

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS), ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA, TO ANY U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED), OR TO ANY PERSON LOCATED OR RESIDENT IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE.

THIS PRESS RELEASE IS NOT AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES. SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION.

28 November 2011

BANCO FINANCIERO Y DE AHORROS, S.A. HAS TODAY LAUNCHED INVITATIONS TO HOLDERS OF CERTAIN EXISTING SUBORDINATED BONDS AND PREFERRED SHARES ISSUED BY CERTAIN ENTITIES WITHIN ITS GROUP, AS DESCRIBED BELOW, TO TENDER THEIR NOTES FOR PURCHASE BY BFA FOR CASH.

Banco Financiero y de Ahorros, S.A. (“**BFA**”) announced tender offers (the “**Offers**”) today in cash of all or part of the debt notes of the issues detailed below (each of them, a “**Series**”, and all the notes, together, the “**Notes**”).

The rationale of this transaction is to strengthen the quality and efficiency of the regulatory capital of BFA.

Any decision by BFA Group as to the exercise of early redemption calls of any Notes not repurchased in the Offers will be evaluated based on the economic impact of such early redemption and regulatory requirements.

The purchase of the Notes pursuant to the Offers is subject to the prior authorization of the Bank of Spain which is expected to be received prior to the announcement of the results. However, there is no assurance that this authorization will be received by such time. In the event that it is not received prior to such date, the Offers will be automatically revoked.

The amount to be paid as consideration for the purchase of each Note will be equal to the sum of the purchase price of each Note (which will be calculated as described below) plus the accrued interest by each of the Notes from the last interest payment date until the day immediately preceding the settlement date of the Offers, which is expected to take place on 13 December 2011.

As provided in the Tender Offer Memorandum dated 28 November 2011, BFA will determine, in its sole discretion through a modified Dutch auction procedure, the maximum aggregate principal amount of each Series it will accept for purchase (the “**Series Acceptance Amount**”), its Purchase Price and, if any, the applicable scaling factor.

To the extent that BFA receives, in respect of a Series, Tender Instructions with a purchase price that is equal to or less than the Purchase Price and for an aggregate principal amount of Notes greater than the relevant Series Acceptance Amount, BFA intends to accept (i) first, all such Notes tendered at purchase prices below the Purchase Price in full, and (ii) second, on a pro rata basis, all such Notes tendered at a purchase price not greater than the Purchase Price.

BFA proposes to accept for purchase pursuant to the Offers up to €750,000,000 in aggregate cash amount (the “**Target Cash Amount**”) although BFA reserves the right, in its sole discretion, to spend less than or more than the Target Cash Amount for purchase pursuant to the Offers. BFA will determine the allocation of funds between each Series in its sole discretion, and reserves the right to accept for purchase significantly more or less (or none) of the Notes of any one Series as compared to the other Series.

The terms and conditions of the Offers, governed by Spanish common law, are contained in the Tender Offer Memorandum, available to the holders of the Notes through Bankia, BofA Merrill Lynch and Société Générale, in their capacity as Dealer Managers, and Lucid Issuer Services Limited, in its capacity as Tender Agent.

Capitalised terms used in this announcement but not defined have the meanings given to them in the Tender Offer Memorandum.

A. Notes of the Offers and key terms

Notes	ISIN	Outstanding Principal Amount	Listing	Maturity Date
Caja Madrid €550,000,000 Subordinated Bonds	ES0214950059	€550,000,000	Spanish regulated market (AIAF) Luxembourg Stock Exchange	10/04/2012
Caja Madrid €250,000,000 Subordinated Bonds	ES0214950125	€87,700,000	Spanish regulated market (AIAF)	15/07/2014
Caja de Canarias €60,000,000 Subordinated Bonds	ES0214983118	€60,000,000	Spanish regulated market (AIAF)	31/03/2015
Caja Madrid €50,000,000 Subordinated Bonds	ES0214950067	€50,000,000	Spanish regulated market (AIAF)	16/06/2015
Caja Madrid €162,300,000 Subordinated Bonds	ES0214950216	€162,300,000	Spanish regulated market (AIAF)	15/07/2015
Caja Segovia €20,000,000 Subordinated Bonds	ES0214959068	€20,000,000	Spanish regulated market (AIAF)	28/07/2016
Caja Madrid €750,000,000 Subordinated Bonds	ES0214950166	€750,000,000	Spanish regulated market (AIAF)	17/10/2016
Caja Segovia €45,000,000 Subordinated Bonds	ES0214959076	€45,000,000	Spanish regulated market (AIAF)	20/06/2017
Caja Madrid €500,000,000 Subordinated Bonds	ES0214950141	€500,000,000	Spanish regulated market (AIAF)	01/03/2018
Bancaja €300,000,000 Subordinated Bonds	ES0214977078	€287,500,000	Spanish regulated market (AIAF)	29/11/2018
Caja de Canarias €21,150,000 Subordinated Bonds	ES0214983142	€21,150,000	Spanish regulated market (AIAF)	02/09/2019
Caja Rioja €30,000,000 Subordinated Bonds	ES0215530074	€30,000,000	Spanish regulated market (AIAF)	03/12/2019
Caja Madrid €100,000,000 Subordinated Bonds	ES0214950182	€100,000,000	Spanish regulated market (AIAF)	26/02/2028
Bancaja €500,000,000 Subordinated (UT2) Bonds	ES0214977102	€190,800,000	Spanish regulated market (AIAF)	Perpetual
Caja de Canarias €60,000,000 Subordinated (UT2) Bonds	ES0214983134	€17,200,000	Spanish regulated market (AIAF)	Perpetual
Bancaja Capital, S.A.U. €290,000,000 Preferred Shares	XS0214965450	€66,320,000	Luxembourg Stock Exchange	Perpetual
Caja Segovia €15,000,000 Preferred Shares	ES0114959028	€15,000,000	Spanish regulated market (AIAF)	Perpetual
Caja de Canarias Preferentes, S.A.U. €50,000,000 Preferred Shares	ES0156844047	€50,000,000	Spanish regulated market (AIAF)	Perpetual
Caja de Ávila Preferentes, S.A.U. €35,000,000 Preferred Shares	ES0122707021	€35,000,000	Spanish regulated market (AIAF)	Perpetual

B. Timetable of the Offers

Events

Times and Dates

Commencement of the Offers

Offers announced. Tender Offer Memorandum available from the Dealer Managers and the Tender Agent.

28 November 2011

Expiration Deadline

Final deadline for receipt of valid Tender Instructions by the Tender Agent in order for Noteholders to be able to participate in the Offers.

5:00 p.m. (Madrid time) 2 December 2011

Announcement of Offer Results

Announcement of whether BFA will accept valid tenders of Notes pursuant to all or any of the Offers and, if so accepted, each Purchase Price and Series Acceptance Amount, and any Scaling Factor

As soon as reasonably practicable on 5 December 2011

Settlement Date

13 December 2011

Expected settlement date for the Offers

BFA may, in its sole discretion, extend, re-open, amend, revoke or terminate the Offers at any time as provided in the Tender Offer Memorandum. Details of such extension, re-opening, amendment, revocation or termination will be announced as provided in the Tender Offer Memorandum as soon as reasonably practicable after the relevant decision is made.

Additional Information

The Tender Offer Memorandum, which contains a description of what actions should be taken to participate in the Offers, may be obtained by eligible holders from the Tender Agent, Lucid Issuer Services Limited, by email on bfa@lucid-is.com or by telephone at +44 20 7704 0880, to the attention of Sunjeeve Patel or David Shilson. Any request for information in relation to the procedures for submitting Tender Instructions should also be directed to the Tender Agent.

Bankia, BofA Merrill Lynch and Société Générale are acting as dealer managers for the Offers. Questions regarding the Tender Offer may be directed to the Dealer Managers or the Tender Agent.

Requests for information in relation to the Offers should be directed to:

DEALER MANAGERS

Bankia, S.A.

Pº de la Castellana, 189
28046 Madrid
Spain
Tel: +34 91 423 13 82
Attn: Syndicate: Joaquin Poblet /
DCM: Ricardo Benede
Email: jpoblet@bankia.com /
rbenede@bankia.com

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom
Tel: +44 207 995 3715 / 2324
Attn: Liability Management Group – John
Cavanagh / Tommaso Gros-Pietro
Email: john.m.cavanagh@baml.com /
tommaso.gros-pietro@baml.com

Société Générale

29, boulevard Hausmann
75009 Paris
France
Tel: +33 1 42 13 87 36
Attn: Cyril Chatelain
Email:
liability.management@sgcib.com

TENDER AGENT

Lucid Issuer Services Limited

Leroy House
436 Essex Road
London N1 3QP
United Kingdom
For information by telephone: +44 20 7704 0880
Fax: + 44 20 7067 90 98
Attention: David Shilson, Sunjeeve Patel
Email: bfa@lucid-is.com

Offer and jurisdiction restrictions

Neither this announcement nor the Tender Offer Memorandum does not constitute an offer to buy or the solicitation of an offer to sell Notes (and tenders of Notes in any Offer will not be accepted from Noteholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an Offer to be made by a licensed broker or dealer and either Dealer Manager or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, such Offer shall be deemed to be made by such Dealer Manager or affiliate, as the case may be, on behalf of BFA in such jurisdiction.

United States

The Offers are not being made, and will not be made, directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Notes may not be tendered in the Offers by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States or to U.S. person as defined in Regulation S under the U.S. Securities Act of 1933, as amended (each a “**U.S. Person**”). Accordingly, copies of the Tender Offer Memorandum and any other documents or materials relating to the Offers are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any U.S. Person or any persons located or resident in the United States. Any purported tender of Notes in an Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each holder of Notes participating in an Offer will represent that it is not a U.S. Person, it is not located in the United States and it is not participating in such Offer from the United States or it is acting on a nondiscretionary basis for a principal that is not a U.S. Person, that is located outside the United States and that is not giving an order to participate in such Offer from the United States. For the purposes of this and the above paragraph, “**United States**” means United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

Italy

None of this announcement, the Offers, the Tender Offer Memorandum or any other documents or materials relating to the Offers have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”).

Therefore, the Offers may only be carried out in Italy pursuant to an exemption under article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 4, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Accordingly, the Offers is not addressed to, and neither the Tender Offer Memorandum nor any other documents, materials or information relating, directly or indirectly, to the Offers can be distributed or otherwise made available (either directly or indirectly) to any person in Italy other than to qualified investors (*investitori qualificati*) pursuant to article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, acting on their own account.

United Kingdom

The communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offers is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such document and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to (i) those persons in the United Kingdom, falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005,

as amended (the “**Financial Promotion Order**”)), (ii) persons falling within Article 43(2) of the Financial Promotion Order, or (iii) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). Any person in the United Kingdom who is not a Relevant Person should not act or rely on this document or materials or any of their content.

Belgium

Neither this announcement, the Tender Offer Memorandum nor any other documents or materials relating to the Offers have been submitted to or will be submitted for approval or recognition to the Belgian Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*) and, accordingly, the Offers may not be made in Belgium by way of a public offering, as defined in Article 3 of the Belgian Law of 1 April 2007 on public takeover bids or as defined in Article 3 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, each as amended or replaced from time to time. Accordingly, the Offers may not be advertised and the Offers will not be extended, and neither this announcement, the Tender Offer Memorandum nor any other documents or materials relating to the Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than “qualified investors” in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (as amended from time to time), acting on their own account. Insofar as Belgium is concerned, the Tender Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offers.

Accordingly, the information contained in the Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

France

The Offers are not being made, directly or indirectly, to the public in the Republic of France (“**France**”). Neither this announcement, the Tender Offer Memorandum nor any other document or material relating to the Offers has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 to D.411-3, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*, are eligible to participate in the Offers. The Tender Offer Memorandum has not been and will not be submitted for clearance to nor approved by the *Autorité des Marchés Financiers*.

Spain

Neither the Offers, the Tender Offer Memorandum nor this announcement constitute an offer of securities or the solicitation of an offer of securities to the public in Spain under the Spanish Securities Market Law (*Ley 24/1988, de 28 de julio, del Mercado de Valores*), the Royal Decree 1310/2005, of 4 November 2005 and the Royal Decree 1066/2007, of 27 July 2007. Accordingly, the Tender Offer Memorandum has not been and will not be submitted for approval nor approved by the Spanish Market Securities Commission (*Comisión Nacional del Mercado de Valores*).

Portugal

Neither the Offers, the Tender Offer Memorandum nor this announcement constitute an offer of securities or the solicitation of an offer of securities to the public in Portugal under the Portuguese Securities Code (*Código dos Valores Mobiliários*, the “**Cód.VM**”). Accordingly, neither this announcement, the Tender Offer Memorandum nor any other document or material relating to the Offers have been or will be subject to the approval of, registration with, or notification to, the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*). BFA, the Dealer Managers and the Tender Agent will not distribute or communicate this announcement, the Tender Offer Memorandum or any other document or material relating to the Offers in Portugal except in circumstances that would not be deemed to be a public offering (*oferta pública*) pursuant to article 109 of the *Cód.VM*.