no executive functions. (4.2)
- Positions in governing bodies are honorific and not paid, and the people holding them may only receive allowances for attending the meetings and travelling. (4.5)
- High-ranking officials of Public Administrations cannot become members of the Bank's Governing Bodies. (4.6)
- The percentage of women on the Board of Directors was 34% at the close of 2010.

Board of directors (Representative Groups)



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By virtue of the rules and Bylaws of the Institution, the employee group is a member of the governing bodies, with the following representation: **(4.4)**

On 14 January 2010, the electoral process to renew half of Bancaja's governing bodies, which began in September 2009, was completed.

Governing Body	Maximum number of members	Percentage of personnel represented ⁽²⁾
General Assembly	200	12.00%
Board of Directors	20	10.00%
Control Committee ⁽¹⁾	13	15.38%

⁽¹⁾ The functions assigned by Law to the Audit Committee have been transferred to it according to the Bylaws. ⁽²⁾ The differences in proportionality with respect to the General Assembly are due to the fact that the number of elected people is reduced.

Key mechanisms and functions in corporate governance (4.9)

Key functions	Upper office
Internal Auditing	Chairmanship
Money Laundering Control Body	Board of Directors
Laundering Prevention Unit	Auditing
Global Risk Committee	Board of Directors
Employees' Code of Conduct Committee	Human Resources
Regulatory Compliance Function	Legal Services
Corporate Social Responsibility Committee	Board of Directors

Prevention of money laundering and terrorist financing (4.11)

The Institution makes monthly statements to the Commission for the Prevention of Money Laundering and Monetary Offences (SEP-BLAC) and informs it punctually of any suspicious transaction or circumstance potentially connected to money laundering or the financing of terrorists, and informs the Board of Directors of this on a regular basis.

rules established under this law has been made, making it our aim to provide periodic training to employees, based on supports adapted to the new principles upheld.

The internal operational procedures are constantly being adapted to Spanish and European regulatory changes. With the publication of Law 10/2010, of 28 April, which transposes the 3rd European Directive, an exhaustive updating of Due Diligence proceedings and other

In regard to employee training, some of the most noteworthy activities include face-to-face training for the new employees' welcome course, management training and refreshment sessions for commercial network executive teams, as well as a basic online course on the Prevention of Money Laundering and Terrorist Financing, directly relevant to the most significant updates brought about by Law 10/2010 in this area; this is one of the aspects verified in the internal

audit programmes. Overall figures regarding training are laid out in Appendix II.

During the 2010 financial year, acceptance analysis criteria for customers and transactions were reinforced. All transactions are subject to Due Diligence, in accordance with the risk criteria established by the Institution's customer acceptance policy, placing special emphasis on: knowledge of the customer, real economic activity, generation of resources, origin or destination of funds and the corresponding legal documentation. Special attention was warranted by the shareholding structures of legal persons and the emergence of the concept "beneficial owner", which is now being reflected for all new customers that have the status of legal persons.

The scope of the reviews made by Bancaja's Internal Auditing Department includes an analysis of granted credit risks, with no relevant corruption-related cases detected in 2010. **(S02)**

Money laundering prevention audits	Bancaja		
	2010	2009	2008
Number of Business Units analysed	443	426	442
Percentage of Business Units analysed	38.13%	37.30%	37.08%

In application of the regulations governing Bancaja's activities, when non-compliance with these regulations has been detected, the corresponding disciplinary measures have been taken. Likewise, Bancaja's money laundering prevention systems were reviewed in 2010, with the scope required to verify adaptation to the new Law 10/2010. This was performed by an external expert in compliance with the legislation in force in this area. Recommendations and suggestions made by both the SEPBLAC and the external expert have been reported to the Board of Directors within the time frame specified by law. **(S04)**

3.3 Corporate social responsibility management system

CSR in the business model

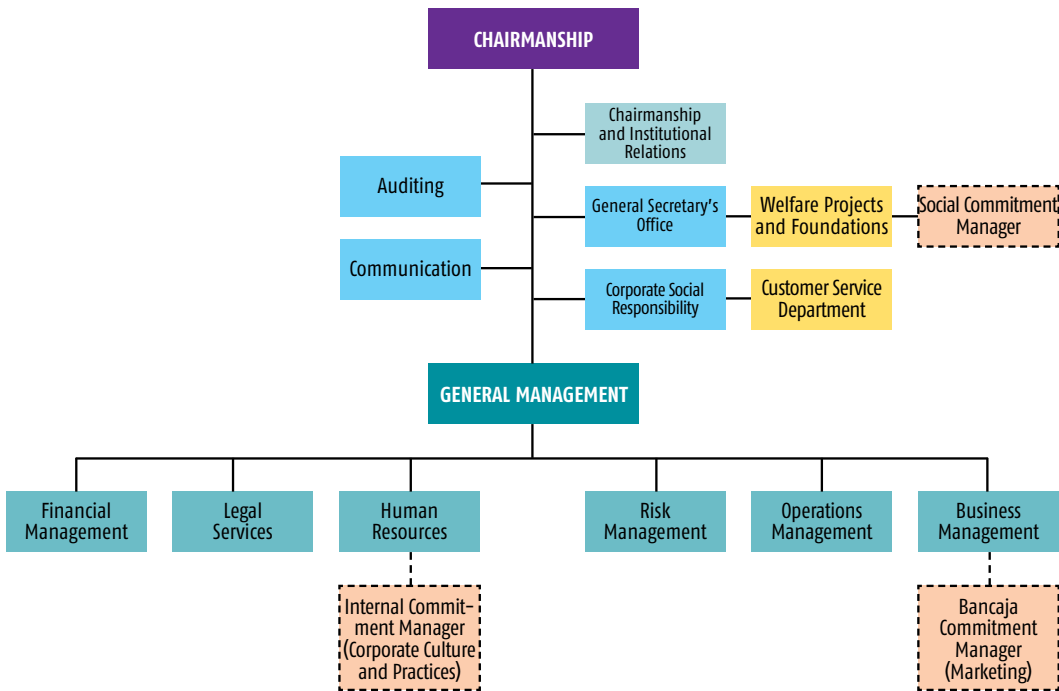
The Bancaja Corporate Responsibility Model (hereinafter, CSR) includes as main features, completely transparent announcements on its corporate website of the following:

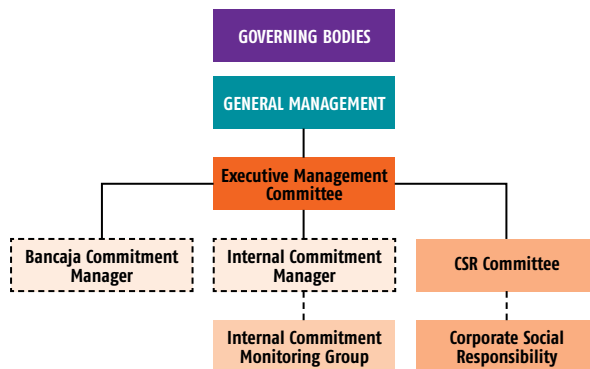
- **Sustainability model:** strategy and lines of action.
- **Stakeholders:** the most relevant interested parties for the Institution in terms of influence.
- **Approaches to management:** set of principles and policies which make it possible to manage the CSR system.
- **Annual Reports:** institutional information to explain the management performed in a completely transparent and objective manner.

The development of the CSR management model allows Bancaja to know, transmit and incorporate into its strategy any needs and relevant issues relating to its environment, along with the different expectations of its stakeholders, in order to deal with them appropriately and balance them with its own interests.

Other important features of the model are described below.

Organisational structure (2.3)(4.1)(4.4)(4.9)(FS2)





The organisational structure created makes it possible to mainstream CSR principles and objectives into corporate culture, strategy and management, starting with the commitment and involvement of the Board of Directors and the Institution's Senior Management.

The participation of the remainder of the organisation is encouraged through the CSR Committee, the Corporate Culture and Practices Department and the environmental manager, as well as in the quarterly meetings that are held for all the branch network employees, in what is known as the Commercial Planning Committees.

Sustainable corporate policies

- Human Resources policies
- Sustainable credit policy
- Environmental policy
- Responsible purchasing policy

Human rights (HR6)(HR7)

The type of activity, geographical scope of action and comprehensive regulatory framework governing Bancaja, composed of general applicable laws, specific sector rules and internal rules, both Spanish and European, as well as the result of agreements reached through negotiations with trade unions, guarantee that access to employment, work conditions, the health and safety of all employees

and training focused on achieving an appropriate professional development, are implemented under fully equal and transparent conditions, with no discrimination whatsoever based on gender, race, condition or religion. Nevertheless, there are appropriate mechanisms to communicate any cases of discrimination or harassment which may arise, with the necessary guarantees. For the aforementioned reasons, human rights violations do not constitute a risk factor.

Bancaja's commitment to the values of peace, equality and the recognition of cultural diversity becomes a reality under the UNESCO Philosophy for Peace Chair, created by the Jaume I University in Castellón and Bancaja's Welfare Project which, in 2010, simultaneously offered two courses in the Official Postgraduate Syllabus of the International Master's and Doctorate Degrees in Studies on Peace, Conflicts and Development.

United Nations principles (FS2)

Since it became a signatory in 2005, Bancaja has been classified by the United Nations as a company active in the elaboration of its progress reports on the implementation of the ten principles advocated by this international organisation of reference.

(Commitment 2010) The Global Compact's principles and the way this report deals with them are laid out in Appendix IV. Published progress reports are available at www.bancaja.es and on the United Nations Global Compact website. The progress made during the 2010 fiscal year in each of the principles is highlighted throughout this report.

- Three of the six institutions with which Bancaja has commercial banking and corporate banking agreements have signed the UN Global Compact: Sumitomo Mitsui Banking Corporation Europe (United Kingdom), DnB Nor Bank (Norway) and the Standard Chartered Bank (United Kingdom). This last institution is the object of one of the new commercial agreements signed in 2010. **(HR1)**
- Aviva Plc. (England), 50% shareholding in subsidiary companies belonging to the insurance sector, a member of the UNGC

since 2001, a company that is active in the communication on progress. **(HR1)**

- Bancaja Habitat, the head company of the Bancaja subsidiary real estate agencies, joined the Global Compact in 2008, and since then has published its own Progress Report. **(HR1)**

In addition to the Global Compact, Bancaja has joined other initiatives of reference promoted by the United Nations that are related to its activities or their social impact.

- Plant for the Planet (2008). Progress is described in Chapter 8.1.
- Responsible Investment Principles (UNPRI) (2008). Progress is described in Chapter 4.4.
- Women's Empowerment Principles (2010). Progress is described in Chapter 6.3.

Other sustainability-related principles, programmes and associations **(4.12)(4.13)**

The featured sustainability programmes which Bancaja has joined or supports are described on the corporate website. The initiatives endorsed and collaborations in 2010 have been:

Women's Empowerment Principles (United Nations and the United Nations Development Fund for Women)

Member company.

CeroCO₂ Initiative

CeroCo₂-labelled Institution.

ITE (Energy Technological Institute)

Member.

VIT Energía (initiative promoted by Valencia's City Council through the Foundation for Urban Innovation and Knowledge Economy (FIVEC))

Member.

Universities, Business Schools and other organisations

- CECA. Conferences on financial education.
- Centre for Environmental Education course "Management of corporate responsibility".
- Spanish Sustainable and Responsible Investment Forum.
- 3rd CSR conference: "The role of CSR in generating reputation, trust and corporate competitiveness".
- EDEM Master's Degree: CSR and business reputation.
- University specialist course in Corporate Social Responsibility. Polytechnic University of Valencia.
- Social Innovation Institute. ESADE. Conference "The Third Sector".
- 6th Conference on Employment and Immigration. Round table "Entrepreneurship, Diversity and Social Responsibility. Current Framework and Financial Assistance". Red Cross.
- Benchmarking conference of the Climate Change and Energy Task Force. Entorno Foundation.
- Presentation of a multi-sectoral study on the state of Corporate Responsibility in Spain, published by the Club for Excellence in Sustainability.
- Exchange of experiences in the Club for Innovation of the Valencian Community.
- Conference on Biodiversity and Society organised by the Valencia Regional Ministry of the Environment, Water, Urban Development and Housing.
- University of Valencia. Conference "Social Corporate Responsibility in the Face of the Economic Crisis: towards a new Economic Model".
- Observatory on Ethics and Social Responsibility in Business. Observatory of the Valencian Community, Étnor. Overview.

3.4 Dialogue and materiality (4.14)(4.15)(F55)

Dialogue mechanisms

In the management of Bancaja's corporate responsibility, the dialogue channels and processes provide a complete and objective vision of the way the Institution is perceived and what the various stakeholders expect from it in all its fields of action. This makes it possible to design responses to meet the needs that may arise at any given time and to be prepared to face situations in any economic and social environment, regardless of its complexity.

The most common and relevant dialogue mechanisms used at Bancaja are published on the corporate website.

The new mechanisms taking effect in 2010 are:

With employees:

- Update of the Bancaja Work and Life Balance Programme.
- Employee's Portal.
- New edition of the Labour Climate Survey.
- New Extranet for employees of all the Savings Banks in the SIP, to serve as a common channel for internal communication.

With society:

- The fourth specific materiality study carried out to identify social issues of concern included three discussion groups with employees, trade unions and representatives of civil society (see Appendix I).
- Promotion and participation in the 3rd Sector Corporate Social Responsibility Conference, organised by the Savings Banks Higher School (Escuela Superior de Cajas de Ahorros-ESCA), where various work groups discussed responsible relationships with customers, innovation and trust.
- New corporate profile on Facebook (facebook.com/bancaja), managed by a Community Manager.
- The creation of a website for entrepreneurs, a satellite of the Welfare Project Website, to open new channels for dialogue with young entrepreneurs through social networks.

With customers:

- New satisfaction surveys on people who inquired about the housing offered through the *Bancaja Housing Commitment* programme, to know the degree of customer satisfaction with the product and with the service provided by Bancaja.

With investors:

- Presentation given to investors in London, aimed at raising awareness of the SIP project throughout the entire investment community.

With institutions:

- Three meetings were held with the ICO and a presentation was given to business customers to take a look at the operation of the financial assistance lines provided by this organisation and explain its objectives.

Key issues for society (1.2)(3.5)(4.17)

In 2010, the decrease in family and company budgets, financing difficulties and high unemployment rates continued to be the most serious problems facing the stakeholders with whom Bancaja interacts.

The restructuring process initiated in the Savings Banks sector also affected the year-end close of institutions initiating merger processes, as is the case of Bancaja, through Institutional Protection Schemes (SIP) or similar mechanisms, which pose additional challenges both on an internal level (employees, trade unions, customers and investors), as well as externally (regulators, suppliers, institutions).

Within this context, the need to concentrate efforts on active default and liquidity management, along with the regulatory and structural adaptation of the new financial Group, has had a significant impact on Bancaja's capacity to manage corporate responsibility and achieve full compliance with the goals set for 2010. Still, the Institution has

CSR Report 2010 | 3. Bancaja sustainability model

made an effort to comply with the majority of the institutional commitments made during the previous year and to continue to take the pulse of the expectations of society, through **consultation processes with stakeholders** led by independent sustainability experts, as

described in Appendix I. The main conclusions drawn from the various materiality analysis mechanisms used by Bancaja are described below and they constitute the backbone of the issues discussed and highlighted in this report.

Issues of social relevance in 2010	Primary stakeholders affected	Response in
Economic aspect, governance and transparency		
Financial strength and solvency: adaptation to the new Basel requirements and stress tests	Investors and institutions	2.2, 4.1
Default minimisation and adequate liquidity restructuring	Investments, institutions and customers	4.1
Integration of Bancaja in a SIP with 6 other Spanish Savings Banks	Society	2.2
Ethics, reputation and corporate governance	Society	2.2, 4.2
Providing an outlet for accumulated real estate assets	Society	5.3
Social and occupational aspect		
Access to credit, housing, training and jobs for: • disadvantaged groups (immigrants, people with disabilities, women, the long-term unemployed, etc.) • youths and families	Society (Customers)	5.2, 5.3
Responsible consultancy and financial education	Customers, employees and institutions	5.4
Access to credit for companies and self-employed workers, contributing to economic recovery, maintaining the productive fabric and financing local development	Customers	5.3
Maintaining social commitments in traditional fields of action	Society	7.1
Labour guarantees for the workforce in the face of the SIP initiated	Employees	6.1
Environmental aspect		
Comprehensive programmes against climate change and products and services for combating climate change, including SRI ⁽¹⁾	Society	4.4, 8.1, 8.3

(1) Sustainable and Responsible Investment.

The Bancaja Annual Report describes in detail the economic and financial aspects that characterised the financial year, in relation to the integration of the Institution in a SIP, which has considerably altered the structure of the financial Group.

Throughout this report, an account is given of the other measures taken by Bancaja to fulfil its business responsibilities and continue growing in its role as a company committed to society and sustainability.

3.5 Compliance with commitments (1.2)

Stakeholders	Commitments made in 2010	Have we fulfilled them?	See details in
CUSTOMERS	Continue fulfilling and providing information about <i>The Bancaja Commitment</i> .	●	5.5
	New improvement actions as a result of customer surveys and brand monitoring.	●	5.1
	Elimination of architectural barriers when opening, renovating or relocating branches.	●	5.2
	Signing new agreements with Public Administrations which allow us to continue supporting the companies and individuals hit hardest by the crisis.	●	5.3, 8.3
EMPLOYEES	Fulfil, communicate and adapt the contents of the <i>Internal Commitment</i> .	●	6.5
	New improvement actions following the 4th work climate survey.	●	6.1
	Management of the Family Responsible Company Model.	●	6.3
	Expanding the e-learning contents of the Training Platform, promoting their use and improving the training environment by means of virtual classrooms run by experts.	●	6.2
	Taking measures to integrate disabled people into society.	●	6.3
	Implementing flexible remuneration for the entire Bancaja workforce as a new measure with regards to work-life balance.	●	6.4
	Support NGO projects in which employees participate.	●	6.4
SOCIETY	Carry out the 2010 Welfare Project strategy, focusing on the general lines of action adopted by the Bancaja General Assembly on 26 November 2009.	●	7.5
	Promote the signing of agreements with NGOs to broaden the offer of humanitarian greeting cards.	●	5.3
	Continue financing projects intended to promote self-employment for new citizens, through humanitarian microloans.	●	5.3
	Continue promoting the financing of young entrepreneurs' business projects through the Bancaja Financial Solution for Young Entrepreneurs support line.	●	5.3
	Carry out at least two actions for the "Plant for the Planet" programme.	●	8.1
	Continue the certification process of central buildings with the Sorolla Building, within the Environmental Management System, with a view to achieving ISO 14001:2004 certification.	●	8.1
	Devise measures to reduce the amount of paper correspondence sent to customers.	●	8.1
SUPPLIERS	Continue developing a comprehensive management tool for suppliers and associated risks.	●	8.5

CORPORATE	Continue spreading the principles of the United Nations Global Compact.	●	Appendix IV
GOVERNANCE AND TRANSPARENCY	Publish the annual institutional reports of the Customer Service Department, the Corporate Governance Report, the Progress Report on the implementation of the United Nations Global Compact and the CSR Report.	●	4.5
	Publish the first progress report of Futurcaval, F.P., the Bancaja employee pension plan, in implementation of the United Nations Principles for Responsible Investments.	●	4.4
	Establish new controls and checks of the Institution's general compliance policy.	●	4.3
	Appropriate structural ratios, in consistency with the average progress of the sector, primarily in solvency and efficiency.	●	4.1

- Commitment fulfilled 100%.
- Commitment fulfilled in part, or being fulfilled, at the end of the 2010 financial year.
- Commitment not fulfilled, or not begun, at the end of the 2010 financial year.

4

4. Investments, institutions and regulators

Bancaja 

4. Investments, institutions and regulators

KEY EVENTS IN 2010 (Against Principles 8 and 10 of the UNGC)

Revenue of 102 million euros for Bancaja at the close of the financial year.

Active **default** management, with a rate of **5.15%**⁽¹⁾, which is lower than the sector average.

Substantial **reinforcement of insolvency coverage**, up to 70.3%.

Advances made in the development of reputational risk management, aimed at laying the groundwork for the future Management System for this risk.

Discussion groups with employees, unions and society (NGOs, professors, business associations and the media) to determine the materiality of the subjects to be included in this report (see Appendix I).

Bancaja participated in the third edition of the CSR Conference, organised by the Savings Banks Higher School, jointly with the CSR Sectoral Committee.

The Bancaja employee Pension Plan, Futurcaval, F. P., subscribes to the United Nations Principles for Responsible Investment (UN PRI). It took part for the first time in the ESADE Observatory on Sustainable and Responsible Investment and issued its first United Nations Report on Progress.

The Bancaja "Cooperación Ética y Solidaria SICAV S.A." approved a donation of 41,000 euros to two solidarity projects.

⁽¹⁾ Includes contingent risks.

4.1 Financial strength and solvency (2.8)(EC1)

The main economic figures of Bancaja are dealt with in detail in the Annual Report, showing the following evolution in 2010:

Bancaja	2010	2009	2008	Variation % (10-09)
Spanish Savings Bank ranking ⁽¹⁾	3rd	3rd	3rd	Maintains its position
Total assets	87,851,960	89,605,342	84,372,593	-1.96%
Gross customer credit	67,719,982	68,781,572	68,109,836	-1.54%
Customer managed resources	74,559,562	76,440,586	69,671,675	-2.46%
Turnover ⁽²⁾	142,279,544	145,222,158	137,781,511	-2.03%
Shareholders' equity	985,883	3,479,160	3,326,744	-71.66%
Profit after tax (PAT)	102,388	155,101	229,096	-33.99%
Efficiency ratio ⁽³⁾	33.34%	36.11%	40.87%	-7.67%
Customers	3,304,481	3,110,196	2,915,189	6.25%
Employees	6,035	6,067	5,996	-0.01%

Economic figures in thousands of euros. **(1)** Measured by total assets. **(2)** Equivalent to net sales for a financial institution. **(3)** Operating expenses are net of gross margin amortisations.

(Commitment 2010) At the end of the 2010 financial year, Bancaja presented satisfactory figures, within the context of a complex macroeconomic environment which will continue through 2011:

- The commercial policies of Bancaja continue to be aimed at improving customer satisfaction and, once again, this has been reflected in the growth of its customer base, with **176,000 new customers**.
- **Customer credit** amounts to 67.720 billion euros, a decrease of 1.54% compared to the previous year, which is a result of the economic slowdown and the policies put into place by the Institution on selective growth, risk quality and profitability.
- **New retail customer deposits** in the branch network showed a positive evolution, primarily in remunerated checking accounts and savings deposits, which increased by 4.46% and 0.83%, respectively.
- The **efficiency ratio** of 33.34% consolidates the Institution as a reference in the sector.

- The returns generated during the year have made it possible to achieve profits of 102 million euros for the financial year.
- The integration of the Institution in the SIP of Banco Financiero y de Ahorros, S.A. strengthens the **solvency and capitalisation** of the Group, whose consolidated levels can be found on www.bancofinancieroydeahorros.com.

The evolution of the distribution of revenue generated by Bancaja over the last three years is shown in the following tables:

Breakdown of Bancaja's annual net revenue	2010	2009	2008
To Welfare Projects	21	60	70
To reserves	81	95	159
Total	102	155	229
Percentage of revenue allocated to the Welfare Project	20.59%	38.71%	30.55%

Figures in millions of euros. Source: Bancaja Annual Accounts.

The current economic situation made it necessary to reconsider the distribution of profits and allocate as much as possible to reserves and write-downs, which had an impact on the allocation to welfare projects. Nevertheless, the accumulated savings from previous years will make it possible to cover the basic needs of social demands in financial year 2011, with a budget allocation of 36.4 million euros to the Bancaja Welfare Project.

On 16 September 2010, Fitch placed the previous ratings on CreditWatch Positive, as a result of the integration process of Bancaja in the Banco Financiero y de Ahorros, S.A. SIP with six other Spanish Savings Banks.

In 2010, for the first time, Bancaja obtained “Prime Status” from the Oekom sustainability rating agency, recognising Bancaja as a sustainable and responsible institution, suitable for investments with social, environmental and good governance criteria. **(4.10)**

Other Bancaja contributions

to society	2010	2009	2008
Employee salaries	388	393	384
Taxes	-27	6	-59
Capital providers	1,626	2,331	3,291
Service and supplies providers	180	183	200

Figures in millions of euros.



The Approaches to management used by Bancaja in the economic area is described on www.bancaja.es.

Credit ratings

Bancaja is rated by the two benchmark rating agencies in the international market, Fitch Ratings and Moody's.

	FITCH	MOODY'S
Short term	F3	P-2
Long term	BBB	A3
Financial strength	C/D	D-
Outlook	Stable	Negative
Reviewed on	June 10	June 9

4.2 Risk control (4.11)

Preserving Bancaja's financial soundness and safeguarding assets is a strategic line of action in the Bank's global risk management and it pursues, as a general rule, a prudent policy in taking risks, as well as goals for the growth of sustainable investments that ensure an adequate level of equity to comfortably cover the different kinds of risks to which the Institution is subject due to its activities.

Secure business management

Bancaja's risk operations include risk-taking policies adapted to the circumstances, with mitigation policies based on a correct assessment of these risks and the use of measures that enable them to be reduced, such as obtaining sufficient guarantees to ensure the recovery of authorised transactions, the design and execution of action plans which reduce the identified risks, as well as establishing limits and using advanced tools that supplement the Bank's extensive knowledge of its customers and the markets in which it operates, among others.

Sustainable growth policies

Specific qualitative factors have been included to assess the environmental risk of companies applying for credit financing, which reinforce knowledge of the customer and make it possible to minimise possible incidents in their solvency, derived from non-compliance with environmental legislation and other negative impacts, supervising the variation of the portfolio's risk profile through an environmental rating (see chapter 8.4).

Non-opportunistic relations with customers

Management risk in Bancaja follows a series of principles which, among other items, are based on considering ethical aspects which make it possible to ensure the independence and impartiality of risk level assessment and assigning.

Due to the incorporation of Bancaja in an Institutional Protection Scheme (SIP), since December 2010 risk management and internal control policies have been centralised.

Bancaja has continued to concentrate efforts on the review and improvement of processes for the approval, control and recovery of asset operations. Bancaja has also improved the specific default prevention and recovery optimisation models (recovery scorings) developed, and incorporated the results of the portfolio management model in the objective planning and analysis of possible negative scenarios.

This has allowed Bancaja to maintain a reasonably low increase in the default rate, 5.15% at 31 December 2010, compared to 4.31% in December 2009 (including contingent risks), which is lower than the sector average of 5.89% (in November 2010, the latest information available).

It is important to note the substantial increase in insolvency coverage, up to 70.3% at 31 December 2010, compared to 52.4% in 2009 (including contingent risks).

Reputational risk

At the close of 2009, Bancaja approved a three-year project to develop a Reputational Risk Management System, seeing this risk as critical for ensuring the long term survival of the Institution, strengthening its corporate image and generating market confidence.

In August 2010, the Risk Management Framework was approved, establishing principles, objectives, organisational structure, duties and responsibilities, as well as the methodological structure of the variables and indicators to be checked subsequently through self-assessment processes, in addition to monitoring the performance of the corporate reputation and the brand using external reference monitors. A reputational alert system was also created and was in the pilot stage during the second half of 2010.

Although the project was affected by the SIP process initiated and must undergo adaptation to the risk management strategy of the financial Group, Bancaja has a consolidated Global Risk Management

System and diverse mechanisms for brand and reputation management that give priority to the expectations of stakeholders and to fulfilling the institutional commitments made, adapting activities to the risks taken, such as:

- The specific control bodies described in the preceding chapters, for the prevention of money laundering, market conduct and the risk of commercialisation; the Institution is not affected by off-shore risks.
- Various internal committees in charge of the monitoring and control of aspects related to potential sources of reputational risk, such as the CSR Committee, the Brand Committee, the Price Committee, the Code of Conduct Committee, the Health and Safety Committee and the Equality Committee, in addition to the committees in charge of managing the risks of the banking activity, including the closely related Operational Risk Committee.
- The role of the Community Manager, created in 2010, is to manage social networks and online reputation. For this purpose, a specific tool has been developed, along with a monitoring and reporting system. Corporate profiles are also managed, publishing relevant content and responding to comments received.

4.3 Regulatory compliance and adaptation (4.11)

Compliance policy (PR3)

Pursuant to the regulatory compliance policy approved by Bancaja, in 2010 the governing bodies were informed of the Institution's general compliance level with regard to the matters supervised by the Regulatory Compliance Unit. The report deems the level of compliance to be satisfactory, essentially with regard to services pertaining to investments, personal data protection and money laundering prevention.

(Commitment 2010) Over the course of the year, the existing controls have been enhanced to verify the degree of implementation of the Institution's compliance policy, adapting them to regulatory changes, particularly in the area of securities markets and the marketing of investment products.

Adaptation to regulations

The most important new regulations to which the Institution adapted in 2010 were the following:

- Law 10/2010, on the Prevention of Money Laundering and Terrorist Financing.
- Circular 1/2010, of the CNMV, on Confidential Information of Companies providing investment services.
- Royal Decree-Law 11/2010, of 9 June, on governing bodies and other aspects of the legal system of Savings Banks.
- Circular 3/2010, of 29 June, of the Bank of Spain, to credit institutions, which amended Circular 4/2004 of 22 December, on public and confidential financial information standards and formats for accounting statements.
- Order EHA/1718/2010, of 11 June, on regulation and control of advertising for banking products and services (supervised by the Bank of Spain). Circular 6/2010, of The Bank of Spain, implements this order.

- Order EHA/1717/2010, of 11 June, on regulation and control of advertising for investment products and services (supervised by the CNMV).

In April 2010, Bancaja participated actively, together with six Spanish institutions, in the *Quantitative Impact Study (QIS)* regarding the amendment of the solvency rules and definition of liquidity standards created by the European Parliamentary Committee and the Basel Committee (Basel III), completed in December 2010.

Compliance with applicable regulations (EN28)(S08)(PR9)

During 2010, no significant penalties or fines were incurred due to non-compliance with regard to national, subnational, regional or local regulations or laws, the supply or use of products and services or the environment, and no legal actions have been undertaken against the Institution, through international conflict resolution mechanisms, or national conflict resolution mechanisms overseen by government authorities.

4.4 Sustainable and Responsible Investment

Bancaja is a member, since it was founded in 2009, of the Spanish Sustainable and Responsible Investment Forum, (SpainSIF), an association that seeks to raise awareness and promote changes in investment procedures in the investment sector, public administration, companies and the general public. This membership reflects the Institution's desire to participate in the leading Spanish forum in order to promote the integration of environmental, social and corporate governance criteria in investment policies involving agents and investors in Spain. **(4.12)**



The CSR criteria are essentially applicable to asset management and pension plan management; the volume of assets under management for which responsible investing policies are applied is the following: **(FS8)(FS10)(FS11)**

Asset management

In 2009, a new Sustainable and Responsible Investment product was launched for asset management customers, *Bancaja Cooperación Ética y Solidaria SICAV S.A.*, with subscribed assets of 0.9 million euros at year-end 2010. The company has a mission statement which compiles the ethical, social and environmental criteria which define the investment policy, excluding companies that manufacture weapons, those that damage the environment, that distribute or produce tobacco or those that have been charged with exploiting child labour, among others. The ethical analysis is conducted by a specialised agency, with the application of these principles supervised by an Ethics Committee made up of independent experts of renowned prestige. **(FS2)**

In 2010, the Ethics Committee and the main investors in the SICAV ratified the donation of 41,000 euros to two solidarity projects.

- The Foundation of Mercy, to build a school in Ethiopia to promote education to help fight against extreme poverty and to provide shelter for the inhabitants of Ma'aruf if the river Wabi Shebele floods.
- *Proyecto Hombre*, to set up a support programme for drug addicts at prisons in the province of Cadiz, fostering reinsertion into their social, work and family environment.

SUSTAINABLE AND RESPONSIBLE INVESTMENT	2010		2009		2008	
	Participants	Assets	Participants	Assets	Participants	Assets
Bancaja Ética y Solidaria, SICAV S.A.	104	6,387	108	5,472	--	--
Futurcaval, F.P., Bancaja employees' pension plan	6,473	390,724	6,569	388,391	6,683	366,675

SUSTAINABLE AND RESPONSIBLE DEPOSITS	2010		2009		2008	
	Participants	Assets	Participants	Assets	Participants	Assets
Deposit linked to the Dow Jones Eurostoxx Sustainability Index ⁽¹⁾	--	--	--	2,310	--	4,619

Assets in thousands of euros. **(1)** Product amortised in November 2010.



Pension plans

In the year 2010, Futurcaval, F.P., the Bancaja employee Pension Plan which, since 2008, subscribes to the United Nations Principles for Responsible Investment (UNPRI) continued to implement the work plan for 2009-2010, completing the adaptation of the fund's investment policy, implementing the voting policy at General Meetings and providing training sessions to members of the Control Committee. The participation of the Managing Body in forums that promote these principles was also encouraged, for example *SpainSIF* 2010. **(FS2)**

Futurcaval took part for the second time in the SRI Observatory, a report published by ESADE that contributes to promoting these principles in pension plan management in Spain.

(Commitment 2010) In 2010, Futurcaval also published its first United Nations Report on Progress to give an account of the advances made over the year.

At the end of 2010, the Futurcaval Control Committee approved a work plan for 2011, in order to develop and make progress in compliance with the Principles, with the advisory services of a specialised external provider approved by the United Nations. The objectives laid out in this plan are the following: **(FS12)**

- Deal with ESG issues (environmental, social and good governance) in investment policies.
- ESG training for the Control Committee.
- Review of the policy on the exercise of voting rights to advance in this area.
- Expand the exercise of voting rights to move towards shareholder activism.
- Ask investment managers to be committed to and inform on shareholder activism in the ESG field.

As a final action in 2010, Futurcaval joined, *ClearingHouse*, a joint initiative of Spanish signatories that urges listed Spanish companies to facilitate voting rights at Meetings.

4.5 Transparency

Investor information (PR3)

Actions with this stakeholder focus on:

- continuing to develop a business model based on an adequate risk diversification, which makes it possible to combine growth and quality with parameters regarding solvency, profitability, efficiency and customer service;
- maintaining appropriate communication channels, through a specific department to provide customer assistance and the corporate website's investor information section, where detailed information on the most important aspects is available, beyond legal obligations;
- making it easier to access the Institution's financial information and current issues, providing useful, truthful, transparent and updated information;
- publishing the regulatory changes in matters related to investor protection on the www.bancaja.es website.

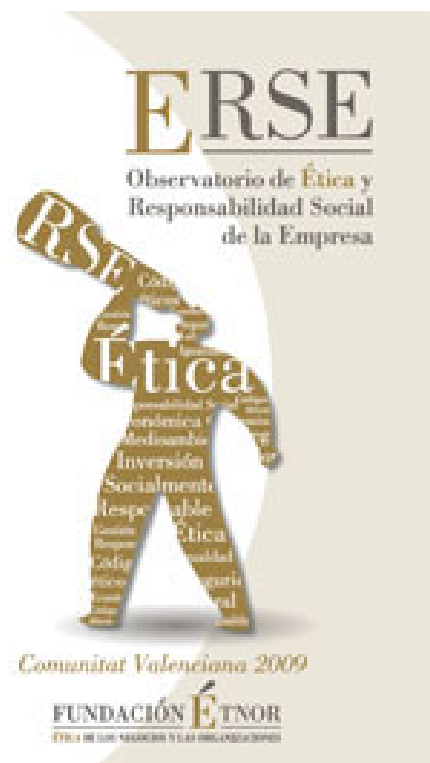
Transparency

Bancaja keeps communication channels open with its stakeholders, providing information at all times on the Institution's economic and financial status, contributing to maintaining confidence in the Institution.

Throughout the financial year, the Communication Department carried out several actions aimed at providing information on business performance in 2010. Specifically, 289 press releases were issued; 114 referring to banking business and 175 to the Welfare Project. In addition, they were all published in the Bancaja Press Room website, as well as on the Welfare Project website. With regards to internal communication, in addition to regular letters sent by the General Manager to the entire workforce, explaining the progress made by the business and the quarterly results, a total of 735 news articles were posted on the Intranet.

Since the integration process of Bancaja in an Institutional Protection Scheme was initiated, the communication departments of the seven member institutions, acting together, issued 25 press releases on the main milestones of this process. In addition, the Bancaja Intranet published 22 new articles related to the SIP, with information of interest to employees, and an Extranet was created to facilitate communication between member banks.

It is important to mention the results achieved by Bancaja in 2010 at the Observatory of Ethics and Corporate Social Responsibility (ECSR), run by the ÉTNOR Foundation, in the section on CSR Communications Monitoring, in which the Bancaja commitment received a CSR rating of "high", for its compliance with 9 of the 10 information indicators evaluated in regard to ethics and CSR, through the corporate website.



(Commitment 2010) To fulfil the commitments made, the following documents were published and made public on the Bancaja website in 2010, after being reported to the Governing Bodies: **(4.9)(4.10)**
(FS2)

- the Customer Service Report, approved by the Institution's Board of Directors;
- the Bancaja Corporate Governance Report, approved unanimously by the Institution's Board of Directors;
- the annual Corporate Social Responsibility Report on the social, economic and environmental performance of the Institution, pursuant to the guidelines of the 2006 GRI guide, known as G3, with an A+ application level. The report was verified by an independent expert, pursuant to the ISAE3000 and AA1000AS verification rules (2008); **(3.13)**
- the Communication on Progress in implementing the principles of the United Nations Global Compact. The report published in 2010 is the fifth communication and it complies with the requirements of the Dignitary Programme and, for the first time, it has been integrated in the Institution's Corporate Social Responsibility Report;

- the Compliance report on the Bancaja Commitment and the actions for improvement defined.

In addition:

- The real estate firms related to Bancaja publish their own annual sustainability report, which is verified externally; the 2010 Bancaja Habitat Sustainability Report was the fourth to be published pursuant to the GRI standards and it once again obtained the B+ rating. Detailed information on progress is available at their website. **(3.13)**
- The commitments to sustainability and the principles of ethical and corporate responsibility which govern the activities of the Bancaja insurance company, Aseval, S. A., fall upon Grupo Aviva, the shareholder who owns 50% of the company, and are presented in the Grupo Aviva Sustainability Report published on corporation's website.

5

5. Customers

Bancaja 

5. Customers

KEY EVENTS IN 2010 (Against principles 1, 6, 8 and 9 of the UNGC)

Due to the SIP process initiated, Bancaja began to restructure the branch network, **closing 11 branches**.

Net customer growth of over 290,000, of which 44,000 were New Citizens⁽¹⁾ and a significant increase in the degree of satisfaction.

The **financing** granted to **MicroSMEs and SMEs** amounted to 12.028 billion euros.

Fifth most active company in overall ICO lines in 2010, with 1.495 billion euros granted in ICO, IVF and credit lines of other organisations supporting businesses.

Restructuring of 8,405 transactions of private customers, companies and developers, with a volume of risk of **6.536 billion euros**, preventing the judicial execution of mortgage guarantees.

Deferment of 928 private mortgages, thanks to point 14 of the *Bancaja Commitment*, due to the unemployment situation of the title holders, with an amount 56.6 million deferred since it was launched in 2005⁽²⁾.

Through the **ICO Mortgage Moratorium Agreement**, 161 families in a situation of unemployment were able to defer their mortgages.

Launching of the **Bancaja Housing Commitment**, a new initiative that is unique in the sector, facilitating access to housing for individuals and families, with 1,772 operations and 259 million euros authorised.

1.5 million euros were made available to 15 **young entrepreneurs'** projects under the Bancaja Financial Solution for Young Entrepreneurs.

193 million euros for home rental within the framework of the **ICO Housing Agreement**.

Over one and a half million Bancaja customers paid no fees, 47.4% of all customers.

1.1 million euros were donated to 382 Spanish non-profit associations and foundations, thanks to holders of Bancaja NGO and Volunteer Cards.

Aspect⁽³⁾

3,304,481 customers
292,938 net growth in customer base
95.3% private customers
8.34 out of 10 on customer satisfaction
€12.028 billion in financing for MicroSMEs and SMEs⁽⁴⁾

(1) Individuals born in a country other than Spain. (2) Estimate, on the basis of six instalments deferred. (3) Source: FS6 indicator (Appendix I). (4) Credit investments at 31/12/2010. MicroSMEs are companies with an annual turnover of less than 1.5 million euros; SMEs, are those with a turnover of between 1.5 and 20 million euros.

5.1 Meeting customer needs

Bancaja dialogue and response (4.17)(FS16)

(Commitment 2010) A commitment was made to develop new improvement actions in response to surveys on **customer satisfaction** and brand monitoring.

- Matters of concern

Global customer satisfaction

- Bancaja response

Once again, Bancaja has participated in the annual CECA benchmarking for customer satisfaction, establishing lines of improvement that are explained below.

- Matters of concern

Treatment, advice and queues are the main aspects for improvement

- Bancaja response

Treatment: the districts with the worst customer ratings in this aspect were selected to receive training sessions on enhancing customer loyalty and retention (City of Valencia; four districts; downtown Castellón; one district; Torrente; one district and Camp de Morvedre; one district), with the attendance of all staff from these branches.

Queues (Self-service Promotion Plan): the approved Project and Investment Plan was carried out to promote self-service for the most frequent operations.

- Investment Plan: installation of 145 ATMs with deposit modules; 278 recyclers; 63 passbook updaters; 430 bar code readers.
- Project Plan: eliminate passbook updater code; time and operational restrictions for paying bills; allow bills to be paid at ATMs with an outside card; improved operation of cash deposits at ATMs; initiate development of the functionality for cash deposits and cash payment of bills at ATMs with coin return; improve management information; differentiating fee policy for the use of the channel, etc.

- As a result of the above, knowledge of the willingness of customers towards self-service has improved, branch information signs were changed, a comprehensive training programme was developed and the plan was presented to all staff in the branches of Banca Universal, in the Valencian Community, establishing targets for the reduction of transactions in branches and the objective poor quality.

The Customer Service Department (SAC) is a very useful tool for identifying the reasons, activities, products and services with the greatest number of claims and complaints.

- Matters of concern

The quality of care given to complaints and claims, an increase in these items and average resolution time.

- Bancaja response

On 27 July 2009, a plan was passed to reduce the number of complaints received by the SAC, establishing both quantitative and qualitative targets, the completion of which was planned for June 2010.

Under this plan, a communication system was maintained with the reporting line of the Business Units for claims received by the SAC from customers of their branches, in order to improve management incident processing.

As a result, in 2010, there were 483 claims less than in 2009 (a decrease of 9.9%) and the ratio of the number of claims per 10,000 customers has improved in all Business Units.

The average resolution time was 14.54 days, compared to 13.85 days at the close of 2009, due to the greater complexity of the claims that were processed.

The improvement plan for 2011, foresees taking the appropriate measures to avoid deficiencies in the information and documentation corresponding to complex operations, such as derivative products.

The new dialogue mechanisms using **social networks** enable bi-directional communication with customers and the general public.

- Matters of concern

SIP process initiated, Executive Team, sports events and activities and sponsorship of Welfare Projects.

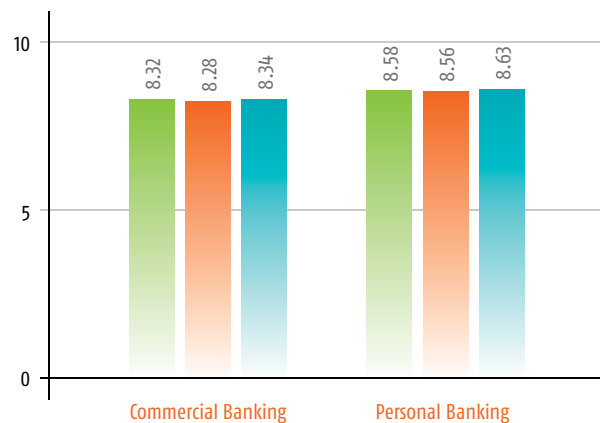
- Bancaja response

The requests of over 1,000 active users were handled, referring them to the corporate spaces with the information requested (official Bancaja channel on YouTube, new profile of the Welfare Project in social networks and other websites of the Group).

Customer satisfaction (3.9)(4.16)

As a result of the improvement plans described in the previous section, the customer satisfaction surveys presented very satisfactory results in 2010, with an increase in the index for both commercial banking (+0.06 points) and personal banking (0.08 points). This has been the best performance in the last three years.

Customer satisfaction index



On a scale of 10 points. 31,972 surveys performed.



As in previous years, improvement plans were implemented in those branches whose global rating in customer satisfaction surveys did not exceed 8.00% (distributed in two groups: those below 7.77, -the cut-off point below which their variable remuneration is penalised-, and those between 7.78 and 8.00). This process is repeated for each of the two annual survey campaigns. The measures taken are described in the preceding section.

5.2 Accessibility (FS13)(FS14)

Bancaja is present in small and medium-sized towns, where it is the only financial institution or savings bank.

The improvements introduced over the course of 2010 in the menu bar, the corporate information sections and *Servientrada* have also been made in accordance with current accessibility criteria.

Number of towns ⁽ⁱ⁾	2010		2009		2008	
	Bancaja only savings bank	Bancaja only bank branch	Bancaja only savings bank	Bancaja only bank branch	Bancaja only savings bank	Bancaja only bank branch
Branches	47	2	50	3	45	2
Administrative units	28	4	26	3	28	5
Remote cashier points	7	2	9	3	7	2
TOTAL	82	8	85	9	80	9

(i) Towns with 1,000–10,000 inhabitants. Source: 2010 Economic Yearbook.

Towns with less than 1,000 inhabitants where Bancaja is present	2010	2009
	Number	Number
Branches, administrative units or remote cashier points	50	49

Source: Instituto Nacional de Estadística.

“ 12% of the branches are located in towns with fewer than 10,000 inhabitants **”**

During 2010, constant improvements have been made to the Bancaja website, with a view to achieving AA website accessibility level. These improvements are transparent to the site user and focus primarily on the correctness of practices related to the incorporation of content and images on the website, as well as the restructuring of the page to make browsing easier under certain conditions.

As far as content is concerned, this was revised and adapted to the actions it generates (links, downloads) and textual elements were incorporated to replace images (ALTs), where necessary.

Practices were introduced to ensure the colour contrast of the elements on the pages, improve the structure of data tables and the search for alternative options if the user's plug-ins are not activated.

Bancaja has made a strong commitment over the last five years to producing its annual reports and reports on corporate social responsibility in a web format. This commitment was an innovation in its day, considering that very few companies in Spain had reports entirely generated in this form, eliminating the paper version. We maintain this format to help the contents reach as many users as possible, offering the broadest possible information and linking the different sections together or with external web pages, along with an internal search engine to locate specific information. Additionally, the reports are provided in PDF format, for those users who prefer to access them off-line.

Elimination of architectural barriers (3.10)

(Commitment 2010) In 2010, Bancaja continued to cooperate with the Valencian Biomechanics Institute (IBV) to remove architectural barriers from its branch network. In this sense, a study of the average overall accessibility index has been made, taking into account all the actions carried out during the year. The IBV has modified the parameters used in calculations and has re-assessed all the branches. The evolution of the average integral accessibility level is the following:

Accessibility	2010	2008 ⁽¹⁾
Total average integral accessibility level (NAI)	57%	55%
Average integral accessibility level of refurbished branches	72%	71%

⁽¹⁾ Figures amended due to changes in IBV criteria.

Since 2007, the Institution's work and construction manual, applicable to refurbished and new branches, has been adapted in order to set standardised accessibility measures for all premises, pursuant to the strictest requirements.

During 2010, the following actions in the field of accessibility were carried out:

- 2 adaptation projects were carried out in refurbished branches and 1 in a branch that changed location;
- 9 additional specific actions were carried out to remove architectural barriers, essentially at the request of customers;
- 19 jobs were evaluated, and 3 were adapted for disabled people who joined the workforce, as part of the Integration Plan for people with disabilities;
- in 2010, the enlargement of the Welfare Project centre, Casa Capellà Pallarés, was carried out in order to provide an alternative emergency exit and make it accessible for people with limited mobility.

5.3 Products and services adapted to customer needs (2.2)(2.8)(FS5)(FS7)(FS14)

With respect to the products and services of the Bancaja catalogue intended for people or groups who receive special attention from the Institution, the most important figures at the end of 2010 were the following:

The main social or humanitarian features of these products and the most notable innovations in 2010 are listed below.

Products and services with a social component	2010		2009		2008	
	Operations	Amount	Operations	Amount	Operaciones	Amount
PRIVATE CUSTOMERS						
Support of families						
Bancaja Commitment (affected transactions and cost)	53,765,077	3,112	52,263,497	2,792	52,829,399	13,203
Zero fees, zero conditions (beneficiaries) ⁽¹⁾	1,566,246	--	1,476,683	--	1,325,975	--
Reverse mortgage ⁽²⁾	348	134,467	364	145,000	20	6,420
Agreements with public administrations intended for private customers (see details in the following section)	2,378	66,654	4,049	87,692	3,256	38,480
Discount mortgage ⁽³⁾	57	9,524	62	3,230	--	--
Bancaja Housing Commitment ⁽⁴⁾	1,772	259,015	--	--	--	--
Pay Cheque loans and Civil Servants Consumer Loans at 0%	2,758	27,059	--	--	--	--
Youths						
Bancaja Financial Solution for Young Entrepreneurs	15	1,542	34	2,666	18	1,861
6-month tuition loan with no interest or fees (Valencia University, Valencia Polytechnic University and Castellón Jaume I University)	12,695	10,448	11,436	8,968	13,412	10,475
Tuition, youth master's, youth consumer and Youth business loans	416	2,876	463	3,789	309	2,888
Muévete studies loan	238	2,232	179	1,573	147	1,294
University Area (number of visits)	118,988	--	176,976	--	219,019	--
Basic emancipation income (number of beneficiaries)	3,063	--	3,760	--	n.d	--
Microloans and social products						
Monte de Piedad collateral microloans ⁽⁵⁾	30,971	18,167	34,847	18,320	32,466	16,916
Humanitarian Microloans ⁽⁶⁾	47	630	42	510	8	109
NGO and Volunteer cards ⁽⁷⁾	262,905	1,050	234,889	1,064	243,705	1,047
Financial grants for NGOs (interest subsidy)	30	264	36	239	26	161
Free repatriation insurance for New Citizens ⁽⁸⁾ (in force)	12,895	--	16,587	--	24,000	--
Pension plan for homemaker associations	2,470	9,406 ⁽¹⁰⁾	2,632	9,407 ⁽¹⁰⁾	2,939	9,334 ⁽¹⁰⁾
Pension plans for the disabled ⁽⁹⁾	401	4,614 ⁽¹⁰⁾	396	4,140 ⁽¹⁰⁾	350	2,948 ⁽¹⁰⁾

Products and services with a social component	2010		2009		2008	
	Operations	Amount	Operations	Amount	Operations	Amount
SMEs AND MICROSMEs						
Agreements with public administrations to promote business development (see breakdown in the following section)	7,809	1,612,673	6,070	1,261,933	2,335	402,231

Amounts in thousands of euros. (1) Number of "Zero Fees, Zero Conditions" beneficiaries, calculated as the average number of beneficiaries at the end of each quarter. (2) Balances granted. (3) Product launched in November 2009. (4) Commitment launched in February 2010. (5) 16% are customers from countries other than Spain and 64% are women. (6) Microloans intended for people who are excluded from the traditional credit system due to lack of guarantees. (7) Amounts accrued during the 2010 fiscal year for purchases made by card holders, to be allocated to NGOs in subsequent financial years. (8) Individuals with a nationality other than Spanish. (9) Pension plans whose holder is disabled or in which the beneficiary is disabled. (10) Managed assets.

Support of families

The Bancaja Commitment

In 2010, the 17 points of the *Bancaja Commitment* remained in force and were an important source of financial support for individuals and families.

In 2010, point 14, "If you lose your job, we will defer your mortgage payments for 6 months at no extra charge", was once again an essential source of support for those families affected by the unemployment of one or more members, by allowing 928 transactions to be deferred that year, for an amount of 2.842 million euros (56.618 million euros since its inception). This is the most highly rated commitment in customer satisfaction surveys.

Commitment 14	2010	2009	2008	Cumulative
Number of transactions deferred during the year	928	2,155	4,212	12,880
Amounts deferred during the year ⁽¹⁾ (thousands of euros)	2,842	8,688	21,978	56,618

(1) Estimated figures in thousands of euros; in all cases, six instalments were deferred.

“ The Bancaja Commitment has made it possible to defer 12,880 mortgages for customers who have lost their jobs

In addition, point 3, "we will notify our customers of insufficient funds and non-payments by means of an SMS message"; point 4, "we will not return household bills", point 17, "we send up to €600 to your mobile phone if your card is lost or stolen"; or points 5 and 13, on the exemption from fees for youths and seniors, helped to significantly reduce private customers' financial costs in their day-to-day transactions, giving them more liquidity with which to face the crisis.

Bancaja Housing Commitment

In February 2010, the *Bancaja Housing Commitment* was launched, with three clearly defined objectives:

- provide access to housing to all individuals and families;
- boost sales for finished developments to help developers having trouble selling;
- provide an outlet for accumulated real estate assets.



This initiative offers complete accessibility to the entire real estate catalogue, through our branch network and through the real estate portal of Bancaja Habitat on the Internet. It has received extensive coverage in the media and highly favourable financing conditions have been established for interested parties. A 50 year mortgage loan has been created, in which **no payments are made during the first three years: no capital, no interest, no fees.**

Property developers have been offered the possibility of including their real estate products in the catalogue at no charge by the Institution. More than 800 developers offered housing to the public under the same strategy as that carried out by Bancaja, with the same amount of effort, the same commercial actions and the full support of the branch network.

Housing sales thus became the top-priority objective to provide an outlet, not only for these homes, but also for the real estate assets of developers who are customers of the Bank, as well as for the Bank itself.



The Bancaja Housing Commitment has allowed 1,772 customers to purchase homes without paying anything during three years

Financial restructuring of individual conditions (FS16)

In 2010, the measures launched in 2008 to offer support to individuals and families remained in force. The aim of these measures is to adapt the payment schedules of household economies to the economic situation, enhancing debt consolidation options for people with unpaid mortgages, with the main objective of reducing monthly instalments by changing the term, the grace period or the amount, or by consolidating debts, among others; limiting debt in a responsible way and helping to bring accounts up to date, offering new financing products which are supplementary to those in force.

As a result of these measures, during 2010, a total of 2,456 operations were restructured for a total of 351 million euros.

As an additional measure, unique in the sector, through the *Bancaja Housing Commitment* described in the previous section, customers who have been hit hardest by the crisis are provided with a highly publicized channel through which to sell their homes, if necessary.

Liquidity of families and senior citizens

- **Zero fees, zero conditions:** during 2010, a half-yearly average of 1,566,246 customers (approximately 47.4% of the customer base and nearly 90,000 more customers than in 2009) were charged no fees and an average of 32.5 transactions were provided at no cost.
- **Discount mortgage:** a new product launched in May 2009 to facilitate customer access to housing and promote real estate activities. This is a mortgage with a grace period, in which developers are responsible for all capital and interest for the first three years. 57 operations were granted during the year, for a total of 9.5 million euros.
- **Reverse mortgage:** a product launched in 2008 with a clear social need; a long-term mortgage aimed at strengthening the financial resources of senior citizens and, consequently, bringing them greater peace of mind.

Agreements with public administrations for private customers (4.12)(EC8)

The agreements signed and kept in force by Bancaja with various public administrations seek to facilitate access to housing and jobs for **individuals**, as well as mitigate the negative effects of unemployment. The most significant are:

Agreements	Organisation	Beneficiaries	2010		2009		2008	
			Number of transactions ⁽¹⁾	Amount	Number of transactions ⁽¹⁾	Amount	Number of transactions ⁽¹⁾	Amount
Purchase and rehabilitation of subsidised housing	Ministry of Housing	Self-developers and direct purchasers	754	62,933	353	27,894	396	24,837
Purchase of subsidised housing ⁽²⁾	Regional Government of Extremadura. Price-controlled Housing	Direct purchasers	--	--	119	9,151	118	6,782
Advance of VPO subsidies	Generalitat Valenciana	Self-developers and direct purchasers	238	1,909	252	2,349	196	1,544
Financing access to new technologies	ICO - Advance	University students, youths and the general population	1,225	1,387	2,088	2,386	2,185	2,650
Access to Property Ladder ⁽²⁾	Institut Balear de l'Habitatge (l'IBAVI).	Youth from the Balearic Islands	--	--	229	39,539	--	--
Mortgage Deferral	ICO Mortgage Moratorium	Families with unemployed members	161	425	1,008	6,373	--	--
TOTAL			2,378	66,654	4,049	87,692	2,895	35,813

Amounts in thousands of euros. (1) Operations formalised during the year. (2) The housing agreements with the Regional Government of Extremadura and the Institut Balear de l'Habitatge expired on 31/12/2009.

Bancaja managed to achieve a market share in ICO transactions of 7.29% of the total amount granted, which is larger than the overall market share of the Institution.

(Commitment 2010) The ICO Mortgage Moratorium, in force in 2010, has helped 161 families with mortgages and with unemployed members for a total amount of 0.4 million euros.

Youths

During 2010, Bancaja maintained its offer of products and services geared towards supporting the development, training and future of young people, such as the **Muévete studies grant**, which finances an academic year outside the usual study centre, within the Erasmus, Socrates and Leonardo university scholarships, as well as the **Master's and Tuition Consumer loans**, intended to benefit young people.



(Commitment 2010) However, without a doubt, the Bancaja financing product aimed at the most outstanding young people is the **Bancaja Financial Solution for Young Entrepreneurs**, which is intended to finance feasible and innovative projects of young entrepreneurs, with project viability as the only required guarantee. Young entrepreneurs are offered a solution to fight financial exclusion due to lack of guarantees or endorsements.

Bancaja Financial Solution for Young Entrepreneurs

	2010	2009	2008
Number of applications	238	429	181
Financed projects	15	34	18

“ Bancaja Solution for Young Entrepreneurs: we continue to support the innovation and entrepreneurship of young people with over 10.4 million euros granted **”**

This product is complemented by the Young Entrepreneurs Programme, run by Bancaja together with its Welfare Project, which seeks to provide the entrepreneurial spirit and business initiative of young people

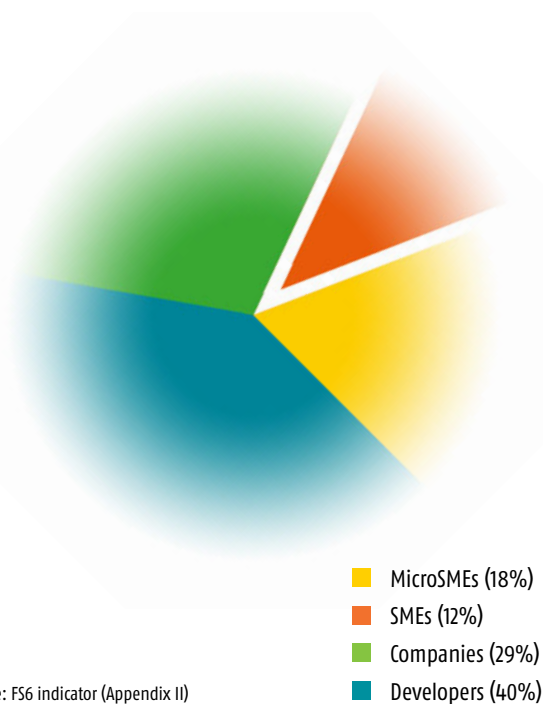
with various educational options, including university chairs, prizes for business projects and diverse training programmes (see chapter 7.2).

Financial support for small and medium-sized enterprises (FS10)

The business sector is a priority customer segment for the financial support offered by Bancaja, since it represents 47.42% of total turnover, or 53.081 million euros.

During 2010, 5,949 restructuring operations were carried out, with a total debt on the balance sheet of 6.184 billion euros, preventing judicial execution in the same manner as for private customers.

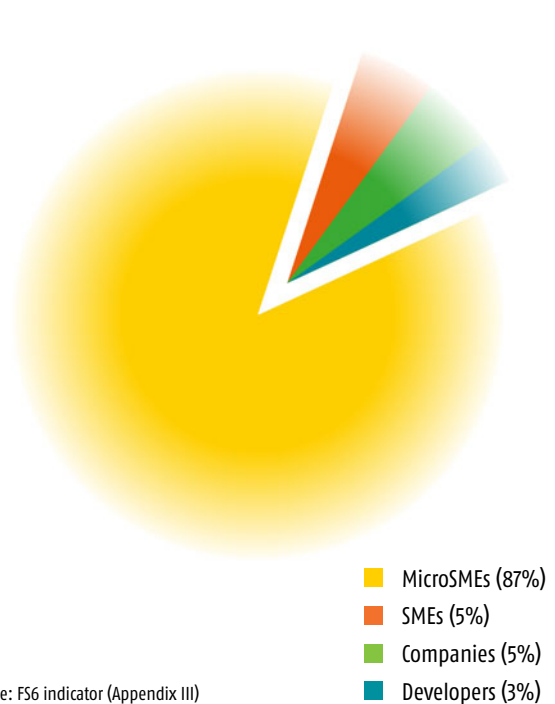
Distribution of business customers by turnover (percentage)



In regard to agreements with public administration, the ultimate aims target a variety of destinations and companies of diverse nature, size and condition, such as SMEs, shops, developers, etc., to enhance their liquidity and business investments.

Through the agreements with the ICO and the IVF, Bancaja has once again been one of the first institutions to make these lines available to its customers and one of the most active in granting credit, substantially increasing the total amount of loans granted. The following table shows a breakdown of the most relevant figures of the agreements signed at year-end 2010: **(4.12)(EC8)**

Distribution of business customers by size (percentage)



Agreements	Organisation	2010		2009		2008	
		Number of transactions ⁽¹⁾	Amount	Number of transactions ⁽¹⁾	Amount	Number of transactions ⁽¹⁾	Amount
Agreement for the creation of jobs (European Social Fund)	Generalitat Valenciana (Regional Ministry of Labour)	55	985	66	1,390	74	1,458
Financing of protectable actions with regards to land and housing	Ministry of Housing	24	95,677	17	76,313	42	127,251
Financial support of SMEs, free-lancers and companies	ICO National Investment	2,364	305,117	1,529	185,292	1,347	146,931
Financial support of entrepreneurs	ICO Entrepreneurs	119	4,563	93	2,878	43	1,766
Financial support of Spanish companies' investments abroad	ICO Internationalisation	21	44,220	15	8,497	11	11,020
Financial support of medium and large companies ⁽²⁾	ICO Business Growth	--	--	79	49,830	48	69,676
Liquidity	ICO Liquidity	4,160	733,090	2,698	326,855	--	--
Financing access to new technologies	ICO-Advance (ICT)	365	5,520	603	9,831	616	7,565
SGR-guaranteed current credits and investments	SGR Com. Val. , Avalis, ISBA, AvalMadrid, IGAPE	42	11,270	61	17,165	61	20,175
Support of the transport sector ⁽²⁾	ICO Transport	--	--	63	4,473	18	2,697
Support of the manufacturing sector	ICO Competitiveness	4	1,471	3	934	7	628
Promotion of the rental market	ICO Housing	80	193,370	187	467,231	--	--
Renewal of the tourism sector	ICO Tourism Public Tranche	1	6,000	67	32,358	--	-
SME loan moratorium ⁽²⁾	ICO SME moratorium	--	--	32	928	--	--
Financial support for SMEs ⁽²⁾	Valencian Institute of Finance	--	--	125	10,342	68	13,064
Payment advances ⁽²⁾	ICO Local Organisations Advances	--	--	12	197	--	--
Financial support of SMEs	Valencian Institute of Finance; current	259	22,025	428	66,474	--	--
Financial support of SMEs	Institut Català de Finances	60	6,421	4	709	--	--
TOTAL		7,554	1,429,729	6,082	1,261,697	2,335	402,231

Amounts in thousands of euros. **(1)** Operations formalised during the year. **(2)** Agreements expiring on 31/12/2009, not renewed by the official agencies in 2010.

In 2011, Bancaja has already started with the main ICO lines and is working at launching the new agreements planned (ICO - SGR).

“

Bancaja increased financing to companies by 13% through agreements with institutions, mainly with the ICO liquidity line and national investment

Corporate banking (FS10)

Corporate banking transactions are intended to support projects which favour the environment and improve social conditions and quality of life as well as territorial development, through the modernisation of water and power supply systems, the improvement of communications and, especially important in the current context, financial support to companies with important ongoing projects which are affected by the general economic situation. Support for new operations in the health care field has also had a prominent place in our financing and we have participated in major hospital projects.

The figures for the most significant projects financed during the 2010 financial year and their variation, were:

Purpose	2010		2009		2008	
	Total amount financed	Financed by Bancaja	Total amount financed	Financed by Bancaja	Total amount financed	Financed by Bancaja
Health	204,500	112,369	3,600	1,800	84,109	50,329
Communications	192,000	5,000	--	--	131,194	11,780
Rural development	--	--	20,000	10,000	--	--
Natural resources	74,500	8,000	--	--	--	--
Training	--	--	--	--	25,000	2,000
Sport/Leisure	--	--	--	--	2,746	2,746
Energy	31,150	6,000	--	--	862,000	5,939
TOTAL	502,150	131,369	23,600	11,800	1,105,049	72,794

Amounts in thousands of euros.

The health care related projects financed in 2010 have enabled the start-up of a hospital in Elche, for the Elche-Crevillente Department of Health, which provides medical coverage and primary health care to over 135,000 residents, as well as the operation of the health care provider, Ribera Salud, S.A., dedicated to providing public medical care to nearly 20% of the population of the Valencian Community as well as in the Community of Madrid, where it provides specialised health care services in the Torrejón area and diagnostic services and clinical laboratories to six hospitals in Madrid.

Microloans and disadvantaged social groups

Humanitarian microloans

Since 2006, in collaboration with the Bancaja Foundation, Bancaja has maintained its own microloan line with 600,000 euros, intended for anybody at a risk of social exclusion, in order to help them undertake a productive activity and promote self-employment. Without requiring additional guarantees and exempt from fees, it makes it easier to access financing for projects up to 15,000 euros, at a preferential interest rate, as long as a favourable viability report is obtained.

Priority goes to people who belong to groups with job placement issues, such as immigrants, women, people over the age of 45 or the long-term unemployed, who put forward a viable business or company project.



(Commitment 2010) As a result of the previous year's advertising campaigns, in 2010 the volume of operations was higher than in 2009, with a total of 97 operations formalised over the last three years.

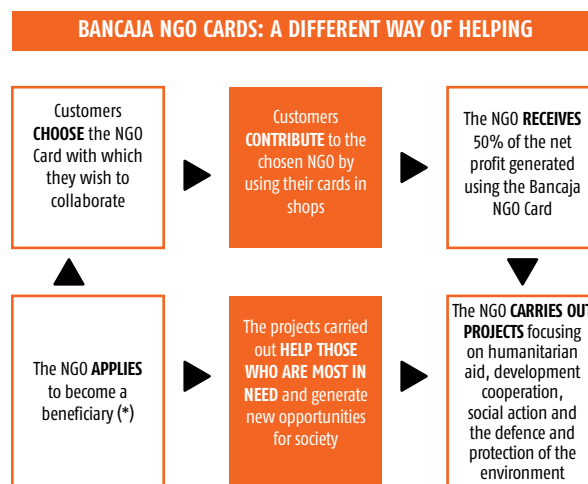
Monte de Piedad collateral microloans

The Bancaja institutional pawnbroker allows people at a risk of social exclusion to access credit, through collateralised loans which are granted on the spot. The percentage of New Residents (Foreigners who hold a residence card or who formalise transactions with their passports) using this service increased to 16% of the customers of this division at the close of 2010.

In 2010, a decrease in the number of operations was recorded, due to a downturn in demand and non-residents returning to their countries of origin. As far as amounts are concerned, the figures remained practically unchanged due to the increase in appraisal values, with two upward revisions in the assessment of jewellery made by the Monte de Piedad.

With respect to items being auctioned off for non-payment, during 2010 the percentage was reduced to 4.34% of the portfolio (5% in 2009), in spite of the economic situation. The efficiency of the auctions is evidenced by sales of 100% of the pledged assets, generating an excess in favour of the borrowers in the amount of 634,000 euros (488,000 euros in 2009).

Bancaja NGO and Volunteer Cards: a different way of helping (FS5)(FS10)



“Customers with Bancaja NGO and Volunteer cards have helped 382 NGOs thanks to their decision and supportive actions”

(*) The requirements set by Bancaja are published on www.bancaja.es.

Donations by Cards NGO and Volunteer	2010		2009		2008	
	Beneficiary associations	Amount donated ⁽⁴⁾	Beneficiary associations	Amount donated ⁽⁴⁾	Beneficiary associations	Amount donated ⁽⁴⁾
NGO card ⁽¹⁾	313	209	230	192	186	134
NGO Affinity card ⁽²⁾	7	229	7	168	7	139
Volunteer card ⁽³⁾	62	710	51	655	30	514
Total	382	1,148	288	1,015	223	787

Amounts in thousands of euros. **(1)** NGO cards: customers choose from a list of over 180 NGOs which have registered voluntarily. Funds generated by using the card are given to the chosen NGOs. **(2)** NGO Affinity cards: customers choose to use one of the seven cards with the picture of the NGO to which 50% of the profit generated by their use in shops will be allocated. **(3)** Volunteer cards: the money collected is allocated to the NGOs chosen by a jury based on the projects submitted in response to a specific announcement. **(4)** The amount given every year is equivalent to 50% of the profit generated by purchases made with these cards during the previous year, except for Volunteer cards, for which it corresponds to two years before.

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The breakdown of the NGOs chosen by customers according to their purpose was the following:

Distribution of donations for NGO and Volunteer cards by purpose ⁽²⁾	2010	
	Amount donated ⁽¹⁾	Percentage donated ⁽¹⁾
Helping people with disabilities or dependent ill people	99	9.00 %
International cooperation and co-development	290	26.45%
Social action (groups at a risk of social exclusion)	674	61.57%
Environmental defence and protection	20	1.83%
Other:	13	1.15%

(1) Amounts accrued in 2010 to be paid during the following fiscal year. In thousands of euros. (2) NGOs that have received more than 1,000 euros in 2010. 95% of total donations.

(Commitment 2010) In 2010, the number of associations and non-governmental organisations registered as a Bancaja NGO card, increased noticeably. At the end of the year, there were 366 associations for customers to choose from to receive funds, compared with 322 at year-end 2009, that is, an increase of 15.22%. There was also a 12% increase in the number of Volunteer cards issued, which evidences the gradual growth of the awareness of our customers of NGOs and the situation of the most disadvantaged groups.

Bancaja NGO and Volunteer cards issued	2010	2009	2008
Acnur	2,545	2,255	1,483
Manos Unidas	8,005	6,930	4,643
Unicef	23,022	20,774	15,490
Red Cross	9,327	8,146	5,925
Acción contra el Hambre	6,151	5,903	4,897
Medicus Mundi	5,407	4,604	3,323
Ayuda en Acción	855	1,697	855
Other Bancaja NGO and Volunteer cards issued	206,385	184,580	207,089
Total number of Bancaja NGO cards issued	262,905	234,889	243,705

Financial grants to NGOs

Through a credit operation in which the Bancaja Foundation finances up to five points of accrued interest, since the year 2000, Bancaja has been financing the financial grants authorised by the corresponding Ministry of the Valencian Community for private non-profit associations carrying out social welfare projects. 28 associations benefitted from these grants in 2010.

Fair Trade

In 2010, Bancaja added various fair trade items to the catalogue of gifts that can be exchanged for the points customers receive for using credit cards and, in only 5 months, customers exchanged their points for 266 articles. The points programme is highly appreciated and used by customers, significantly enhancing customer loyalty.

Additionally, at the end of the year a solidarity campaign was launched, in which the profits derived from exchanging points for a solidarity breakfast set were given to the Vicente Ferrer Foundation. Customers supported this effort by exchanging points for a total of 2,271 sets, covering the nutritional needs of children aged 0 to 4, pregnant women and elderly persons in Anantapur (India).



5.4 Customer advice and protection (FS15)

Given the financial nature of Bancaja's activities, the only stages of the life cycle of products and services which may have a significant impact on customer health and safety are those related to their distribution and use through various marketing channels (branch network, Internet, e-banking, phone banking, agent network). (PR1)

In this respect, Bancaja has various complete prevention, management and customer safety control systems in place which meet the strictest legal requirements, along with additional measures adapted to the sector's best practices, as described in the approaches to management published on www.bancaja.es, which are applied during both the product design and the advisory and marketing stage.

Technological improvements (FS14)

The technological efforts made in 2010 focused on improving operating systems and customer service, adapting them to the new economic circumstances. Specifically, efforts have been intensified with respect to the development of self-service, along with investments in the operating infrastructure, such as document management systems and in the design and development of a set of necessary procedures and applications to provide support to the Housing Commitment, a new line of activity for the Institution.

Service levels and system availability were completely satisfactory.



Content geared towards broadening the customer's financial knowledge (simulators, mortgage loan guides, examples of application, comparative charts, etc.) were maintained and updated, while searching for branches and cash machines was made easier, with additional maps that indicate their geographic location.

Responsible advertising (PR3)(PR6)

Bancaja must adapt its contractual documentation to regulations, both at the state and regional levels, related essentially to management transparency and customer protection. Bancaja must also submit advertising campaigns to the supervision of the competent bodies in each case.

- During 2010, the Valencia Institute of Finance approved 127 cases associated with advertising campaigns, assuring compliance with legislation regarding rates and customer protection.
- The Bank of Spain approved 9 cases during the first six months of 2010, due to the fact that Order EHA/1718/2010, of 11 June, on the regulation and control of advertising for banking products and services, establishes that advertising campaigns need only be approved by regional institutions and granting prior authorisation no longer falls within the competencies of this organisation since the Order took effect.

- *The Bancaja Commitment* is based on balanced relationships and transparency, for the purpose of enhancing customer loyalty and satisfaction, reflected in point 12 of the commitment: "We publish a compliance report about the Bancaja Commitment and an Improvement Plan". Quarterly reports are made regarding the level of compliance with the Commitment and, on an annual basis, a report containing the main figures and scope of the commitment, which are summarized in the annual report on Customer Service and published in full on the corporate website.

The digital advertising platform in which Bancaja participated, *Adagreed*, ceased its activities in January 2010.

Financial education and customer protection (PR3)(PR6)(FS16)

With regards to the protection of financial service customers, Bancaja complies strictly with regulations, by informing them in depth of the various mechanisms made available to them, provided to ensure their care and defence, such as the Valencia Federation of Savings Banks Ombudsman, the Claims Service of the Bank of Spain and the Bancaja Customer Service Department, an independent body which makes its decisions autonomously. In addition:

- *The Bancaja Commitment* guarantees that sales policies for financial products and services to private customers are in line with the interests of current and potential customers and promote ways to act with customers based on a balanced relationship and trust. Points "1. Our contracts: clearer and no small print", "2. Before proceeding with any transactions, we will state the cost" and "15. We do not hide or disguise the cost of our services", are geared towards promoting an understanding of the products sold or the services provided and of their cost, before and after signing any transactions, so that customers have clear, complete and accessible information at all times.
- The Employees' Code of Conduct establishes, as one of its principles of action, a helpful attitude in customer service, pointing out that "The identification of customer needs will be done from their point of view in order to provide them with the best solutions through a lasting relation based on trust."
- The institution has begun to adapt to the latest regulatory changes advocated by the CNMV for the marketing of investment services (MiFID), which seek to improve transparency in pre-contractual relations, in order to promote an understanding of the characteristics of the investment products and the financial knowledge profile of the retail investor.
- The proper care and management of customer complaints and claims is an ongoing objective for the Institution. Annual improvement plans are established which involve both the Customer Service Department (SAC) and the business areas, as well as the central units that are essential to the processing and resolution of these complaints, with an approach based on high quality service, as well as the prevention and detection of any potential source of lack of protection for customers, faulty advice on products or services or weaknesses in marketing policies. Since 2009, the SAC participates on the Bancaja Operational Risk Committee, to facilitate the effectiveness of the improvement plans established.

The website section for New Citizens, which provides information on financial products and services which may be of interest to them and the advantages they may benefit from, received a total of 38,794 visits in 2010.

Bancaja has an alert system to help control expenditures through SMS warnings. 91,192 pay cheque recipients and 21,118 pension recipients enjoyed this free alert system in 2010.

In the customer service section of the Bancaja website, there are links to the *Bank Customer's Portal of the Bank of Spain* and the *Investor's Corner of the CNMV*, through which regulatory agencies and collaborating institutions, such as Bancaja, provide retail investors with a



series of tools to help them in their decisions regarding common banking operations.

Bancaja also participated in the first initiative promoted by the CNMV and the Bank of Spain to spread financial culture among the population, within the framework of its membership in the Financial Education Plan 2008–2012 and the Collaboration Agreement with the

CECA, to contribute to improving the financial literacy of society. In 2010 it posted a new page on its corporate website on financial education featuring twelve files with basic advice to help people manage their personal finances and learn more about various financial products and services. The information is simple, practical and easy to read; it covers diverse subjects, such as savings, debt, how to draw up and adjust a monthly budget, how long unemployment benefits can be collected or how to purchase a home, among others.

Customer privacy

Respect for privacy and strict compliance with current legislation with regards to personal data protection are internal tenets which have been integrated in the corporate culture, the business management model and the internal control and regulatory compliance systems.

No disciplinary proceedings were undertaken by the Spanish Data Protection Agency in 2010. **(PR9)**

Employee training is essential to ensure the specified guidelines are followed: **(FS15)**

Data protection	2010		2009		2008	
	Number of employees	Number of training hours	Number of employees	Number of training hours	Number of employees	Number of training hours
Training	612	1,224	1,175	2,350	367	734
Percentage of average workforce	10.12%	--	19.48%	--	6.09%	--

It is worth mentioning that 2,740 employees have already passed the course, which is 45.3% of the average workforce.

5.5 The *Bancaja* commitment ^(FS5)

(Commitment 2010) Applying its “effective customer care” premise since the end of October 2005, whenever the Institution sees that it has defaulted on a point of *The Bancaja Commitment* it penalises itself, proactively paying the customer the corresponding compensation and notifying the customer of this, in response to “balanced relationship”, one of the principles on which the Commitment is based.

The relative number of customer claims decreased by 16% in 2010 (1,206 less, 1.2 claims per 10,000 transactions), where customers judged that one of the 17 commitments had not been respected. Customers were deemed to be right in 93% of cases, whereupon they were paid the corresponding compensation.

Fulfilment of the Bancaja Commitment	2010	2009	2008
Number of affected transactions	53,765,077	52,263,497	52,829,399
Number of claims	6,332	7,538	5,869
Number of claims/10,000 transactions	1.2	1.4	1.1
Percentage of claims resolved in favour of the customer	93 %	91 %	90 %
Cost (thousands of euros)	3,112	2,792	13,203

Also, during 2010, the Institution applied *The Bancaja Commitment* proactively on 15 occasions, without the customer needing to request it. Of the total cost of the commitment's application in 2010 only 33,000 euros corresponded to customer compensation.



6

6. Employees

Bancaja 

6. Employees

KEY EVENTS IN 2010 (Against principles 1, 2, 3, 4 and 6 of the UNGC)

The fourth **labour climate survey**.

Launching of the **flexible remuneration plan** for the entire workforce, the first remuneration initiative of its kind in the sector.

Integration and mentoring of **people with disabilities**.

An equal opportunities training course was started.

Renewal of the Family Responsible Company Certificate (EFR), granted to Bancaja in December 2008 for its work/family reconciliation and equality policies.

Fulfilment of the objective to achieve a representation of **25% for women in management positions**.

Strengthening of prevention systems with the formal appointment of occupational hazards **prevention Managers** for the entire network, in the person of the branch managers.

New increase in the level of employee participation in volunteer activities proposed within the Bancaja **corporate volunteer** service programme.

Signing of an **agreement on labour conditions** to restructure the workforces and the payment structures of all the Savings Banks in the SIP and the Central Company.

Aspect⁽¹⁾

6,035 professionals
97.58% permanent employment
43.36% women
25.28% female managers
250,450 training hours

(1) See the LA1, LA2 and LA10 indicators in Appendix II.

6.1 Staff expectations

Bancaja dialogue and response (4.17)

(Commitment 2010) The work climate surveys make it possible to know how employees feel about the work climate and assess the effectiveness of the improvement plans underway. Following the fourth work climate survey, three new improvement actions were defined by the employee work group. (4.4)

- Matters of concern

Participation, professional training and promotion.

- Bancaja response

- Spread out the periods between surveys so that the improvement actions can become known and assessed in the next study;
- Study systems and tools to promote participation;
- Manager access to the educational records of subordinates and to the training requested, to perform training management and propose courses.

Ideas Box: actions are proposed which improve the effectiveness, efficiency or quality of processes.

- Matters of concern

Improving the effectiveness, efficiency or quality of processes, or of their operations.

- Bancaja response

- 152 of the 882 ideas received were analysed in 2010 and 308 have been implemented since the process was launched in 2006.
- With regards to the 110 best ideas, voted by all employees on the Intranet, 69 have already been put into practice and 30 are pending implementation.

Employee services office: know and deal with the most relevant work matters.

- Matters of concern

Give a swift and customised answer within 48 hours.

- Bancaja response

8,588 queries handled with an average response time of 6.8 hours. The most frequent queries are posted on the Intranet.

In addition to the dialogue mechanisms laid out in section 3.4 of this report, in 2010 the following communication channels were enhanced:

- Group forums: through the periodic publication of the "Subject of the Month". In 2010 one issue was published: "The Bancaja Flexible Remuneration Plan".
- Ideas 2010: the ideas contributed by staff members can be improved on and evaluated by all employees of the Institution, thus ensuring that the ideas built upon are those which represent relevant matters for a large group, maximising the benefits relative to the efforts and resources invested to develop and implement them.

The change in scenario following the incorporation of the Institution in the SIP made it necessary to close the Idea box in October. This new determining factor was fundamental in the assessment of the feasibility of the ideas presented over the course of the year that were pending implementation and eligible for the idea box prize, which was finally not awarded. Nevertheless, up to that moment there were 10,408 submissions and 720 improvements on the 882 ideas proposed. The proper functioning of this operational improvement mechanism is illustrated by the evolution of the main figures over the last three years:

"Ideas" box	2010	2009	2008
Ideas received	882	1,938	2,527
Employee participation ⁽ⁱ⁾	11,128	19,001	13,477
Ideas implemented	69	57	43
Prizes awarded	1	9	6
Prize amount (thousands of €)	3	7.8	9

(i) Support received and improvements proposed.

Staff satisfaction (3.9)(4.16)

With a view to identifying the concerns of our team of professionals, and in compliance with internal commitment number 10 ("Your opinion counts to implement actions for improvement"), in February 2010 the work climate survey corresponding to the year 2009 was conducted, with the help of an external consultancy firm.

The objectives of the fourth edition of this survey were to:

- Measure the evolution of the degree of labour satisfaction using comprehensive climate indicators.
- Identify the issues likely to be a source of dissatisfaction and determine which elements should guide actions for improvement.
- Identify the factors with the highest rates of satisfaction, which can act as the main strengths of the organisation.
- Increase participation with respect to previous surveys.

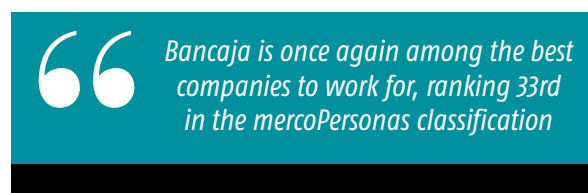
The main results of the labour climate survey were:

- A participation of 58.34% was achieved, the highest of all the surveys performed, 20% higher than the participation in the 2008 surveys.
- The basic climate indicator, which measures the workplace environment temperature and is interpreted as "the higher the score, the greater the satisfaction" was 6.93 points out of 10, an increase of 1.05 points compared to the last rating, a historical high.

Other relevant information:

- the level of global satisfaction was 8.61 points out of 10, a significant increase compared to the last rating (7.45);
- the degree of identification with the Institution was high and employees showed themselves to be integrated and committed to the success of Bancaja (average rating 7.71) and proud to work there (average rating 8.90). These factors increased (7.56 in the first and 7.57 in the second, in 2007);
- with respect to employment security, 80.5% considered that job security was high/very high;
- an improvement was seen in the degree of satisfaction with all factors; the largest increases were in the payment system and social benefits, training, physical conditions, work/family reconciliation, work planning-organisation and promotion.

(Commitment 2010) An analysis of the results presented by the external consultancy firm prompted the climate survey Work Group to propose three improvement actions, which are described in the previous section and which were in the process of implementation at the close of 2010.



Human resources relations (4.8)

The main axes of the policies and practices applied by Bancaja in the management of human resources are described in the approaches to management, published in the corporate information section on www.bancaja.es.

The most noteworthy results in the management of Bancaja employees were the following:

- **consolidation of employment:** 97.58% of Bancaja's professionals have a permanent work contract, with a total of 6,035 employees at the close of the financial year;
- **guaranteeing equal opportunities and non-discrimination:** 43.35% of the workforce are women and, since the *Internal Commitment* was put in place, the percentage of **women who hold management positions rose from 14% to 25.28%**. As part of the programme to hire people with disabilities, 3 people joined the workforce in 2010;
- **making it easier to balance work and life:** 1,899 employees benefitted from at least one of the specific internal commitments and 5,635 grants were given;
- **ensuring workplace health and safety:** applying policies in this field has reduced accident rates;
- **employee training:** a fundamental element for professional development and promotion. 250,450 hours of training were given in 2010, with an average of 41.4 training hours per person.

The entire Bancaja workforce in Spain is covered by the Savings Banks collective agreement. **(LA4)**

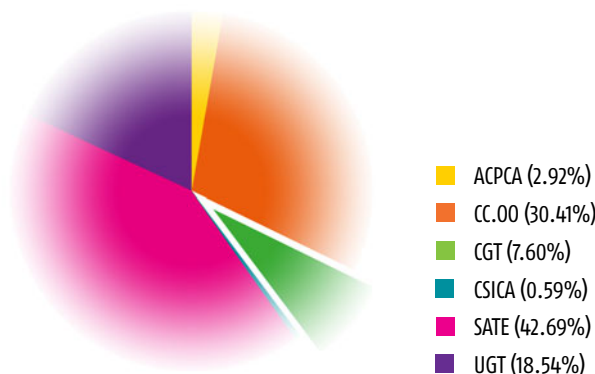
The remuneration structure for senior management has two components: the first is related to the position performed and the second is linked to leadership, management abilities and the direct impact they have on value created in the organisation; the latter is personal. **(4.5)**

Collective representation and negotiation **(4.4)** **(HR5)**

The comprehensive regulatory framework governing Bancaja's relationship with its employees, pursuant to constitutional rights and the current legal ordinance, guarantees freedom of association.

After the trade union general elections held in 2010, the number of employee representatives is 171, distributed as follows:

Personnel representation (percentage)



Bancaja maintains constant dialogue with social representations, regarding them as equals and ensuring its actions are in keeping with current regulations. The most important company agreements signed between Bancaja and the Trade Union Sections in 2010, to ensure the compatibility of the interests of the institution and its professionals were as follows:

- Agreement of 31 March 2010, on *Horizontal Consolidation*, which specifies the consolidation calculations in specific situations.
- Agreement of 29 December 2010, on the *Pro rata plus Agreement*, which establishes the payment of this bonus on a monthly basis.

On 14 December, representatives of the Savings Banks in the SIP to which Bancaja belongs and almost all union representatives (98%), representing employees from all the institutions, signed an **Agreement on Labour Conditions**, regarding the restructuring of the workforces and the payment structures of all the Savings Banks in the SIP, as well as those of the Central Company (Banco Financiero y de Ahorros, S.A.). The core aspects of this agreement are laid out in the Bancaja Annual Report, which covers measures to reorganise workforces, the framework for labour conditions of the SIP Central

Company, conditions for the incorporation of workers of the Savings Bank in the Central Company and remuneration conditions for the Savings Banks that belong to the SIP, along with a commitment to harmonisation, based on the fulfilment of the Viability Plan.

Additionally, the Agreement includes headings on the organisation of future collective negotiation and the creation of a Monitoring and Agreement Committee, as well as other provisions.

6.2 Professional development and qualifications (FS15)

Effectiveness in training and the spreading and sharing of knowledge are key objectives for Bancaja.

- Employees without prior experience in Bancaja follow a specific training programme, which includes a **welcome course** where they are taught the most significant aspects of Bancaja, in fields such as fraud and corruption prevention.

- **Bancaja's online educational and training platform** is a portal for the customised training of the entire workforce. By the end of 2010, it had offered 379 class hours, an increase of 23 classroom hours compared to 2009, which were distributed among 113 training activities (102 in 2009), in addition to the set of on-line manuals. Special attention is merited by the exclusive practical units, divided into different paths (resources available in a classroom, with contents of a predetermined length) such as:

- Financial Agent Programme (DAF) (92 hours).
- Financial Advisor Programme (EFA) (102 hours).
- General Insurance Module (203 hours).
- Face-to-face training activities supplemented by virtual classrooms.

- **Classroom training** courses were taught by 196 internal trainers and 36 external teachers. Also, the "branch tutor" programme has been maintained, aimed at personnel who return after a long leave of absence, personnel included in the Bancaja and Disabilities Project and new management personnel who come from outside the organisation.

- **(Commitment 2010)** Over the financial year the e-learning contents of the training platform were enhanced, with 16 new resources and 20 training activities updates, promoting their use and improving the training environment through virtual classrooms taught by experts. In addition, since 6 June 2010,

the new version of the operating platform pursues the following objectives:

- Facilitating the use of the platform and administrative tasks.
- Opening new channels of communication for users.
- Eliminating internal mail on the educational platform.
- Reducing response times in the resolution of incidents and queries raised by users.
- Guaranteeing the future growth of the system towards distance training via Internet.

There are specific programmes for different types of groups:

- Access to new management and executive positions, with 64 participants.
- Professional development programmes for personnel with an assessment of higher performance; training actions in which 214 people took part during 2010.
- Within the programmes on markets and financial products aimed at providing the guidance established in the MiFid, 458 employees completed the minimum training programme to provide advisory services. In this area, 231 employees also completed the Financial Consultancy Programme and 271 enrolled to complete it in 2011.

In 2010, three employees joined the "Promotion of Jobs for Disabled People" Programme, within the "Bancaja and Disabilities" Project, consisting of:

- Current classroom/online training programme, with 168 classroom hours.
- A 15-hour customised tutorship programme during the first six months.
- 6 months training in two different branches (one every 3 months).

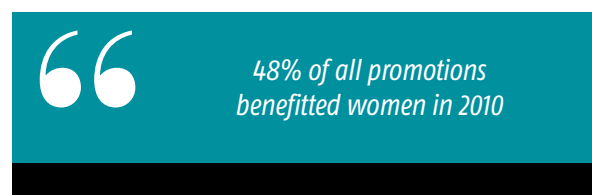
The management model available on the corporate Intranet allows the entire Bancaja workforce to know the eligibility criteria for accessing positions of greater responsibility, in terms of prior experience, originating positions and required knowledge.

Reference manuals, good practice manuals and an assortment of supporting information on *The Bancaja Commitment* are maintained on the Intranet, as well as information on the various strategies with the groups that are a priority for action.

Internal promotions	2010	2009	2008
Promotions	233	201	312
Advancements	358	375	310
Applications for vacancies	22	34	162
Applications for vacancies filled	1	4	11

The Intranet sections on social responsibility and corporate volunteering received a total of 4,891 visits in 2010, particularly the environmental and volunteering contents.

Bancaja also facilitates and promotes the generic training of personnel in the field of corporate responsibility. This training is given through the welcome courses for newcomers to the Institution, as well as through the specific training available to the entire workforce online.



It is important to note that 1,088 employees have already passed the course, “Corporate Social Responsibility in Bancaja”, representing 18% of the average workforce.

Development of competence in CSR (FS4)

Training the branch network on all aspects related to *The Bancaja Commitment*, the *Internal Commitment* and the commercial policies, aligned with Bancaja's corporate identity, is a permanent objective.

With regards to the environment, in 2010 training continued to be offered to a significant number of people, with specific training plans for people who need this expertise due to the nature of their duties or positions. The level of training attained is described in chapter 8.1.

General training in CSR	2010		2009		2008	
	Number of employees	Number of training hours	Number of employees	Number of training hours	Number of employees	Number of training hours
Course on “Corporate Social Responsibility in Bancaja”	92	184	194	388	356	712
University specialist course in CSR (UPV) ⁽¹⁾	3	1,500	3	1,500	--	--
Seminar on the preparation of sustainability reports: GRI and G3 guidelines	2	8	-	-	--	--
Percentage of average workforce	1.59%		3.27%		5.91%	

(1) Course given by the Valencia Polytechnic University (UPV), sponsored by Bancaja, with three grants available for employed people.

6.3 Diversity, equality and integration

Management of the family responsible company model (4.12)

EFR Family Responsible Company Certification forms part of an international line that, in Spain, has been led by IESE, and is awarded by the Más Familia Foundation, which also awards certification for the Management Model.

The purpose of this certification is to encourage companies to include a Management Model for reconciliation as part of its corporate social responsibility, focused on advancing and responding to the reconciliation of personal and professional life, through responsibility and respect, support for equal opportunities and the inclusion of disadvantaged individuals. Bancaja obtained this certification in 2008:



(Commitment 2010) A maintenance audit was conducted on the model in 2010 and renewal of the certificate was obtained. The non-conformities detected in the previous audit were reviewed and both were closed.

Adequate efficiency levels of the support elements were observed and the internal audit performed previously in Human Resources was reviewed. It was completed without detecting any non-conformities.

Six EFR measures have been implemented in the workforce:

- Training in the OHSAS 18001 certificate.
- Appointment of the post of Occupational Risk Prevention Manager in all branches.

- Face-to-face training for Occupational Risk Prevention Managers, extending to all branches.
- Implementation of a Flexible Remuneration Plan.
- Medical Insurance for temporary employees.
- An Equal Opportunities training course was started.

In 2010, adaptation to the new regulations (EFR 1000-1 3rd Ed.) was made, primarily affecting the model's indicator categories and the measures designed by Bancaja.

On a regular basis, the indicators related to the model with regard to the management categories of the most relevant people are calculated (management style, gender perspective, quality of employment, flexibility in terms of time and space, support to families, professional development, equal opportunities and response and impact on business and activities). In 2010, a monthly follow-up was created for the 28 elements that can be audited by the EFT model.

The Work-Life Balance and Equality Group meets regularly to analyse these indicators, the measures implemented and the elements, as well as to set out the needs and areas for improvement in the fields of work-life balance and equal opportunities.

The members of this group have been appointed according to the content of the functions they carry out: Corporate Social Responsibility, Communication, Human Resources, Quality, Market Research and branch network personnel.

Diversity and equal opportunities

Bancaja only uses disability and nationality indicators when registering employees.

Bancaja has four specific and formal mechanisms available to prevent and fight all forms of discrimination:

- the **Code of Conduct** for the workforce, whose chapter 2.1 incorporates explicit principles against discrimination by establishing that *"Professional activities will always take place in a climate of honesty and mutual respect, and all types of discrimination, humiliation or harassment will be avoided"*;
- the **Protocol for the prevention and treatment of workplace sexual or moral harassment**, by virtue of an agreement signed in 2007 between Bancaja and its employees' legal representatives, which establishes a specific complaint channel that guarantees the full confidentiality of the affected employees;
- the **social and work integration plan for people with disabilities**, the result of the agreement between Bancaja and the Adecco Foundation, which sets forth the various alternative measures put in place to comply with the Disabled People Social Integration Law (LISMI) following the exceptionality certificate obtained by Bancaja in 2008;
- the **Equal Opportunity Plan** implemented in 2009, establishing actions which strive to ensure non-discrimination and equal opportunities among all members of the organisation, as well as extending the Harassment Prevention Protocol to cover gender-related harassment situations.



The Code of Conduct Committee and the Harassment Prevention Committee resolve any doubts or questions which may arise and ensure that the two first mechanisms are constantly updated.

In 2010, no cases of workplace discrimination were detected. The Bancaja Code of Conduct Committee did not receive any complaints

with regards to discrimination. No cases were brought to the attention of the Harassment Prevention Committee. **(HR4)**

The internal audits conducted did not detect any of the above cases.

Women's empowerment principles (4.12)



In 2010, Bancaja joined this initiative, sponsored by the UN Global Compact in collaboration with the United Nations Development Fund for Women (UNDFW), to make society aware of a series of reflections intended to promote the full participation of women in all sectors and at all levels of economic activity. Thanks to this initiative, companies are able to assess and analyse the existing initiatives, goals and practices to achieve these objectives.

“ Bancaja joined the Women's Empowerment Principles under the slogan: *Equality is good Business*

The policies and practices at Bancaja to encourage compliance with this are:

Principle 1. Promoting gender equality at the highest management levels.

- Membership was signed by the Chairman of Bancaja.

- Of the 17 commitments made voluntarily to staff members through the *Internal Commitment*, point 4 establishes a formal objective of access to management positions for women.
- Reconciliation Programme.
- EFR Certification.
- Equal Opportunities Plan.

Principle 2. Treating men and women equally in the workplace - respecting and defending human rights and non-discrimination.

- Point 4 of the *Internal Commitment*, fulfilled in 2010 has made it possible to increase the number of women in management positions, from 14% in 2005 to 25.28% over a five-year period.
- 43% of the workforce is female and 25% hold management positions.
- Training related to *Equal Opportunities*.

Principle 3. Safeguarding the health, safety and wellbeing of all workers regardless of gender.

- Internet Health Portal.
- Protocol for the prevention and treatment of workplace sexual or moral harassment.
- Medical Insurance for the entire workforce.
- Company Medical Department.
- Specific training.
- Communication protocol for pregnant employees, to provide managers and interested parties with appropriate recommendations to be taken into account.
- Employees who are victims of gender violence may request a reduction or adjustment of their working hours to allow them to be better protected or to exercise their right to comprehensive social assistance.

Principle 4. Promoting the education, training and professional development of women.

- Online educational platform, available 24 hours a day, every day of the year.
- Point 9 of the *Internal Commitment*, guaranteeing a minimum programme of 80 hours for new employees.
- Training activities related to equality and the use of gender-neutral language.

Principle 5. Carrying out business development practices, supply chain and marketing geared at strengthening the role of women.

- The responsible purchases policy evaluates and assesses favourably UNGC membership or compliance with its principles for the largest suppliers.

Principle 6. Promoting equality through community and lobbying initiatives.

- Collaboration of the Bancaja Foundation with the Foundation against discrimination and abuse in the Autonomous Valencian Community, *Zero Tolerance*.
- Two shelters for women with children who are at a risk of social exclusion.

Principle 7. Evaluating and raising awareness of the progress made in favour of gender equality.

- Gender indicators within the EFR scorecard and this report (Appendix II).
- Monthly publication on the Intranet on adhesion to the *Internal Commitment* and degree of compliance.
- This chapter, within the CSR report, constitutes the report on progress report made to society.

Access to employment for people with disabilities (4.12)

(Commitment 2010) In keeping with the commitments made by the Institution in 2007, related to the integration in Bancaja of people with disabilities, obtaining the exceptionality certificate and the adoption of alternative measures to comply with the quota set aside for disabled workers, in 2010 three disabled people joined the workforce and six internal cases obtained the disability certificate. These hirings are the result of an agreement between Bancaja and the Adecco Foundation for the social and labour integration of disabled people. **(LA13)**

All personnel have access to a section on the corporate Intranet called "Bancaja and Disability", where they can find information on the significant projects being carried out and complete information on

the necessary procedures to obtain the certificate, as well as contact channels to obtain advice and information.

Awareness raising actions have been carried out through presentations at external conferences, addressed to companies and institutions ("Reconciliation, the Path to Diversity").

SOILD, the Work Guidance and Intermediation Service was launched in 2009, for the purpose of promoting the access of students and university graduates with disabilities to the work market. In 2010, the agreement with the Adecco Foundation and the University of Valencia was renewed in order to continue with the task of integrating this group in the workplace and in society. Since it began, it has been used by a total of 139 people.

Another project sponsored by Bancaja is the Family Plan, a personalised programme for the children, spouses and partners of employees with some type of disability. This plan includes a set of initiatives aimed at improving their employability or obtaining enough personal autonomy for their social integration.

37 family relations of Bancaja employees used this service in 2010, funding was granted for various actions and measures aimed at continuous improvement, facilitating genuine integration in society and in the workplace, along with recreational activities and family respites, such as summer camps for children with disabilities during the holidays, in which 17 children were able to participate.

6.4 Social benefits

Work-life balance and social benefits (EC3)

The *Internal Commitment* to employees contributes very noticeably to taking care of work-life balance, with the paid leaves and flexibility conditions laid out below.

In addition to the leaves and reduction of working hours described in the approaches to management, published on the Institution's website, Bancaja offers its personnel other social benefits:

- Compensation of extra hours worked due to service needs by granting free time;

- economic grants for university and postgraduate students, language courses abroad and study of regional official languages;
- Family Plan, to support and give advice to family members as well as employees with disabilities;
- technological devices such as Blackberries and laptops with a remote working connection for certain employee groups;
- free private health insurance policy, which covers the entire Bancaja workforce;
- Flexible Remuneration Plan intended to optimise workforce compensation.

Social grants at Bancaja	2010			2009			2008		
	Number of beneficiaries	Number of grants	Bancaja contribution	Number of beneficiaries	Number of grants	Bancaja contribution	Number of beneficiaries	Number of grants	Bancaja contribution
Contributions to premiums of the employee									
Social Prevision Mutuality	1,848	--	711	1,897	--	730	1,901	--	729
Life insurance premiums	1,284	--	22	1,290	--	28	1,300	--	23
Childcare grants	712	789	672	698	764	588	662	705	514
Childhood education grants	2,930	4,796	3,471	2,925	4,842	2,386	2,865	4,792	2,266
Health Insurance ⁽¹⁾	5,612	--	1,922	5,572	--	1,814	5,452	--	1,760
Special education grants	48	50	160	50	52	161	52	54	162
Leaves of absence	43	--	--	48	--	--	53	--	--
Reduction of working hours	35	--	--	29	--	--	15	--	--
Other paid leaves ⁽²⁾	266	--	--	278	--	533	251	--	--
Credit facilities ⁽³⁾⁽⁴⁾	5,445	--	1,958	n.d	--	4,740	5,141	--	--
Flexible Remuneration Plan	705	--	--	---	---	---	--	--	--
Bancaja Family Plan	37	--	122	---	---	---	--	--	--
TOTAL	18,965	5,635	9,038	12,787	5,658	10,980	17,692	5,551	12,381

Contributions in thousands of euros. **(1)** Benefit recognised for the entire workforce, by virtue of the Company agreement, since October 2007. **(2)** 2010 data includes leaves due to the hospitalisation of a relative covered by Internal Commitment 6 (148), leaves due to taking care of children covered by Internal Commitment 13 (115) and the volunteering action leaves **(3)** granted in 2009 for personnel with various leaves. **(3)** Corresponds to non-monetary employee remuneration for the differences in their favour between market conditions and those agreed upon in the interest rates of provided credit transactions. **(4)** The number of beneficiaries is not available for 2009, due to a modification of the computer application.

(Commitment 2010) In February 2010, the Flexible Remuneration Plan was launched; a formula that allows Bancaja professionals to receive part of their annual remuneration through certain products exempt from taxes, such as medical insurance for family members and childcare for children aged 0 to 3. This involves customising remuneration according to the personal needs of each employee.

It is possible to allocate 25% of the fixed salary to the acquisition of these products, which are not subject to Personal Income Tax (IRPF) as they are tax exempt. Double savings are obtained in this manner:

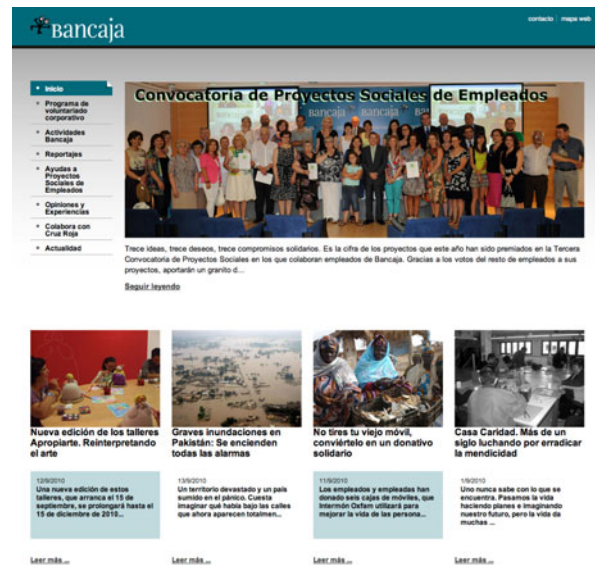
- Savings in personal income tax on the amount allocated to the Plan.
- Withholding tax rates may be lower on pay cheques due to the decrease in taxable income.

In addition to these two products, during 2010 a computer voucher was made available, consisting of the purchase of a computer by Bancaja employees and the receipt of tax benefits. In 2010, a total of 705 employees joined the Flexible Remuneration Plan.

“ *The Bancaja Flexible Remuneration Plan places it among the most innovative financial institutions in the area of compensation and remuneration*

Corporate volunteer programme (4.12)

In 2007, Bancaja began a corporate volunteer programme with a view to supporting and promoting humanitarian activities among the Institution's workforce and raise awareness internally of the projects carried out by the Bancaja Foundations and the various NGOs in Spain. The website <http://voluntariado.bancaja.es>, which can be accessed from the Bancaja website and Intranet, was created to bring this programme to all of the Institution's employees and retired workers. The number of visits recorded to the website was 10,453.



This initiative is strengthened by internal commitment number 16, which allows personnel to request a leave of absence to carry out volunteering activities. In 2010, this commitment was used by one employee to work with an NGO in Burkina Faso (Western Africa).

Also, employees may use four working hours per year for training and volunteering tasks. A total of 3 people took this leave in 2010, with a total of 10.5 hours devoted to this end (12 people in 2009).

During 2010, both already existing and new activities were offered:

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Corporate volunteer activities in 2010	Participation
Training for immigrants, giving them computer and employment workshops at the CeiMigra Foundation.	34 people
Casa Caridad de Valencia: night shelter, weekend soup kitchen and Christmas programme for the homeless.	53 people
Engage Project: indoor football championship at the Picassent Prison.	34 people
Art workshops for people with disabilities: Las Meninas, by Manolo Valdés.	7 people
Bancaja Forest: reforestation of forests and environmental awareness, in Villafranca del Cid.	50 people
Gymkhana pirates: recreational day with the Association for the Intellectually disabled of Alicante.	65 people
International Day of People with Disabilities: workshops, performances and activities.	12 people
2nd charitable Ultra Marathon for cystic fibrosis in Palma de Mallorca.	2 people
Gymkhana with the Asindown Foundation and storytelling with Pablo Pineda.	34 people
Art workshops for senior citizens: Sorolla and Sacred Russia. Icons from the Rublev Museum in Moscow.	19 people
Collaboration in the 3rd Gent per <i>Gent telethon</i> against neurodegenerative diseases.	30 people
Solidarity with Intermón Oxfam: campaign to collect mobile phones for recycling and environmental purposes.	73 units

(Commitment 2010) The third **Call for Welfare Projects** took place in 2010, promoting and rewarding the participation of employees in social humanitarian actions. In this third edition, a total of 2,464 employees (40.83% of the workforce), voted on the 13 admitted projects (36 were submitted) pursuant to the rules of the contest, with a contribution from Bancaja of 100,000 euros and a maximum of 10,000 euros per project.

Support of the early and normal retirement processes (EC3)

As a supplement to total or partial retirement and early retirement, Bancaja offers an employment plan, under the aegis of the Pension Plan and Fund Regulation Law. This is a defined contribution system in which the amount received upon retirement matches the accumulated consolidated rights. The created independent fund receives no contributions from participants. Bancaja makes an annual contribution for each employee equivalent to 105% of the basic monthly salary earned at any given time.

Totally or partially pre-retired and retired personnel are also offered other supplementary benefits:

- the education grant for children is maintained, with the same criteria being applied as for active personnel;

- they enjoy preferential conditions on products Bancaja makes available to them;
- for partial retirements there are additional economic benefits, such as the health insurance or the contributions made by Bancaja to the aforementioned employment system.

In 2010, 17 people accepted partial retirement, promoting employment with the hiring of new professionals as replacements, establishing a treatment of favourable and special social benefits for this group.

The conditions established for pre-retired personnel, through the Agreement on labour Conditions in the SIP, are described in the Bancaja Annual Report.

Occupational risk prevention (LA8)

During 2010, Occupational Risk Prevention Management was re-organised at Bancaja through the creation of its own Prevention Service, for the purpose of adaptation to the amendment of Royal Decree 39/1997, approving the Prevention Services Regulations. In this manner, Bancaja strengthens its commitment to continue guaranteeing "effective" protection for its workforce, ensuring the health and safety of its employees in all aspects related to the work they perform.

The Prevention Service reports to Human Resources, specifically the Labour Relations Department. The structure and operational dynamics of this service integrate specific functions and contents of various departments that play a role in the Prevention of Occupational Risks and which constitute the Control Committee. To complete the human resources structure of the Prevention Service, at the end of the year, the figure of Branch Prevention Manager has been created on a voluntary basis in order to integrate prevention management in the entire branch network. This prevention officer will be in charge of prevention management at each work centre.

Lastly, and as a result of the change in the organisational model, a legal audit was performed for the Occupational Risk Management System in December 2010, at the same time as the certification audit of OHSAS 18001:2007 scheduled for this year, both of which were successfully passed.



6.5 Internal commitment (4.4)(LA5)

(Commitment 2010) Compliance with the commitment, as assessed by a group of employees, is communicated and made public in full on the Bancaja Intranet. The global assessment of the 17 points of the commitment at the end of the 2010 financial year was the following:

Commitment	Queries/Requests received	Non-compliances	Observations
1.- You have a single window for making queries.	8,588	0	Most frequent questions: Loans (39%). Average response time: 6.8 hours
2.- We guarantee that you remain at the same location for 2 years.	332	Commitment Fulfilled!	724 transfers in total, 332 of which are subject to the commitment
3.- We notify location changes 15 days in advance.	1,297	0	By e-mail triggered through an event proposal.
4.- We increase the number of female executives.	As of 31 December 2010: 25.28% Target Achieved!		
5.- We pay for your car repair.	27	0	28 requests approved. 27 bills received and, therefore, paid.
6.- 15-day leave for hospitalisation of family members.	148	0	Average duration of leave: 4.1 days
7.- We do not ask you to go to training during school holidays.	Courses organised during Christmas, Easter, July and August: 10	0	Attended by 25 people without any children of school age.
8.- Assessments have only positive consequences.	The rating of 1(Fail) has been removed. Evaluations with a rating of three ⁽¹⁾ in 2010: 230		
9.- New employees receive 80 hours of training.	Hired from January to December 2009: 122	0	Employees summoned to the programme: 122. Employees who passed: 119
10.- Your opinion counts for implementing improvement actions.	Climate Survey conducted. Results report issued.		
11.- We create new communication channels between employees.	Forums: 160 comments from January to December. Feedback updated.		
12.- Employees control compliance with the internal commitment.	The first meeting of the Work Group was held in 2010. Minute published on the Intranet.		
13.- Two-hour leave for child care.	115	0	13,813 days with a reduced schedule.
14.- You have advantageous conditions at other companies	66 agreements with: Lawyers, Travel Agencies, Parking, Automobiles, Wineries, Spas, Sports Centres, Department Stores, Home Decoration, Computers, Real Estate, Fashion, Leisure, Stationary, Health and Insurance.		
15.- For 6 months, we defer employee loans at no charge, due to death, divorce or separation from a partner.	6	0	6 employees accepted. 8 transactions deferred
16.- Leave of absence for up to one year for solidarity purposes, with reservation of the job position.	1	0	Collaboration with the NGO, <i>Association Pour La Promotion Feminine a Gaoua</i>
17.- You have preference in transfer requests due to children with a disability or dependent partners or parents under your care.	0	0	--

⁽¹⁾ High performance

In conclusion, it can be stated that the commitments in point 2 and point 4 have already been fulfilled. There were a total of 10,788 cases among all of the Institution's personnel in 2010. No cases of non-compliance were reported during this financial year.



*No non-compliance with
the Internal Commitment in 2010
and two goals achieved!*



7. Society

Bancaja 

7. Society

KEY EVENTS IN 2010 (Against principles 1 and 6 of the UNGC)

60 million euros invested in the **Welfare Project**, 38.71% of Bancaja's 2009 annual net revenue.

For the distribution of investments in the community by areas, **the social development line has prevailed** over the cultural one, following the recommendations made by the Bancaja General Assembly, in consistency with the economic situation.

Economic grants were given to **780 public and social interest organisations**, with a contribution of **3.34 million euros**, through the Announcement of Grants for Institutions of Public and Social Interest 2010, an increase of 800,000 euros compared to 2009.

Supporting self-employed young entrepreneurs who lack guarantees through the Bancaja Young Entrepreneurs Awards, one of the largest financial awards in the country, with 403 candidates, 31% from the Valencia Region and 69% from the other territories of action.

Increasing **training and employment programmes for youths** over the entire national territory.

Bolstering **cooperation and co-development** actions.

Creating a **new website** for the Welfare Project, focused on the actions carried out for young entrepreneurs, with a space of its own in social networks and digital media.

Aspect

€60 million invested in the Welfare Project
38% of annual net revenue
2,606 activities
4,101,094 beneficiaries
83 own centres
100% national coverage

7.1 Bancaja's Welfare Project (4.8)

“ Bancaja maintains its contribution to the development of society through the Welfare Project

A revision of the Welfare Project Strategic Plan was completed in 2009 and, given the current economic and social situation, it was deemed reasonable to continue with the same strategy, taking into account the new social demands and allocating more aid to matters of a social nature. In 2010, the activities were focused mainly on three sectors:

- **youth:** includes activities that promote international studies for university students, entrepreneurship, and participation in social, sporting and recreational programmes;
- **social development:** focused primarily on New Citizens, –including different activities that form part of the Support Plan for an Intercultural Society, the aim of which is to integrate the immigrant population and raise social awareness of the phenomenon–; and senior citizens, through ongoing workshops in the Bancaja Cultural Centre;
- **culture:** the promotion of various awards, among other activities, including investments in art and culture, research, the environment and health.

The approaches to management of the corporate information section published on www.bancaja.es describes the policies established by Bancaja in its relations with the community.

Bancaja's 2010 allocation to the Welfare Project amounts to 60 million euros (distribution of revenue for financial year 2009). Distribution of the total budget for the management of the programme is the following: (EC8)

Budget by managing institution	2010	2009	2008	Variation % (10-09)
Bancaja Foundation	42,388	53,959	60,859	-21.44%
Caja Castellón Foundation	6,682	7,741	6,741	-13.68%
Managing body	6,744	7,646	17,425	-11.80%
TOTAL BUDGET	55,814	69,346	85,025	-19.51%

Amounts in thousands of euros.

Welfare project dialogue and response (4.17)(S01)

Through the **opinion leader brand tracking** dialogue mechanism, Bancaja also evaluates its brand reputation, according to the perception and communication effectiveness of its Welfare Project.

- Matters of concern

Welfare Project Assessment.

- Bancaja response

- Welfare Project visibility was enhanced in 2010 with a generic mass media campaign.
- Simultaneously, actions were carried out through the media to raise awareness among the population of the most important actions in each of the three strategic lines of the Welfare Project: youth, social development and culture.

The following is a description of the most notable actions carried out by the Foundations which managed the Bancaja Welfare Project during 2010.

7.2 Youth, training and entrepreneurship (2.5)(4.12)

University research and training

To continue promoting international mobility among university students, and thanks to the 52 signed agreements, the **Bancaja International Grant Programme** makes it possible to enjoy stays in the USA, Canada, Australia, Latin America, Japan, China and Europe, receiving supplementary training at the host university.



- **Leonardo da Vinci Bancaja-UPV Grants:** intended for recent Valencia Polytechnic University graduates to carry out internships in European companies (Leonardo scope).
- **Work and Travel Grants:** promoting international mobility of young entrepreneurs through work contracts in the United States. Twenty grants were given in 2010.

Research grants to various R&D centres of renowned prestige: the grants given in 2008 have been continued, including those for the Prince Felipe Research Centre Foundation, the Higher Scientific Research Council, the Mediterranean Ophthalmology Foundation and those carried out in the La Fe and Clínico Universitario Hospitals in Valencia, in addition to the Albacete General Hospital. A new project has also been started in 2010 in collaboration with the Pesat Alexandre Hospital, with a view to promoting quality clinical and biomedical research leading to the publication of papers in scientific journals with a high impact factor. Likewise, research grants were given to the Foundation for the Promotion of Health and Biomedical Research and the Networking Biomedical Research Centre for Rare Diseases.

In 2010, cooperation continued with three programmes which support workplace training for recent graduates:

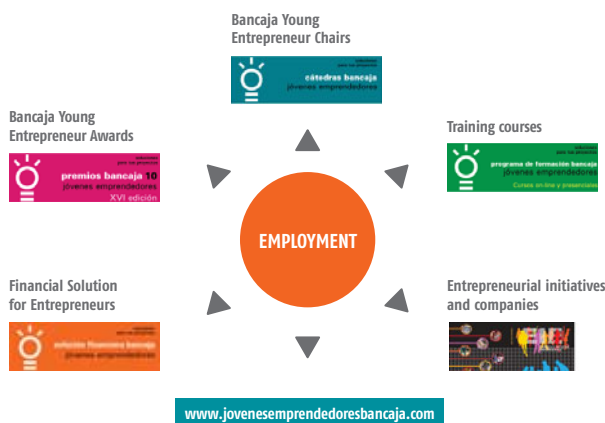
- **Bancaja Leonardo Adeit Grants:** intended for recent graduates from all Spanish universities so that they may carry out internships in Europe. The programme was carried out jointly with the Valencia Business University Foundation, *Adeit*.
- **Bancaja Blasco Ibáñez Grants:** intended for recent Valencia Polytechnic University (UPV) graduates to carry out internships in companies in Asia, the USA and Canada, Latin America, the Pacific, the Middle East, Africa and European countries outside the Leonardo area and, in the event that the internship takes place in a Spanish company, outside Spain.



13th Bancaja End of Course Project Awards: 131 grants given to students to carry out projects in companies and institutions, co-directed by professionals from the business world.

Bancaja young entrepreneurs programme

Throughout 2010 various actions were carried out within the **Bancaja Young Entrepreneurs Programme** to start up business projects and improve the training of young people who wish to carry out their professional activities in the business world, the highlights of which are the following:



- **Financial Solution for Entrepreneurs:** the financing granted to help young people who lack asset guarantees or collateral is described in chapter 5.3.
- **Training Courses for Young Entrepreneurs:** basic training in the various fields of business management, to complete their education and develop their Business Plan. There are two types of courses: classroom and online.
- **Bancaja Young Entrepreneur Chairs:** which aim to promote entrepreneurial development and the start-up of companies right from the universities, through training and research. In all, 40 agreements in operation with universities from all over Spain and four with Latin American universities (chapter 7.3).



- **16th Bancaja Young Entrepreneur Awards:** 403 projects were presented in 2010 to run for the 40 prizes established in three categories: technology-based companies, traditional and/or social companies and business projects.

- **Spanish Official Chamber of Commerce and Industry of El Salvador:** implementation programme of Corporate Social Responsibility as a management tool, with the global objective of raising the awareness of companies regarding the benefits produced by CSR, both from a business as well as a social perspective, in addition to training members of companies on this subject, motivating its application and training professionals so that they can go on to develop management tools within their companies.



Additional projects were carried out within this framework in 2010:

- Business Simulation Contest with the *E-mprende* game, based on a business management simulation system which also promotes team work among future entrepreneurs.
- Bancaja Young Entrepreneur Chair Conferences: with international expert speakers on entrepreneurial subjects.
- Tuesday Entrepreneur Series: conferences or seminars in which well-known entrepreneurs made known their experience of how a good idea can be developed into a company with great

future prospects. Some of them came from companies as renowned as Brainstorm Multimedia, Natura Bissé or Masmóvil.

- The website www.jovenesemprendedoresbancaja.com brings together all the activities of the Bancaja Young Entrepreneurs Programme and other items of interest for this group, such as online consultancy services, guidance programme for preparing a Company Plan, business simulation game, videos of entrepreneurial conferences, relevant news articles, schedule of activities, etc. The site is completed with the creation of profiles for entrepreneurs in social networks (Facebook, Flickr and YouTube) and it received over 300,000 visits.



- The INCYDE Foundation (Chamber of Commerce Institute for the Creation and Development of Business) held its 2nd Annual Greenhouse Growers Conference. The purpose of this conference was to further the consolidation of companies by means of previously scheduled bilateral meetings between them. These meetings were helpful in creating alliances and agreements among SMEs for future collaborations.
- Participation in Entrepreneurs Day in the Valencian Community, organised by the Ministry of Industry, Tourism and Trade, together with the IMPIVA (Regional Institute for SMEs).
- Sponsorship at the New International Design Show (NUDE), exhibit areas at the Valencian Trade Fair and three Bancaja Grants to Young Designers.
- iWeekend project in Valencia and Ibiza, at which 30 entrepreneurs participated in seminars specialising in Internet trade.
- Company Project and Entrepreneurship. Under the collaboration agreement between the Bancaja Foundation and the Valencia Young Entrepreneurs' Association (AJEV), a programme was developed for fourth year students for the purpose of promoting entrepreneurial culture among High School students, with the collaboration of the Valencian Ministry for Education, including the course as an elective within the activities curriculum in centres in the Valencian Community during this academic year.

“ The Welfare Project opens new channels for dialogue with young entrepreneurs through social networks ”

- 2nd Conference of the Bancaja Young Entrepreneurs Chair network: seminar with 40 directors of the Bancaja Chairs at which a follow-up report on the website jovenesemprendedoresbancaja.com was presented, along with success stories and good practices in the activities. Opinions were exchanged on the progress of the chair network, and the positive aspects were highlighted.

Social training

The Bancaja Training Programme for Social Administrators: completion this year of the basic training in the management of associations for members of these institutions, both professionals and volunteers and members of their board of directors, in response to a demand for specific quality training for responsible and efficient action. Three editions of the course have been given, each of them with two semi-presential modules (four classroom hours and forty-two hours of online training). The classroom sessions are held in Valencia, Seville and Madrid.

Sports

Since 2008, the line known as the **Bancaja Sports Scholarships (BDB)**, is designed to provide elite student athletes, who are candidates for a sports scholarship at an American University with a supplementary grant to cover part of the expenses of their first trip to the University. The BDB programme has awarded 33 scholarships in 2010 and a total of 95 grants since inception.

Collaboration has been maintained with the Directorate General of Sports of the Valencian Ministry of Culture, Education and Sports for the celebration of the **28th Sports Games of the Valencian Community**, held from October to June for the purpose of promoting sports among young people. Since it was first held, over two million school children have participated, being trained as athletes and as individuals and competing in the games held in three provinces of the Valencian Community. A total of 10,415 teams and 105,311 athletes have participated.

The **27th Edition of the International Youth Football Tournament**, run by the Organising Committee of the Torneig Internacional de Futbol de l'Alcudia (C.O.T.I.F.), a reference for promising young football talents.

Collaboration with the Valencia Polytechnic University in the activities of the **UPV-Bancaja Cycling Team** (74 races with a team of 25 members).



7.3 Cooperation, co-development and support for disadvantaged groups (4.12)

Support plan for an intercultural society

The Support Plan for an Intercultural Society (P.A.S.I.) was set up in 2001, with a view to supporting initiatives which foster good social relations between people of different races, cultures, religions and customs. To that end, activities are carried out through the collaboration agreement with the Centre for Studies for Social Integration and Training of Immigrants Foundation (CeiMigra) in Valencia.



Among the actions carried out with CeiMigra, the following stand out:

- **Information, advice and job placement** in matters related to labour, Social Security, immigration, education, families, job placement, self-employment, cooperation, co-development and involvement in associations and about the resources available at the CeiMigra Foundation, as well as the publication of supplementary materials.
- **Migration studies and research**, with four Visions of Immigration, available in digital format, and a psychosocial manual of interventions to assist migrants, with a publication of 1,200 copies.
- **Training on social integration and inclusion in the workforce** in the Valencian labour market, especially noted for the informal occupational training offered by CeiMigra on a regular basis in the fields of care for dependent individuals and hospitality services.

- **Cooperation and co-development**, through the coordination and co-management of a student residence network, both in the Valencian Community and in the immigrants' countries of origin.

Bancaja New Citizens Cup: the fifth edition of this sporting competition organised by Bancaja for immigrant citizens residing in the Valencian Community promotes sport as a path to social integration. On this occasion, sixteen teams from a variety of countries participated (Algeria, Argentina, Armenia, Bolivia, Bulgaria, Colombia, the Dominican Republic, Ecuador, Ghana, Honduras, Morocco, Pakistan, Peru, Tunisia, the Ukraine and Uruguay), all of which were made up of immigrants residing in the Valencian Community. The winner of the cup was Argentina.

Intercultural training and awareness raising

2009/2013 North-South Plan: the agreement with the Valencia City Hall has been continued in regard to the programme set forth in the Municipal Plan for Immigrant Integration. The activities are carried out in the context of the following areas:

- Socio-cultural mediation area, which includes:
 - The educational folder on diversity, *Tots a una per la Diversitat*: didactic material for schools on diversity.
 - *Divercinema*: projection of audiovisual material put together by schools in the city.
 - *Pasa la bola escolar*, activity intended for early childhood education and primary school first grade.
 - *Pasa la bola tournament*: giving out balls to each of the municipal sports schools, along with a comic book to be used for teaching purposes and as a tool for conflict resolution.

- The “Tambores” Sound Factory for integration: a music school intended for young people with integration problems, with a view to achieving ethnic and cultural blending through musical awareness.
- Preliminary reception area for homeless immigrants in Valencia.
- Information office, advisory services and social integration.

International cooperation programme (2.5)



The following actions are carried out within this programme:

- **University programme in Latin America**, for the last fifteen years, Bancaja has been working in developing countries, mainly El Salvador and Nicaragua, to improve the professional, academic and social qualifications of young university students. Fifteen grants are given out each year to recently graduated young students to carry out a nine-month internship in Bancaja. In addition to a master's degree in institutions of renowned prestige in Valencia, the grant also includes a stay in a university residence and taking part in welfare projects and citizens' initiatives.
- **Grants to students with limited economic resources:** action lines opened a few years ago with El Salvador and Nicaragua, to collaborate with these developing countries in the implementation of services and resources to encourage the social

development of its population. Scholarships are given to students with limited financial resources, coming from rural areas isolated from cities with universities, to cover room and board in University Residences at their place of study.

- **The entrepreneur line** is intended for students and university graduates of the José Simeón Cañas Central American University, the El Salvador National University and the Polytechnic University of Nicaragua (UPOLI), with a view to fostering their students' entrepreneurial spirit and promoting their entry into the productive life of these two countries with severe job placement shortcomings.
- The **Bancaja Latin American Chairs** programme with Central American Universities is an initiative that sets out to bring this experience, which has already born fruits in Spanish universities, to El Salvador and Nicaragua. It has two lines of action: one is educational and focuses on courses, conferences, specific lectures, workshops, etc.; the other is dedicated to research on business ethics, social responsibility and entrepreneurial subjects, among others, bringing the business and academic worlds closer together.
- In 2010, a Seminar was given in Bogota on entrepreneurship and social responsibility, organised by the **National Association of Family Compensation Institutions (ASOCAJAS)**, with whom Bancaja signed a collaboration agreement for the purpose of strengthening social development programmes in higher education, entrepreneurship, social development, social tourism and culture.
- **Bancaja association of former scholarship holders, AEXBAN.** In order to optimise the management of university residences and other projects in Central America, the project started up in 2009 has been continued in El Salvador and Nicaragua, to channel the voluntary participation of former scholarship recipients and help them fulfil their social commitment. It has 60 members in El Salvador and 26 in Nicaragua.
- **Senior Advice.** Retired employees of Bancaja collaborate with Latin American scholarship holders upon their arrival in Spain, with welcome seminars, courses on interpersonal relations, banking business, leadership and other training activities, as well as the supervision of their comprehensive development.

Aid to Haiti and Pakistan

In response to the disaster that occurred in Haiti in the month of January, the Bancaja Foundation opened an account to carry out various emergency and post-emergency operations to help earthquake victims. A total of 836,000 euros was collected and this amount was allocated to social institutions with experience in cooperation to carry out the following projects:

- **Farmacéuticos Mundi:** improvement of the social and health conditions of the Haitian people living in the Croix-des-Bouquets district, offering medical and psychological care and supplying essential medicine and food to the population.
- **Unicef:** prevention and response to the outbreak of Cholera, acquiring 950 basic water kits and supplying 600,000 water purification tablets, accompanied by actions to promote hygiene to prevent new infections and keep the disease from spreading.
- **Spanish Red Cross:** distribution of water and primary emergency products (both food and non-food items) among the Haitian people.
- **Spanish Cáritas:** early recovery for victims in Jacmel and various actions to alleviate the effects of the Cholera outbreak (supporting health centres, purchasing material for the prevention campaign, drinking water tablets, hygiene kits, etc.) and workshops to raise awareness and prevent the spreading of the disease.
- **Assembly of Cooperation for Peace:** training in the prevention and treatment of cholera for staff in the provincial city of Jacmel and the communal section of Mabriole and Baie d'Orange.
- **Fontilles Association:** management and community response to emergencies in the face of disasters in the south-eastern province, putting 40 oral rehydration stations into operation and caring for the sick.

An account was also opened to help the people affected by the torrential rainstorms which caused flooding and devastation in Pakistan. The amount received amounted to 37,000 euros, which has been assigned to the Red Cross Humanitarian Aid Project, intended to improve assistance and provide support to the families affected,

through the delivery of relief materials from different points in our country to Pakistan.

Announcement of grants for public and social interest institutions (EC8)(FS5)

1,785 applications were submitted in 2010, and the evaluation panel awarded financial grants to a total of 780 associations and organisations. The projects submitted to this announcement focused their actions on one of the following sectors: senior citizens (including diseases associated with ageing: Alzheimer's, Parkinson's...), people with psychic, physical, sensory or organic disabilities or with dependence-causing diseases, people at a risk of social exclusion (youths and social risk minors, inmates and former inmates, addicts and former addicts, gender violence victims, ethnic minorities, etc.).



In 2009, the economic allocation amounted to 3.343 million euros, 871,000 euros more than in 2009. The Bancaja Welfare Project thus

broadened the scope of the announcement to support a greater amount of social-welfare projects, which received an average grant of 4,000 euros, with a maximum of 18,000 euros per association. This commitment has been completed with 30 **financial grants to associations**.

A list of the recipient projects can be found on the Welfare Project website.

Grants for Public and Social Interest Institutions	2010		2009		2008	
	Beneficiary associations	Amount donated	Beneficiary associations	Amount donated	Beneficiary associations	Amount donated
Aid granted	780	3,343	599	2,472	461	1,502

Amount donated in thousands of euros.



The breakdown by Autonomous Community for the amounts donated in 2010 is:

Autonomous Community	Beneficiary NGOs	Amount donated
Valencian Community	233	997,750€
Andalusia	104	459,000€
Madrid	88	398,000€
Catalonia	90	381,000€
Castile-Leon	63	257,000€
Galicia	42	165,000€
Castile-La Mancha	33	129,000€
Balearic Islands	18	96,000€
Murcia	22	88,000€
Aragon	19	76,000€
Principality of Asturias	16	64,000€
Canary Islands	12	58,000€
Extremadura	12	48,000€
Basque Country	12	48,000€
Navarre	5	34,000€
Cantabria	8	32,000€
La Rioja	2	8,000€
Ceuta	1	4,000€
Total	780	3,342,750€

Senior citizens

Within the programme of activities for senior citizens, a series of educational, cultural and recreational activities were carried out, with the primary objective of furthering education and improving their health and quality of life. More than 245,000 people benefited in 2010 from the following activities:

- Training and culture promotion programme, with 237,560 beneficiaries, that includes:
 - Retirement clubs: conferences, occupational workshops and cultural activities, guided cultural visits, trips in Spain and abroad.
 - Cooperation with training centres, as well as promoting and supporting associations and other institutions working with the elderly.
 - Training in new technologies and university courses adapted to senior citizens.
- Stays at spas with health, food and physical maintenance programmes (6,064 beneficiaries).

Social-welfare collaboration (EC8)

Bancaja's Welfare Project and its Foundations run, either directly or jointly with other institutions, several centres which provide cultural,

social or welfare services to the community, both locally as well as in some developing countries. The most important are:

The Valencian Solidarity and Volunteering Foundation: created by Bancaja and the Generalitat Valenciana to promote and foster humanitarian actions through mediation services between NGOs and volunteers, basic training for new volunteers, subsidies for volunteering projects and the promotion of corporate volunteering. The Network of Volunteer Centres is present in over 70 cities and towns across the Valencian Community.

Bancaja, together with the Generalitat Valenciana's Social Welfare Ministry, carries out joint actions in the field of social services, through the Valencian Institute of Care for the Disabled and Social Action (IVADIS), including actions aimed at improving accessibility to places such as beaches and gardens, an adapted sports plan for accessible beaches, leisure and free time activities for the disabled, accessible environments and actions to promote assisted independence and personal autonomy.

Within this same context, there is an agreement between Bancaja and the German public bank, KfW Bankengruppe, under which this institution provided mid and long-term financing, with a cost advantage compared to Bancaja's usual market price, subject to the commitment to transfer this cost advantage to society. By virtue of this agreement, through the Bancaja Foundation, in 2010 a total of 101,000 euros were devoted to improving accessibility for people with disabilities, by means of the **accessible beaches and parks programme**. 31 beaches and parks have already been adapted.

1st Bancaja D-Capacidad Conference, organised on the occasion of the celebration of the International Day of Persons with Disabilities, dedicated to "people with different abilities".

The Valencian Community Foundation against Discrimination and Abuse, Zero Tolerance, has a primary goal of fighting all social and/or cultural situations which hinder the full equality of rights between women and men. In June 2010, it merged with the **Valencian Community Foundation for the Care of Victims of Crime (FAVIDE)**,

which runs a programme on Specialised Care and the Prevention of Violence at School in the Valencian Community.

Tyrius Provincial Association of Homemakers and Consumers, to maintain the Solidarity Centre and its activities.

The Archbishop Miguel Roca Foundation. Proyecto Hombre Valencia, to carry out the Information, Guidance and Family Support project and to start up the *Proyecto Hombre helps you* blog.

The **Paya50Spital Association**, to ensure continuity of the programme for weekly visits to children with serious illnesses in the La Fe, Clínico Universitario and Dr. Peset Hospitals in Valencia and the General Hospital of Alicante. 17,179 sick children were cared for and 19,790 families were contacted.

Foundation for Justice, to award the 9th Bancaja Foundation for Justice Prize to the Missionaries of Charity for its work in defence of human rights and, above all, for its devotion to the poorest among the poor. Among the numerous merits taken into account, special value was given to the work carried out in over 133 countries helping refugees, former prostitutes, the mentally ill, abandoned children, lepers, AIDS patients, the elderly and the convalescent.

The Pope John Paul II Foundation, Family and Life, with the granting of six scholarships to foreign students interested in studying family development.

Regional Ministry of Solidarity and Citizenship, with the celebration of the *Solidarity 2010* contest.

University Hospital of Son Espases, in the Balearic Islands, for the development of a project to adapt the facilities dedicated to Paediatric Care.

Spanish Red Cross in the Valencian Community, for the development of the SIMAP (Intelligent System for Monitoring Personal Alerts), a location service for people with Alzheimer's or cognitive deterioration. 100 people benefited from this programme in Valencia, Castellón and Alicante.

IT classrooms in collaboration with city governments, located in peripheral or marginal communities, offering training in computer literacy for people at a risk of social exclusion. Two of these are in correctional facilities in Alicante and Valencia, to be used by inmates to improve their quality of life and personal motivation, enhancing their chances for social reinsertion once they leave prison. A total of 10 centres were used in 2010 by 1,084 people.

The **Vicente Ferrer Foundation**, to construct 34 homes in the town of Marrimakulapalli, in the Anantapur district of India, to provide the most deprived people with decent housing.



Anantapur, India

Cáritas Interparroquial de Castellón, to run the San Vicente Ferrer children's school, free for boys and girls at a risk of social exclusion. The building belongs to the Caja Castellón Foundation and in 2010 it provided shelter to 74 boys and girls.

Asociación Familiar Castellonense, to finance its food aid, child care and other welfare aid projects for underprivileged children. In 2010, a total of 80 children received assistance; in addition, 11,821 food vouchers, 1,064 blankets, 2,703 toys, 785 packages of diapers and school books were distributed.

7.4 Culture

Prize announcements

- **The Bancaja Award for Short Film Projects.** This award seeks to help young film directors make their audiovisual projects a reality. In 2010 this was opened to the entire Spanish speaking world, allowing applications and projects to be submitted electronically. 125 projects submitted applications and will be judged by a jury of professionals from the film and television industry in June 2011.
- **Bancaixa Children's Literature Prize**, included under the *Ciutat d'Alzira Awards*.
- **José Iturbi International Piano Competition**, with the Provincial Council of Valencia.

Cultural acts

These activities are widely attended and include exhibits, concerts, theatre, sporting events and popular festivals.

To highlight the exhibitions held within the Bancaja centres in Valencia, Alicante, Sagunto and Segorbe. Of particular note was the Tanagras exhibition held this year. Figures for life and eternity from the Louvre Museum and the Sacred Russia exhibition. Icons from the Rublev Museum in Moscow; an exhibition that was displayed for the first time in Spain with icons from the Andrey Rublev Museum of Ancient Russian Culture and Art. It is considered the world's main collection of Russian iconography.

Likewise, various exhibitions were held in prestigious centres such as the Es Baluard Museu d'Art Modern i Contemporani de Palma, in Majorca, the Centre de Cultura Contemporània de Barcelona, the Museu Diocesà de Barcelona, as well as other local corporations throughout Spain.

Among others, we would call attention to the sponsorships of the Palau de la Música de Valencia, the Fundación Ciudad de las Artes y las Ciencias, Fundació Municipal de Cine, Federación de Sociedades

Musicales de la Comunidad Valenciana, Ateneo Mercantil de Valencia, Auditori de Torrent, Fundació Orfeó Català del Palau de la Música and the Fundación del Teatro Lírico.

In addition, the Picasso Collection has been on tour in various Spanish cities, including Valencia, Alicante and Palencia, in addition to Cascais (Portugal) and Santo Domingo (Dominican Republic). **(2.5)**

The Bancaja Nativity Scene, one of the largest in the world, was installed this year in Alcoy, where it kindled public interest and received 86,375 visitors, which represented a record for the city.

Autochthonous culture: Bancaja firmly supports the language, sport and culture of the Valencian Community through the following actions, among others:

- sponsoring literary prizes in the Valencian language;
- subsidies for the Valencian Escola Foundation and the Sambori Foundation;
- the most important sports sponsorship was for the autochthonous sport, Valencian Pilota, providing important support for the recovery and promotion of this traditional Valencian ball game, the local sport par excellence, through the sponsorship of various competitions held in the Valencian Community.

"Hispanic Society of America. Patronage agreement" **(2.5)**

The Bancaja Foundation signed a patronage agreement with the Hispanic Society of America in 2010. As a result of this collaboration, Bancaja gives its name to the hall of the *Hispanic Society of America*, which once again houses the monument series "Vision of Spain" upon its return to the headquarters of the cultural institution in New York, after being successfully exhibited in Spain during more than two years and receiving over two million visitors. This patronage agreement also makes the Bancaja foundation the exclusive collaborator of the Hispanic Society in the promotion and dissemination of its co-

llection in Spain for the next five years. Specifically, the collaboration will allow the Bancaja Foundation to exhibit masterpieces belonging to Spanish art collections of the American institution, with a mutual commitment to offer at least three exhibitions under this patronage agreement, which will remain in force until December 2014. Both institutions have defined the general subjects of the three exhibitions, based on works in the Hispanic Society's extensive and valuable collection, consisting of 800 paintings and 6,000 drawings and water colours, in addition to nearly 1,000 sculptures and archaeological objects and books of great historic and cultural value.

7.5 Social commitment (4.8)

(Commitment 2010) The General Assembly of Bancaja approved the lines of action for its Welfare Project in the year 2010, which are laid out below:

- To maintain the training and work programmes in the youth department.
- To increase the allocation given to the social development department.
- To maintain the programming of exhibitions in our own Cultural Centres and reduce the number of exhibits in outside centres.
- To maintain the Communication budget in order to reinforce the image of the Welfare Project.
- To reduce the rest of activities and infrastructure expenses, devoting part of the non-committed carryover resources to be used in future years.

The most relevant figures of the social investments made in the 2010 financial year are the following:

Budget spent	2010		2009		2008	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Youths	18,993	36.94%	23,800	34.75%	27,576	32.75%
Social development	16,236	31.58%	21,361	31.19%	24,312	28.87%
Culture	13,289	25.85%	19,394	28.31%	27,836	33.06%
Other actions	2,893	5.63%	3,940	5.75%	4,481	5.32%
Total	51,411	100.00%	68,495	100.00%	84,205	100.00%

Amounts in thousands of euros. Source: activity report and annual accounts of the Bancaja Foundation and Caja Castellón Foundation.

The most noteworthy beneficiaries and actions in 2010, in addition to those highlighted in preceding pages, are: **(EC8)**

YOUTHS	Number of actions or facilities	Beneficiaries or people attending
Bancaja International Grants	52 agreements	3,447 (7 universities pending)
Research agreements	9 agreements	39
Subsidised Research Projects	46	46 research groups
Prizes for entrepreneurs	1 edition with 40 prizes	403 participants
Bancaja Young Entrepreneurs Chair	40 chairs	Over 30,500
Entrepreneur Master's Degree	7 conferences	853 people in attendance
Bancaja Sport Grants	33	95 grants since the programme began
Educational workshops at exhibitions	2	2,296
Educational, leisure and training activities	25	Over 289,000
University libraries	2	52,302
Sports sponsorships	8	Over 575,391
Sports centres	5	Over 161,000
Editions	14	22,550
Peace Studies Master's Degree	2 courses	240

SOCIAL DEVELOPMENT	Number of actions or facilities	Beneficiaries or people attending
Latin America grants	4 agreements	15
Volunteer centres	74	1,870 associations
New citizens (P.A.S.I.):		
Information and advice	13,613	14,925
Training for social and work integration	94 courses	1,335
Work mediation	1,704	2,037
Cooperation and co-development	141	4,003
Specialised publications	7	5,100 copies
<i>Miradas desde la Interculturalidad</i> conference series on intercultural perspectives	4	610 participants
Grants to non-profit organisations and NGOs	2 calls for applications	842 grants
Co-development student hall of residence	8	130
Shelters for women	2	48
Co-development Entrepreneur Chairs	4	Over 2,400

CULTURE	Number of actions or facilities	Beneficiaries or people attending
Exhibitions organised or sponsored	116	1,067,498 visitors
Cultural editions	17 editions	52,000 copies
Popular cultural and sports activities	in 251 towns and cities	Over 768,000
Art and literature prizes	5 editions - 14 prizes	350 participants
Conferences	116	26,330

OTHER ACTIVITIES	Number of actions or facilities	Beneficiaries or people attending
IT classrooms	10	1,084
Cyber libraries	6	Over 40,400
<i>Ciberoteca.com</i>	3,399,825 pages visited	527,803 visits
Bancaja WP Portal	5,231,272 pages visited	1,116,488 visits
<i>Jovenesemprendedoresbancaja.com</i>	851,486 pages visited	328,682 visits
Nature schools	2	2,107
Natural areas owned by the Welfare Project	3	1,948



8

8. Environment and suppliers

8. Environment and suppliers

KEY EVENTS IN 2010 (Against principles 7, 8 and 9 of the UNGC)

Launching of a green line of products for people and companies, **Bancaja Green Leasing** which, in only 2 months of operation, has enabled the neutralisation of 921 tonnes of CO₂ in emissions generated by customer vehicles financed as well as by Bancaja's own fleet.

Fourth environmental risk map of the business credit portfolio, with a slight increase in the volume of financing to companies with a high or medium potential environmental risk. 37,091 companies were assessed on the basis of an **environmental rating**, 77% of eligible companies.

Centres with **environmental certification of UNE-EN ISO 14.001:2004** already account for 16% of the workforce, as certification was renewed for branch 45 and the Cemeco building in Valencia and extended to the Institution's headquarters for operations and Governing Bodies at Pintor Sorolla (Valencia).

The **ICO Sustainable Economy Line** to finance investments has come into operation for eco-sustainable sectors.

Renewal of the **ICO Futur E** agreement, with loans granted to improve environmental sustainability and the eco-efficiency of the Spanish tourism sector.

100% of electricity consumption is "**Green energy**", certified as 100% renewable.

The sixth **supplier satisfaction survey** obtained the best results of all the evaluations performed since 2005, with a rating of **8.5 out of 10**.

Aspect

311 t of paper used (100% recycled)	8.50 ⁽¹⁾ supplier satisfaction
0.05 t paper/person	99.13% local purchases
34,351,107 kW of indirect consumption of 100% green electrical energy	€243 million in payments to suppliers
5,682 kW power/person	8.90 ⁽²⁾ rating on honouring payments
7,033 t CO ₂ indirect emissions	
1.1 kg. CO ₂ /person	

(1) On a scale of 10 points. Rating of the global business relation with Bancaja. (2) On a scale of 10 points. Rating of Bancaja's ability to meet payment terms.

8.1 Environmental management and climate change

Environmental policy (EN26)(FS1)



We measure our environmental impact as a preliminary step to defining an effective strategy to fight climate change

Bancaja's position towards the environment, its commitments and the assumed work lines are set forth in the Environmental policy defined and approved in 2006, and in the approaches to management shown in full in the corporate information section on www.bancaja.es.

The financial activity carried out by Bancaja and the strict legal compliance enforced in all fields has not shown any significant direct regulatory risks related to climate change. Notwithstanding the above, Bancaja has an efficient and preventive approach to the management of natural resources and buildings. (EC2)

With regards to the indirect risks derived from activities, Bancaja has a specific credit policy for managing the environmental risk of the companies it finances, since this is the activity with the widest implications for climate change within the organisation. There are also opportunities and potential competitive advantages associated with the range of financial products that make it possible to finance new climate change-related technologies. (EC2)

The environmental impact of the products and services marketed by Bancaja is of scarce relevance, since these are financial products, and it is related principally to their access and use, rather than to production. (PR1)

Thus, the actions implemented by Bancaja to improve its environmental performance focus on:

- strict compliance with applicable environmental laws;
- systematisation and progressive control by the Environmental Management System of supplies and infrastructure, applicable to branches and central services, pursuant to the UNE-EN ISO 14001 standard, regardless of their external certification;
- analysis and continuous improvement of those administrative, commercial and customer relation processes that have the greatest impact on the consumption of materials and waste generation.

As follows is a description of the principal actions taken in environmental management, the protection of biodiversity and climate change, the areas of greatest concern according to the materiality studies described in Appendix I.

Environmental management (EN26)(FS5)



The operational improvements implemented in previous financial years have made it possible to continue reducing consumption and waste paper generation in 2010

- The consumption of paper and rolls of paper was reduced by 23 tonnes in 2010, as a result of the various operational improvements implemented in previous financial years.
- The certifications of the UNE-EN ISO 14.001:2004 environmental management system were renewed for branch 45 and the Cemeco building in Valencia, the base of the Institution's technical department and support centres, which houses 619 people and is Bancaja's largest central building.
- (Commitment 2010) The renovation of Bancaja's headquarters in Valencia, at Pintor Sorolla, completed in 2009, was



made pursuant to the environmental requirements of the UNE-EN ISO 14001:2004 standard of reference, including the installation of 20 kW of photovoltaic solar power. In 2010, certification has been obtained for this emblematic building, headquarters for operations and Governing Bodies, including certification and adaptation to the Environmental Management System of four more branches, two of which are specialised (Valencia Large Companies and Valencia Developers). This centre, housing 351 people, completes the Institution's two main central buildings.

- A system has been implemented to collect expired medicine at branch offices.
- In order to promote sustainable mobility, a bicycle parking area has been installed next to the Pintor Sorolla Building (Valencia).
- In July 2010, the agreements in force with Iberdrola and Nexus Renewables to have the electric power supply come from renewable energy sources were renewed. By virtue of this agreement, 100% of electricity consumption during the year corresponded to "Green Energy" from renewable sources certified by suppliers. **(EN4)**



- The document control system associated with the Environmental Management System has been improved, based on certification UNE-EN ISO 14.001:2004, through the implementation of a new data base.
- During 2010 an energy audit was performed on the Cemeco building and on the standard branch office, resulting in a series of opportunities for improvement that will be developed progressively starting in 2011.

“The consumption of energy in 2010 has generated no atmospheric emissions, as it comes from certified sources of renewable energy”

- During the third year of operation of the *Tubanaja.es* virtual branch, the number of customers increased from 20,500 to 33,000, a growth of 61%. These customers receive no paper notifications and are also able to contract new products and services in a fully electronic manner.
- In addition to the traditional videoconference system, the first quarter of 2009 saw the enlargement of a new virtual meeting system (videoconference system with online electronic document sharing) based on *LiveMeeting OCS (Office Communication Server)* in all the commercial banking branches. With regards to this new system, at the end of 2010:

- there were 21 rooms in the central services in Valencia and the regional branches, covering over 900 users, including a connection with the Spanish Confederation of Savings Banks (CECA);
- coverage has been given to the Sales Representatives Network, with 223 users spread across the map;
- this model was implemented in 1,012 branches, with an auto installation programme and an innovative distance training system that resulted in savings in costs and transportation expenses for personnel;
- since implementation, it has brought together over 5,500 participants in more than 1,600 meetings (without taking

into account meetings of the Network of Sales Representatives).

- In line with customer commitments, which compensated CO₂ emissions generated by vehicles acquired or financed with Bancaja through the *Green Leasing* product, the Institution neutralised 299 tonnes corresponding to the entire amount of emissions produced by its own fleet and that of the management team, made up of 66 vehicles. This compensation was certified by Ceroco₂ and neutralisation was achieved through a reforestation project in Mexico. **(EN16)**



- The system for estimating green house gas emissions was further enhanced in 2010, to include those generated by vehicles of the management team under leasing arrangements.
- **(Commitment 2010)** The project planned for 2010, aimed at providing customers with more complete and effective information via the Internet, which was expected to reduce paper mail and, consequently, consumption, at the election of the customer, has not been carried out, due to the SIP process initiated and the future integration of operations.

8.2 Biodiversity

Protection of biodiversity (4.12)(EN11)(EN12)

At the close of 2010, Bancaja had no operational or business premises near natural or protected areas or protected high biodiversity areas.

The Welfare Project owns two protected natural areas which it reforests and takes care of, and where no economic activities for profit or exploitation take place; the programmes carried out are described in the approaches to management on the corporate website:

- Barranco de Agua Negra (Sierra de Espadán): 75 hectares located in the largest protected area of the entire Valencian Community.
- Barranc dels Horts Mas Vell (Ares del Maestre, Castellón): 670 hectares within the Natura 2000 Network and the Flora Micro-reserve Network of the Valencian Community. Key events in 2010, 3,277 visitors.

In December 2008 Bancaja joined the **Plant for the Planet** campaign of the United Nations Environment Programme, whose objective is to combat global warming and raise public awareness about the environment, inviting businesses, institutions and individuals to actively participate in planting trees. The Plant for the Planet objective for Spain is to plant 47 million trees within the context of the campaign.



Up to now, 46.8 million trees have been planted by all the organisations that are members of the programme.

The cooperation agreement between the Bancaja Foundation and the Vilafranca Town Hall celebrated the official presentation of the Bancaja Forest in the Pla de Mossorro natural setting of the Castellón town, in April 2010. The **Bancaja Forest** will arise from the reforestation of a surface area of roughly 200 hectares of public mountain land belonging to the town, where autochthonous species will be planted successively, mainly Kermes Oaks, Valencian oaks and junipers which, in some areas, will be accompanied by bushes such as rooted vines or Saint Lucie Cherry.

(Commitment 2010) The actions carried out by Bancaja within the context of the Plant for the Planet campaign to fulfil the commitments made were the following:

- Reforestation workshops, with institutions, employees and family members: two plantings on the occasion of the media launch of the Bancaja Forest and a volunteer workshop in which 35 employees and family members participated, with a total of 525 trees planted during the year (since 2008 a total of 1,147 trees have been planted).
- The CO₂ emissions compensation project of the new product launched by Bancaja, Green Leasing, endorsed and certified by the NGOs, Accionatura and Fundación Ecología y Desarrollo, through the **CeroCO₂ initiative**, guarantees the neutralisation of 7,850 tonnes in the Sierra Gorda de Querétaro Biosphere Reserve (Mexico). **(EN16)**
 - The reforestation and carbon sink project in Sierra Gorda has a significant impact on biodiversity and climate change and makes a positive contribution to the social and economic development of one of the most deprived regions in Mexico.

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- To ensure that the compensation of emissions is real and lasting, the project is audited and carried out in accordance with the methods established by the United Nations for Clean Development Mechanisms (CDM).

The approximate economic cost of the project will come to around 100,000 euros annually for Bancaja.



The reforestation and carbon sink project in Sierra Gorda (Mexico) under the CeroCO₂ initiative, will allow Bancaja to neutralise 7,850 tonnes of CO₂, both of its own and of its customers

In 2010, Bancaja renewed its membership in the Carbon Disclosure Project, an international initiative aimed at institutional investors which promotes the transparency of major companies worldwide in aspects related to climate change.

Awareness raising programmes and activities related to climate change and the preservation of the environment have been carried out jointly with other institutions:

- A cooperation agreement was signed with the **Navajas Town Hall** (Castellón), for the purpose of creating an open space with free access, to practice organised mountain biking in a natural environment.
- **The Mediterranean Institute for Sustainable Development (IMEDES)**. The cooperation agreement signed in 2002 between the Bancaja Foundation and the IMEDES, has been renewed every year to continue with the line of ECOempleo-Observatorio Valenciano de Empleo y Formación Ambiental, whose key objective is to study and analyse employment trends and training needs in the environmental economic sector, as well as to set-up a specialised job market for the professionals in the sector.
- **Mediterranean Centre for Environmental Studies (CEAM)**. In 1995, the Bancaja Foundation signed a collaboration agreement with the CEAM, which has been renewed annually. The

Projects CIRCE-IP (assessment of climate change impacts in the Mediterranean area, studying the system's responses to climate change, the nature of the environmental impacts and identifying adaptation and mitigation strategies) and EUROCHAMP II (Integration of European Simulation Chambers to Research Atmospheric Processes part II) were co-financed in 2010.

- **Camp de Morvedre Environmental Education Programme**. Urban environmental workshops were conducted, as well as trips to the La Marjal dels Moros wetlands, with a total of 1,200 visitors from the provinces of Castellón and Valencia. The results have been very positive, not only because school children were involved in the activity but also in light of the social importance of preserving such a relevant environmental space in this zone.
- In 2009, the summer course given by the **Universitat Jaume I de Castellón**, in Castellón de la Plana, financed by the Bancaja Welfare Project, which deals with environmental issues every year, was entitled "Rivers and Watercourses as educational and Environmental Resources in Rural Environments".

Environmental training and education

Externally:

- Bancaja sponsors several specialisation courses with the Valencia Polytechnic University and Research Centre for Business Management. **The University Specialist Course in "Corporate Social Responsibility"** trains professionals in the technical and practical knowledge necessary to manage a company with a sustainable and socially responsible approach.
- The nature school, Escola de Natura, Colonia Seidia in Benassal and the Centre Escola de la Mar Irta in Benicarló, both in the province of Castellón, belong to the Bancaja Welfare Project and serve as environmental education centres during the school year. During 2010, some 2,107 students from 30 schools (primary and secondary education) took part in the educational programme (1,700 students and 34 schools in 2009).
- The environmental education activity entitled "Castellón en Ruta", involved 22 routes and the participation of 17 schools and 879 students.

- The 38 environmental education workshops “Camins d’aigua” had 977 participants from 15 centres.
- During the 2009/2010 school year Bancaja carried out road safety education actions, under the slogan “I teach my Family Road Safety”, installing a road safety circuit and a marquee-classroom in 10 towns. The programme was brought to 2,500 children in primary schools, with an investment of 14,000 euros in 2010.
- The new product launched in 2010, *Bancaja Green Leasing*, offers an *Efficient Driving Manual*, which can be viewed and downloaded at the specific page created www.bancajarenting.es. (FS5)
- In 2010, the Ideas Box received a total of 31 suggestions related to environmental aspects that affect operational processes, all of which were ultimately rejected.
- The second survey on how workers travel to and from the workplace was not performed (see Appendix II) due to the high level of participation in the survey carried out the previous year (3,135 people, 52% of the average workforce) and the fact that there was little change in personnel in 2010.

Internally: (FS4)

- The online training unit “Environmental Management in Bancaja” has been updated to include the new regulations and measures, primarily with respect to waste.
- A training course was given to the managers of the departments most directly involved in waste management, with the objective of updating knowledge and procedures regarding current legislation.
- Efforts dedicated to environmental training continued to be made across the workforce in 2010:

Environmental training	2010		2009		2008	
	Number of people ⁽¹⁾	Number of training hours	Number of people ⁽²⁾	Number of training hours	Number of people ⁽²⁾	Number of training hours
Environmental management at Bancaja ⁽¹⁾	546	1,092	1,197	2,394	345	690
Company environmental rating	56	168	47	141	498	1,416
Total	602	1,260	1,244	2,535	843	2,106
Percentage of average workforce	9.96%	--	20.62%	--	14.00%	--

(1) Practical learning unit launched on 3 April 2007, “Environmental Management in Bancaja”. (2) Corresponds to the practical training unit “Company Environmental Rating”.

8.3 Environmentally friendly products and services (2.2)(2.8)(FS5)(FS8)(FS10)

Products and services with an environmental component	2010		2009		2008	
PRIVATE CUSTOMERS	Operations	Amount	Operations	Amount	Operations	Amount
Replacing vehicles with others that are more environmentally friendly (ICO-VIVE Plan) ⁽¹⁾	--	--	951	9,266	12	120
Credit line to finance photovoltaic installations ⁽²⁾	62	29,014	48	36,671	436	253,601
Green Leasing - Consumer loans at the point of sale ⁽³⁾	80	1,040	--	--	--	--
SMEs AND MICROSMES	Operations	Amount	Operations	Amount	Operations	Amount
Renewal of tourism facilities according to sustainability and eco-efficiency criteria (ICO FUTUR E)	17	6,251	7	574	--	--
Financing productive assets to optimise energy resources (IVF FUTURO ⁽⁴⁾)	--	--	15	8,497	--	--
Financial support for the improvement and modernisation of agricultural operations (Ministry of Agriculture)	1	65	48	2,780	3	452
Financial support of the improvement and modernisation of agricultural farms (Agencia Valenciana Fomento y Garantía Agraria)	58	2,553	98	3,770	--	--
ICO 2005 Frost Moratorium	1	7	463	5,527	--	--
Financing of subsidised and non-subsidised bio-construction housing developments	--	17,631	--	19,978	--	27,283
Environmental Service (Microsite visits)	2,076	--	5,701	--	6,740	--
Bancaja Solution for Young Entrepreneurs (projects with environmental objectives)	8	858	7	441	--	--
ICO Sustainable Economy Agreement ⁽⁵⁾	178	174,068	--	--	--	--
Bancaja Young Entrepreneurs Awards (with environmental objectives)	5	35	5	45	7	55
Green Leasing - corporate leasing ⁽⁶⁾	92	--	--	--	--	--
LARGE COMPANIES -CORPORATE BANKING	Total amount financed	Financed by Bancaja	Total amount financed	Financed by Bancaja	Total amount financed	Financed by Bancaja
Rural development	--	--	--	10,000	--	--
Waste processing	74,500	8,000	--	--	--	--
Renewable energy ⁽⁶⁾	31,150	6,000	--	--	--	5,939

Amounts in thousands of euros. **(1)** Agreement expired in 2009, not renewed by ICO in 2010. **(2)** This line has been significantly affected by the regulatory changes applicable to the sector. **(3)** Product launched in October 2010. **(4)** Started up in December 2009. **(5)** Agreement initiated in March 2010. **(6)** In 2008 the energy line corresponded to the financing of a photovoltaic solar project, which includes the construction, start-up and operation of a portfolio of roughly 24 subprojects in various locations in Castile and León, Andalusia, La Rioja, Extremadura, Castile-La Mancha and the Balearic Islands, with a total installed power of 116 MW. **(6)** In 2008 the energy line corresponded to the financing of a photovoltaic solar project, which includes the construction, start-up and operation of a portfolio of roughly 24 subprojects in various locations in Castile and León, Andalusia, La Rioja, Extremadura, Castile-La Mancha and the Balearic Islands, with a total installed power of 116 MW.

The new items in 2010 in environmental products related to the above table are:

- In October 2010, the marketing of Green Leasing began, a pioneer initiative that allows both private customers and businesses to finance their vehicles under leasing arrangements or through automobile loans at the point of sale, at no additional cost, with the following environmental advantages:
 - Free compensation of CO₂ emissions: Bancaja pays a monetary compensation for the CO₂ emissions generated during the first 25,000 kilometres of the financed vehicle, at no cost to the customer.
 - Protection of biodiversity and co-development: this donation makes it possible to carry out clean development projects in developing countries, pursuant to United Nations methods, neutralising the committed tonnes of CO₂.
 - Certified compensation: customers receive a certificate for the tonnes of CO₂ neutralised, along with abundant information on the beneficiary project in which compensation is being achieved.

- **(Commitment 2010)** The new ICO Sustainable Economy Line enables the financing of investments in sectors defined as eco-sustainable, such as: the environment, knowledge and innovation, and society. Furthermore, through this line, private customers can finance home renovations to make them more accessible or environmentally efficient.
- Corporate Banking syndicate investments in renewable energies, in the amount of 6 million euros, serve to finance *Siliken*, a company dedicated to the integration, distribution and promotion of photovoltaic panels and parks, together with the production of silicone.
- Corporate Banking financing for 8 million euros in waste treatment corresponds to the construction, start-up and operation of a waste treatment plant in Manises (Valencia) for a project that includes, among other aspects, urban waste recovery and specific facilities for ground probing and environmental control.

“ Bancaja Green Leasing:
return unto nature what
you take from her



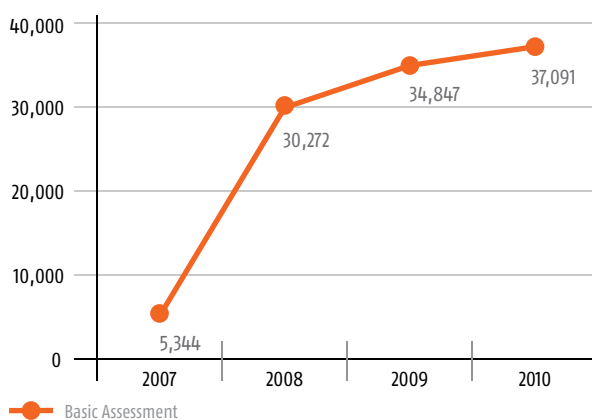
8.4 Environmental risk assessment (EN26)(FS1)(FS2)(FS3)(FS15)

The preventive approach and continuous improvement of our knowledge of customers, as well as internal risk control systems, are permanent objectives of the sustainability approach applied to the management of credit risk, Bancaja's principal activity. On this basis, Bancaja assesses environmental risks in credit operations for companies, both in regard to acceptance (analysis and granting) as well as in monitoring the operations authorised.

At Bancaja, since 2007, the degree of environmental risk associated with a company is measured by means of what is known as the environmental rating, a qualification with which the potential average environmental risk is assessed based on a specific methodology acquired from an external supplier at various levels of depth. The environmental rating has a four-level scale: from low to high risk, Very low, Low, Medium and High.

The variation in the number of companies whose environmental risk was assessed by Bancaja pursuant to the established policies and procedures is shown in the following graph, evidencing significant growth to reach 77% of the eligible company base at the close of 2010, a growth of 6.4% compared to the previous year: (FS5)(FS11)

Companies with environmental assessment (number)⁽¹⁾



⁽¹⁾ Base: companies with current risk, updated financial statuses and/or customer ratings in force.

The evolution of environmental risk is shown in the following tables, both by number of companies as well as volume of financing granted, at the close of the last three financial years:

Distribution of environmental risk by number of companies (%)⁽¹⁾

	2010	2009	2008
High or Medium Risk	41%	41%	42%
Low or Very Low Risk	59%	59%	58%

Distribution of environmental risk by live risk (%)⁽¹⁾

	2010	2009 ⁽²⁾	2008
High or Medium Risk	66%	62%	26%
Low or Very Low Risk	34%	38%	74%

⁽¹⁾ The assessed environmental risk is a basic level potential risk which depends on the activity sector, turnover and the current risk of the company. ⁽²⁾ Due to a review of the risk associated with the real-estate development sector, the risk distribution has been modified.

Credit operations which receive a medium or high environmental risk rating and with the greatest current risk volumes with the Institution are penalised by the upper risk department –unless their financial rating is topmost quality– and specific mitigation or coverage measures may follow, when this is considered necessary by the penalising department, based on corporate prevention policies.

In regard to risk acceptance, in 2010 there was an overall reduction of approved volumes, which was significantly more pronounced for companies with the greatest environmental risk (High or Medium rating).

In 2010, verification of the application of environmental rating, which came into force at the end of 2007, was included in the internal auditing review programmes. In this sense, it is worth noting that 443 branch audits were carried out, reviewing a total of 2,715 risk groups, with no significant incidents being observed in the application of the environmental rating. (FS9)

8.5 Collaboration with suppliers



Relations with suppliers are essential to creating a sustainable economic value chain

Responsible purchases Policy (FS5)

The general principles and criteria of the Purchase Policy and the Supplier Approval and Contracting Framework Document, in force since 2006, are described and can be looked up on the Suppliers page of the website, where information is provided on the requirements and conditions for approval.



Since 2007, the internal audit work programmes have included the review of the purchase policy and the supplier contracting and certification procedure. In 2010, the application of the policies and procedures has been reviewed in the audited central services, which amounted to 29% of all central services. (FS9)

Since 2009, the Institution works towards the identification and assessment of risks associated with the management of its main suppliers (referred to as "special" due to invoicing volume or risks involved in the activity), in order to have the necessary information to comply with the Responsible Purchase Policy. In the first year under supervision, 532 suppliers were controlled, of which 279 were special, 18% of the total number of suppliers. (HR2)

(Commitment 2010) During 2009, improvements were introduced in the current supplier management tool through notes automatically inserted in each supplier's file, which include all the available payment application information, together with information regarding invoicing with the Institution during the two last closed financial years and the current year, the identification of the supplier type (special or regular), an assessment questionnaire on operational, legal, environmental and human rights risks, and the documentary management of contracts and appendices in the database itself. The migration of the supplier and payment application from AS to Oracle has continued in 2010, including the registration and monitoring of suppliers, and is expected to be completed during the first six months of 2011. The contracts have been specified and are pending implementation according to the policies defined by the Central Company of the SIP in which Bancaja participates.

Supplier management system

Contact with suppliers is continuous, with an eye to ensuring regular renewal of the largest contracts, ongoing assessment of alternatives and implementation of quality controls. In 2010:

- The use of the **digital invoicing system** introduced in 2005 has been increased to 202 suppliers, enabling a faster, more efficient and more secure system for processing information, accounting for a total of 20.62% of payments to suppliers invoiced in 2010.
- Thanks to the **monitoring of payment conditions**, at the close of 2010 there were no outstanding payments to trade creditors beyond the maximum legal period.

Diversification and local contracts (in Spain) continue to be encouraged, and a positive view is taken of suppliers with a national presence, which is common practice when analysing construction suppliers and outsourcing services, since this has a significant impact on the efficiency and quality of the service provided to customers.

CSR Report 2010 | 8. Environment and suppliers

At the end of the 2010 financial year, the purchases made by Bancaja outside Spain represented only 0.87% of the total yearly invoicing, and were made in their entirety from European countries or the United States. Suppliers based outside Spain only represented 0.65% of the total number of suppliers. **(EC6)**

Foreign suppliers ⁽ⁱ⁾	2010	2009	2008
Number	34	39	46
Volume invoiced (thousands of euros)	2,105	2,309	2,673

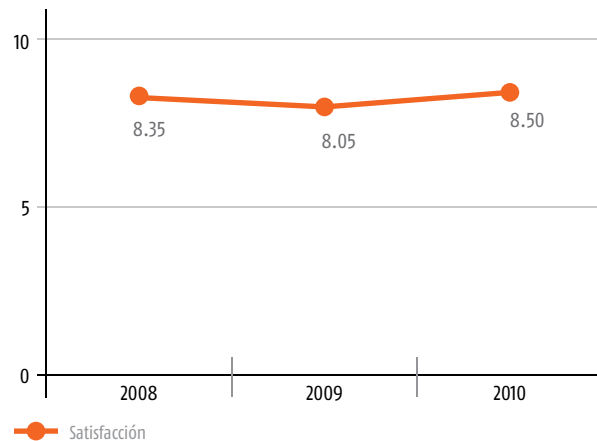
⁽ⁱ⁾ Domiciled in the European Union or the United States.

This fact demonstrates that the risk of violating human rights, incidents of child labour or situations of forced labour in the supply chain is minimal. Nevertheless, the procedure approved in 2006 for supplier contracting and official approval sets forth that the general criteria for Bancaja's relations with its suppliers will be governed by respect for human, labour and environmental rights, among other aspects. **(HR6)(HR7)**

Supplier satisfaction **(3.9)(4.16)**

The result of the survey taken from a sample of 250 suppliers revealed that they remain the group with the best perception of the Institution, as can be seen from their assessment of the overall relationship of the business they maintain with Bancaja, obtaining the best rating in 2010 since 2005, when the consultation mechanism was established.

Supplier satisfaction index



Rating of the global business relationship with Bancaja. On a scale of 10 points.

This ongoing channel for dialogue enables an objective assessment of relations with suppliers and a progressive improvement of the purchasing management process, which is ultimately reflected in better service to customers.



9. Action lines 2011

Bancaja 

9. Action lines 2011 ^(1.2)

The lines of action established by Bancaja to maintain its commitment to **effective customer care** in 2011 are the following:

- Extending the implementation of the self-service promotion plan to reduce the number of transactions in branches by 10 million (45% of current transactions), the basis for improving ratings regarding queues at branches and to create more time for employees to provide advisory services to customers.
- Making the training course "Enhancing Customer Loyalty and Retention", extensive to all branches in the Valencian Community, to support the improvement of the quality of the treatment given to customers.
- Continuing to measure the quality of service provided in the *Housing Commitment*.
- Further analysis of the sources of the claims received by the Customer Service Department, to continue to reduce the number of claims and improve incident resolution management.
- Promoting agreements with NGOs to continue increasing the range of Volunteer Cards.
- Continuing to finance projects intended to promote self-employment for New Citizens, through humanitarian microloans.
- Continuing to promote the financing of young entrepreneurs' business projects through the Bancaja Financial Solution for Young Entrepreneurs support line.
- Signing new agreements with Public Administrations which allow us to continue supporting the companies and individuals hit the hardest by the crisis.

With respect to the **human resources** actions planned:

- Fulfilling and communicating the contents of the Internal Commitment.
- Managing the Family Responsible Company Model EFR©.

- Expanding the e-learning training contents, promoting their use and improving the training environment by means of virtual classrooms run by experts.
- Support NGO projects in which employees participate.
- Apply the measures arising from the Labour Agreement adopted in relation to the SIP, such as the early retirement plan and other supplementary measures to reorganise the workforce.
- Establish a training plan to facilitate the professional development of people assuming new duties, such as the use of tools, skills and management style common to the new group, focused on providing service to the business and to customers.

A series of **environmental and sustainable mobility actions** have been approved, to ensure the continuity of the management system and the improvements established, to the extent the evolution of the SIP process initiated with other institutions in the sector establishes a strategy and a comprehensive sustainability plan to fight climate change. The main lines of action are the following:

- Renew the certification ISO 14001:2004 for branch 0045, the Cemeco buildings and Pintor Sorolla (Valencia) and the offices within them.
- Guarantee compliance with RD 1826/2009, which amends the Thermal Buildings Installations Regulations, regarding temperature limits in the workplace.
- Continue with the plan to renew heating and air conditioning systems, pursuant to the guidelines of EC Regulation 2037/2000 (phase-out of R 22 gas).
- Work with municipal organisations on the possible installation of parking areas for bicycles in work centres with more than 25 employees.
- Create a Mobility Bulletin Board on the Intranet.
- Begin studying the creation of a computer platform to promote carpooling.

- Improve and expand the control systems of various environmental indicators, developing an internal communication plan based on these indicators geared at raising the environmental awareness of employees.
- Study the possible implementation of energy efficiency measures in the Sorolla and Cemeco buildings, as well as in the Data Processing Centre, on the basis of the conclusions arrived at in the Energy Report prepared by the ITE.
- Install a remote automatic shut-down system for PCs, screens and office equipment.
- Maintain the green energy certificate as an energy purchasing criterion.

In regard to **economic performance**:

- Maintain appropriate structural ratios, in consistency with the average evolution of the sector, primarily in efficiency.
- Reinforce solvency and achieve adequate levels of capitalisation, in the context of the integration of the Institution in the New Banco Financiero y de Ahorros Group.

In regard to our commitment to society, the goals for 2011 are to:

- Maintain the level of development achieved in the corporate responsibility model, transparency and corporate governance, focusing efforts on the adaptation, knowledge and dissemination of policies of the management systems implemented.
- Carry out the 2011 Welfare Project strategy, focusing on the general lines of action approved by the Bancaja General Assembly on 25 November 2010.
- Remove architectural barriers when opening, renovating or moving branches.
- Implement measures to raise awareness and spread knowledge of the CSR Report, taking into account the suggestions put forth by stakeholders regarding the dynamics of materiality.
- Publish the annual institutional reports of the Customer Service Department, the Corporate Governance Report, the Progress Report on the implementation of the United Nations Global Compact and the CSR Report.

10

10. Appendices

Bancaja 

10. Appendices

Appendix I: Report definition process (3.5)

Materiality and sustainability context (3.11)(4.16)

To establish the new brand strategy in 2004, several studies served as the basis to define the corporate identity and strategic approach, with a view to making Bancaja a reference in the national financial sector, offering a value proposal that translates into objective operational advantages and tangible emotional benefits for customers. The results of these analyses were:

- objectives with regards to transparency, good governance and corporate social responsibility;
- brand and corporate identity, focusing on “effective customer care” and the message “if it’s not good for you, it’s not good for us”;
- corporate culture and the management model;
- The *Bancaja Commitment*, the *Internal Commitment* and the *Social Commitment*, which benefit customers, employees and society, as a tangible and immediate response to the effective care promise.

The procedures applied to ensure the relevance and materiality of the contents included in this report are based on an iterative process, with the participation of stakeholders, external qualified collaborators and the people in charge of the various departments of the Institution who are involved in the daily management of Corporate Social Responsibility. Specifically:

Internal sources

The collection process of information subject to publication considers as fundamental principles, the strategy, culture, policies, processes, public commitments, plans, critical factors and risks which make possible the Institution’s success and sustainability.

Once the contents have been compiled, a qualitative analysis and assessment is carried out by the members of the Bancaja Corporate Social Responsibility Committee, who represent seven basic activity areas. This analysis makes it possible to contrast the relevance of the collected data and information.

With regards to financial information, its materiality is determined based on the same criteria the Institution applies to draw up the Annual Report.

External sources

The multiple dialogue mechanisms described on the corporate website.

The adaptation of this report to the guidelines of the GRI (G3) guide and its specific supplement for the financial sector, as well as the approval given to its content by said organisation, ensure compliance with the international standards of reference and allow for the necessary comparisons with similar companies in the sector.

The form "**your opinion counts**" on the Corporate Social Responsibility Report, available on the corporate website, makes it possible to take into account the users' perception of the information, in terms of content, length and interest. In 2010, results continued to be positive, although with a lower level of participation than in previous years: 100% considered the information to be excellent or very good; 100% the structure; and the level of satisfaction was high (20%).

In 2008 and 2009, **financial sector materiality studies** were conducted in the field of sustainability (Green Book of Corporate Social Responsibility in the Financial Sector), coordinated by the CECA and carried out by specialised external consultants, in which the expectations derived from the crisis situation, which continue to be applicable in 2010 due to the prolonged nature of the situation, were taken into consideration.

In 2010, the materiality studies were further expanded to include:

- a) An analysis of the **most relevant news items in the written press**, based on monthly rankings compiled by an external company for the Communication Department.
- b) **Comparative study of sustainability reports** published in 2009 by five of the leading Spanish financial institutions in terms of size and CSR standing.
- c) Relevant aspects and areas in the field of CSR and communication, analysed by the **Observatory for Ethics and Corporate Social Responsibility (ECSR) 2009**, to determine the state of ethics and CSR of companies in the Valencian Community. This study was conducted by the ÉTNOR Foundation and the Jaume I University in Castellón de la Plana.
- d) The most relevant matters concerning good governance, ethics and integrity are highlighted in the Report "CSR in Spain: CSR in the face of the Crisis", published by the Alternativas Foundation in 2010.
- e) The **dynamics of discussion** with employees, trade unions and representatives of civil society (NGOs, the media, business organisations, consumer and academic associations), led by an independent specialist, the ÉTNOR Foundation, on the basis of which a conclusions report has been issued, constituting the principal reference for determining the structure, extension and

contents that should be included in the report and highlighted for their particular relevance, giving an account of performance with respect to the highest priority and most frequent issues.

- f) At the end of 2009, for the first time, the Bancaja **customer materiality survey** was conducted by an independent expert, the Polytechnic University of Valencia (UPV). The survey included both private customers and businesses and enjoyed a high level of participation (19,114, which is 0.62% of the client base), which made it possible to significantly improve the materiality of the 2009 report and take into consideration the 4,000 valid suggestions presented in this report, since the consultation process was completed in the first quarter of 2010.

Main conclusions drawn from the materiality studies (4.17)

The issues highlighted due to their materiality in stakeholder assessments and decisions, in the various materiality analysis mechanisms in 2010, were the following; in the order of most relevant to least relevant, and following the nomenclature of each of the studies described in the preceding table:

Most relevant information in 2010	a	b	c	d	e	f	Relevance
The SIP process and its impact on employment	5	4		3	5		17
Access to credit and financial inclusion, offering products adapted to the needs of SMEs, disadvantaged groups, youths, housing	3	5				5	13
Corporate governance, ethics and reputation	1			5	5		11
Social consequences of the crisis and continuance of the commitment with local development.		3	2		5		10
Protection of the natural environment and biodiversity			4	3		3	10
Financial strength and default control	4	5					9
Advanced environmental management and climate change		4				4	8
Responsible consultancy and customer satisfaction		3	3				6
Compliance with legislation			5				5
Dissemination and communication differentiated by stakeholder					5		5
Corruption prevention				3			3
Culture						3	3
Responsibility with the supply chain		2					2
Education and environmental training						2	2
Rendering of accounts and commitment to ethics	1						1
Humanitarian aid (Haiti)						1	1

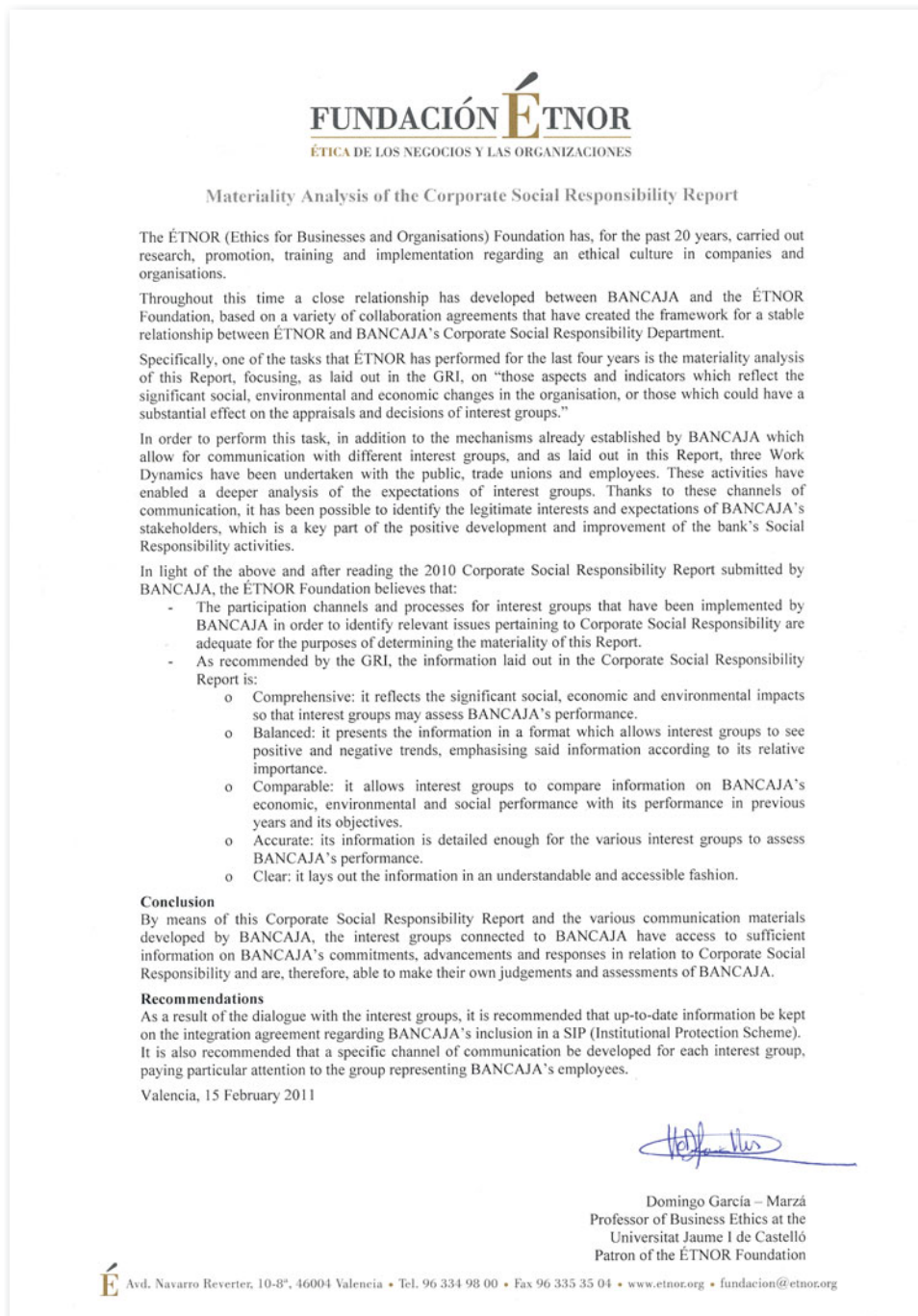
Within each assessment mechanism, the relevance of each matter has been rated on a scale of 1 to 5, from the least to the most relevant.

The **most important measures adopted** by Bancaja have been:

- The creation of a specific chapter (2.2) to describe the process of integration in the Institutional Protection Scheme (SIP) underway, the objectives, main milestones and outlook for economic growth, as well as solvency, labour and business.
- The report is structured by stakeholders to facilitate the localisation and specialisation of each chapter, highlighting the most relevant subjects in each chapter for each group, based on the studies made.
- Contents of a general nature and profiles are passed on to the permanent information posted on the corporate website. While this is required by the GRI, it is not mandatory to specify it by stakeholders.
- Increased information on responsible consultancy and financial education in the customer chapters.
- A section on “abbreviations, acronyms and terms” has been created to make it easier to understand the texts presented throughout the report.

- The publication of a summary or executive document that can be distributed among the main stakeholders to further their understanding has been planned.
- The rest of the suggestions put forth by stakeholders in the dynamics carried out will be assessed by the CSR Committee, such as work and improvement lines for the upcoming year.

The **materiality certificate issued by the ÉTNOR foundation**, based on the conclusions regarding the dynamics of discussion carried out with stakeholders, is the following:



Stakeholder participation (4.15)

To identify the stakeholders described on the Institution's website, we have carried out, as a result of the successive strategic plans drawn up for both Bancaja and the Welfare Project, various internal and external analyses with the participation of Senior Management and work sessions supervised by specialised external consultants, as well as independent external studies. Their validity and applicability are verified annually in order to monitor the action plans used to implement that model, the analysis of the competition and the sector trends, further supported by the opinion of a qualified external adviser.

Completeness (2.3)(2.9)(3.6)(3.7)

This report has been drawn up pursuant to the principles and guidelines set forth by the *Global Reporting Initiative* (GRI) in the Guide to writing sustainability reports, version 3.0 (G3), as well as the financial service sector supplement (FSSS), in its final version.

Unless otherwise stated, the data included covers the annual period from 1 January 2010 to 31 December 2010. To the extent possible, and where it has been considered significant to analyse trends, data corresponding to the 2009 and 2008 financial years have been included in order to ensure the completeness of the information and its comparability. The most recent previous report corresponds to the 2009 financial year. (3.1)(3.2)(3.3)

From financial year 2007 through financial year 2009, the activities, products and services of the Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja, its Foundations (Bancaja Foundation and Caja Castellón Foundation), and the companies and businesses legally established at any given moment, in which Bancaja exercises significant control or influence and whose impact on sustainability may be potentially significant, are covered by the report.

In financial year 2010, due to the integration of Bancaja in the process

of constituting an Institutional Protection Scheme (SIP) with six other Spanish Savings Banks, as described in the preceding chapter 2.2, and the relevant fact of which the CNMV has been notified on 30 December 2010, by virtue of which all the voting rights of the institutions signing the integration contract have been transferred to Banco Financiero y de Ahorros, S.A., the coverage of the report has been limited to Bancaja and its Foundations (Bancaja Foundation and Caja Castellón Foundation). The Annual Report of *Banco Financiero y de Ahorros*, S.A. covers the legal information and structure of the Financial Group at year-end 2010. (3.8)

The Institution will promote expanding the coverage of the Report, to the extent it is determined to be viable within the SIP integration process described in the preceding chapter 2.2, on the basis of strategic criteria.

The GRI Indicator Protocols were used to the extent that they were applicable.

The changes in the assessment methods recorded in 2010 and the recalculations of certain pieces of information corresponding to 2009 or 2008 are essentially due to certain indicators having been improved, the standardisation of non-financial figures to provide the necessary comparability of historical data and the rectification of errors. (3.10)(3.11)

Quality and verification policy (3.13)

Throughout the information collection and presentation process, Bancaja takes into account the principles of balance, comparability, accuracy, periodicity, clarity and reliability which are necessary to ensure the quality of the information contained in this report and an effective level of transparency.

Bancaja has effective mechanisms to ensure the reliability and truthfulness of the information included in this report. Also, the departments which provide it with qualitative and quantitative information are subject to the usual monitoring and checking processes by an internal audit.

Likewise, the 2010 Bancaja corporate social responsibility report has been checked for the fifth year straight by the same independent external auditor as the annual accounts.

Bancaja has subjected its level of self-assessment (see Appendix III) to the scrutiny of Deloitte, S.L., which has been confirmed by the auditors as A+. The external verification report may be consulted in Appendix V of this report.

The independent review is carried out pursuant to the new non-financial information verification ISAE 3000 and AA1000AS standards. In 2008, Bancaja adapted to the AA1000 Accountability standards, with type 2 review levels (both of Accountability principles and performance information) and moderate scope.

Likewise, the self-qualification level has been reviewed by the GRI (GRI-checked), which has given the report its best rating: A+ (see Appendix III).

Limits to the scope or coverage (3.7)

The Institution has made a significant effort to compile the information. The process directly involved the managers responsible for all of Bancaja's primary business areas, as well as their teams. The information gathered enabled us to respond to the majority of the main GRI indicators for the sector (see Appendix III).

Readers can find additional information on www.bancaja.es, in the Annual Report and in the 2010 Corporate Governance Report, which are both available on the Bancaja website.

Appendix III also shows the relationship between the information provided here and the indicators established in the GRI Financial Services Sector Supplement. Appendix IV shows the correspondence of the Global Compact commitments with the GRI indicators.

AA1000 standards

When defining its strategy and managing its Corporate Social Responsibility, Bancaja has taken into account the standards of the AccountAbility AA1000 Series.

Specifically, Bancaja takes into account the inclusiveness, relevance and response capacity principles established in the 2008 AA1000 Accountability Principles Standard (AA1000APS), in both the corporate social responsibility management model and the procedures designed to compile and present the information laid out in this report, as shown in each of this Appendix's sections.

Abbreviations, acronyms and terms

ESG: Environmental, Social and Corporate Governance.

CECA: Spanish Confederation of Savings Banks.

CDP: *Carbon Disclosure Project.*

CNMV: National Securities Market Commission.

EFR: Family Responsible Company.

FSSS: Financial Services Sector Supplement.

GRI: *Global Reporting Initiative.*

ICO: Spanish Official Credit Institute.

SRI: Sustainable and Responsible Investment.

MiFID: Directive on Financial Instrument Markets.

OFF-SHORE: companies or financial centres with a very low tax base (tax havens).

NGO: Non-governmental Organisation.

UNGC: United Nations Global Compact.

RATING (Credit): credit rating given by an independent agency.

CSR: Corporate Social Responsibility.

SAC: Customer Service Department.

SCORING: automatic assessment system for credit applications.

SEPBLAC: Executive Service of the Commission for the Prevention of

Money Laundering and Monetary Offences.

SGR: Mutual Guarantee Society.

SICAV: Open-ended Investment Company.

SIP: Institutional Protection Scheme

SPAINSIF: Spanish Sustainable and Responsible Investment Forum.

UNPRI: United Nations Principles for Responsible Investment.

Appendix II: Quantitative performance indicators ^{(3.7)(3.9)}

The following information corresponds to the quantitative information required by the GRI, which completes the essentially qualitative information on Bancaja laid out in previous chapters.

Economic performance indicators

Indicator	Description	Notes		
EC1	Direct economic value generated and distributed	(3.10)		
		2010	2009	2008
Direct Economic Value Generated		3,330,538	3,928,609	4,720,732
a) Income ⁽¹⁾		3,330,538	3,928,609	4,720,732
Economic Value Distributed		2,194,648	2,979,921	3,892,032
b) Operating expenses ⁽²⁾		180,173	183,417	200,061
c) Employee salaries and compensations		388,128	393,422	384,454
d) Capital providers ⁽³⁾		1,625,877	2,331,070	3,290,702
e) Public Authorities (Spain)		-21,056	12,012	-53,185
Profit tax (Spain)		-27,400	5,869	-59,207
Contributions and taxes (Spain) ⁽⁴⁾		6,344	6,143	6,022
f) Investment in the community ⁽⁵⁾		21,526	60,000	70,000
ECONOMIC VALUE RETAINED		1,135,890	948,688	828,700

Amounts in thousands of euros. Source: Public profit and loss account. **(1)** Gross margin not including interest and similar charges, which are included under capital providers. **(2)** Includes non-deductible VAT incurred. **(3)** Interest and similar charges. **(4)** Taxes included in 2010 for the first time, to provide more complete information. **(5)** Includes the allocation of part of Bancaja's annual net profit devoted to the Welfare Project.

Other community investments/donations	2010	2009	2008
Remuneration in kind of volunteer personnel ⁽¹⁾	0.36	1.62	1.31
Waiver of income and fees in kind ⁽²⁾	49.60	38.77	15.15
Employee donations to humanitarian causes, in which the Bank matches the donations	0.00	11.00	32.00
Investment in corporate volunteer actions	122.00	163.00	200.00
Total	171.96	214.39	248.46

Amounts in thousands of euros. **(1)** Cost of working hours devoted to volunteering. **(2)** This amount includes maintenance and administration fees of the NGO accounts (11,800 euros), opening fees and the difference between the market rate and the "Humanitarian Microloans" preferential rate (37,800 euros).

Indicator	Description	Notes
EC4	Significant financial assistance received from the government	(3.10)

	2010	2009	2008
Tax benefits and credits			
Deductions pending for the reinvestment of extraordinary profit ⁽¹⁾	0	25,849	28,053
Deductions pending due to internal double taxation	0	0	15,976
Deductions pending due to international double taxation	0	0	524
Deductions pending for R&D&i	0	405	405
Deductions pending for activities	0	801	906
Rebates ⁽²⁾	707	685	633
Other financial assistance			
FAAF (Financial Assets Acquisition Fund)	0	816	683
Government-backed issues ⁽³⁾	1,422	5,921	0

Amounts in thousands of euros. **(1)** The deductions in previous financial years have been recalculated, adjusting the information to the recorded tax credits. The deductions generated in 2008, 2009 and 2010 amounted to 40,748, 2,385 and 40,313 euros, respectively. **(2)** In 2010 subsidies granted to Bancaja by the FTFE (Tripartite Foundation for Employment Training) for 707,000 euros are included. **(3)** Of which 1.611 billion euros have been transferred to Banco de Valencia (312 million in 2010 and 1.299 billion in 2009).

All of the tax benefits and credits stated in the previous table are declared and settled with the Spanish Public Administration.

Indicator	Description	Notes
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	

	2010	2009	2008
Distribution of purchases from suppliers			
Total number of suppliers ⁽¹⁾	5,233	4,900	5,344
Number of suppliers paid over 1,000 euros	2,797	2,771	3,031
Local suppliers (Spain)	99.35%	99.20%	99.14%
Foreign suppliers ⁽²⁾	0.65%	0.80%	0.86%
Purchases made from all suppliers ⁽³⁾	242,623	263,264	267,406
Purchases made from local suppliers (Spain)	99.13%	99.12%	99.00%
Purchases made from foreign suppliers ⁽³⁾	0.87%	0.88%	1.00%
Average seniority in years ⁽⁴⁾	3.10	2.98	2.87
Diversification of purchases from suppliers⁽⁵⁾			
Concentration below 10%	100.00%	100.00%	100.00%
Concentration less than or equal to 1%	99.54%	99.61%	99.55%
Maximum concentration by supplier	3.76%	8.61%	3.64%

(1) Suppliers who sent invoices during the fiscal year, not including leasing and petty cash. **(2)** Domiciled in the European Union or the United States. **(3)** Amounts in thousands of euros, including indirect taxes. 62% of payments to suppliers are considered expenditures for the financial year, 10% correspond to investments and the remaining 29% to financial costs. **(4)** Average calculated for the total number of suppliers, including all invoices. **(5)** Maximum percentage paid to one supplier of the total paid to suppliers.

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At the end of the 2010 financial year, the purchases made by Bancaja outside of Spain correspond in their entirety to European countries or the United States.

Indicator	Description	Notes
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	

Bancaja's work policy seeks to attract and select the best candidates for each position, with no type of discrimination, on the basis of current qualifications and future potential. Therefore, there is no policy in place which gives priority to local residents when filling high-level management positions.

Nevertheless, in practice, most of the new arrivals come from the area of influence, as revealed by the fact that, at the end of 2010, 100% of Senior Management came from areas where the Group operates.

Local hiring of senior management⁽ⁱ⁾	2010	2009
Number of senior managers	29	29
Number of senior managers from the areas where the Group operates	29	29
Percentage of senior managers from the areas where the Group operates	100%	100%

(i) Management Committee.

Environmental performance indicators

Indicator	Description	Notes
EN1	Materials used by weight or volume	

Materials used	2010	2009	2008
Paper consumption (t) ⁽ⁱ⁾	311	334	367
Of which, white chlorinated paper consumed (t)	0	0	0
Of which, white unchlorinated paper consumed (t) ⁽ⁱ⁾	0	0	0
Recycled paper consumed (t)	311	334	367
Average paper consumption (t per person)	0.05	0.06	0.06
Envelopes (t) ⁽ⁱ⁾	170	162	175
Paper in rolls (t) ⁽ⁱ⁾	248	249	246
Toner (units)	4,456	4,147	5,709

(i) Real data obtained from invoices.

Indicator	Description	Notes		
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EN2 Percentage of materials used that are recycled input materials

Recycled materials	2010	2009	2008
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Recycled paper (% of paper consumed)	100%	100%	100%
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Indicator	Description	Notes		
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EN4 Indirect energy consumption by primary source

Indirect consumption	2010 ⁽³⁾	2009 ⁽³⁾	2008
Total consumption (kW/h) ⁽¹⁾	34,351,107	33,663,317	32,251,632
Average electricity consumption (kW/h per person)	5,682	5,581	5,357
Indirect power consumption (Gj) ⁽²⁾	375,569	363,049	352,614
Coal (Gj) ⁽²⁾	160,264	157,056	150,469
Natural gas (Gj) ⁽²⁾	5,699	5,585	5,351
Petroleum derivatives (Gj) ⁽²⁾	33,715	33,040	31,655
Biomass (Gj) ⁽²⁾	2,857	2,800	2,682
Wind power (Gj) ⁽²⁾	2,351	2,304	2,207
Energy Hydroelectric power (Gj) ⁽²⁾	18,825	18,448	17,675
Nuclear power (Gj) ⁽²⁾	151,857	148,816	142,575

(1) Real data obtained from invoices. In Bancaja, this includes the Lisbon branch and does not include the Miami branch. (2) Estimated data based on electricity consumption according to GRI protocol (2006). (3) Since mid-2009, Bancaja's electrical power suppliers in Spain certify that the energy consumed comes entirely from renewable sources (100% in 2010 and 14% in 2009).

Regardless of this non-specific energy mix, included for comparison purposes only, the main sources of energy consumption in Bancaja are completely renewable for both high and low voltage, as evidenced by the certification of the supply companies.

Indicator	Description	Notes		
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EN8 Total water withdrawal by source

Water consumption	2010	2009	2008
Total consumption (m ³) ⁽¹⁾⁽²⁾	43,485	39,599	49,966
Average water consumption (m ³ per person) ⁽²⁾	7.2	6.6	8.3

(1) Data calculated by extrapolating the data obtained from a real sampling of branches and central services in Bancaja. (2) In the extrapolation of the Bancaja data, the number of branches with real data rose from 928 in 2009 to 925 at the close of 2010.

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Indicator	Description	Notes		
EN16	Total direct and indirect greenhouse gas emissions by weight			
Indirect emissions		2010⁽²⁾	2009⁽²⁾	2008⁽¹⁾
	Indirect greenhouse gas emissions from electricity consumption (t)	11,817	12,826	11,156
	Indirect emissions compensated for by coming from 100% certified renewable energy sources ⁽³⁾	-11,810	-1,824	0
	Net indirect greenhouse gas emissions from electricity consumption (t)	7	11,002	11,156

(1) Data calculated based on the public information advanced by the REE. **(2)** Data calculated on the basis of the average emission factors for Spain, published by UNESA for each financial year. **(3)** The power consumption in Spain comes entirely from 100% renewable energy sources, certified by utility companies.

Indicator	Description	Notes		
EN17	Other relevant indirect greenhouse gas emissions by weight	(3.10)(3.11)		
Other indirect emissions		2010	2009	2008
	Greenhouse gases due to employee vehicles during work hours (t) ⁽¹⁾	630	638	990
	Greenhouse gases due to employee travel to and from the workplace (t) ⁽²⁾⁽³⁾	5,924	5,864	n/a
	Greenhouse gases due to business trips (t) ⁽⁴⁾	506	435	802
	CO ₂ emissions due to its own fleet and that of management (t) ⁽⁵⁾	299	57	n/a
	Indirect emissions compensated and certified by <i>CeroCo2</i>	-299	0	0
	Total indirect emissions due to travel of the organisation⁽¹⁾⁽³⁾	7,060	6,994	1,792

(1) Real data obtained from the mileage of private vehicles during work hours. The emission calculation method follows the GHG Protocol. **(2)** Data corresponding to Bancaja only, calculated by extrapolating from real data obtained from a personnel survey in 2009, with the participation of 3,135 employees. **(3)** The data corresponding to 2009 has been modified to rectify an error. **(4)** Real data obtained from business trips broken down by travel agencies. The calculation method follows the GHG Protocol. **(5)** Data for 2010 has been expanded to include emissions corresponding to vehicles leased by management, estimating emissions for this category using the figures provided by manufacturers, published by the IDAE.

Indicator	Description	Notes		
EN22	Total weight of waste by type and disposal method	(2.8)		
Waste managed		2010	2009	2008
	Consumed paper recycled (t) ⁽¹⁾	209	230	215
	Recycled toner (units) ⁽¹⁾	4,608	3,505	1,948
	Computer equipment and furniture disposed of (units) ⁽¹⁾	760	1,489	981
	Electrical equipment disposed of (units) ⁽¹⁾	6,109	4,695	6,469
	Batteries (t) ⁽¹⁾	1.8	1.1	2.4

(1) Data obtained from the external certifications of regulated suppliers.

Workplace practice and ethics performance indicators

Indicator	Description	Notes		
LA1	Total workforce by employment type, employment contract, and region	(2.8)		
Breakdown of the workforce		2010	2009	2008
Breakdown by job and contract type				
	Total employees	6,035	6,067	5,996
	Percentage of people on a permanent contract ⁽¹⁾	97.58%	97.64%	98.88%
	Percentage of people on a temporary contract ⁽¹⁾	2.42%	2.36%	1.12%
	Percentage of people on a part-time contract	2.48%	2.21%	0.38%
	Average Workforce	6,046	6,032	6,020
Other relevant distributions				
	People with a university degree ⁽²⁾	70.64%	n.d	60.42%
	Percentage of men	56.64%	56.80%	57.08%
	Percentage of women	43.36%	43.20%	42.93%
	Executives and other managers	20.90%	20.80%	21.05%
	Female managers	25.28%	24.57%	22.35%
	Central Services Personnel	1,159	1,129	1,175
	Territorial Network Personnel	4,876	4,938	4,821

Does not include contracts with temporary employment agencies. (1) Full-time. (2) The 2009 information is unavailable due to a modification of the computer application.

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The breakdown of Bancaja personnel by region and country is laid out in chapter 2.1.

Breakdown of permanent personnel according to their professional sector and gender	2010		2009		2008	
	Men	Women	Men	Women	Men	Women
Group 1	3,347	2,527	3,371	2,535	3,377	2,534
Level I Gr. 1	6	0	6	0	6	0
Level II Gr. 1	122	6	115	6	112	4
Level III Gr. 1	735	75	702	62	650	48
Level IV Gr. 1	587	180	600	169	606	149
Level V Gr. 1	397	250	379	232	370	196
Level VI Gr. 1	513	207	516	214	511	217
Level VII Gr. 1	222	150	222	124	237	140
Level VIII Gr. 1	151	211	158	188	150	174
Level IX Gr. 1	137	255	130	243	127	231
Level X Gr. 1	117	248	131	261	134	244
Level XI Gr. 1	214	576	172	409	94	199
Level XII Gr. 1	128	355	222	614	349	889
Level XIII Gr. 1	0	0	0	0	14	29
Unclassified (overseas)	18	14	18	13	17	14
Group 2	12	3	15	3	14	4
Level II Gr. 2	12	1	15	1	14	2
Level III Gr. 2	0	1	0	0	0	0
Cleaning staff	0	1	0	2	0	2
Total	3,359	2,530	3,386	2,538	3,391	2,538

Indicator	Description	Notes
LA2	Total number and rate of employee turnover by age group, gender, and region.	(3.10)

Personnel changes	2010	2009	2008
Initial workforce	6,067	5,996	5,908
Hiring of permanent personnel	5	34	119
Hiring of temporary personnel	16	118	286
Total hirings	21	152	405
Departures of permanent personnel	50	59	149
Due to retirement	5	5	5
Due to resignations	10	6	53
Due to temporary leaves	3	22	168
Total departures	53	81	317
Final workforce	6,035	6,067	5,996

Turnover by region	Bancaja			
	2010		2009	
	Number ⁽¹⁾	Percentage ⁽²⁾	Number ⁽¹⁾	Percentage ⁽²⁾
Valencian Community	36	0.90%	50	1.24%
Region of Murcia	1	1.47%	2	2.82%
Catalonia	9	2.01%	9	1.99%
Madrid	1	0.25%	7	1.77%
Castile-La Mancha	0	--	2	1.48%
Andalusia	1	0.33%	1	0.32%
Extremadura	0	--	1	7.69%
Balearic Islands	0	--	2	1.18%
Aragon	0	--	0	--
Asturias	0	--	0	--
Basque Country	0	--	1	1.89%
La Rioja	1	7.14%	0	--
Navarre	0	--	0	--
Foreign	3	9.09%	0	--
Castile-Leon	0	--	5	8.06%
Galicia	1	1.45%	0	--
Canary Islands	0	--	0	--
Cantabria	0	--	1	3.33%
TOTAL	53	0.88%	81	1.34%

Turnover by age	2010		2009	
	Number ⁽¹⁾	Percentage ⁽²⁾	Number ⁽¹⁾	Percentage ⁽²⁾
Under 30 years old	7	1.08%	55	6.17%
Between 30 and 50 years old	22	0.65%	16	0.46%
Over 50 years old	24	1.19%	10	0.60%

Turnover by gender	2010		2009	
	Number ⁽¹⁾	Percentage ⁽²⁾	Number ⁽¹⁾	Percentage ⁽²⁾
Women	15	0.57%	49	1.87%
Men	38	1.11%	32	0.93%

(1) Total departures in the financial year. (2) Total departures in the financial year for each breakdown/number of employees at the end of the reference period, for each category.

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Indicator	Description	Notes
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	

The minimum advance notice period specified in the Statute of Workers, in the event of a termination of the work contract on objective grounds, is 30 days.

The minimum advance notice periods in the event of significant operational changes in Bancaja are specified in points 2 and 3 of the *Internal Commitment*; these are not regulated by the collective agreement, but they are practices implemented by the Institution in the interest of the employee. The degree of compliance with these commitments is dealt with in chapter 6.5.

Indicator	Description	Notes
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	

The number of calendar days from the starting date of the leave, recorded according to the various causes for work absenteeism, is shown in the following table:

Days lost due to absenteeism	2010	2009	2008
Workplace accident	2,115	1,816	2,165
Illness ⁽¹⁾	147	484	196
TOTAL	2,221	2,300	2,361

(1) Includes occupational diseases (in 2010, 7 cases; in 2009, 7 cases; in 2008, 2 cases).

Accident rate data	2010	2009	2008
Total number of accidents ⁽¹⁾	90	79	89
Workplace accidents without sick leave ⁽²⁾	45	38	46
Deaths (due to work causes)	0	0	0

(1) Includes minor accidents or first aid. (2) Includes *in itinere* accidents (in 2010, 17 cases).

Incidents related to accidents	2010	2009	2008
Workplace accident rate (IA)	1.86	1.56	1.76
Occupational disease rate (ODR)	0.17	0.14	0.16
Lost days index (IDP) or absenteeism index	42.95	45.42	42.97

Indices calculated according to the GRI 2006 indicator protocol.

Indicator	Description	Notes
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	

The health care programmes for the prevention of occupational hazards and serious diseases are:

Health care programmes	Education/ hours	Consultancy	Prevention/ risk control	Treatment
For workers				
Health Portal	Yes		Yes	
Workplace accidents			Yes	
Vaccination programme (seasonal flu)			Yes	
Heart-friendly habits promotion campaign	Yes		Yes	
Occupational Hazards Prevention Managers	Yes		Yes	
Supervision of employees with disabilities	Yes	Yes	Yes	
For members of the community				
Red Cross: SIMAP Project (Alzheimer's or cognitive deterioration)			Yes	Yes
The Archbishop Miguel Roca Foundation - Proyecto Hombre (drug addiction)			Yes	Yes
PayaSOSpital Association (severe childhood diseases)	Yes			
Foundation for the Care of Victims of Crime - FAVIDE (psychological support)			Yes	
Spanish Cancer Association			Yes	

- The training given in Bancaja on safety and health, prevention and control, is adapted to the general risks and those specific to each position, pursuant to Art. 19 of the Occupational Hazard Prevention Law 31/95.

Likewise, most of the grants to associations and institutions of public and social interest described in section 7.3 are granted to NGOs that work with groups affected by age-related diseases (Alzheimer's, Parkinson's, etc.), people with psychic, physical, sensory or organic disabilities or with diseases which cause dependence.

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Indicator	Description	Notes		
LA10	Average hours of training per year per employee by category			
Training		2010	2009	2008
Total training hours		250,450	231,607	202,460
Classroom training hours		70,494	98,791	105,087
Online training hours		179,956	132,816	93,212
Total investment in training (thousands of euros)		10,590	10,482	9,744
Number of people trained		59,709	69,812	51,766
Average training hours⁽¹⁾		41.40	38.17	33.60
Training activities		494	483	358
Number of people who have participated as internal training managers ⁽²⁾		196	1,061	1,046

(1) Of the average workforce. (2) Internal trainers.

Training hours per professional group (average)	2010	2009	2008
Group 1			
Level I Gr. 1	2.00	10.00	6.00
Level II Gr. 1	37.29	41.01	28.32
Level III Gr. 1	47.83	38.27	31.07
Level IV Gr. 1	45.09	39.83	31.25
Level V Gr. 1	45.22	37.94	32.48
Level VI Gr. 1	26.50	26.24	19.45
Level VII Gr. 1	44.09	42.37	34.46
Level VIII Gr. 1	31.39	32.95	26.35
Level IX Gr. 1	44.44	40.02	27.93
Level X Gr. 1	54.19	50.25	35.98
Level XI Gr. 1	48.10	41.01	32.57
Level XII Gr. 1	66.60	50.04	53.82
Level XIII Gr. 1	56.58	87.85	41.38
Unclassified (overseas)	9.00	17.50	27.25
Group 2			
Level II Gr. 2	25.50	--	41.75
Level III Gr. 2	---	--	--
Cleaning staff	----	--	--
Total	45.79	41.19	70.41

Indicator	Description	Notes
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	

Governing bodies: Board of Directors (%)		2010	2009	2008
By gender	Men	65.0%	70.0%	70.0%
	Women	35.0%	30.0%	30.0%
Minority groups ⁽¹⁾		0.0%	0.0%	0.0%
Age segments	Under 30 years old	0.0%	0.0%	0.0%
	Between 30 and 50 years old	30.0%	40.0%	40.0%
	Over 50 years old	70.0%	60.0%	60.0%

(1) People with disabilities or different nationality/origins.

Workforce (%)		2010	2009	2008
By gender	Men	56.7%	56.8%	57.1%
	Women	43.3%	43.2%	42.9%
Minority groups ⁽¹⁾		3.7%	3.4%	2.4%
Age segments	Under 30 years old	10.7%	14.7%	17.6%
	Between 30 and 50 years old	55.8%	57.9%	57.4%
	Over 50 years old	33.5%	27.4%	25.0%

(1) People with disabilities or different nationality/origins.

The data shown includes permanent and temporary workers.

At the end of the 2010 financial year, there were five more employees of Bancaja Reportd with some disability, representing an increase of 0.9% with respect to the percentage of the average workforce.

People with disabilities	2010	2009	2008
Men	58	53	46
Women	30	30	15
Total	88	83	61
Percentage of workforce (%)	1.46%	1.37%	1.02%

People with different nationality/origins	2010	2009	2008
Total	138	122	92
Percentage of workforce (%)	2.29%	2.01%	1.53%

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Internal Commitment: "we increase the number of female managers"	2010	2009	2008
Executives and other managers	20.90%	20.80%	21.05%
Female managers	25.28%	24.57%	22.35%
Deviation with regards to the objective (25%)	0.28%	-0.43%	-2.65%

Indicator	Description	Notes
LA14	Ratio of basic salary of men to women by employee category	

The ratio of the base salary of women to that of men in Bancaja, for each professional group, is the following:

Base Salary	2010		2009	2008
	Women	Men	% women's base salary/men	% women's base salary/men
Group 1				
Level I Gr. 1	n/a	42,819.10	n/a	n/a
Level II Gr. 1	28,011.94	28,521.41	98.21%	98.79%
Level III Gr. 1	23,864.62	24,072.04	99.14%	99.91%
Level IV Gr. 1	22,257.64	22,311.83	99.76%	99.72%
Level V Gr. 1	21,587.10	21,644.56	99.73%	100.46%
Level VI Gr. 1	20,769.30	20,788.48	99.91%	100.54%
Level VII Gr. 1	19,739.94	19,764.00	99.88%	100.42%
Level VIII Gr. 1	19,140.65	19,134.38	100.03%	99.81%
Level IX Gr. 1	18,207.05	18,210.93	99.98%	99.62%
Level X Gr. 1	17,310.83	17,312.53	99.99%	99.57%
Level XI Gr. 1	15,450.73	15,447.04	100.02%	98.04%
Level XII Gr. 1	12,753.87	12,756.93	99.98%	99.48%
Level XIII Gr. 1	10,201.69	10,202.16	100.00%	100.00%
Unclassified (overseas)	--	--	--	--
Group 2				
Level II Gr. 2	16,139.76	16,077.58	100.39%	105.94%
Level III Gr. 2	15,061.32	0.00	---	n/a
Cleaning staff	n/a	n/a	n/a	n/a

In the preparation of this table, employees with full-time contracts governed by Spanish laws have been taken into account.

The differences shown in the above table are the result of the transposition of old categories to levels. Upon carrying out the transposition, several of the former categories were included in each level, thereby giving rise to remuneration differences within the same level.

Indicator	Description	Notes
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	

The training given during 2010 with regards to money laundering prevention is shown below:

Training in money laundering prevention	2010	2009	2008
Number of people who have undergone mandatory training on money laundering prevention	3,364	1,775	1,061
Percentage of managers	33.41%	40.00%	31.39%
Percentage of average workforce	55.64%	29.43%	17.62 %
Training hours	17,704	6,433	4,029

With respect to training in this field, it is worth mentioning the updating of the Money Laundering Prevention course, now called "Prevention of Money Laundering and Terrorist Financing", as specified by the new regulations; the course duration is 8 hours.

Indicator	Description	Notes
S05	Public policy positions and participation in public policy development and lobbying	

Bancaja has no specific procedures with regards to its participation in the development of public policy or in lobbying activities. The Institution is a member of the Valencia Federation of Savings Banks and the Spanish Confederation of Savings Banks, which provide a channel through which the sector's initiatives, needs and concerns can be brought before public administrations, within a legal, ethical and fully responsible action framework.

The granting of risk operations to political parties and trade unions is not delegated; it is controlled directly by the Board of Directors. Credit operations granted in financial year 2010 to political parties are listed in the Corporate Governance Report included in the Bancaja Annual Report.

Financial services sector supplement

Indicator	Description	Notes
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	(2.7)(3.10)

The most important figures of the customer portfolio are:

General customer figures	2010	2009	2008	Change % (10-09)
Number of customers ⁽¹⁾	3,304,481	3,109,168	2,914,242	6.28%
Turnover (thousands of euros)	111,949,272	110,730,659	105,453,381	1.10%
Number of young customers (0-35 years old)	1,191,547	1,143,371	1,108,147	4.21%
Number of New Citizen customers ⁽²⁾	470,767	426,303	386,317	10.43%
Credit investment in MicroSMEs and SMEs (thousands of euros) ⁽³⁾	12,028,189	4,955,262	5,072,294	142.74%

This information does not include branches abroad. Turnover is shown as the average monthly balance as of 31-12-2010. Only includes Commercial Network transactions. **(1)** In order to compare the number of customers in 2010 with previous years, a process to eliminate inactive accounts must be considered. Taking this factor into account, the final number of customers would be approximately 3,236,963, a relative variation of 4.11%. **(2)** Individuals born in a country other than Spain. **(3)** MicroSMEs are companies with a turnover of up to 1.5 million euros. SMEs have a turnover of between 1.5 and 20 million euros. In financial year 2010, a resegmentation process has been carried out in which some private customers were reclassified as businesses and SMEs, and some companies as SMEs.

The distribution of the customer base and turnover by business segments is the following:

Customers by business segment	2010 ⁽³⁾		2009		2008	
	Number of customers	Turnover ⁽¹⁾	Number of customers	Turnover ⁽¹⁾	Number of customers	Turnover ⁽¹⁾
Private customers	2,948,586	57,550,982	2,907,044	59,868,000	2,716,078	55,029,627
Businesses/companies	337,244	31,640,834	133,188	26,809,925	128,748	26,952,943
Real estate developers	10,510	21,441,004	10,888	21,686,278	11,423	20,380,222
Public sector	1,025	848,096	1,407	776,504	1,347	743,599
Others ⁽²⁾	7,116	468,356	56,641	1,589,952	56,648	2,346,990
TOTAL	3,304,481	111,949,272	3,109,168	110,730,659	2,914,244	105,453,381

Amounts in thousands of euros. This information does not include branches abroad. **(1)** Average monthly balance as of 31-12-2010. Only includes Commercial Network transactions. **(2)** Includes associations, foundations, communities, etc. **(3)** In financial year 2010, a resegmentation process has been carried out in which some private customers were reclassified as businesses and SMEs, and some companies as SMEs.

The distribution of credit investment with business customers and developers, according to their size, is the following:

Business customers by size	2010 ⁽³⁾⁽⁵⁾		2009		2008	
	Number of customers	Turnover ⁽¹⁾	Number of customers	Turnover ⁽¹⁾	Number of customers	Turnover ⁽¹⁾
MicroSMEs ⁽²⁾	302,740	9,721,854	98,971	5,214,419	96,126	3,780,959
SMEs	17,391	6,583,839	9,723	1,738,120	8,558	1,291,355
Companies ⁽⁴⁾	17,113	15,335,139	24,494	19,857,386	24,064	13,270,736
Real estate developers	10,510	21,441,003	10,888	21,686,278	11,423	19,174,096
TOTAL	347,754	53,081,835	144,076	48,496,203	140,171	37,517,146

Amounts in thousands of euros. **(1)** Average monthly balance as of 31-12-2010. Only includes Commercial Network transactions. **(2)** MicroSMEs are companies with a turnover of less than 1.5 million euros. **(3)** SMEs are companies with a turnover of between 1.5 and 20 million euros. **(4)** Companies are those with a turnover of more than 20 million euros. **(5)** In financial year 2010, a resegmentation process has been carried out in which some private customers were reclassified as businesses and SMEs, and some companies as SMEs.

Appendix III: GRI/Global Compact contents (3.7)(3.12)

Bancaja's Corporate Social Responsibility Report has been drawn up in accordance with the guidelines of the Global Reporting Initiative (GRI) for the preparation of sustainability reports, published in 2006 and known as G3, under the **application level A+**, which means that it

meets the specifications associated with G3 level A in terms of profile, management approach, development indicators and financial sector supplementary indicators, which have been checked externally, and the self-assessment process has been reviewed by the GRI (**GRI checked**).



The image shows a document titled "Statement GRI Application Level Check" from the Global Reporting Initiative. It features the GRI logo at the top left. The text states that Bancaja's 2010 CSR report has been checked and awarded an A+ rating. A signature of Nelmara Arbex, Deputy Chief Executive of GRI, is present on the left. On the right, there is a blue and white badge that reads "A+ GRI REPORT GRI CHECKED". At the bottom, there is a disclaimer and a small paragraph about the GRI's role.

Global Reporting Initiative™

Statement GRI Application Level Check

GRI hereby states that **Bancaja** has presented its report "Bancaja Corporate Social Responsibility Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

23 February 2011, Amsterdam


Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Bancaja has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assurance Provider and for deciding the scope of the assurance.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 11 February 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

Legend

As follows is a list of the basic contents and main performance indicators proposed by the GRI, the information corresponds by columns to:

- The “GRI Indicator” column corresponds to the indicators laid out by these bodies in the G3 Guide and the Supplement for the Financial Services Sector (FSSS). “Comm” refers to the indicators in the G3 Guide which include comments in the Sector Supplement.
- “Report” specifies if the information for the indicator is C: Complete, P: Partial or N: Not Reported.
- The column “Annual report/Web” refers to the Bancaja Group Annual Report and the sections of the corporate website where additional information can be found.
- “GC” indicates the principles of the Global Compact that correspond to the GRI indicator.
- “VF” shows the comments of the external auditor, Deloitte S.L., supplemented by the External Auditing Report included in Appendix V.

Basic content

GRI indicator	Report	Corporate Social Responsibility Report	Annual Report/Web
1. STRATEGY AND ANALYSIS			
1.1	C	page 7	
1.2	C	pages 31-32, 34-35, 125-126	pages 15, 19, 97, 286
2. PROFILE OF THE ORGANISATION			
2.1	C	page 11	page 55
2.2	C	pages 15, 56-57, 118	pages 36-40
2.3	C	pages 11-12, 17-18, 28, 133	pages 70, 87, 96, 180-181
2.4	C	page 163	page 57
2.5	C	pages 11-12, 93, 98, 103	pages 35-36, 189, 250
2.6	C	pages 11, 25	page 55
2.7	C	pages 11-12, 150	pages 36, 169, 189
2.8	C	pages 11-12, 40, 56-57, 118, 141	pages 11, 36, 41-42, 75-76, 78, 237-238
2.9	C	pages 15, 17-18, 133	pages 31-33, 36
2.10	C	page 19-20	pages 58-59
3. ANNUAL REPORT PARAMETERS			
REPORT PROFILE			
3.1	C	page 133	
3.2	C	page 133	
3.3	C	page 133	
3.4	C	page 133	

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GRI indicator	Report	Corporate Social Responsibility Report	Annual Report/Web
SCOPE AND COVERAGE OF THE REPORT			
3.5	C	page 31, 129	
3.6	C	page 133	
3.7	C	pages 133, 134, 136, 152	
3.8	C	page 133	
3.9	C	pages 16, 53, 73, 122, 136	
3.10	C	pages 55, 133, 136, 137, 140, 142-143, 150	
3.11	C	pages 17-18, 129, 133, 140	pages 86-90
INDEX OF THE GRI CONTENT			
3.12	C	pages 152-159	
VERIFICATION			
3.13	C	pages 48, 133-134, 161-162	page 97
4. GOVERNMENTS, COMMITMENTS AND STAKEHOLDER PARTICIPATION			
GOVERNMENT			
4.1	C	pages 25, 28	pages 293-294, 360
4.2	C	page 25	page 308
4.3	C	Bancaja has no unitary management structure.	
4.4	C	pages 26, 28, 72, 74, 86	pages 296-297, 307
4.5	C	pages 25, 74	page 367
4.6	C	page 25	pages 295-296, 368-369
4.7	C	page 25	pages 295-296, 360
4.8	C	pages 11, 23, 73, 92, 105	approaches to management (www.bancaja.es)
4.9	C	pages 26, 28-29, 48	pages 298-300, 307-308
4.10	C	pages 41, 48	pages 389-390
COMMITMENTS TO EXTERNAL INITIATIVES			
4.11	C	pages 11, 26, 42-43, 44	pages 240-277
4.12	C	pages 30, 45, 58-59, 60-61, 78, 79, 80, 83, 93, 97, 115, 160	initiatives endorsed (www.bancaja.es)
4.13	C	pages 30	page 57
PARTICIPATION BY STAKEHOLDERS			
4.14	C	page 31	stakeholder groups (www.bancaja.es)
4.15	C	page 31, 133	
4.16	C	pages 16, 53, 73, 122, 129-130	stakeholder groups (www.bancaja.es)
4.17	C	pages 31-32, 52, 72, 92, 130-131	

Management Approach

INFORMATION ON THE MANAGEMENT APPROACH

ECONOMIC ASPECT – Management approach <small>COMM</small>	Report	Annual Report/Web
Economic performance <small>COMM</small>	C	Approaches to management (www.bancaja.es)
Presence in the market	C	Approaches to management (www.bancaja.es)
Indirect economic impact	C	Approaches to management (www.bancaja.es)
ENVIRONMENTAL ASPECT – Management approach		
Materials	C	Approaches to management (www.bancaja.es)
Energy	C	Approaches to management (www.bancaja.es)
Water	C	Approaches to management (www.bancaja.es)
Biodiversity	C	Approaches to management (www.bancaja.es)
Emissions, effluents and waste	C	Approaches to management (www.bancaja.es)
Products and services	C	Approaches to management (www.bancaja.es)
Regulatory compliance	C	Approaches to management (www.bancaja.es)
Transportation	C	Approaches to management (www.bancaja.es)
General	C	Approaches to management (www.bancaja.es)
SOCIAL ASPECT – Management approach		
WORK PRACTICES AND ETHICS <small>COMM</small>		
Employment	C	Approaches to management (www.bancaja.es)
Company/Worker relationship	C	Approaches to management (www.bancaja.es)
Occupational Health and Safety <small>COMM</small>	C	Approaches to management (www.bancaja.es)
Training and Education	C	Approaches to management (www.bancaja.es)
Diversity and Equal Opportunities	C	Approaches to management (www.bancaja.es)
HUMAN RIGHTS		
Investment and procurement practices	C	Approaches to management (www.bancaja.es)
Non-discrimination	C	Approaches to management (www.bancaja.es)
Freedom of association and collective bargaining agreements	C	Approaches to management (www.bancaja.es)
Abolishment of Child Labour	C	Approaches to management (www.bancaja.es)
Prevention of forced or compulsory labour	C	Approaches to management (www.bancaja.es)
Security practices	C	Approaches to management (www.bancaja.es)
Indigenous rights	N	Indicator not applicable
SOCIETY		
Community	C	Approaches to management (www.bancaja.es)
Corruption	C	Approaches to management (www.bancaja.es)
Public Policy	C	Approaches to management (www.bancaja.es)
Anti-competitive behaviour	N	Approaches to management (www.bancaja.es)
Regulatory compliance	C	Approaches to management (www.bancaja.es)

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PRODUCT RESPONSIBILITY

Customer Health and Safety	C	Approaches to management (www.bancaja.es)
Product and Service Labelling	C	Approaches to management (www.bancaja.es)
Marketing Communications	C	Approaches to management (www.bancaja.es)
Customer Privacy	C	Approaches to management (www.bancaja.es)
Regulatory Compliance	C	Approaches to management (www.bancaja.es)

Performance indicators

GRI indicator	GC	Report	Corporate Social Responsibility Report	Annual Report/Web	VF
ECONOMIC PERFORMANCE					
EC1 _{COMM}		C	pages 40-41, 136	pages 47, 79-80, 238	✓
EC2	7	P	pages 112	page 97	(a)
EC3		C	pages 82, 84	pages 143-146	✓
EC4		C	pages 17, 137	pages 43, 79-80, 147-148, 265, 329	✓
MARKET PRESENCE					
EC6		C	pages 122, 137		
EC7	6	C	page 138	Approaches to management (www.bancaja.es)	✓
INDIRECT ECONOMIC IMPACTS					
EC8		C	pages 58-59, 60-61, 92, 99, 100-102, 106-107	pages 35-36, 41-42, 51	✓
ENVIRONMENTAL PERFORMANCE					
MATERIALS					
EN1	8	C	page 138		✓
EN2	8-9	C	page 139		✓
ENERGY					
EN3	8	N	Indicator not applicable		(b)
EN4	8	C	pages 113, 139		✓
WATER					
EN8	8	C	page 139		✓
EN11	8	C	pages 115		✓
EN12	8	C	pages 115	page 97	✓
EMISSIONS, EFFLUENTS AND WASTE					
EN16 _{COMM}	8	C	pages 114, 115, 140		✓
EN17	8	P	pages 140		(c)
EN19	8	N	Indicator not applicable		(d)
EN20	8	N	Indicator not material		(e)
EN21	8	N	Indicator not applicable		(f)
EN22 _{COMM}	8	C	page 141		✓
EN23	8	N	Indicator not material		(g)

GRI indicator	GC	Report	Corporate Social Responsibility Report	Annual Report/Web	VF
PRODUCTS AND SERVICES					
EN26	7-9	C	pages 112-113, 120	Approaches to management (www.bancaja.es)	✓
EN27	8-9	N	Indicator not applicable		(h)
REGULATORY COMPLIANCE					
EN28		C	page 44		✓
SOCIAL PERFORMANCE					
EMPLOYMENT					
LA1		C	pages 12-13, 141-142	pages 236-238	✓
LA2	6	C	pages 142-143	pages 236-238	✓
LABOUR/MANAGEMENT RELATIONS					
LA4	1, 3	C	page 74		✓
LA5	3	C	pages 86, 144		✓
OCCUPATIONAL HEALTH AND SAFETY					
LA7	1	C	page 144		✓
LA8	1	C	pages 84-85, 145	Approaches to management (www.bancaja.es)	✓
TRAINING AND EDUCATION					
LA10		C	pages 146		✓
DIVERSITY AND EQUAL OPPORTUNITIES					
LA13	1, 6	C	pages 80-81, 147	page 238	✓
LA14	1, 6	C	pages 148		✓
HUMAN RIGHTS					
INVESTMENT AND PROCUREMENT PRACTICES					
HR1 _{COMM}	1-6	C	pages 29, 30		✓
HR2	1-6	P	page 121		(a)
NON-DISCRIMINATION					
HR4	1, 6	C	page 79		✓
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
HR5	1-3	C	page 74		✓
CHILD LABOUR					
HR6	1-2, 5	C	pages 29, 122		✓
FORCED LABOUR					
HR7	1-2, 4	C	pages 29, 122		✓
SOCIETY					
COMMUNITY					
S01		C	pages 11-12, 92		✓
CORRUPTION					
S02	10	C	pages 27		✓

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GRI indicator	GC	Report	Corporate Social Responsibility Report	Annual Report/Web	VF
S03	10	C	pages 149		✓
S04	10	P	pages 27		(a)
PUBLIC POLICY					
S05	1-10	C	page 149		✓
REGULATORY COMPLIANCE					
S08		C	page 44	pages 151-152, 239	✓
PRODUCT RESPONSIBILITY					
CUSTOMER HEALTH AND SAFETY					
PR1	1	P	page 65, 112		(a)
PRODUCT AND SERVICE LABELLING					
PR3	8	P	pages 44, 47, 65, 66		(a)
MARKETING COMMUNICATIONS					
PR6		C	pages 65, 66		✓
REGULATORY COMPLIANCE					
PR9		C	pages 44, 67	pages 99-101	✓

GRI Financial Services Sector Supplement

GRI indicator	Report	Corporate Social Responsibility Report	Annual Report/Web	VF
MANAGEMENT APPROACH SPECIFIC TO THE FINANCIAL SERVICES SECTOR				
IMPACT OF PRODUCTS AND SERVICES				
FS1		C	pages 23, 112, 120	Approaches to management (www.bancaja.es) ✓
FS2		C	pages 23, 28, 29, 45, 46, 48, 120	pages 243-246 ✓
FS3		C	page 120	✓
FS4		C	pages 77, 117	✓
FS5		C	pages 31, 56-57, 63, 68, 99, 112, 117, 118, 120, 121	✓
PERFORMANCE INDICATORS				
PRODUCT PORTFOLIO				
FS6		C	pages 14, 150-151	pages 168-170 ✓
FS7		C	pages 56-57	✓
FS8		C	pages 45, 118	✓
AUDITS				
FS9		C	pages 120, 121	✓
ACTIVE PROPERTY MANAGEMENT				
FS10		C	pages 45, 60-62, 63, 118	✓
FS11		C	pages 45, 120	✓
FS12		C	pages 46	✓

GRI indicator	GC	Report	Corporate Social Responsibility Report	Annual Report/Web	VF
SOCIAL ASPECT: SOCIETY					
INFORMATION ON THE MANAGEMENT APPROACH					
COMMUNITY					
FS13	C		pages 54-55		✓
FS14	C		pages 54-55, 56-57, 65		✓
SOCIAL ASPECT: PRODUCT RESPONSIBILITY					
INFORMATION ON THE MANAGEMENT APPROACH					
CUSTOMER HEALTH AND SAFETY					
FS15	C		pages 23-24, 65, 67, 76, 120		✓
MARKETING COMMUNICATIONS					
FS16	C		pages 52, 58, 66-67		✓

✓ Indicator verified in its entirety. **(a)** Only includes qualitative information. **(b)** Indicator not applicable. Bancaja consumes only electrical energy, and therefore does not consume energy directly from primary sources. **(c)** Emissions from messenger services are not included due to the lack of reliable information. **(d)** Indicator not applicable. Bancaja does not have any equipment at its facilities that emit substances which deplete the ozone layer. **(e)** Indicator not material. Bancaja only consumes diesel oil in generating sets and the emissions of these substances are irrelevant. **(f)** Indicator not applicable. Bancaja's headquarters and branches are located on urban land, and waste water is therefore discharged via the urban drainage system. **(g)** Indicator not applicable. No significant accidental spillage has occurred. **(h)** Indicator not applicable. Due to Bancaja's activities, no products are generated that could be recycled at the end of their useful life.

Appendix IV: Progress on the implementation of United Nations principles ^(4.12)



Principles	Equivalence with GRI indicators	Main achievements described in
Human Rights		
1. Support and respect the protection of internationally proclaimed human rights.	LA4, LA7, LA8, LA13, LA14, HR1, HR2, HR4, HR5, HR6, HR7, S05, PR1	p.29–30, p.51, p.71, p.79–80, p.91
2. Make sure the business is not complicit in human rights abuses.	HR1, HR2, HR5, HR6, HR7, S05	p.29–30, p.71
Labour standards		
3. Respect freedom of association and the effective recognition of the right to collective bargaining.	LA4, LA5, HR1, HR2, HR5, S05	p.74
4. Eliminate all forms of forced and compulsory labour.	HR1, HR2, HR7, S05	p.29, p.71, p.82
5. Effectively abolish child labour.	HR1, HR2, HR6, S05	p.29
6. Eliminate discrimination in employment and in the workplace.	EC7, LA2, LA13, LA14, HR1, HR2, S05	p.51, p.71, p.79–80, p.91
Environment		
7. Support a precautionary approach to environmental challenges.	EC2, EN26, S05	p.111
8. Undertake initiatives to promote greater environmental responsibility.	EN1, EN2, EN3, EN4, EN8, EN11, EN12, EN16, EN17, EN19, EN20, EN21, EN22, EN23, EN26, EN27, EN28, S05, PR3	p.39, p.51, p.111
9. Encourage the development and diffusion of environmentally friendly technologies.	EN2, EN26, EN27, S05	p.51, p.111
Anti-Corruption		
10. Fight all forms of corruption, including extortion and bribery.	S02, S03, S04, S05	p.39

The Progress Reports submitted to the United Nations Global Compact can be found on the corporate website or on the Global Compact website www.pactomundial.org

Appendix V: External audit report (3.13)



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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Independent Assurance Report on the 2010 Corporate Social Responsibility Report of Bancaja

Scope of our work

We have performed a review of the 2010 Corporate Social Responsibility Report (CSRR) of Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja (hereinafter referred to as Bancaja), the scope of which is defined in Appendix I "Report definition process". Our work consisted of the review of:

- The adherence of the content of the CSRR to the GRI Sustainability Reporting Guidelines version 3.0 (G3) and the 2010 core performance indicators and the financial services sector supplement indicators proposed in the aforementioned guidelines.
- The information included in the CSRR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the AccountAbility's AA1000 AccountAbility Principles Standard 2008 (AA1000APS).
- The information furnished about the progress achieved in the Corporate Social Responsibility commitments for 2010 in section 3.5 "Compliance with commitments".

Assurance standards and procedures

We carried out limited assurance in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants to achieve limited assurance. Also, we have applied AccountAbility's AA 1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA1000APS and on the sustainability performance indicators (type 2 moderate assurance).

Our work consisted of making enquiries to Management and certain units of Bancaja and the subsidiaries involved in the preparation of the CSRR, and of carrying out the following analytical procedures and sample-based review tests:

- Meetings with Bancaja personnel to ascertain the principles, systems and management approaches applied.
- Analysis of the processes used to gather and validate the data presented in the CSRR.
- Review of the steps taken in relation to the identification and consideration of the stakeholders during the year and of the stakeholder group participation processes through the analysis of the available internal information and third-party reports.
- Analysis of the coverage, materiality and completeness of the information included in the CSRR on the basis of the understanding of Bancaja of its stakeholder groups' requirements in relation to the material issues identified by the organisation and described in the CSRR, Appendix I: "Report Definition Process".
- Review of the information relating to the management approaches applied and verification of the existence and scope of the Corporate Social Responsibility policies, systems and procedures.
- Checking that the contents of the CSRR do not contradict any significant information furnished by Bancaja in its Annual Report.
- Analysis of the adherence of the contents of the CSRR to those recommended in the G3 Guidelines and verification that the core and sector indicators included in the CSRR agree with those recommended by these Guidelines and that any inapplicable or unavailable indicators are identified.
- Review on a sample basis, of the quantitative and qualitative information relating to the GRI indicators included in the CSRR and of the adequate compilation thereof based on the data furnished by the information sources of Bancaja.

Responsibilities of Bancaja management and of Deloitte

- The preparation and contents of the CSRR is the responsibility of the Corporate Social Responsibility Department of Bancaja, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.

- Our responsibility is to issue an independent report based on the procedures applied in our review.

- Since a limited assurance is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the CSRR.

- This report has been prepared solely for Bancaja management in accordance with the terms and conditions of our Engagement Letter. We do not accept any liability to any third party other than Bancaja management.

- We conducted our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).

- Our team consisted of a combination of professionals with assurance qualifications and professionals with social, environmental and stakeholder engagement experience and sustainability report assurance experience.

Conclusions

The Appendix III "GRI/Global Compact contents" provides details of the indicators reviewed and of the limitations in the scope of our work, and identifies any indicators that do not cover all the areas recommended by the GRI. As a result of our review, no other matters were disclosed that would lead us to believe that the CSRR contained material errors or that it was not prepared in accordance with the guidelines of the Global Reporting Initiative Sustainability Reporting Guidelines version 3.0 (G3).

Also, the review procedures performed did not disclose any matter that would lead us to believe that Bancaja has not applied the principles of inclusivity, materiality and responsiveness as described in Appendix I "Report definition process" in accordance with standard AA1000 2008 APS:

- **Inclusivity:** Bancaja has developed a participation process for stakeholders that facilitate their involvement in the development of a responsible approach.
- **Materiality:** the process of determining materiality means the understanding of the material or important matters for Bancaja and its stakeholders.
- **Responsiveness:** Bancaja responds with specific actions and commitments to the material issues identified.

Finally, our work did not disclose any matters that would lead us to believe that the information furnished about the progress made on Corporate Social Responsibility Commitments in 2010 defined in section 3.5 "Compliance with commitments" contained material errors.

Observations and Recommendations

Also, we presented our recommendations to Bancaja's Corporate Social Responsibility department on the areas for improvement in Corporate Social Responsibility management and in the application of the principles of inclusivity, materiality and responsiveness. Below is a summary of the most significant recommendations, which do not change the conclusions expressed in this report.

Inclusivity and materiality

Continuing with the improvement process for identifying the material matters for its stakeholders, Bancaja extended this analysis in 2010 through a fourth specific materiality study, which used specific discussion groups involving the participation of employees, trade union representatives, organisations linked to social matters and the media.

Throughout the CSRR Bancaja provides information on the important matters identified in its threefold economic, social and environmental dimension. Although noteworthy progress was made, we recommend that Bancaja continue to encourage the integration of these dimensions not only at an internal level but at all its related companies, at investors and at suppliers through the promotion of active responsible investment and purchase policies.

Responsiveness

Similarly, in 2010 Bancaja continued to respond to the commitments assumed in prior years, although the general uncertainty in the financial markets, regulatory changes and the process of integration in the Individual Protection System (IPS), described in chapter 2.2 of the CSRR, have slowed down some of the measures planned and the implementation of other measures.

In view of the importance of the changes, it is advisable to perform an in-depth review in 2011 of Bancaja's sustainability model and its Corporate Social Responsibility management system in order to strengthen the areas that should be maintained and adapt those that are affected by regulatory or structural changes at the Entity. This review should take into particular consideration the material issues for the stakeholders and the scope of the management system.

DELOITTE, S.L.



Madrid, February, 25th 2011



Appendix VI: Your view matters (2.4)(3.4)

Bancaja wants to make it easier for its stakeholders to participate. Please fill in the form available on the Bancaja website, www.bancaja.es, to give us your opinion on this report and help us to improve.

Any readers who wish information in addition to that set forth in this report are welcome to contact corporate headquarters at:

Bancaja

Caballeros, 2 · 12001 – Castellón de la Plana

Or the Corporate Social Responsibility Department, located at:

Pintor Sorolla, 8 · 46002 – Valencia

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