

# ANNUAL CORPORATE GOVERNANCE REPORT

LISTED LIMITED COMPANIES

ISSUER'S PARTICULARS

YEAR ENDED: 31/12/2011

Company Tax ID No.: A-08663619

Corporate name: CAIXABANK, S.A.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED LIMITED COMPANIES

For a better understanding of the model and its subsequent preparation, please read the instructions provided at the end before filling it out.

### A. - OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital.

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
21/10/2011	3,840,103,475.00	3,840,103,475	3,840,103,475

Indicate whether different types of shares exist with different associated rights.

NO

A.2 List the direct and indirect holders of significant ownership interests in your organization year-end, excluding directors.

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '	3,130,386,377	0	81.518

Indicate the most significant movements in the shareholder structure during the year.

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Name or corporate name of shareholder	Date of the transaction	Description of the transaction
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '	30/06/2011	It holds over 80% of the share capital

A.3 Complete the following charts on company directors holding voting rights through company shares.

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
ISIDRO FAINÉ CASAS	584,229	0	0.015
JUAN MARÍA NIN GÉNOVA	241,910	0	0.006
ALAIN MINC	10,294	0	0.000
FRANCESC XAVIER VIVES TORRENTS	2,670	0	0.000
IMMACULADA JUAN FRANCH	10,260	0	0.000
ISABEL ESTAPÉ TOUS	280,092	0	0.007
JAVIER GODÓ MUNTAÑOLA	0	1,266,247	0.033
JOHN S. REED	10,000	0	0.000
JORGE MERCADER MIRÓ	3,089	0	0.000
JUAN JOSÉ LÓPEZ BURNIOL	16,668	0	0.000
JUAN ROSELL LASTORTRAS	0	33,158	0.001
LEOPOLDO RODÉS CASTAÑÉ	9,985	0	0.000
MARIA DOLORS LLOBET MARIA	2,670	0	0.000
MIQUEL NOGUER PLANAS	3,665	0	0.000
SALVADOR GABARRÓ SERRA	7,209	0	0.000
SUSANA GALLARDO TORREDEDIA	0	60,430	0.002

% of total voting rights held by the Board of Directors	0.066
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Complete the following charts on share options held by the company's board members.

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as they become known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities.

**Type of relationship:**

COM CON SOC

**Brief description:**

CaixaBank, S.A. is the bank through which Caja de Ahorros y Pensiones de Barcelona, 'la Caixa' directly carries on its financial activity and, therefore, is part of the Group of companies controlled by 'la Caixa' and, hence, its corporate relationship. There are also commercial and contractual relationships which derive from ordinary trading or exchange activities, the regulating principles of which are contained in the Internal Protocol of Relationships between CaixaBank and 'la Caixa' submitted to the CNMV on July 1, 2011.

Related name or corporate name
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'

A.6 Indicate whether any shareholders' agreements have been reported to the company pursuant to article 112 of the Securities' Market Act (Ley del Mercado de Valores). Provide a brief description and list the shareholders bound by the agreement, as applicable.

NO

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable.

NO

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year.

A.7. Indicate whether any individuals or legal entities currently exercise control or could exercise control over the company in accordance with article 4 of the Spanish Securities' Market Act: If so, identify.

YES

Name or corporate name
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'

Remarks
<p>Caja de Ahorros y Pensiones de Barcelona, "la Caixa" exercises control over CaixaBank as established by Article 4 of the Spanish Securities Market Act (Ley de Mercado de Valores)</p> <p>In order to foster the Company's transparency, autonomy and good governance, and in accordance with recommendation two of the Unified Good Governance Code, CaixaBank and "la Caixa", as controlling shareholder, signed an Internal Protocol of Relationships. This Protocol aims to demarcate CaixaBank's area of activity, the general parameters governing any mutual business or social dealings between CaixaBank and "la Caixa" and other companies belonging to "la Caixa" group, as well as a correct flow of information allowing "la Caixa" and the Company to draw up its Financial Statements and comply with the requirement to issue periodical information to the Bank of Spain, the CNMV and other regulatory bodies.</p>

A.8 Complete the following tables on the company's treasury shares.

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
61,451,283	0	1.600

(\*) Through:

<b>Total</b>	0
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Give details of any significant changes during the year, in accordance with Royal Decree 1362/2007.

Date notified	Total shares held directly acquired	Total shares held indirectly acquired	% of total share capital
28/06/2011	58,590,086	0	1.743
06/07/2011	1,193,715	0	0.031
28/07/2011	7,067,945	0	0.187
27/10/2011	15,766,394	0	0.413

<b>Gain/(loss) on treasury shares during the year (In thousand €)</b>	8,882
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**A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting authorizing the Board of Directors to purchase and/or transfer the treasury shares.**

On May 12, 2011, shareholders at the Annual General Meeting rendered null and void the decision adopted on May 19, 2010, and agreed to grant the Company's Board of Directors powers for the derivative acquisition of treasury stock, directly or through group companies for the purpose of either disposals, redemption or for remuneration schemes specified in paragraph 3, section 1 of article 146 of the LSA, under the following terms:

(a) the acquisition may be in the form of a trade, swap or dation in payment, in one or more installments, provided that the shares acquired do not amount to more than 10% of the share capital when added to those already owned by the company;

(b) the price or equivalent value shall be the price of Company shares on the Continuous Market at the close of the day prior to the acquisition, +/-15%; and

(c) The acquisition may be carried out, among other scenarios, on Company shares held by shareholders who validly exercise their right to separate from the Company, when legal grounds exist for separation from the Company under the provisions of the Corporate Enterprise Act.

This authorization is valid for five years from the approval of this resolution at the Company's General Shareholders' Meeting.

Additionally, the Board was empowered to delegate that authorization to any person or persons it so deemed appropriate.

**A.10 Indicate, as applicable, any restrictions imposed by Law or the company's bylaws on exercising voting rights, as well as any legal restrictions on the acquisition or transfer of ownership interests in the share capital. Indicate whether there are any legal restrictions on exercising voting rights.**

NO

<b>Maximum percentage of legal restrictions on voting rights a shareholder can exercise</b>	0
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Indicate whether there are any restrictions included in the bylaws on exercising voting rights.

NO

<b>Maximum percentage of restrictions under the company's bylaws on voting rights a shareholder can exercise</b>	<b>0</b>
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Indicate if there are any legal restrictions on the acquisition or transfer of share capital.

NO

A.11 Indicate whether the General Shareholders' Meeting has agreed to take neutralization measures to prevent a public takeover bid by virtue of Act 6/2007.

NO

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted.

## **B – COMPANY MANAGEMENT STRUCTURE**

### B.1 Board of Directors

B.1.1. List the maximum and minimum number of directors included in the bylaws.

<b>Maximum number of directors</b>	22
<b>Minimum number of directors</b>	12

B.1.2. Complete the following table with board members' details.

<b>Name or corporate name of director</b>	<b>Representative</b>	<b>Position on the board</b>	<b>Date of first appointment</b>	<b>Date of last appointment</b>	<b>Election procedure</b>
ISIDRO FAINÉ CASAS	--	CHAIRMAN	07/07/2000	19/05/2010	VOTE AT SHAREHOLDERS' MEETING

Name or corporate name of director	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
JUAN MARÍA NIN GÉNOVA	--	DEPUTY CHAIRMAN & CHIEF EXECUTIVE	21/06/2007	21/06/2007	VOTE AT SHAREHOLDERS' MEETING
ALAIN MINC	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
DAVID K. P. LI	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
FRANCESS XAVIER VIVES TORRENTS	--	DIRECTOR	05/06/2008	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
IMMACULADA JUAN FRANCH	--	DIRECTOR	26/05/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
ISABEL ESTAPÉ TOUS	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
JAVIER GODÓ MUNTAÑOLA	--	DIRECTOR	02/05/2005	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JOHN S. REED	--	DIRECTOR	03/11/2011	03/11/2011	CO-OPTION
JORGE MERCADER MIRÓ	--	DIRECTOR	07/07/2000	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
JUAN JOSÉ LÓPEZ BURNIOL	--	DIRECTOR	12/05/2011	12/05/2011	VOTE AT SHAREHOLDERS' MEETING
JUAN ROSELL LASTORTRAS	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING
LEOPOLDO RODÉS CASTAÑÉ	--	DIRECTOR	30/07/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING
MARIA DOLORS LLOBET MARIA	--	DIRECTOR	07/05/2009	19/05/2010	VOTE AT SHAREHOLDERS' MEETING



Name or corporate name of director	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MIQUEL NOGUER PLANAS	--	DIRECTOR	06/06/2003	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
SALVADOR GABARRÓ SERRA	--	DIRECTOR	06/06/2003	05/06/2008	VOTE AT SHAREHOLDERS' MEETING
SUSANA GALLARDO TORREDEDIA	--	DIRECTOR	06/09/2007	06/09/2007	VOTE AT SHAREHOLDERS' MEETING

<b>Total number of directors</b>	17
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Indicate any Directors who left during this period.

Name or corporate name of director	Status of the director at the time	Leaving date
CARLOS SLIM HELÚ	OTHER EXTERNAL DIRECTOR	03/11/2011
GONZALO GORTÁZAR ROTAECHE	EXECUTIVE	28/12/2011

B.1.3 Complete the following tables on board members and their respective categories.

#### EXECUTIVE DIRECTORS

Name or corporate name of director	Committee proposing appointment	Post held in the company
JUAN MARÍA NIN GÉNOVA	APPOINTMENTS AND REMUNERATION COMMITTEE	DEPUTY CHAIRMAN & CHIEF EXECUTIVE OFFICER

<b>Total number of executive directors</b>	1
<b>% of the board</b>	5.882

## EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Committee proposing appointment	Name or corporate name of significant shareholder represented or proposing appointment
ISIDRO FAINÉ CASAS	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX
IMMACULADA JUAN FRANCH	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '
JAVIER GODÓ MUNTAÑOLA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '
JORGE MERCADER MIRÓ	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '
JUAN JOSÉ LÓPEZ BURNIOL	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '
LEOPOLDO RODÉS CASTAÑÉ	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '
MARIA DOLORS LLOBET MARIA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '
MIQUEL NOGUER PLANAS	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'
SALVADOR GABARRÓ SERRA	APPOINTMENTS AND REMUNERATION COMMITTEE	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIX '

<b>Total number of proprietary directors</b>	9
<b>% of the board</b>	52.941

## INDEPENDENT EXTERNAL DIRECTORS

### Name or corporate name of director

ALAIN MINC

### Profile

He has been a member of the Board of Directors of CaixaBank since 2007.

In 1991, he founded his own consultancy firm, AM Conseil. Born in 1949, he is a graduate of the École des Mines de Paris and the École Nationale d'Administration (ENA) in Paris.

He is currently a director at Prisa, FNAC and Direct Energie.

He was Chairman of the Supervisory Board of French daily Le Monde and deputy chairman to Compagnie Industriale

Riunite International and has held the position of general manager of Cerus Compagnies Européennes Réunies

He was also a finance inspector and CFO at Saint-Gobain.

He has also written over 30 books since 1978, many of them best-sellers which include Une histoire de France, Dix jours qui ébranleront le monde; Un petit coin de paradis; Une sorte de diable, les vies de John M. Keynes; Le crépuscule des petits dieux; Ce monde qui vient; Les prophètes du bonheur: histoire personnelle de la pensée économique; Epître à nos nouveaux maîtres, Rapport sur la France de l'an 2000; Le Nouveau Moyen-âge; Les vengeances des Nations; La Machine égalitaire, and Rapport sur l'informatisation de la société.

**Name or corporate name of director**

FRANCESC XAVIER VIVES TORRENTS

**Profile**

He has been a member of the Board of Directors of CaixaBank since 2008.

He is a Professor of Economics and Finance and academic director of the Public-Private Research Centre at the IESE Business School. He also holds a PhD in Economics from the University of California, Berkeley.

He was also a Professor of European Studies at INSEAD in 2001-2005; Director of the Institute of Economic Analysis at the High Council for Scientific Research in 1991-2001; and a visiting lecturer at the universities of California (Berkeley), Harvard, Pennsylvania and New York (King Juan Carlos I Chair 1999-2000), as well as the Universitat Autònoma de Barcelona and the Universitat Pompeu Fabra.

He has published numerous articles in international journals and directed the publication of various books as well as advising the World Bank, the Inter-American Development Bank, the European Commission and various international companies. Mr. Vives Torrents has also received several Spanish research awards including the King Juan Carlos I Prize for Research into Social Sciences in 1988; the Catalan Society for Economics Prize in 1996; the Narcís Monturiol Medal from the Catalonia regional government in 2002 and the Catalonia Economics Prize in 2005. He also served as Chairman of the Spanish Economic Association (2008) and Deputy Chairman of the Spanish Energy Economics (2006-2009). He is the recipient of a European Research Council Advanced Grant (2009-2013).

He is currently a director of the Aula Escola Europea, a member of the European Academy of Sciences and Arts; Research Fellow of the CESifo and the Center for Economic Policy Research; Fellow of the European Economic Association since 2004 and Fellow of the Econometric Society since 1992 and a member of the CAREC (Advisory Council for Economic Recovery and Growth) of the Government of Catalonia. In May 2011, he was appointed Special Advisor to the Vice-President of the EU and Commissioner of Competition, Joaquín Almunia.

**Name or corporate name of director**

ISABEL ESTAPÉ TOUS

**Profile**

Isabel Estapé Tous has been a member of the Board of Directors of CaixaBank since 2007.

She holds a degree in Economics and Business where she graduated summa cum laude from the University of Barcelona (1981) and is a qualified auditor.

In 1982 she joined the Stock Exchange as a broker, working as such until 1989. She served on the Boards of Directors of both the Barcelona (1989-1991) and Madrid (1990-1995) Stock Exchanges. In 2007 she was awarded the "Women Together" prize by the United Nations.

Since 2000 she has been a Notary Public of Madrid. She is also an Academic Director, member of the Advisory Board of the Institute of Market Studies (Instituto de Estudios Bursátiles) and member of the Spanish Directors' Association (A.E.D) and of the Royal Academy of Economics and Finance.

**Name or corporate name of director**

JOHN S. REED

**Profile**

John Shepard Reed has been a member of the Board of Directors of CaixaBank since 2011.

He was born in Chicago in 1939 and raised in Argentina and Brazil. He completed his university studies in the United States, where he earned a degree in Philosophy and Letters and Science from Washington and Jefferson College and the Massachusetts Institute of Technology under a double degree program. He was a lieutenant in the US Army Corps of Engineers from 1962 to 1964 and again enrolled in MIT to study a Master in Science.

For thirty-five years, he worked at Citibank/Citicorp and Citigroup, sixteen as chairman. He retired in April 2000.

From September 2003 to April 2005, he went back to work as the Chairman of the New York Stock Exchange and is now the Chairman of the MIT Corporation.

Mr. Reed is a member of the board of directors of MDRC, the Isabella Stewart Gardner Museum and the NBER. He is also a fellow of both the American Academy of Arts and Sciences and of the American Philosophical Society.

**Name or corporate name of director**

JUAN ROSELL LASTORTRAS

**Profile**

Juan Rosell Lastortras has been a member of the Board of Directors of CaixaBank since 2007.

He is also Chairman of OMB, Sistemas Integrados para la Higiene Urbana and Congost Plastic.

Born in 1957, he is an Industrial Engineering graduate from the Polytechnic University of Barcelona and has studied Science and Politics at the Complutense University of Madrid.

He has been awarded numerous decorations including, the Gold Medal of Merit from the Feria Oficial e Internacional de Muestras de Barcelona; the Silver Medal of the Barcelona Chamber of Industry, Commerce and Navigation; the Keys to the City of Barcelona and was named Commendatore al Merito della Repubblica Italiana.

He currently serves on the Boards of Directors of Port Aventura Entertainment, Gas Natural Fenosa, Ecoarome Alimentaria and is Chairman of the Investment Committee of Miura Private Equity.

He is also Chairman of the Confederación Española de Organizaciones Empresariales (CEOE), Fomento de Trabajo Nacional, and the Instituto de Logística Internacional. He is also Chairman of the Fundación ANIMA and member of the Mont Pelerin Society.

He has served as Managing Director of Juguetes Congost and has been Chairman of Enher (1996-1999), Fecsa-Enher (1999-2002) and Corporación Unliand (2005-2006). He has also been a board member of Agbar, Endesa, Endesa Italia SPA, Siemens España, and Applus Servicios Tecnológicos.

**Name or corporate name of director**

SUSANA GALLARDO TORREDEDIA

**Profile**

She has been a member of the Board of Directors of CaixaBank since 2007.

Born in Barcelona in 1964, she holds a degree in Politics and Economics from Oxford Brookes University (UK) and in Banking and Finance from the City of London Polytechnic. She also completed the Senior Management Program (PADE) at the IESE Business School in 2007-2008.

Throughout her professional career, she has completed an internship at First Interstate Bank of California, has worked on the trading desk at the Bank of Europe, and Financial Advisor for REVELAM S.L.

She is currently a board member of the Landon Group and is a member of its Investment Committee. Susana is on the Family Business Advisory Committee of the Family Firm Institute, and is Deputy Chair of Pronovias. She also holds a place on the Global Advisory Board of Babson College, Boston, MA.

She also chairs the Bienvenido Foundation, and is a trustee of the Casa Teva Foundation, the Aurea Foundation, the Hospitalitat Mare de Déu de Lourdes Foundation, and Africa Viva.

<b>Total number of independent directors</b>	6
<b>% of the board</b>	35.294

#### OTHER EXTERNAL DIRECTORS

<b>Name or corporate name of director</b>	<b>Committee proposing appointment</b>
DAVID K. P. LI	--

<b>Total number of other external directors</b>	1
<b>% of the board</b>	5.882

List the reasons why these directors cannot be considered proprietary or independent and detail their relationships with the company, its executives or shareholders.

**Name or corporate name of director**

DAVID K. P. LI

**Company, executive or shareholder with whom the relationship is maintained**

THE BANK OF EAST ASIA, LIMITED

**Reasons**

Mr. David K. P. Li is not - neither does he represent - a shareholder with the right to be represented on CaixaBank's Board of Directors, so he cannot be considered a proprietary director. Mr. Li has been a member of Criteria CaixaCorp's board of directors and an independent director since September 6, 2007. However, once Criteria CaixaCorp's stake in The Bank of East Asia exceeded 5%, the Appointments and Remuneration Committee reviewed Mr. Li's position and decided – at the General Meeting on June 5, 2008 – to change his status from independent director to other external director in accordance with the stipulations of article 16.4 of Criteria CaixaCorp's International Offering Memorandum

List any changes in the category of each director which have occurred during the year.

B.1.4 Explain, when applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 5% of the share capital.

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained.

NO

B.1.5 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board his/her reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director.

YES

**Name of director**

CARLOS SLIM HELÚ

**Reasons for resignation**

He tendered his resignation owing to an invitation to serve on another board of directors related to 'la Caixa'.

**Name of director**

GONZALO GORTÁZAR ROTAECHE

**Reasons for resignation**

He tendered his resignation owing to his appointment as General Manager of Finance of Caixabank.

B.1.6 Indicate what powers, if any, have been delegated to the Chief Executive Officer.

**Name or corporate name**

JUAN MARÍA NIN GÉNOVA

**Brief description**

All powers delegable under the law and the bylaws are delegated, without prejudice to the limitations established in the Regulations of the Board of Directors for the delegation of powers that, in all events, apply for procedural purposes.

B.1.7 List the directors, if any, who hold office as directors or executives in other companies belonging to the listed company's group.

Name or corporate name	Name of group company	Position
JUAN MARÍA NIN GÉNOVA	VIDACAIXA GRUPO. S.A.	DIRECTOR
IMMACULADA JUAN FRANCH	VIDACAIXA GRUPO. S.A.	DIRECTOR

Name or corporate name	Name of group company	Position
JAVIER GODÓ MUNTAÑOLA	VIDACAIXA GRUPO. S.A.	DIRECTOR
JORGE MERCADER MIRÓ	VIDACAIXA GRUPO. S.A.	DEPUTY CHAIRMAN
MARIA DOLORS LLOBET MARIA	NUEVO MICRO BANK. S.A.U.	DIRECTOR
MIQUEL NOGUER PLANAS	NUEVO MICRO BANK. S.A.U.	DIRECTOR
MIQUEL NOGUER PLANAS	VIDACAIXA GRUPO. S.A.	DIRECTOR

B.1.8 List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.

Name or corporate name	Name of listed company	Position
ISIDRO FAINÉ CASAS	TELEFONICA. S.A.	DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	ABERTIS INFRAESTRUCTURAS. S.A.	1ST DEPUTY CHAIRMAN
ISIDRO FAINÉ CASAS	REPSOL YPF. S.A.	2ND DEPUTY CHAIRMAN
JUAN MARÍA NIN GÉNOVA	REPSOL YPF. S.A.	DIRECTOR
JUAN MARÍA NIN GÉNOVA	GAS NATURAL, S.D.G.,S.A.	DIRECTOR
ALAIN MINC	PROMOTORA DE INFORMACIONES. S.A. (GRUPO PRISA)	DIRECTOR
JORGE MERCADER MIRÓ	MIQUEL & COSTAS & MIQUEL. S.A.	CHAIRMAN
JUAN ROSELL LASTORTRAS	GAS NATURAL, S.D.G.,S.A.	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	ABERTIS INFRAESTRUCTURAS. S.A.	DIRECTOR
SALVADOR GABARRÓ SERRA	GAS NATURAL, S.D.G.,S.A.	CHAIRMAN

B.1.9 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit.

YES

Explanation of rules
Article 32.4 of the Board of Directors' Regulations stipulates that the CaixaBank Directors must observe the limitations on membership in Boards of Directors laid down in the prevailing law governing banking institutions.

B.1.10 In relation to Recommendation 8 of the Unified Code, indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session.

Investment and financing policy	YES
Design of the structure of the corporate group	YES
Corporate Governance policy	YES
Corporate social responsibility policy	YES
The strategic or business plan, management targets and annual budgets	YES
Remuneration and evaluation of senior officers	YES
Risk control and management, and the periodic monitoring of internal information and control systems	YES
Dividend policy, as well as the policies and limits applying to treasury stock	YES

B.1.11 Complete the following tables on the aggregate remuneration paid to directors during the year.

a) In the reporting company:

Concept	In thousand €
Fixed remuneration	4,340
Variable remuneration	0
Per diems	0
Statutory compensation	0
Options on shares and/or other financial instruments	0
Other	0
<b>Total</b>	<b>4,340</b>



Other benefits	In thousand €
Advances	0
Loans	2,484
Funds and pension plans: contributions	271
Funds and pension plans: obligations	0
Life insurance premiums	0
Guarantees issued by the company in favor of directors	0

b) For company directors sitting on other governing boards and/or holding senior management posts within group companies:

Concept	In thousand €
Fixed remuneration	1,094
Variable remuneration	0
Per diems	0
Statutory compensation	0
Options on shares and/or other financial instruments	0
Other	0

<b>Total</b>	1,094
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Other benefits	In thousand €
Advances	0
Loans	0
Funds and pension plans: contributions	0
Funds and pension plans: obligations	0
Life insurance premiums	0
Guarantees issued by the company in favor of directors	0

c) Total remuneration by type of director:

Type of director	By company	By group
Executive	1,618	94
External Proprietary	1,923	1,000
External Independent	634	0
Other external directors	165	0
<b>Total</b>	<b>4,340</b>	<b>1,094</b>

d) Remuneration as percentage of profit attributable to the parent company:

Total remuneration received by directors (in thousand €)	5,434
Total remuneration received by directors/profit attributable to parent company (%)	0.5

B.1.12 List any members of senior management members who are not executive directors and indicate total remuneration paid to them during the year.

Name or corporate name	Position
GONZALO GORTÁZAR ROTAECHE	GENERAL MANAGER OF FINANCE
ANTONIO MASSANELL LAVILLA	GENERAL MANAGER OF MEDIA
TOMÁS MUNIESA ARANTEGUI	GENERAL MANAGER OF INSURANCE AND ASSET MANAGEMENT
MARCELINO ARMENTER VIDAL	GENERAL MANAGER OF RISK
JUAN ANTONIO ALCARAZ GARCIA	GENERAL MANAGER OF BUSINESS
JAUME GIRÓ RIBAS	DEPUTY GENERAL MANAGER OF COMMUNICATION, INSTITUTIONAL RELATIONS, BRAND AND

Name or corporate name	Position
	CSR
IGNACIO ÁLVAREZ-RENDUELES VILLAR	DEPUTY GENERAL MANAGER OF INTERNATIONAL DIVISION
PABLO FORERO CALDERÓN	DEPUTY GENERAL MANAGER OF CAPITAL MARKET AND TREASURY
ALEJANDRO GARCÍA-BRAGADO DALMAU	SECRETARY GENERAL AND SECRETARY OF THE BOARD
JOAQUIN VILAR BARRABEIG	DEPUTY GENERAL MANAGER OF AUDIT, INTERNAL CONTROL AND COMPLIANCE
FRANCESC XAVIER COLL ESCURSELL	DEPUTY GENERAL MANAGER OF HUMAN RESOURCES

<b>Total remuneration received by senior management (in thousand €)</b>	10,913
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B.1.13 Identify, in aggregate terms, any indemnity or “golden parachute” clauses that exist for members of the senior management (including executive directors) of the company or of its group in the event of dismissal or changes in control. Indicate whether these agreements must be reported to and/or authorized by the governing bodies of the company or its group.

<b>Number of beneficiaries</b>	12
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	Board of Directors	General Shareholders' Meeting
<b>Body authorizing clauses</b>	YES	NO

<b>Is the General Shareholders' Meeting informed of such clauses?</b>	NO
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B.1.14 Describe the procedures for establishing remuneration for board members and the relevant provisions in the bylaws.

<b>Procedures for establishing board members' remuneration and relevant provisions in the bylaws</b>
Article 4 of the Regulations of the Board of Directors of CaixaBank states that the Board shall approve, subsequent to a report from the Appointments and Remuneration Committee, the remuneration of directors, as well as, in the case of executive directors, additional remuneration for their executive duties and other conditions which their contracts

<b>Procedures for establishing board members' remuneration and relevant provisions in the bylaws</b>
<p>must respect.</p> <p>Further, article 23 of the Regulations of the Board stipulates that the Company strives to ensure that remuneration is moderate and commensurate with market conditions.</p> <p>Such policy shall be under the system and within the limits of article 34 of the Bylaws and in accordance with any indications by the Appointments and Remuneration Committee.</p>

Indicate whether the board has reserved for plenary approval the following decisions:

<b>At the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.</b>	YES
<b>Directors' remuneration and, in the case of executive directors, the additional remuneration for their executive functions and other contract conditions</b>	YES

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the points included.

YES

<b>The amount of the fixed components, itemized where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to.</b>	YES
<b>Variable components</b>	YES
<b>The main characteristics of pension systems, including an estimate of their amount or annual equivalent cost.</b>	YES
<b>The conditions that the contracts of executive directors exercising executive functions shall respect</b>	YES

B.1.16 Indicate whether the board submits a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. Explain the points of the report regarding the remuneration policy as approved by the board for forthcoming years, the most significant departures in those policies with respect to that applied during the year in question and a global summary of how the remuneration policy was applied during the year. Describe the role played by the Remuneration Committee and whether external consultancy services have been procured, including the identity of the external consultants.

YES

<b>Issues covered in the remuneration policy report</b>
Based on a proposal by the Appointments and Remuneration Committee, CaixaBank prepares a report containing the

### Issues covered in the remuneration policy report

Company remuneration policy for members of its Board of Directors, subject to the principles of transparency and information.

This report includes the general principles applicable to Directors' remuneration, the remuneration structure established in the corporate documentation, the Company's remuneration policy for the year in course and a global summary of how the remuneration policy was applied in the previous year, with a breakdown of individual directors' remuneration.

The Company's remuneration policy has been developed in accordance with its Bylaws and the Regulations of the Board of Directors.

Pursuant to article 4.3 b) of the Regulations, the Board of Directors in full is responsible for approving, within the system called for in the bylaws, directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

According to article 14 of these Regulations, the Appointments and Remuneration Committee shall propose to the Board of Directors the system and amount of annual remuneration of directors, the individual remuneration of executive directors and the further conditions of their contracts.

Article 23 of the Board of Directors Regulations establishes the principles on which remuneration of the Board of Directors shall be set:

The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions.

In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of external Directors, including any remuneration they receive as members of the Committees, conforms to the following guidelines:

External directors must be remunerated according to their effective dedication; and

The amount of external Directors' remuneration must be calculated such that it offers remuneration without undermining their independence.

The structure of remuneration of Directors pursuant to the Bylaws and the Regulations of the Board is consistent with the basic rules for remuneration of directors laid down in article 218 of the Corporate Enterprise Act. Article 34 of the Bylaws stipulates that the annual remuneration of directors shall consist of a share in consolidated profit, following deduction of general expenses, interest, tax and other amounts to be assigned to writedowns and amortization and if a dividend of 4% of paid up capital has been recognized for shareholders.

Directors carrying executive duties will also receive remuneration for these duties which may be either a fixed amount, a variable amount in addition to incentive schemes and benefits which may include pension plans and insurance and, where appropriate, social security payments. In the event of departure not caused by a breach of their functions, directors may be entitled to compensation.

Additionally, with prior approval from the Annual General Meeting, directors may receive compensation in the form of company shares or shares in another publicly traded group company, options or other share-based instruments.

### Role of the Remunerations Committee

Article 14 of the Regulations of the Board of Directors stipulates that it is the responsibility of the Appointments

<b>Role of the Remunerations Committee</b>
<p>and Remuneration Committee to propose to the Board the system for and the amount of directors' and senior executives' annual compensation and the individual remuneration and other contractual conditions for executive officers.</p> <p>In all its decision-making processes, the Appointments and Remuneration Committee has been able to check all significant data against corresponding market data or those of comparable companies, taking into account the size, characteristics and activities of the Company.</p>

<b>Have external consultancy firms used?</b>	
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<b>Identity of external consultants</b>
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B.1.17 List any board members who are likewise members of the boards of directors, or executives or employees of companies that own significant holdings in the listed company and/or group companies.

Name or corporate name of director	Corporate name of significant shareholder	Position
ISIDRO FAINÉ CASAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	CHAIRMAN
JUAN MARÍA NIN GÉNOVA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	GENERAL MANAGER
IMMACULADA JUAN FRANCH	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
JAVIER GODÓ MUNTAÑOLA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	THIRD DEPUTY CHAIRMAN
JORGE MERCADER MIRÓ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	SECOND DEPUTY CHAIRMAN
JUAN JOSÉ LÓPEZ BURNIOL	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
MARIA DOLORS LLOBET MARIA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
MIQUEL NOGUER PLANAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	DIRECTOR
SALVADOR GABARRÓ SERRA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	FIRST DEPUTY CHAIRMAN

List, if appropriate, any relevant relationships, other than those included under the previous heading, that link members of the Board of Directors with significant shareholders and/or their group companies.

B.1.18 Indicate whether any changes have been made to the Regulations of the Board of Directors during the year.

YES

Changes made
<p>The Regulations of the Board of CaixaBank, the revised text of which is available at the websites of the Company and of the CNMV, is the result of a revised wording of articles of the Regulations of the Board of Directors of Criteria CaixaCorp, as follows: 1 ("Origin and duties"), 13 ("Audit and Control Committee"), 15 ("Meetings of the Board of Directors"), 16 ("Procedures for meetings"), 17 ("Appointment of Directors"), 19 ("Term of office"), 23 ("Board of Directors compensation"), 26 ("Duty not to compete"), 27 ("Conflicts of interest"), 29 ("Use of non-public information"), 31 ("Indirect transactions"), 32 ("Board members' informational duties"), and 34 ("Shareholder relations"), and the elimination of article 38 ("Effective date").</p> <p>The aforementioned amendments in the Regulations of the Board of CaixaBank have become effective on the date of registration of the Merger of Criteria CaixaCorp with MicroBank of the Caixa in the Barcelona Companies Registry on June 30, and were entered in the Barcelona Companies Registry on July 8, 2011.</p>

B.1.19. Indicate the procedures for appointing, re-electing, appraising and removing directors. List the competent bodies, procedures and criteria used for each procedure.

Articles 5 and 17-19 of the Regulations of the Board of Directors stipulate that proposals for the appointment of directors which the Board of Directors submits to the consideration of the General Meeting and the resolutions regarding appointments adopted by the Board by virtue of the powers of co-option legally attributed thereto, must be preceded by the related proposal of the Appointments and Remuneration Committee, when entailing independent directors and a report in the case of the remaining directors.

In addition, when exercising its powers to propose appointments to the General Shareholders' Meeting and co-opt directors to cover vacancies, the Board of Directors shall endeavor to ensure that external directors or non-executive directors represent a majority over executive directors and that the latter should be the minimum.

The Board shall also procure that stable significant shareholders of the company or their representatives (stakeholder directors) and persons of recognized prestige who have no relationship with the executive team or significant shareholders (independent directors) form part of the majority group of external directors. The above definitions of directors' profiles shall be interpreted in line with the recommendations of good corporate governance which are applicable at any given time.

In particular, with regard to independent directors, article 18.2 of the Regulations of the Board of Directors includes the same restrictions as the Unified Good Governance Code regarding the appointment of independent directors.

Its external directors shall include stakeholder and independent directors who reflect the existing proportion of the company's share capital represented by stakeholder directors and the rest of its capital. Independent directors shall comprise, at least, one third of the company's directors.

Directors shall remain at their posts for the term of office stipulated in the Bylaws and may be reelected one or more times for periods of equal length. Nevertheless, independent Directors will not stay on as such for a continuous period of more than 12 years.

The directors designated by co-option shall hold their post until the date of the next General Meeting or until the legal deadline for holding the General Meeting that is to decide whether to approve the accounts for the previous financial year has elapsed.

Article 15.6 of the Regulations of the Board of Directors stipulates that, at least once per year, the Board as a plenary body, shall evaluate the quality and efficiency of the functioning of the Board; the carrying out of the duties on the part of the Chairman of the Board and the chief executive of the company; and the functioning of the Committees.

Directors shall be removed from office when the period for which they were appointed has expired and at the decision of the General Meeting, using the authority conferred upon it by the law and the Bylaws, and when they resign.

In the event of the conditions described in B.1.20 below, directors must offer to tender their resignation to the Board of Directors and formalize, if the latter deem it appropriate, the pertinent resignation.

When a director leaves office prior to the end of his term, he must explain the reasons in a letter which he shall send to all members of the Board of Directors.

#### B.1.20 Indicate the cases in which directors must resign.

Article 20 of the Regulations of the Board of Directors stipulates that the directors must offer to tender their resignation to the Board of Directors and formalize, if the latter deem it appropriate, the pertinent resignation, in the following cases:

- a) when they depart the executive positions to which their appointment as director was associated;
- b) when they are subject to any of the cases of incompatibility or prohibition provided by law;
- c) when they are prosecuted for an allegedly criminal action or are subject to disciplinary proceedings for serious or very serious fault initiated by the supervisory authorities;
- d) when their remainder on the Board may put the company's interests at risk or when the reasons for which they were appointed no longer exist. In particular, in the case of stakeholding external directors, when the shareholder they represent sells its stakeholding in its entirety. They must also do so when the said shareholder lowers its stakeholding to a level which requires the reduction of the number of external stakeholding directors;
- e) when significant changes in their professional status or in the conditions under which they were appointed director take place; and
- f) when, due to facts attributable to the director, his remainder on the Board causes a serious damage to the corporate net worth or reputation in the opinion of the Board.

#### B.1.21 Indicate whether the duties of chief executive officer fall upon the Chairman of the Board of Directors. If so, describe the measures taken to limit the risk of powers being concentrated in a single person:

NO



Indicate, and if necessary, explain whether rules have been established that enable any of the independent directors to convene board meetings or include new items on the agenda, to coordinate and voice the concerns of external directors and oversee the evaluation by the Board of Directors.

YES

<b>Explanation of rules</b>
Article 36.1 of the Bylaws and article 15 of the Regulations of the Board of Directors stipulate that the Board of Directors must meet whenever at least two (2) of its members or one (1) of the independent directors so requests, in which case it shall be called by order of the Chairman, through any written means addressed personally to each director, to meet within fifteen (15) days following the request.
No director is expressly entrusted with the task of coordinating external directors. This task is considered to be unnecessary given the qualitative composition of CaixaBank's Board where nearly all directors are external (16 out of the 17 members).
The Board as a plenary body shall evaluate the quality and efficiency of the functioning of the Board; the carrying out of their duties on the part of the Chairman of the Board and the chief executive of the company; and the functioning of the Committees.

B.1.22. Are qualified majorities, other than legal majorities, required for any type of decisions?

NO

Describe how resolutions are adopted by the Board of Directors and specify, at least, the minimum attendance quorum and the type of majority for adopting resolutions.

B.1.23 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman.

NO

B.1.24. Indicate whether the Chairman has the casting vote.

YES

<b>Business in relation to which a casting vote may be used</b>
Article 35.(iv) of the Bylaws and article 16.4 of the Regulations of the Board stipulate that the Chairman shall have a casting vote in case of a tie in meetings of the Board of Directors over which he presides.

B.1.25. Indicate whether the bylaws or the regulations of the Board of Directors set any age limit for directors.

NO

Age limit for Chairman	Age limit for CEO	Age limit for directors
0	0	0

B.1.26 Indicate whether the bylaws or the regulations of the Board of Directors set a limited term of office for independent directors.

YES

Maximum number of years in office	12
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B.1.27 If there are few or no female directors, explain the reasons and describe the initiatives adopted to remedy this situation.

Explanation of reasons and initiatives
<p>At year end, women comprised 23.5% of the Board of Directors. Women comprise 33.3% of the independent directors and 43% of the members of the Executive Committee.</p> <p>This percentage, though not equal, and which could increase at any time, is higher than the average for companies on the IBEX 35. It is therefore deemed to be neither insufficient nor non-existent.</p>

In particular, indicate whether the Appointments and Remuneration Committee has established procedures to ensure the selection processes are not subject to implicit bias that will make it difficult to select female directors, and make a conscious effort to search for female candidates who have the required profile.

YES

Indicate the main procedures
<p>Women candidates are not discriminated against in the selection process of directors. Article 14 of the Regulations of the Board of Directors stipulates that one of the responsibilities of the Appointments and Remuneration Committee is to report to the Board on matters of gender diversity.</p>

B.1.28 Indicate whether there are any formal processes for granting proxies at board meetings. If so, give brief details.

Article 16 of the Regulations of the Board of Directors stipulates that directors shall do everything possible to attend the Board meetings. When they are unable to do so in person, they shall procure granting their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. The proxy may be granted by any postal, electronic means or by fax, provided that the identity of the director is assured.

However, in general, proxies are not usually granted with specific instructions so that proxies may adhere to the matters under discussion by the Board.

B.1.29 Indicate the number of board meetings held during the year and how many times the board has met without the Chairman's attendance.

<b>Number of Board meetings</b>	15
<b>Number of board meetings held in the absence of its chairman</b>	0

Indicate how many meetings of the various board committees were held during the year.

<b>Number of Executive Committee meetings</b>	11
<b>Number of Audit Committee meetings</b>	14
<b>Number of Appointments and Remuneration Committee meetings</b>	9
<b>Number of Appointment Committee meetings</b>	0
<b>Number of Remuneration Committee meetings</b>	0

B.1.30 Indicate the number of board meetings held during the financial year without the attendance of all members. Non-attendance will also include proxies granted without specific instructions

<b>Number of non-attendances by directors during the year</b>	20
<b>% of non-attendances of the total votes cast during the year</b>	7.605

B.1.31 Indicate whether the individual and consolidated financial statements submitted for approval by the board are certified previously.

NO

Identify, if applicable, the person(s) who certified the company's individual and consolidated financial statements for preparation by the board.

B.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being submitted to the General Shareholders' Meeting with a qualified Audit Report.

The Audit and Control Committee is responsible for ensuring that the financial information is correctly drawn up in addition to other functions which include the following in order to avoid a qualified audit report:

. to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor;

. to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations;

. to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;

. to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management;

B.1.33 Is the Secretary of the board also a director?

NO

B.1.34 Explain the procedure for appointing and removing the Secretary of the board, indicating whether his/her appointment and removal have been notified by the Appointments Committee and approved by the board in plenary session.

<b>Appointment and removal procedure</b>
Article 9.4 of the Regulations of the Board of Directors stipulates that the Secretary shall be appointed, and, as the case may be, removed, by the Board acting as a plenary body, subject to a report, in both cases, of the Appointments and Remuneration Committee.

<b>Does the Appointments Committee propose appointments?</b>	YES
<b>Does the Appointments Committee advise on dismissals?</b>	YES
<b>Do appointments have to be approved by the board in plenary session?</b>	YES
<b>Do dismissals have to be approved by the board in plenary session?</b>	YES

Is the Secretary of the board entrusted in particular with the function of overseeing corporate governance recommendations?

YES

B.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditors, of financial analysts, of investment banks and of rating agencies.

As well as appointing the auditor, the Audit and Control Committee is responsible for maintaining the appropriate relationships with the external auditors in order to receive information on those matters that could jeopardize their independence and any other matters related to the process of auditing the accounts. In all events, the Audit and Control Committee must receive annual written confirmation from the auditors of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related thereto as stipulated by auditing legislation.

In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must contain an opinion of the provision of the aforementioned additional services.

An additional measure taken to ensure the independence of the auditor is explained in article 45.4 of the Bylaws which stipulates that the General Meeting may not dismiss the auditors until the period for which they were appointed ends, unless there is just cause. Furthermore, the Company has policies governing the relationship with the external auditors, approved by the Audit and Control Committee, to guarantee compliance with applicable legislation and the independence of the auditing work.

With regard to its relationships with market agents, the company acts on the principles of transparency and non-discrimination set out in the applicable legislation and those stated in the Regulations of the Board of Directors which stipulate that the Board, through communications of material facts to the Spanish Securities Market Commission (CNMV) and the corporate website, shall inform the public immediately with regard to any material information. With regard to the company's relationship with analysts and investment banks, the Investor Relations Department shall coordinate the company's relationship with analysts, shareholders and institutional investors and manage their requests for information in order to ensure they are treated fairly and objectively.

The Audit and Control Committee is kept duly informed in all matters regarding the granting and revision of ratings by rating agencies.

B.1.36 Indicate whether the company has changed its external audit firm during the year. If so, identify the new audit firm and the previous firm.

NO

<b>Outgoing auditor</b>	<b>Incoming auditor</b>

Explain any disagreements with the outgoing auditor and the reasons for the same.

NO

B.1.37 Indicate whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of fees received for such work and the percentage they represent of the fees billed to the company and/or its group.

YES

	Company	Group	Total
<b>Amount for other non-audit work (in thousand €)</b>	473	168	641
<b>Amount of other non-audit work as a % of total amount billed by audit firm</b>	11.950	16.200	12.830

B.1.38 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

NO

B.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited.

	Company	Group
<b>Number of consecutive years</b>	11	11

	Company	Group
<b>Number of years audited by current audit firm /Number of years the company accounts have been audited (%)</b>	100.0	100.0

B.1.40 List any equity holdings of the members of the company's Board of Directors in other companies with the same, similar or complementary types of activity to that which constitutes the corporate purpose of the company and/or its group, and which have been reported to the company. Likewise, list the posts or duties they hold in such companies.

<b>Name or corporate name of director</b>	<b>Corporate name of the company in question</b>	<b>% share</b>	<b>Post or duties</b>
ISIDRO FAINÉ CASAS	GRUPO FINANCIERO INBURSA S.A.B DE C.V.	0.000	DIRECTOR
ISIDRO FAINÉ CASAS	BANCO BPI, S.A.	0.000	DIRECTOR
ISIDRO FAINÉ CASAS	BANCO SANTANDER, S.A.	0.000	N/A
ISIDRO FAINÉ CASAS	THE BANK OF EAST ASIA, LIMITED	0.000	DIRECTOR
ISIDRO FAINÉ CASAS	CITIGROUP	0.000	N/A
ISIDRO FAINÉ CASAS	THE ROYAL BANK OF SCOTLAND, PLC	0.000	N/A
ISIDRO FAINÉ CASAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	CHAIRMAN
JUAN MARÍA NIN GÉNOVA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	GENERAL MANAGER
JUAN MARÍA NIN GÉNOVA	DEUTSCHE BANK, AG	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BANCO SANTANDER, S.A.	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	0.000	N/A
JUAN MARÍA NIN GÉNOVA	GRUPO FINANCIERO INBURSA S.A.B DE C.V.	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	BNP PARIBAS	0.000	N/A
JUAN MARÍA NIN GÉNOVA	BANCO BPI, S.A.	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	ERSTE GROUP BANK	0.000	DIRECTOR
JUAN MARÍA NIN GÉNOVA	BARCLAYS BANK, PLC	0.000	N/A

DAVID K. P. LI	THE BANK OF EAST ASIA, LIMITED	2.606	CHAIRMAN
IMMACULADA JUAN FRANCH	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	DIRECTOR
JAVIER GODÓ MUNTAÑOLA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	THIRD DEPUTY CHAIRMAN
JORGE MERCADER MIRÓ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	SECOND DEPUTY CHAIRMAN
JORGE MERCADER MIRÓ	CAJA DE CRÉDITO DE LOS INGENIEROS, SOCIEDAD COOPERATIVA DE CRÉDITO, BARCELONA	0.000	N/A
JORGE MERCADER MIRÓ	BANCO SABADELL, S.A.	0.000	N/A
JUAN JOSÉ LÓPEZ BURNIOL	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	DIRECTOR
LEOPOLDO RODÉS CASTAÑÉ	GRUPO FINANCIERO INBURSA S.A.B DE C.V.	0.000	DIRECTOR
MARIA DOLORS LLOBET MARIA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	DIRECTOR
MIQUEL NOGUER PLANAS	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	DIRECTOR
SALVADOR GABARRÓ SERRA	CAJA DE AHORROS Y PENSIONES DE BARCELONA, LA CAIXA	0.000	FIRST DEPUTY CHAIRMAN
SUSANA GALLARDO TORREDEDIA	BALEMA INVERSIONES, SICAV, S.A.	97.500	DIRECTOR
SUSANA GALLARDO TORREDEDIA	INVERSIONES AGRIPPA, SICAV, S.A.	4.520	N/A
SUSANA GALLARDO TORREDEDIA	PRONOVIAS, S.L.	0.000	ALTERNATE DIRECTOR
SUSANA GALLARDO TORREDEDIA	PERCIBIL, S.L.	100.000	N/A
SUSANA GALLARDO TORREDEDIA	SUSANVEST, S.L.	100.000	N/A
SUSANA GALLARDO TORREDEDIA	PRONOVIAS INTERNATIONAL GROUP, S.L.	0.000	ALTERNATE DIRECTOR
SUSANA GALLARDO TORREDEDIA	LONDON INVESTMENTS, SCR DE RÉGIMEN SIMPLIFICADO	6.630	DIRECTOR



B.1.41 Indicate and give details of any procedures through which directors may receive external advice.

YES

<b>Details of procedure</b>
<p>Article 22 of the Regulations of the Board of Directors expressly covers the possibility that external directors may request that external advisors be hired at the expense of the company for specific relevant and complex problems which arise in carrying out their duties.</p> <p>The decision to contract must be reported to the Chairman of the company and may be vetoed by the Board of Directors, provided that it accredits:</p> <ul style="list-style-type: none"><li>. it is not necessary for the proper performance of the duties entrusted to the external directors;</li><li>. the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;</li><li>. the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or</li><li>. it may entail a risk to the confidentiality of the information that must be handled.</li></ul> <p>Also, article 13.8 of the Regulations of the Board of Directors stipulates that in order to best comply with its functions, the Audit and Control Committee may avail itself of the advice of external experts, when it deems necessary for the adequate fulfillment of its duties.</p>

B.1.42 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for the meetings of the governing bodies.

YES

Details of procedure
<p>Article 21 of the Regulations of Board of Directors stipulates that the director has the duty of diligently informing himself with regard to the running of the company. For such purpose, the director may request information on any aspect of the company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible.</p> <p>The request for information must be addressed to the Chairman of the Board, if he holds executive status, and otherwise, to the Chief Executive Officer who will forward the request to the appropriate person. If such executives consider the information to be confidential, they shall notify the director of this circumstance, as well as his duty of confidentiality.</p>

B.1.43 Indicate and, where appropriate, give details of whether the company has established rules obliging directors to inform the board of any circumstance that might harm the organization's name or reputation, tendering their resignation as the case may be.

YES

Details of rules
<p>In addition to that envisaged in section B.1.20, article 20 of the Regulations of the Board stipulates that directors must offer to tender their resignation to the Board of Directors and formalize, if the latter deems it appropriate, the pertinent resignation when, due to facts attributable to the Director, his remaining on the board could cause serious damage to the corporate net worth or reputation in the opinion of the Board.</p>

B.1.44 Indicate whether any director has notified the company that he/she has been indicted or tried for any of the offences stated in article 124 of the Spanish Companies Act (LSA for its initials in Spanish).

NO

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office.

NO

Decision	Explanation

B.2 Committees of the Board of Directors

B.2.1 Give details of all committees of the Board of Directors and their members.

**APPOINTMENTS AND REMUNERATION COMMITTEE**

Name	Position	Type
JUAN ROSELL LASTORTRAS	CHAIRMAN	INDEPENDENT
ISABEL ESTAPÉ TOUS	MEMBER	INDEPENDENT
JAVIER GODÓ MUNTAÑOLA	MEMBER	PROPRIETARY

**AUDIT AND CONTROL COMMITTEE**

Name	Position	Type
FRANCESC XAVIER VIVES TORRENTS	CHAIRMAN	INDEPENDENT
ALAIN MINC	MEMBER	INDEPENDENT
SALVADOR GABARRÓ SERRA	MEMBER	PROPRIETARY

**EXECUTIVE COMMITTEE**

Name	Position	Type
ISIDRO FAINÉ CASAS	CHAIRMAN	PROPRIETARY
ISABEL ESTAPÉ TOUS	MEMBER	INDEPENDENT
JORGE MERCADER MIRÓ	MEMBER	PROPRIETARY
JUAN JOSÉ LÓPEZ BURNIOL	MEMBER	PROPRIETARY
JUAN MARÍA NIN GÉNOVA	MEMBER	EXECUTIVE
MARIA DOLORS LLOBET MARIA	MEMBER	PROPRIETARY
SUSANA GALLARDO TORREDEDIA	MEMBER	INDEPENDENT

B.2.2. Indicate whether the Audit Committee is responsible for the following.

To supervise the preparation process, monitor the integrity of the financial information on the company and, if applicable, the group, and revise compliance with regulatory requirements, the adequate boundaries of the scope of consolidation and correct application of accounting principles.	YES
To regularly review internal control and risk management systems, so main risks are correctly identified, managed and notified.	YES
To safeguard the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the Department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	YES
To establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	YES
To submit to the board proposals for the selection, appointment, reappointment and removal of the external auditor, and the engagement conditions.	YES
To receive regular information from the external auditor on the progress and findings of the audit program and check that senior management are acting on its recommendations.	YES
To ensure the independence of the external auditor.	YES
In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.	YES

**B.2.3 Describe the organizational and operational rules and the responsibilities attributed to each of the board committees.**

**Committee name**

AUDIT AND CONTROL COMMITTEE

**Brief description**

Article 40 of the Bylaws and 13 of the Regulations of the Board of Directors describe the organization and operation of the Audit and Control Committee.

1.1) Organization and operation

The Audit and Control Committee shall be convened by the Chairman of the Committee, either on his own initiative or at the request of the Chairman of the Board of Directors or two (2) members of the Committee itself and shall be validly assembled when the majority of its members attend in person or by proxy.

The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the regulated financial information to be submitted to the stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation.

The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.

Resolutions shall be adopted when the majority of its members attend in person or by proxy. Minutes of the resolutions adopted at each meeting shall be drawn up, which resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members.

The Chairman of the Committee shall be an independent Director must be replaced every four (4) years and may be re-elected once a period of one (1) year from his departure has elapsed.

The Committee may also avail itself of the advice of external experts, when deemed necessary for the adequate fulfillment of its duties.

#### 1.2) Responsibilities

Notwithstanding any other task which may be assigned thereto from time to time by the Board of Directors, the Audit and Control Committee shall exercise the following basic functions:

- (i) to report at the Annual General Meeting on matters posed by shareholders in the area of its competence;
- (ii) to propose to the Board of Directors, for submission to the Annual General Meeting, the appointment of the external auditors, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof, the scope of their professional mandate and, as the case may be, the revocation or non-renewal thereof;
- (iii) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports;
- (iv) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor;
- (v) to oversee the process for preparing and submitting regulated financial information and the effectiveness of the Company's internal control and risk management systems and to discuss with auditors any significant weaknesses in the internal control system identified during the course of the audit;
- (vi) to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations;  
In all events, the Audit and Control Committee must receive annual written confirmation from the auditors of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related thereto as stipulated by auditing legislation.  
In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. In all cases this report must address the provision of any additional services referred to in the preceding paragraph;
- (vii) to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the main content of the auditor's report are drafted clearly and precisely;
- (viii) to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requirements on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management;

(ix) to supervise compliance with regulations with respect to Related Party Transactions; in particular, to endeavor that the information on said transactions is reported to the market, in compliance with the provisions of Ministry of Economy and Finance Order 3050/2004, of September 15, 2004, and to report on transactions which imply or may imply conflicts of interest and, in general, on the subject matters contemplated in Chapter IX of this Regulation and relating to the duties of the directors;

(x) to supervises compliance with Internal Rules of Conduct on Matters Related to the Securities Market and, in general, of the rules of corporate governance;

(xi) to report to the Board on the creation or acquisition of stakes in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of an similar nature which, due to their complexity, may deteriorate the transparency of the company or of the group to which it belongs;

(xii) to consider the suggestions submitted thereto by the Chairman of the Board of Directors, board members, executives and shareholders of the Company, and to establish and supervise a mechanism which allows the employees of the Company, or of the group to which it belongs, to confidentially and, if deemed appropriate, anonymously, report irregularities of potential significance, especially financial and accounting ones, which they observe within the company;

(xiii) to receive information and, as the case may be, issue a report on the disciplinary measures intended to be imposed upon members of the Company's senior management team;

(xiv) to supervise compliance with the internal protocol governing the relationship between the majority shareholder and the Company and the companies of their respective groups, as well as the carrying out of any other actions established in the protocol itself for the best compliance with the aforementioned supervisory duty.

(xv) any others attributed thereto by Law and other regulations applicable to the Company.

#### **Committee name**

APPOINTMENTS AND REMUNERATION COMMITTEE

#### **Brief description**

Article 39 of the Bylaws and article 14 of the Regulations of the Board of Directors describe the organization and operation of the Appointments and Remuneration Committee.

##### 1.1) Organization and operation

The Appointments and Remuneration Committee shall be convened by the Chairman of the Committee, either on his own initiative or at the request of the Chairman of the Board of Directors or two (2) members of the Committee itself and shall be validly assembled when the majority of its members attend in person or by proxy.

The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.

The Committee shall meet every time it is convened by its Chairman, who must do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals any, in any case, provided that it is appropriate for the proper development of its functions.

Resolutions shall be adopted when the majority of its members attend in person or by proxy. Minutes of the resolutions adopted at each meeting shall be drawn up, which resolutions shall be reported to the Board as a plenary body. The minutes shall be available to all Board members through the office of the Secretary, but shall not be forwarded or delivered for reasons of discretion, unless otherwise ordered by the Chairman of the Committee.

##### 1.2) Responsibilities

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments and Remuneration Committee shall have the following basic responsibilities:

(i) to bring before the Board of Directors proposals for the appointment of independent directors in order that the Board may proceed to appoint them (co-option) or take on such proposals for submission to the decision of the General Meeting, and to report on the appointments of the other types of directors;

(ii) to propose to the Board of Directors (a) the system and amount of the annual remuneration of Directors and Senior Executives, (b) the individual remuneration of executive directors and further conditions of their contracts, and (c) the basic conditions of Senior Executive contracts;

(iii) to analyze, formulate and periodically review the remuneration programs, weighing their adequacy and performance;

(iv) to report on the appointments and departures of senior executives which the chief executive proposes to the Board;

(v) to report to the Board on matters of gender diversity; and

(vi) to consider the suggestions posed thereto by the Chairman, the board members, officers or shareholders of the Company.

**Committee name**

EXECUTIVE COMMITTEE

**Brief description**

The organization and functions of the Executive Committee are primarily regulated in article 39 of the Bylaws and articles 11 and 12 of the Board of Directors Regulations.

1.1) Organization and operation

The Executive Committee is governed by applicable legislation, the company's Bylaws and the Board of Directors Regulations. Aspects not specifically defined for the Executive Committee shall be governed by the rules of procedure set forth by the Regulations of the Board of Directors for its own procedures.

It will be considered to have a valid quorum when the majority of its members are present or represented at its meetings. Resolutions will be adopted by majority of the members in attendance, whether in person or by proxy.

1.2) Responsibilities

The Executive Committee has been delegated all of the responsibilities and powers available to it both legally and under the Company's bylaws. In terms of procedure, the Executive Committee is subject to the limitations set forth under article 4 of the Regulations of the Board of Directors.

B.2.4 Identify any advisory or consulting powers and, where applicable, the powers delegated to each of the committees.

**Committee name**

AUDIT AND CONTROL COMMITTEE

**Brief description**

See point B.2.3 above.

**Committee name**

APPOINTMENTS AND REMUNERATION COMMITTEE

**Brief description**

See point B.2.3 above.

**Committee name**

EXECUTIVE COMMITTEE

**Brief description**

See point B.2.3 above.

B.2.5 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also Indicate whether an annual report on the activities of each committee has been prepared voluntarily.

**Committee name**

AUDIT AND CONTROL COMMITTEE

**Brief description**

There are no specific regulations for the Board committees. The organization and functions the Audit and Control and Appointments and Remuneration Committees are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website ([www.caixabank.com](http://www.caixabank.com)) together with their structure and composition.

In compliance with article 13.6 of the Regulations of the Board of Directors, at its meeting on February 23, 2012 the Audit and Control Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2011.

**Committee name**

APPOINTMENTS AND REMUNERATION COMMITTEE

**Brief description**

There are no specific regulations for the Board committees. The organization and functions the Audit and Control and Appointments and Remuneration Committees are set out in the Regulations of the Board of Directors which is available on CaixaBank's corporate website ([www.caixabank.com](http://www.caixabank.com)) together with their structure and composition.

Unlike the Audit and Control Committee Control which is obliged to prepare an annual activities report as stipulated in the company's Bylaws, the Appointments and Remuneration Committee is under no obligation to prepare an annual activities report. In spite of this, at its meeting on February 23, 2012 the Appointments and Remuneration Committee approved its annual activities report detailing its performance during 2011.

**Committee name**

EXECUTIVE COMMITTEE

**Brief description**

There are no specific regulations for the Board committees. The Executive Committee is governed by applicable legislation, the company's Bylaws and the Board of Directors Regulations. Aspects not specifically defined for the Executive Committee shall be governed by the rules of procedure stipulated in the Regulations of the Board of Directors for the smooth conduct of the Board which are available on the CaixaBank's corporate website ([www.caixabank.com](http://www.caixabank.com)).

There is no express mention in the company's Bylaws that the Committee must prepare an activities report. Nevertheless, and in line with its obligation to inform the Board of the main aspects covered and decisions taken at its meetings, at its meeting on February 23, 2012 the Committee approved its annual activities report which includes the main aspects of its regulation as described in the various corporate documents. It also evaluates the committee's performance during 2011.

B.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the board of the different types of directors.

YES



## C – RELATED-PARTY TRANSACTIONS

C.1. Indicate whether the board plenary sessions have reserved the right to approve, based on a favorable report from the Audit Committee or any other committee responsible for this task, transactions which the company carries out with directors, significant shareholders or representatives on the board, or related parties.

YES

C.2 List any relevant transactions entailing a transfer of assets or liabilities between the company or its group companies and the significant shareholders in the company.

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (in thousands €)
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	CAIXABANK, S.A.	Dividends paid to shareholders	Dividends and other profits distributed	696,332
CAJA DE AHORROS Y PENSIONES DE BARCELONA, 'LA CAIXA'	CAIXABANK, S.A.	Issue of Promissory Note	Financing of loans and capital contributions (borrower)	1,644,341

C.3 List any relevant transactions entailing the transfer of assets or liabilities between the company or its group companies and the company's managers or directors.

C.4 List any relevant transaction undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

**Corporate name of the group company**

BUILDINGCENTER, S.A.U.

**Amount (in thousands €)**

1419567

**Brief description of the transaction**

Credit account drawn with CaixaBank

**Corporate name of the group company**

BUILDINGCENTER, S.A.U.

**Amount (in thousands €)**

366927

**Brief description of the transaction**

Credit account available with CaixaBank

**Corporate name of the group company**  
CAIXA PREFERENCE, S.A.U.  
**Amount (in thousands €)**  
3000000  
**Brief description of the transaction**  
Subordinated deposit with CaixaBank

**Corporate name of the group company**  
CAIXA RENTING, S.A.  
**Amount (in thousands €)**  
382615  
**Brief description of the transaction**  
Loan granted by CaixaBank

**Corporate name of the group company**  
CAIXA RENTING, S.A.  
**Amount (in thousands €)**  
154724  
**Brief description of the transaction**  
Credit account drawn with CaixaBank

**Corporate name of the group company**  
CAIXA RENTING, S.A.  
**Amount (in thousands €)**  
310388  
**Brief description of the transaction**  
Credit account available with CaixaBank

**Corporate name of the group company**  
FINCONSUM, ESTABLECIMIENTO FINANCIERO DE CRÉDITO, S.A.  
**Amount (in thousands €)**  
122837  
**Brief description of the transaction**  
Credit account available with CaixaBank

**Corporate name of the group company**  
FINCONSUM, ESTABLECIMIENTO FINANCIERO DE CRÉDITO, S.A.  
**Amount (in thousands €)**  
583983  
**Brief description of the transaction**  
Credit account drawn with CaixaBank

**Corporate name of the group company**  
FONCAIXA EMPRESAS 1, FTA  
**Amount (in thousands €)**  
679895  
**Brief description of the transaction**  
Term deposit with CaixaBank

**Corporate name of the group company**  
FONCAIXA EMPRESAS 2, FTA  
**Amount (in thousands €)**  
682075  
**Brief description of the transaction**  
Term deposit with CaixaBank

**Corporate name of the group company**  
SERVIHABITAT XXI, S.A.U.  
**Amount (in thousands €)**  
254592  
**Brief description of the transaction**  
Credit account drawn with CaixaBank

**Corporate name of the group company**  
SERVIHABITAT XXI, S.A.U.  
**Amount (in thousands €)**  
493625  
**Brief description of the transaction**  
Credit account available with CaixaBank

**Corporate name of the group company**  
SERVIHABITAT XXI, S.A.U.  
**Amount (in thousands €)**  
2000000  
**Brief description of the transaction**  
Loan granted by CaixaBank

**Corporate name of the group company**  
SERVIHABITAT XXI, S.A.U.  
**Amount (in thousands €)**  
1420000  
**Brief description of the transaction**  
Capital increase

**Corporate name of the group company**  
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS  
**Amount (in thousands €)**  
633500  
**Brief description of the transaction**  
Dividends paid to CaixaBank

**Corporate name of the group company**  
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS  
**Amount (in thousands €)**  
600000  
**Brief description of the transaction**  
Other term deposits with CaixaBank

**Corporate name of the group company**  
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS  
**Amount (in thousands €)**  
10317710  
**Brief description of the transaction**  
Repurchase agreement with CaixaBank

**Corporate name of the group company**  
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS  
**Amount (in thousands €)**  
1513550  
**Brief description of the transaction**  
Mortgage certificates and Bonds

**Corporate name of the group company**  
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS  
**Amount (in thousands €)**  
9093621  
**Brief description of the transaction**  
Term deposit with CaixaBank

**Corporate name of the group company**  
VIDACAIXA, S.A. DE SEGUROS Y REASEGUROS  
**Amount (in thousands €)**  
1240880  
**Brief description of the transaction**  
Reverse repurchase agreement with CaixaBank

C.5 Identify, where appropriate, any conflicts of interest affecting company directors pursuant to article 127 of the LSA.

YES

**Name or corporate name of director**  
DAVID K. P. LI  
**Description of the conflict of interest**  
He abstained in vote on the resolution concerning the shareholding in BEA.

**Name or corporate name of director**  
IMMACULADA JUAN FRANCH  
**Description of the conflict of interest**  
She abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group and the signing of new Internal Protocol of Relationships with 'la Caixa'.

**Name or corporate name of director**  
ISABEL ESTAPÉ TOUS  
**Description of the conflict of interest**  
She abstained in voting on the resolution concerning transactions of senior executives subject to approval of the Board, providing details of the conditions, terms and guarantees thereof.

**Name or corporate name of director**  
ISIDRO FAINÉ CASAS  
**Description of the conflict of interest**  
He abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group and the signing of new Internal Protocol of Relationships with 'la Caixa' and matters relating to his post.

**Name or corporate name of director**  
JAVIER GODÓ MUNTAÑOLA  
**Description of the conflict of interest**  
He abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group, the signing of new Internal Protocol of Relationships with 'la Caixa' and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees given to the related parties.

**Name or corporate name of director**  
JORGE MERCADER MIRÓ  
**Description of the conflict of interest**  
He abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group, the signing of new Internal Protocol of Relationships with 'la Caixa' and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees given to the related parties.

**Name or corporate name of director**

JUAN JOSÉ LÓPEZ BURNIOL

**Description of the conflict of interest**

He abstained from voting on resolutions concerning the signing of the new Internal Protocol of Relationships with 'la Caixa' and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees given to related parties.

**Name or corporate name of director**

JUAN MARÍA NIN GÉNOVA

**Description of the conflict of interest**

He abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group and the signing of new Internal Protocol of Relationships with 'la Caixa'.

**Name or corporate name of director**

LEOPOLDO RODÉS CASTAÑÉ

**Description of the conflict of interest**

He abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group, the signing of new Internal Protocol of Relationships with 'la Caixa' and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees given to the related parties.

**Name or corporate name of director**

MARIA DOLORS LLOBET MARIA

**Description of the conflict of interest**

She abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group and the signing of new Internal Protocol of Relationships with 'la Caixa'.

She also abstained in voting on transactions in favor of the union.

**Name or corporate name of director**

MIQUEL NOGUER PLANAS

**Description of the conflict of interest**

He abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees given to the related parties.

He also abstained in voting on transactions in favor of a political party.

**Name or corporate name of director**

SALVADOR GABARRÓ SERRA

**Description of the conflict of interest**

He abstained in voting on resolutions concerning the Company shareholding in the proposed reorganization of la Caixa Group, the signing of new Internal Protocol of Relationships with 'la Caixa' and transactions of senior executives subject to the approval of the Board, providing details of conditions, terms and guarantees given to the related parties.

**Name or corporate name of director**

SUSANA GALLARDO TORREDEDIA

**Description of the conflict of interest**

She abstained from voting on the sale of the Adeslas hospital group to GoodGrower.

C.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

## Directors and Executives

Article 26 of the Regulations of the Board of Directors regulates the duty not to compete of company directors.

Article 27 of the Regulations of the Board of Directors regulates the situations of conflicts of interest applicable to all directors and establishes the obligation to report the existence of conflicts of interest to the Board of Directors and abstain from attending and intervening in deliberations and voting which might affect matters in which he is personally interested.

Article 28 of the Board Regulations stipulates that a director may not make use of the company's assets or avail himself of his position at the company in order to obtain an economic advantage unless adequate consideration has been paid.

Furthermore, article 1 of the Code of Conduct on Matters relating to the Securities Market of CaixaBank stipulates that Concerned Persons shall include members of the Board of Directors, and senior executives and members of the Company's Management Committee. Section VI of the Regulations establishes the Policy on Conflicts of Interest of the Company, and article 36 lists the duties regarding personal or family-related conflicts of interest of Concerned Persons. These include acting with loyalty to CaixaBank, abstaining from participating in or influencing the decisions that may affect the persons or entities with whom such conflict exists and informing the Monitoring Committee of the same.

## Significant shareholders

Upon initial listing in the securities markets of the shares of Criteria CaixaCorp, S.A. and in line with the second recommendation of the Unified Good Governance Code, on September 19, 2007, 'la Caixa' and Criteria CaixaCorp, S.A. signed an Internal Protocol of Relationships which became effective on October 10, 2007 in order to foster the transparency and good governance of Criteria CaixaCorp, S.A. (the 'Initial Protocol').

On January 27, 2011, 'la Caixa', CaixaBank (formerly Criteria CaixaCorp, S.A.) and Microbank of 'la Caixa', S.A.U. signed a framework agreement on the reorganization of the 'la Caixa' Group (the 'Framework Agreement'). In execution of the same, on June 30, 2011, certain operations of reorganization were carried out of the 'la Caixa' Group (the 'Reorganization Operations') as a result of which CaixaBank has become the bank through which 'la Caixa' carries out its financial activity in an indirect manner.

In order to adapt the Initial Protocol to the distribution of roles and activities of 'la Caixa' and CaixaBank resulting from the execution of the Operations of Reorganization, the Parties decided to sign a new Internal Protocol of Relationships, the object of which is as follows:

- (i) to develop the basic principles that should govern relations between "la Caixa" and CaixaBank, in that the latter is the instrument through which the former indirectly carries on its financial activities;
- (ii) to delimit CaixaBank's main fields of activities, taking into account its nature as the bank through which "la Caixa" indirectly carries on its financial activities;
- (iii) to define the general parameters that are to govern any business or services relationship that CaixaBank Group companies may have with "la Caixa" Group companies; and, particularly, owing to their importance, the provision of property services by one or more companies of 'la Caixa' to the company or property companies of CaixaBank.
- (iv) to govern the proper flow of information to permit 'la Caixa' -and, insofar as is necessary, CaixaBank as well- to draw up its financial statements and to meet its period reporting and supervisory obligations with regard to the Bank of Spain, the CNMV and other regulatory bodies.

## C.7 Is more than one group company listed in Spain?

NO

Identify the listed subsidiaries in Spain.

## D - RISK CONTROL SYSTEMS

D.1. Give a general description of risk policy in the company and/or its group, detailing and evaluating the risks covered by the system, together with evidence that the system is appropriate for the profile of each type of risk.

### Introduction

At the CaixaBank Group, global risk management aims to ensure the soundness of the risk, preserve the solvency mechanisms and optimize the return/risk ratio by identifying, measuring and assessing risks, and ensuring that they are always taken into account in the CaixaBank Group's business decision-making process. A risk profile is therefore established in accordance with the Group's strategic objectives. The basic focuses of the model of delegation are both the fundamental variables of risk and the amounts of transactions, and it enables the Group to quantify risks using scenarios based on capital use and expected loss.

The Board of Directors of CaixaBank is the Group's highest risk-policy setting body. The Board-approved General Risk Management Principles provide risk management guidelines at the CaixaBank Group, which may be summarized as follows:

Risk is inherent to financial business activities and risk management is a function that corresponds to the entire organization. In addition, the following are noteworthy of mention: independence of the risk management function, joint decision-making, approval of transactions based on the borrower's repayment ability, monitoring of transactions until final repayment, and receipt of an appropriate return for the risk assumed.

Other, more specific principles underlying the risk management model in CaixaBank are as follows: risk measurement and management using advanced approaches, swift, customer-centric decision-making through decentralization, the use of standard criteria and tools, and ensuring there are sufficient resources to perform the tasks.

A framework for reporting to the Board on risk matters has been put in place establishing the appropriate reporting content and frequency for each type of risk and thresholds which, if surpassed, require notification at the next Board meeting regardless of the established schedule.

The risks incurred as a result of Group activities are classified as follows: credit risk (arising from the banking business and risk associated with the investee portfolio), market risk (which includes structural balance sheet interest rate risk, the price or rate risk associated with treasury positions, and foreign currency risk), liquidity risk, operational risk, reputational risk and regulatory compliance risk. CaixaBank has a General Manager in charge of Group risks. The Global Risk Management Division, which reports to the General Manager of Risk, is the global control unit that implements the role of independence required under Basel II, with the responsibility to supervise the soundness of the assets and the solvency and guarantee mechanisms.

As explained below (section E.2), the Deputy General Manager of Treasury and Capital Markets is in charge of managing the balance sheet and liquidity, with the independent supervision of the Corporate Risk Models Division, which reports to the Global Risk Management Division.

Hence, all financial risks fall under the responsibility of the General Manager in charge of CaixaBank Group Risks. This responsibility shall not include: reputational risk (managed by the Deputy General Manager of Communication, Institutional Relations, Brand and Corporate Responsibility) and regulatory compliance (which is managed by the Deputy General Manager of Audit, Internal Control and Regulatory Compliance).

For several years the CaixaBank Group has been using a set of control tools and techniques based on the specific needs of each type of risk. These include, among others, probability of default calculations obtained through rating and scoring tools, loss given default and expected loss calculations in connection with the various portfolios and risk-adjusted return tools, both at customer and branch level. Value at Risk (VaR) calculations are also performed for the various portfolios as a method for controlling and setting market risk thresholds, and qualitative identification of the various operational risks relating to each Group activity.

All risk measurement, monitoring and management work is carried out in accordance with the guidelines of the Basel Committee on Banking Supervision and legislation in European directives and current Spanish legislation. The CaixaBank Group agrees with the need for this accord and the principles giving rise thereto because it encourages better risk management and measurement and makes capital requirements sensitive to the risks actually incurred.

The CaixaBank Group not only complies with the regulatory capital requirements proposed by Basel II, which are calculations designed to guarantee capital adequacy with confidence levels of 99.9%, but also applies more exacting levels and is moving towards an economic capital model of risk management with the intention of having sufficient capital to maintain the external credit ratings it has attained.

Risk management policy: main executive responsibilities

The Global Risk Management Division of CaixaBank, which directly reports to the General Manager of Risk, is the global control unit that implements the role of independence required under Basel II, with the responsibility of managing risks at corporate level and to supervise the soundness of the assets and the solvency and guarantee mechanisms.

Its objectives are the identification, assessment and integration of exposures and the risk-adjusted return in each activity from the global perspective of the CaixaBank Group and in accordance with its business strategy.

One of its most significant tasks, in collaboration with other areas of the Company, is to lead implementation in the entire Territorial Network of instruments for integral management of risks under the guidelines of Basel II, in order to assure balance between the risks assumed and the expected returns.

The work of the Corporate Risk Models Division of CaixaBank, which reports to the Global Risk Management Division, is structured on the basis of modeling the most significant risks, such as:

- . Credit risk: definition, validation and monitoring of models of measuring portfolio risk, at transaction and client level (ratings, scorings, probability of default -PD- loss given default -LGD- and exposure -EAD-) and the development of tools for their integration in processes and their monitoring. These measurements are used to determine the regulatory and economic minimum capital requirements and the risk-adjusted return of the portfolio.
- . Market risk: monitoring and control of risk of own positions, independent supervision of control of balance-sheet and liquidity risks managed by the Deputy General Manager of Treasury and Capital Market.
- . Operational Risk: definition and implementation of operational risk management model, development of policies, methodologies and tools necessary to continuously improve quality of management of business, and measurement of the equity necessary to cover this risk, initially with the standard method.
- . Risk Aggregation and Economic Capital: aggregation of all risks, taking into account typologies and studying the interactions between them.

The guidelines issued by the Board of Directors on risk are implemented in the organization in the form of policies, circuits and procedures for management of risks developed by the Approval Policies and Procedures Area, which reports to the Global Risk Management Division.

Risk management committees

The Board of Directors of CaixaBank is the Group's highest risk-policy setting body. Acting in line with the duties assigned by the Board, the Senior Executives are members of the following risk management committees:

- . Global Risk Committee, which is responsible for the overall management of the Group's credit, market, operational, concentration, interest rate, liquidity and reputational risk, along with specific risks relating to the major investees, and for the effect of all these risks on solvency and capital management. The committee analyses the Group's risk positions and sets policies to optimize risk management in line with the Group's strategic objectives.
- . Approval Policies Committee, which proposes loan approval powers and loan prices, process efficiency and streamlining measures, the level of risk assumed using diagnostic tests, and the risk profiles accepted in commercial campaigns.
- . Lending Committee, which analyzes and, where appropriate, approves transactions that fall within the scope of its authority, and refers any transactions that exceed its level of authority to the Board of Directors.
- . Refinancing Committee, which analyzes and, where appropriate, approves refinancing transactions that fall within the scope of its authority, and refers any transactions that exceed its level of authority to the Lending Committee.
- . Asset-Liability Committee (ALCO), analyzes liquidity, interest rate and foreign currency risk as part of structural risk, and proposes the hedges and issuances to manage these risks.
- . Real Estate Acquisition and Appraisal Committee, which permanently controls this process and is first in line to approve procurements of such assets.



## Credit risk measurement and assessment

The mission of the Credit Risk Methodology and Models Division, which reports to the Corporate Risk Models Division, is to build, maintain and monitor the credit risk measurement systems. It is also in charge of guaranteeing and advising on the use of these systems, while seeking to ensure that the decisions based on these measurements take their quality into account. As established in the best practices, this function is independent from the business divisions in order to ensure that risk rating policies are not affected by commercial considerations.

In accordance with Pillar 1 of Basel II and Bank of Spain Circular 3/2008, the CaixaBank Group uses internal models to calculate credit risk for the following types of exposure:

- Mortgage loans granted to individuals
- Personal loans granted to individuals
- Cards issued to individuals
- Loans and credit granted to SMEs
- Loans and credit granted to large companies (corporations)
- Portfolio of industrial holdings

For other types of exposures, the CaixaBank Group assesses the capital requirements to hedge against credit risk using the standard methodology.

To achieve the Division's aims, periodic reviews are performed of all the models, to detect any possible deterioration in the quality of the measurements, and of the estimates made, for the purpose of including any fluctuations in the economic cycle. Practically the entire retail banking portfolio, which includes the individual and SME segments, is assessed on a monthly basis, enabling the knowledge base for these customers and their portfolios to be continually updated. This continual risk assessment provides information on the distribution of risk exposure in the various portfolios with respect to creditworthiness, expressed as a probability of default.

Risk measurement involves two basic concepts, described below.

### Expected loss

Expected loss is the result of multiplying three factors: probability of default, exposure at default and loss given default. These three factors provide an estimate of the expected loss through credit risk from each loan, customer or portfolio.

### Exposure at default

Exposure at default (EAD) provides an estimate of the outstanding debt in the event of default by the customer. This measurement is particularly significant for financial instruments with a repayment structure that varies according to customer drawdowns (credit accounts, credit cards and, in general, any revolving credit product).

The estimate is based on the Institution's internal default experience, relating the drawdown levels upon default to drawdown levels over the 12 preceding months. The relationships observed in terms of product type, term to maturity and customer characteristics are modeled for each transaction to provide the estimate.

### Probability of default

CaixaBank uses management tools covering virtually all of its lending business to help predict the probability of default (PD) associated with each borrower.

The tools are either product-orientated or customer-orientated. Product-orientated tools take into account the debtor's specific characteristics in relation to the product concerned, and are used basically in connection with the approval of new retail banking transactions. Customer-orientated tools, on the other hand, assess the debtor's probability of default on a general basis, though the results for individuals may differ according to the product. Customer-orientated tools include behavioral "scoring" models for individuals and ratings for companies, and are implemented throughout the branch network as part of the ordinary credit approval tools.

The credit risk rating tools were developed on the basis of the Institution's NPL experience and include the measurements required to fine-tune the results to the business cycle and the projections for the next cycle, with a view to securing relatively stable measures in the long term, which may differ from the incidences of default observed at any given time.

All rating tools for companies are customer-orientated and vary considerably according to the customer segment. The rating process for micro-enterprises and SMEs is based on a modular algorithm, which rates three different sets of data: the financial statements, the information drawn from dealings with customers, and certain qualitative factors. The rating results are also adjusted to the business cycle using the same structure as that employed for individuals.

CaixaBank's Corporate Rating function, which is the responsibility of the Credit Risk Analysis and Monitoring Division, has internal models in place to obtain ratings for the large companies segment. These are "expert" models which lend greater weight to the analysts' qualitative judgments. In view of the lack of internal default delinquency statistics in this segment, the models were built in line with Standard & Poor's methodology, and thus the global default rates published by the rating agency could be used, making the methodology much more reliable. The models were developed on the basis of data with sufficiently significant historical depth, so they include the cycle effect to a reasonable degree and ensure the stability of the measurements obtained. The results of all the tools are linked to a risk master scale that provides a standard classification for the lending portfolio, i.e. it allows risk to be grouped according to a common expected NPL ratio.

#### Loss given default

Loss given default (LGD) is the percentage of debt that cannot be recovered in the event of customer default. The Bank reviews the default recovery and default remedial procedures on an ongoing basis to minimize the impact of a potential default.

Historic LGD rates are calculated using internal information at CaixaBank, taking into consideration all the cash flows associated with the contracts from the moment of default until the situation is either remedied or a default is finally declared. This calculation also includes an estimate of the indirect expenses (office staff, infrastructure costs and similar) associated with the process.

Additionally, work is carried out on modeling LGD in order to provide correct initial estimates, based on the collateral, the loan-to-value ratio, the type of product, the borrower's creditworthiness and, as required by current legislation, the recessionary phases of the economic cycle.

As a result of credit approval policies, mandatory provision of collateral and the related loan-to-value ratio, and of active default management, improving the levels of settlement and recovery in the event of default, the LGD rates for the now solid portfolio are quite low.

#### Risk-adjusted return

CaixaBank has a number of tools in place to assess the rate of return that may be expected from a contract/customer based on coverage of expected losses and an adequate return on the capital retained to meet the unexpected losses which may arise from the risks undertaken.

The benchmark spread for companies details the cost of the risk undertaken in each customer's outstanding loans over the last year-on-year period. This cost is compared with the risk-adjusted spread, which details the customer's overall rate of return, net of financial and operating costs, and ultimately determines the customer's added value.

#### Unexpected loss and economic capital

Measuring the expected loss guarantees proper control of credit risk under "normal" market conditions. The expected loss, in fact, may be considered as an additional business cost. However, at times real losses can exceed the expected losses due to sudden changes in the cycle or variations in the specific risk factors of each portfolio and the natural correlation between the various debtors' credit risk.

The variability of the expected losses from the portfolio constitutes unexpected losses, which represent potential unforeseen losses. They are calculated as the loss associated with a sufficiently high level of confidence in the distribution of losses, less the expected losses. In its normal business activity, the Institution must have the ability to absorb these unforeseen losses.

Traditionally, two concepts have been distinguished:

. Economic capital is that which an entity ought to have to cover any unexpected losses that may arise and may jeopardize its continuity. It is the entity's own estimate, adjusted according to the level of tolerance to risk, volume and type of activity. In this respect, it is the responsibility of the entity's Board of Directors and Senior Executives to ensure that in all circumstances there is a sufficient level of capital so that any eventuality may be faced with a level of confidence of 99.97%. This responsibility was emphasized in Basel II's Pillar 2.

. Regulatory capital is that which an entity must maintain to cover the requirements of the supervisory body. The aim is also to avoid bankruptcy at the entity while protecting the interests of customers and holders of senior debt, thus preventing any major systemic impact.

Economic capital is not a substitute for regulatory capital, but rather is a complement thereto in order to move towards the real risk profile assumed by the entity and incorporate risks which were not envisaged – or only partially considered – in the regulatory requirements.

The economic capital model forms the basis of the internal estimate of capital requirements which acts as a supplement to the regulatory view of capital adequacy. These measures form part of the Risk Control Panel and of the Internal Capital Adequacy Assessment Report presented to the supervisor.

## Market risk of treasury positions

The Corporate Risk Models Division is responsible for valuing financial instruments; measuring, monitoring and following up on associated risks; as well as estimating the counterparty risk and operational risk associated with activities on finance markets. To perform its functions, on a daily basis this Corporate Division monitors the contracts traded, calculates how changes in the market will affect the positions held (daily marked-to-market result), quantifies the market risk assumed, monitors compliance with the thresholds, and analyses the ratio of actual returns to the assumed risk.

Through the Treasury Desk's involvement in financial markets, the CaixaBank is exposed to market risk due to unfavorable changes in the following risk factors: interest rate and foreign exchange rate (caused by positioning in the sphere of cash management), share prices, commodity prices, inflation, volatility and changes in the credit spreads of private fixed-income positions.

The two most used methods for measuring risk are sensitivity and VaR (value at risk).

Sensitivity calculates risk as the impact on the value of positions of a minor change in the risk factors, as follows:

- . For interest rate and inflation risk, the change in the present value of each of the future flows (actual or forecast) is calculated based on changes of one basis point (0.01%) at all stages of the curve.
- . For exchange rate risk, the change in the equivalent value of each currency flow is calculated according to variations of one percentage point (1 %) in the exchange rate.
- . For risk involving the price of shares or other equity instruments arranged by the Treasury Desk and for commodity price risk, the change in the current value of the position or portfolio is calculated according to a variation of one percentage point (1%) in the prices of its components.
- . For volatility risk (variability of rates or prices), which includes operations with option characteristics (interest rate caps and floors and foreign currency or equity options), the change in the current value of each future flow is calculated according to the variations of the volatilities listed on all sections of the curve, in interest rates and/or in the prices of the asset.
- . For risk involving share correlation (dependence between prices) contracted by the Treasury Desk, the current value of the portfolio position is calculated based on a change in the correlation of one percentage point (1%) in the prices of its components. This risk is present solely in exotic equity options.

These sensitivity analyses provide information about the impact of an increase in interest rates, foreign exchange rates, prices and volatilities on the economic value of the positions, but they do not provide information on the probability of such changes.

In order to standardize risk measurement across the entire portfolio, and to incorporate certain assumptions regarding the extent of changes in market risk factors, the Value at Risk methodology is used (VaR: statistical estimate of potential losses from historical data on price fluctuations) using a one-day time horizon and a statistical confidence level of 99%. In other words, 99 times out of 100 the actual losses sustained will be less than the losses estimated under the VaR method.

Two methodologies are used to obtain this measurement:

- . Parametric VaR: - The parametric VaR technique is based on the statistical treatment of parameters such as volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio and is applied, in accordance with the recommendations of the Basel Committee on Banking Supervision, using two time horizons: 75 days, giving more weight to recent observations, and 250 days, giving equal weight to all observations.
- . Historical VaR: this technique calculates the impact of historical changes in risk factors on the value of the current portfolio. Changes over the last 250 days are taken into account and, with a confidence level of 99%, VaR is taken to be the third worst impact on the value of the portfolio.

Historical VaR is an extremely useful system for completing the estimates obtained by the parametric VaR technique, since it does not include any assumptions on the statistical behavior of risk factors. The parametric VaR technique assumes fluctuations that can be modeled using normal statistical distribution.

Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors, which are particularly necessary for options transactions, although it must be emphasized that the risk associated with options has been a minor risk in the positions of the Treasury Desk at CaixaBank.

To confirm the suitability of the risk estimates, daily results are compared against the losses estimated under the VaR technique (backtesting). As required by bank regulators, the risk estimate model is checked in two ways:

. Net backtesting, which relates the portion of the daily marked-to-market result (in other words, that arising from the change in market value) of open positions at the close of the previous session to the estimated VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most appropriate means of performing a self-assessment of the methodology used to quantify risk.

. Gross back testing, which compares the total result obtained during the day (therefore including any intraday transactions) with the VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and calculating the total risk of the portfolio.

Lastly, two stress testing techniques are used on the value of the treasury positions to calculate the possible losses on the portfolio in situations of extreme stress:

. Systematic stress testing: this technique calculates the change in value of the portfolio in the event of a specific series of extreme changes in the main risk factors. It considers parallel interest rate shifts (rising and falling), changes at various points of the slope of the interest rate curve (steepening and flattening), increased and decreased spread between the instruments subject to credit risk and government debt securities (bond-swap spread), parallel shifts in the dollar and euro curves, higher and lower volatility of interest rates, appreciation and depreciation of the euro with respect to the dollar, the yen and sterling, increases and decreases in exchange rate volatility; increases and decreases in share prices, and, lastly, higher and lower volatility of shares and commodities.

. Analysis of historic scenarios: this technique addresses the potential impact of actual past situations on the value of the positions held, such as the collapse of the Nikkei in 1990, the US debt crisis and the Mexican peso crisis in 1994, the 1997 Asian crisis, the 1998 Russian debt crisis, the growth of the technology bubble in 1999 and its collapse in the year 2000, the terrorist attacks that have caused the most severe effects on finance markets in recent years, the credit crunch of the summer of 2007, the liquidity and confidence crisis triggered by the failure of Lehman Brothers in September 2008, and the increase in credit differentials in peripheral euro-zone countries by contagion of the financial crisis in Greece and Ireland in 2010 or the Spanish debt crisis in 2011.

To complete these analyses of risk in extreme situations, a "worst-case scenario" is determined as the state of the risk factors in the last year that would cause the heaviest losses on the current portfolio. This is followed by an analysis of the "distribution tail", i.e. the size of the losses that would ensue if the market change causing the losses were calculated on the basis of a 99.9% confidence level.

As part of the required follow-up and control of the market risks taken, Management approves a structure of overall VaR and sensitivity limits for Treasury Area activity. The risk factors are managed by the Deputy General Treasury and Capital Markets Management Division on the basis of the return/risk ratio determined by market conditions and expectations. The Corporate Risk Models Division is in charge of monitoring compliance with these thresholds and the risks undertaken, and produces a daily report on position, risk quantification and the utilization of risk thresholds, which is distributed to Management, Treasury Desk executives and the Internal Audit division.

The description of the management of other risks has been moved to section G.1. This description forms an integral part of section D.1 and has only been separated due to a lack of space. Note 3 to the CaixaBank Group's consolidated financial statements contains additional information.

D.2 Indicate whether the company or group has been exposed to different types of risk (operational, technological, financial, legal, reputational, fiscal...) during the year.

YES

If so, indicate the circumstances and whether the established control systems worked adequately.

**Risks occurring in the year**

Balance sheet interest rate risk

**Circumstances responsible for this occurrence**

No critical risks occurred in 2011.

**Operation of control systems**

No critical risks occurred in 2011.

**Risks occurring in the year**

Credit risk

**Circumstances responsible for this occurrence**

NPL rate. At December 31, 2011, the Groups non-performing loans totaled 9,567 million euros (4.90%), with an increase of 2,331 million euros over January 1, 2011 (€7,236 million: 3.65%).

This situation compares very favorably with that of the resident private sector in the system total, which in eleven months has increased from 5.81% (December 31, 2010) to 7.51% (November 30, 2011, the last available date).

Real estate development and foreclosed assets. At December 31, 2011, the Group's gross financing of real estate development stood at 22,438 million euros (€26,284 million at December 31, 2010) and the net carrying amount of foreclosed assets was 1,140 million euros (at January 1, 2011, the Group had no foreclosed assets on its balance sheet).

**Operation of control systems**

The aforementioned risks are a result of the current adverse economic climate.

Control systems have worked correctly and enabled these risks to be managed adequately.

The Group's Board of Directors has been informed of their performance.

**Risks occurring in the year**

Market risk

**Circumstances responsible for this occurrence**

This year, the average VaR for the treasury area's trading activities was 4.5 million euros. The highest levels reached a maximum of 15.1 million euros in November, mainly as VaR anticipates a potentially different performance in the daily market value of (primarily Spanish) sovereign debt positions compared to the derivative instruments used to manage interest-rate risk.

**Operation of control systems**

Control systems have worked correctly, enabling it to manage the risk effectively.

The Group's Board of Directors has been informed of their performance.

**Risks occurring in the year**

Liquidity Risk

**Circumstances responsible for this occurrence**

Since the second half of 2007, financial markets have suffered the impact of an international crisis that continues at present. As a result of this crisis, wholesale funding markets have remained totally or partially closed, and due to the lack of economic growth and the increase in public indebtedness, a sovereign debt crisis has occurred in the majority of European countries. Therefore, the entity is carrying on its business in an adverse climate owing to the difficulties of Spanish banks in accessing wholesale funding markets and the uncertainty that has arisen regarding European sovereign debt.

The entity has dealt with these difficulties by implementing mechanisms to manage its liquidity in a secure manner:

- o Maintaining a comfortable liquidity cushion and prudent business limits.
- o Provision of a number of ordinary financing programs and a significant financing capacity through instruments of the highest quality like mortgage or public-sector covered bonds.
- o An issues policy with low dependence on wholesale markets and a balanced distribution of maturities.
- o The entity has a comfortable cushion of collateralized assets in the ECB that allow for immediate liquidity, with the objective of dealing with any liquidity tensions or crisis situations.
- o Availability of a Liquidity Risk Contingency Plan with an action plan for each of the established crisis scenarios, with details of commercial, institutional and communication measures to deal with such situations.

**Operation of control systems**

Control systems have worked correctly, enabling it to manage the risk effectively.

The Group's Board of Directors has been informed of their performance.

D.3 Indicate whether there is a committee or other governing body in charge of establishing and supervising these control systems.

YES

If so, please explain its duties.

**Name of the Committee or Body**

AUDIT AND CONTROL COMMITTEE

**Description of duties**

Without prejudice to the duties of the Board of Directors with regard to risk management and control, the Audit and Control Committee oversees the process for preparing and submitting regulated financial information and the effectiveness of the Company's internal control and risk management systems and to discuss with auditors any significant weaknesses in the internal control system identified during the course of the audit.

D.4 Identify and describe the processes for compliance with the regulations applicable to the company and/or its group.

The procedures implemented by the Entity for compliance with the different regulations to which it is subject are established, at an initial level, by the areas or departments thereof, as these are firstly responsible for the risks and procedures to mitigate them. The Regulatory Compliance Department exercise the second level of control and the third level of control is exercised by the Audit Department.

Furthermore, control of compliance procedures is subject, in some cases, to external audits performed in specific matters, and to the existence of internal committees.

The Regulatory Compliance and Audit Departments are detailed below:

**Regulatory Compliance**

CaixaBank's compliance policy is based on the principles of integrity and ethical conduct, the cornerstones of the CaixaBank Group's business.

The mission of Regulatory Compliance focuses on management of the risk of legal or regulatory penalties, financial, material or reputational loss that may be incurred by CaixaBank as a result of failure to comply with laws, regulations, regulatory standards or codes of conduct. The sphere of action encompasses CaixaBank and its subsidiaries, and focuses on legal and reputational risk both in Spain and abroad, largely in the areas of the Securities Markets, Personal Data Protection and Anti-Money Laundering.

This task involves carrying out a number of activities (goals), specifically: a regular evaluation of the suitability and efficiency of the procedures introduced to ensure compliance with legal requirements, helping the different areas in the Entity comply with the prior obligations, the creation, dissemination and implementation of a culture of compliance at all levels in the Entity, training Senior Executives with respect to regulatory compliance and drawing up and/or promoting internal rules and codes, or, where applicable, improving those that already exist and informing the governing bodies.

To achieve these objectives, the Regulatory Compliance Department prepares procedure review reports, specific reports, reports monitoring the improvements and the activities of the Code of Conduct on Matters Relating to the Securities Market. Furthermore, a Department representative sits on several of the Entity's internal committees.

The monthly monitoring of improvements addresses those aspects liable to improvement that have been identified in the Departments, which are called upon to provide an action plan to mitigate the risks identified.

The Regulatory Compliance Department also includes the prevention of money laundering and financing terrorism through a Money Laundering Prevention Unit which forms part of the Department.

## Internal Audit Department

The CaixaBank Group's Internal Audit Department depends on the Deputy General Manager of Audit, Internal Control and Regulatory Compliance, which is part of the Institution's Management Committee. The Deputy General Manager systematically reports to the Executive Deputy Chairman-CEO, and to the Audit and Control Committee, the supervisory body of the Internal Audit Department.

Its mission is to guarantee the effective supervision, with ongoing assessment of the internal control system, and management of the organization's risks, performing an independent corporate function to foster good corporate governance. In addition to the CaixaBank audit teams, it is supported by the audit departments of the investees VidaCaixa and Finconsum.

CaixaBank's Internal Audit Department and that of its parent are managed by the same individual, without undermining the hierarchical dependence which each audit team has with regard to their respective control and supervisory bodies in each company.

Auditing is strategically focused on detecting, supervising and monitoring the Group's main risks. Its purpose is to maintain the possible impact of risks on the achievement of the Group's goals at reasonable levels and to provide added value through its actions. Its organization and working methodology are centered on attaining these goals.

The methods currently used are based on identifying the main risks inherent to the Group, the processes in which they may arise, and the controls to mitigate these risks. The list of risks, processes and controls, which is updated annually, is used for assessing the Group's internal control system and for producing a Residual Risk Map in the ongoing audit engagements.

The Internal Audit Department also verifies compliance with internal policies and applicable regulations, as well as the effectiveness and efficiency of the and controls established, and issues recommendations in cases where weaknesses are detected. It is also responsible for internal supervision within the global risk management framework of Basel: Pillar 1 (credit risk, operational risk and market risk), Pillar 2 (SRP – the supervisory review process and other risks) and Pillar 3 (prudent management of enhanced disclosure).

## E - GENERAL SHAREHOLDERS' MEETINGS

E.1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's bylaws. Describe how it differs from the system established in the LSA.

NO

	<b>Quorum % other than that established in article 102 of the LSA for general cases</b>	<b>Quorum % other than that established in article 103 of the LSA for the special cases described in article 103</b>
<b>Quorum required for first call</b>	0	0
<b>Quorum required for second call</b>	0	0

E.2 Indicate and, as applicable, describe the differences between the company's system for adopting corporate resolutions and the framework set forth in the LSA.

NO

Describe how they differ from the rules established under the LSA.

**E.3 List all shareholders' rights regarding the General Shareholders' Meetings other than those established under the LSA.**

The company's Bylaws and the Regulations of the General Meeting recognize all shareholders' rights established under the Corporate Enterprise Act.

In the manner and within the terms laid down in law, the Board of Directors must provide the information that the shareholders request, pursuant to the stipulations therein, except in cases where this is legally inadmissible, and in particular when, in the Chairman's opinion, making such information public would be detrimental to the interests of the Company. This exception will not apply when the request is supported by shareholders who represent at least one quarter (1/4) of the share capital.

In addition, the shareholders of CaixaBank may access information on the Annual Financial Statements, the management report and the audit report, both individual and consolidated, as well as proposed resolutions, reports and other documentation submitted at the General Shareholders' Meeting for approval on the company's corporate website ([www.caixabank.com](http://www.caixabank.com)).

The Bylaws, the Regulations of the General Meeting and of the Board of Directors as well as CaixaBank's Code of Conduct on Matters Relating to the Securities Market are available on the website along with the Internal Protocol of Relationships between CaixaBank and Caja de Ahorros y Pensiones de Barcelona, la Caixa.

It is also important to mention that on occasion of the notice of a meeting and prior to the scheduled date for each General Meeting, the company sets up an Electronic Shareholders' Forum on its website. The forum features the necessary security measures and is available to individual shareholders and to any voluntary groups of shareholders that may be created in accordance with applicable law, the aim being to raise awareness of, and provide information on the General Meeting before it is held. Shareholders may use the forum to post any additional motions they may wish to add to the agenda published in the notice of meeting, along with requests for adherence to such proposed motions, initiatives aimed at reaching the legally envisaged percentage for exercising minority rights, and likewise offers of, or requests for, voluntary representation.

The company's Bylaws and the Regulations of the General Meeting stipulate that all shareholders who own at least one thousand (1,000) shares, whether individually or when pooled with other shareholders, will be entitled to attend the General Meeting, insofar as they have such shares recorded in the corresponding book-entry register at least five (5) days ahead of the scheduled date for the meeting.

**E.4 Indicate the measures, if any, adopted to encourage shareholder participation at General Shareholders' Meetings.**

The company's Bylaws and, more specifically, the Regulations of the General Meeting, guarantee and facilitate the exercise of the shareholders' rights regarding the General Meeting; shareholders may, among other matters, request information about the Agenda prior to or at the Meeting; they have access to the General Meeting documents through the company's website;



they can benefit from simultaneous interpretation services at the General Meeting and have the possibility of delegating their right to vote on proposed resolutions pertaining to the items included on the agenda or exercising this right by postal, electronic correspondence or any other remote communications means.

In addition, the company sets up an Electronic Shareholders' Forum on its website, the aim being to facilitate communication between shareholders. On this forum, they can post any additional motions to the agenda published in the notice of meeting, along with requests for adherence to such proposed motions, initiatives aimed at reaching the legally envisaged percentage for exercising minority rights, and likewise offers of, or requests for, voluntary representation.

As in previous years, and in addition to the measures expressly stated in its internal regulations, in its last Meeting, the company adopted further measures to encourage shareholder participation: the meeting notice was published in more public communication media than legally required, specifying the probability that the Meeting would be held at first call; useful information aimed at facilitating the attendance and participation of shareholders was published on the company's website, such as instructions on exercising or delegating voting rights or information about the venue for the General Meeting and instructions on how to get there; an e-mail address and telephone number for the shareholders to use should they have any doubts regarding the meeting; facilities and special areas reserved for disabled shareholders as well as sign language interpreters; and the possibility of following the Meeting live on the company's website.

**E.5 Indicate whether the General Shareholders' Meeting is presided by the Chairman of the Board of Directors. List measures, if any, adopted to guarantee the independence and correct operation of the General Shareholders' Meeting.**

YES

Details of measures
<p>The General Meeting is chaired by the Chairman of the Board of Directors and, in the absence thereof, by the Deputy Chairman. In the absence of the former and the latter, the more senior director shall act as Chairman. The company's Regulations of the General Meeting detail the operation of the meeting in order to guarantee its independence and correct operation.</p> <p>Additionally, on its own initiative, the Board of Directors requires the presence of a Notary to take minutes during the General Meeting, guaranteeing the neutrality of the record to shareholders.</p>

**E.6 Indicate the amendments, if any, made to the General Shareholders' Meeting regulations during the year.**

The Regulations of the General Shareholders' Meeting of CaixaBank is the result of the re-wording of the Regulations of the General Shareholders' Meeting of Criteria CaixaCorp, along with the text of articles 3 ("Types of General Meeting"), 5 ("Call to General Meetings"), 10 ("Proxies to Attend the General Meeting"), 11 ("Organization of the General Meeting"), 12 ("Quorum for the General Meeting") and 13 ("Chairman, Secretary, and Head Table"), as well as the introduction of a new article, 7 bis ("Online Forum for Shareholders").

The aforementioned changes to the Regulations of the General Shareholders' Meeting of CaixaBank came into effect on June 30 and were entered in the Barcelona Companies Registry on July 13, 2011.

E.7 Indicate the attendance figures for the General Shareholders' Meetings held during the year.

Attendance figures					
Date of general meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
12/05/2011	79.657	12.264	0.003	0.217	92.141

E.8 Briefly indicate the resolutions adopted at the General Shareholders' Meetings held during the year and the percentage of votes with which each resolution was adopted.

The resolutions adopted at the General Shareholders' Meeting on May 12, 2011 and the percentage of votes by which each resolution was adopted are as follows:

- 1) Individual and consolidated annual financial statements and management reports for the year 2010 - 98.8740%;
- 2) Board of Directors' management - 98.8496%;
- 3) Proposed appropriation of profit - 98.8748%;
- 4.1) Capital increase charged to reserves. Choice of selling their free subscription rights to the company or selling them on the market - 98.8421%;
- 4.2) Second capital increase charged to reserves. Choice of selling their free subscription rights to the company or selling them on the market - 98.8409%;
- 5) Third capital increase charged to reserves. Choice of selling their free subscription rights to the company or selling them on the market - 98.8396%;
- 6) Modification of corporate Bylaws to adapt them to recent regulatory changes - 98.8707%;
- 7) Other modifications of corporate Bylaws - 98.8019%;
- 8) Participation in the 'la Caixa' Group's reorganization: swap, capital increase and merger - 98.6801%;
- 9) Spin-off of microcredit business from Microbank - 98.8540%;
- 10) Amendments to the Regulations of the General Shareholders' Meeting - 98.8536%;
- 11) Information on amendments to the Regulations of Board of Directors - No voting as it is an information item;
- 12) Authorization to increase capital via monetary contributions and for a maximum nominal amount of €1,681,444,918.5 - 98.6639%;
- 13) Delegation of powers to issue convertible and/or exchangeable securities, warrants or other analogous securities - 98.7077%;
- 14) Delegation of powers to issue fixed income securities or similar debt instruments - 98.8417%;
- 15.1) Setting the number of members of the Board of Directors at eighteen (18) - 97.0810%;

- 15.2) Appointment of Juan José López Burniol - 97.0987%;
- 16) Authorization for the derivative acquisition of treasury stock - 98.8271%;
- 17) Authorization to the members of the Board in accordance with article 230 of the Corporate Enterprise Act - 98.6796%;
- 18) Reappointment of the Auditors of the Accounts of the company and its consolidated group for 2012 - 98.8307%;
- 19) Advisory vote on the report on directors' remuneration policy - 97.9654%;
- 20) Authorization and delegation of powers in favor of the Board of Directors in order to execute the above resolutions – 98.8707%.

E.9 Indicate whether the bylaws impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings.

YES

<b>Number of shares required to attend the General Shareholders' Meetings</b>	1000
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E.10 Indicate and explain the policies pursued by the company with reference to proxy voting at the General Shareholders' Meeting.

As stipulated in the Bylaws and, more specifically, the Regulations of the General Meeting, any shareholder entitled to attend may grant a proxy authorizing another person, whether or not a shareholder, to represent them at the General Meeting. Proxies must be appointed specifically for each meeting, in writing or by means of remote communication that duly guarantees the identities of the principal and the proxy.

If a public request for representation is effected in accordance with Article 186 of the Corporate Enterprise Act, the director that obtains such representation will be subject to the limitation on voting rights envisaged under Article 526 of the same Act.

Prior to the General Shareholders' Meeting of May 12, 2011, the Board of Directors approved the use of voting and delegation via electronic communication, and established the methods and rules to grant representation and the casting of votes via distance communication, both by post and by e-mail. The company included this information in the General Shareholders' meeting notice and on the company's website.

In addition, the company set up an Electronic Shareholders' Forum on its website, the aim being to facilitate communication between shareholders prior to the Meeting, under the terms of the Corporate Enterprise Act, whose rules of procedure were approved by the Board of Directors of the company.

E.11 Indicate whether the company is aware of the policy of institutional investors on whether or not to participate in the company's decision-making processes.

NO

E.12 Indicate the address and mode of accessing corporate governance content on your company's website.

The CaixaBank website ([www.caixabank.com](http://www.caixabank.com)) contains and disseminates all the information required by the Corporate Enterprise Act and Ministerial Order ECO/3722/2003, of December 26.

There is a specific section on the main page of the CaixaBank corporate website entitled: Shareholders and Investors, where corporate governance information can be consulted under the section named Corporate Governance.

The website also has other sections that complement this information and provide further information.

## F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with Corporate Governance recommendations. Should the company not comply with any of them, explain the recommendations, standards, practices or criteria the company applies.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23, E.1 and E.2

Compliant

2. When a parent and a subsidiary are listed on the stock market, the two should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Compliant

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:

a) The transformation of listed companies into holding companies through the process of subsidiarization, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;

b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;

c) Operations that effectively add up to the company's liquidation.

Compliant

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Compliant

5. Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

- a) The appointment or ratification of directors, with separate voting on each candidate;
- b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

Compliant

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Compliant

7. The Board of Directors should perform its duties with unity of purpose and independent judgment, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximize its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfills its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. The board should see the core components of its mission as to approve the company's strategy and authorize the organizational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in plenary session should reserve the right to approve:

- a) The company's general policies and strategies, and in particular:
  - i) The strategic or business plan, management targets and annual budgets;
  - ii) Investment and financing policy;
  - iii) Design of the structure of the corporate group;
  - iv) Corporate governance policy;
  - v) Corporate social responsibility policy;
  - vi) Remuneration and evaluation of senior officers;
  - vii) Risk control and management, and the periodic monitoring of internal information and control systems;
  - viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: B.1.10, B.1.13, B.1.14 and D.3

- b) The following decisions :

i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14

ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B.1.14

iii) The financial information that all listed companies must periodically disclose.

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;

v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorization need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form contracts applied on an across-the-board basis to a large number of clients;
2. They go through at market rates, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favorable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the Board in plenary session.

See sections: C.1 and C.6

Compliant

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Explain

At December 31, 2011 the Board of Directors comprised 17 members.

The composition of the Board is deemed to be suitable to ensure maximum effectiveness and participation with a wide variety of opinions.

10. External, proprietary and independent directors should occupy an ample majority of board places, while the number of executive directors should be the required minimum, bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14

Compliant

11. In the event that some external director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders.

See section: B.1.3

Compliant

12. That among external directors, the relation between proprietary and independent directors should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

- 1) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
- 2) In companies with a plurality of shareholders represented on the board but not otherwise related.

See sections: B.1.3, A.2 and A.3

Compliant

13. The number of independent directors should represent at least one third of all board members.

See section: B.1.3

Compliant

14. The nature of each director should be explained to the General Shareholders' Meeting, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or, where applicable, reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. This Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

Compliant

15. When women directors are few or nonexistent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

- a) The process of filling board vacancies has no implicit bias against women candidates;
- b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

See sections: B.1.2, B.1.27 and B.2.3

Compliant

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organize and coordinate, along with the chairmen of the relevant board committees, regular evaluations of the board and, where appropriate, the company's chief executive officer.

See section: B.1.42

Compliant

17. When the Board's Chairman is also the company's chief executive officer, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.

See section: B.1.21

Not applicable

18. The Secretary should take care to ensure that the board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;
- c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to strengthen the independence and professionalism of the Secretary post, his or her appointment and removal should require a report from the Nomination Committee, and approved by the board in plenary session; the relevant appointment and removal procedures being spelled out in the board's regulations.

See section: B.1.34

Compliant

19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Compliant

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Partially compliant

Director absences occur when directors are unable to attend. Proxies, when granted, do not generally include specific instructions for the proxyholder, so that the proxyholder can adhere to the outcome of the discussion by the Board.

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Compliant

22. The board in plenary session should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the board's operation;
- b) Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;



c) The performance of its committees on the basis of the reports furnished by the same.

See section: B.1.19

Compliant

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B.1.42

Compliant

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41

Compliant

25. Companies should organize induction programs for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programs when circumstances so advise.

Compliant

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their board members can hold.

See sections: B.1.8, B.1.9 and B.1.17.

Compliant

27. The proposal for the appointment of directors which the board submits to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

a) On the proposal of the Nomination Committee, in the case of independent directors.

b) Subject to a report from the Nomination Committee in all other cases.

See section: B.1.2

Compliant

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise;

c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.

d) The date of their first and subsequent appointments as a company director, and;

e) Shares held in the company and any options on the same.

Compliant

29. Independent directors should not stay on as such for a continued period of more than 12 years.

See section: B.1.2

Compliant

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

Compliant

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26.

Compliant

32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organization's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in article 124 of the Public Limited Companies Law, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Compliant

33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage corporate interests. In particular, independent and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation should also apply to the Secretary of the board, whether a director or otherwise.

Not applicable

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

Compliant

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

- a) the amount of the fixed components, itemized where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;
- b) Variable remuneration components, in particular:
  - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items;
  - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
  - iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and
  - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
- c) The main characteristics of the benefits (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
- d) The conditions to apply to the contracts of executive directors exercising senior management functions, among them:
  - i) Duration;
  - ii) Notice periods; and
  - iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15

Compliant

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Compliant

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Compliant

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Not applicable

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of this kind.

Not applicable

40. The board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Compliant

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

- a) A breakdown of the compensation obtained by each company director, to include where appropriate:
  - i) Participation and attendance fees and other fixed director payments;
  - ii) Additional compensation for acting as chairman or member of a board committee;
  - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
  - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
  - v) Any severance packages agreed or paid;
  - vi) Any compensation they receive as directors of other companies in the group;
  - vii) The remuneration executive directors receive in respect of their senior management posts;
  - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemized by:

- i) Number of shares or options awarded in the year, and the terms set for their execution;
  - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
  - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
  - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of the company's results.

Compliant

42. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

Compliant

43. The board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Explain

The board is kept fully informed of the business transacted and decisions made by the Executive Committee. However, Board members do not receive a copy of the Committee minutes.

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form one committee, or two separate committees, for Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees for Nomination and Remuneration should be set forth in the board regulations, and include the following:

- a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board meeting in plenary session following each meeting;
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.
- c) Committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) The minutes for the meetings should be written up and a copy sent to all board members.

See sections: B.2.1 and B.2.3

Partially compliant

As stipulated in article 14.4 of the Regulations of the Board of Directors, minutes of the Appointments and Remuneration Committee meetings shall be available to all Board members through the office of the Secretary, but shall not be forwarded or delivered for reasons of discretion, unless otherwise ordered by the Chairman of the Committee.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Compliant

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Compliant

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Compliant

48. The head of the internal audit function should present an annual work program to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

Compliant

49. The control and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place to mitigate the impact of risk events, should they occur;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See sections: D

Compliant

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Review internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.
- c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit department; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect to the external auditor:

- a) Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of the engagement thereof.

- b) Receive regular information from the external auditor on the progress and findings of the audit program, and check that senior management are acting on its recommendations.
- c) Monitor the independence of the external auditor, to which end:
  - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
  - ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
  - iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.
- d) In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Compliant

51. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to the board prior to board decision-making:

- a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim financial statements are drawn up under the same accounting principles as the annual financial statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except where their scrutiny has been entrusted to another supervision and control committee.

See sections: B.2.2 and B.2.3

Compliant

53. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

Compliant

54. The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent directors.

See section: B.2.1

Compliant

55. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organize, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the board.
- d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Compliant

56. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to cover any vacancies to the Nomination Committee for its consideration.

Compliant

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding:
  - i) The remuneration policy for directors and senior officers;
  - ii) The individual remuneration and other contractual conditions of executive directors.
  - iii) The standard conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14 and B.2.3

Compliant

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant

## **G - OTHER INFORMATION OF INTEREST**

List and explain below the contents of any relevant principles or aspects of corporate governance applied by the company that have not been covered by this report.

NOTES:

A.2 - Caja de Ahorros y Pensiones de Barcelona (la Caixa) subscribed and paid up the entire share capital increase of CaixaBank, S.A. on June 30, 2011 and announced this as a Significant Event on the same date. This produced an 81.518% holding in CaixaBank.



A.8 - Within the framework of authorization to acquire treasury stock granted by the CaixaBank General Shareholders' Meeting, in order to increase the liquidity of shares on the market and regularize their trading, on July 29, 2010 the Board of Directors approved the acquisition of company shares up to a maximum net balance of 50 million shares, provided the net investment was less than €200 million. This authorization also includes a disposal entitlement, depending on the prevailing market conditions.

Likewise, notwithstanding the authorizations approved by the Company's Board of Directors in connection with purchase and disposal of treasury shares, specifically for shares arising from exercise of the right of withdrawal as a result of the resolutions concerning the merger by absorption of MicroBank de "la Caixa", S.A., Sociedad Unipersonal by the Company, and subsequent changes to the Company's corporate purpose, approved by the Company's General Shareholders' Meeting on May 12, 2011, on June 17, 2011 the Board of Directors agreed to authorize disposal of these shares by any lawful means.

Thus, since there is a specific Board agreement for shares arising from exercise of the right of withdrawal, these shares are not taken into consideration for the purposes of calculating the investment threshold stipulated in the authorization of July 29, 2010 by the Board of Directors.

A.10 - CaixaBank's Bylaws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend.

B.1.3 - In his capacity as the Company's Chief Executive Officer, in accordance with the Definitions of the Unified Good Governance Code, Mr. Juan María Nin Génova is considered as an Executive Director. However, since he was appointed to represent the holding of Caja de Ahorros y Pensiones de Barcelona, la Caixa, at CaixaBank he is also considered to be a Proprietary Director.

CaixaBank directors whose appointment was not proposed/notified by the Appointments and Remuneration Committee are members appointed by the sole shareholder prior to the creation of said Committee and the company's IPO. In the case of Juan María Nin Génova, the Appointments and Remuneration Committee proposed his appointment as Deputy Chairman and Chief Executive Officer.

B.1.7 - The information on directors and directorships at other Group Companies refers to year-end.

This section includes Group Companies and Jointly Controlled Entities at the end of the financial year. Thus this section does not include the posts held by CaixaBank directors at Companies which were considered as Group Companies or Jointly Controlled Entities until June 30, 2011, when a number of reorganization transactions were carried out at the 'la Caixa' Group (the 'Reorganization Transactions'), as a result of which CaixaBank became the bank through which 'la Caixa' indirectly carries on its financial activity.

It does, however, include the posts held by CaixaBank directors at Companies which, following the 'la Caixa' Group's reorganization transactions, entered the scope of consolidation as CaixaBank Group Companies or Jointly Controlled Entities.

B.1.8 - The information on directors and directorships at other listed companies refers to year-end.

B.1.11 - The remuneration of directors in 2011 as reported in section B.1.11 takes the following aspects into consideration:

- . On June 30, Mr. Nin became CEO of CaixaBank.
- . Mr. Gortázar held the post of CEO at Critería CaixaCorp until June 30, 2011. He tendered his resignation from the Board of Directors of CaixaBank on December 28, 2011.
- . Mr. López Burniol was appointed as director by the General Shareholders' Meeting of May 12, 2011.
- . Mr. Slim resigned his directorship on November 3, 2011, and this vacancy was filled on the same date by the appointment of Mr. Reed.
- . A number of changes were made to the various committees after the General Shareholders' Meeting of May 12, 2011. The annual remuneration per director and/or committee, however, has not been increased.

B.1.11.b) – Group companies are understood as those controlled exclusively by the Company, and therefore we have not included remuneration for Company directors holding directorships at other companies – listed or otherwise – which are jointly controlled entities or entities in which the Company owns a stake but are not controlled by it.

C.4 - The aggregate of open positions with CaixaBank at December 31, 2011 is included, with a distinction made in credit accounts between the amounts drawn and the amounts drawable, provided the sum of both items meets the requirements to be considered a significant operation and thus exceeds 5% of the capital requirements of the Financial Conglomerate.

D.1 - Below we include certain remarks on the sections of D.1 (Risk management), as follows: Internal validation, Operational risk, Structural balance sheet risk and Liquidity risk.

#### Internal validation

The New Basel Capital Accord focuses on determining the minimum capital re

With regard to credit risk, entities are allowed to use internal rating models and their own estimates of risk parameters to determine capital requirements.

The importance of the process for determining capital requires the utilization of suitable control features to ensure the estimates are reliable. The Bank of Spain establishes internal validation as a mandatory pre-requisite for supervisory validation, and requires the process to be carried out by an independent specialized division within the entity. It must also be carried out on a continuous basis at the entities, as a complementary feature to traditional control functions (internal audit and supervision).

The validation function at CaixaBank is carried out by the Internal Validation unit as part of the General Secretariat and Validation Subdivision, which reports directly to the General Risk Division, guaranteeing the independence of the teams developing and implementing internal models.

The main goals of Internal Validation are to issue an opinion as to whether the internal models are suitable for management and regulatory purposes, identifying all their relevant uses, and to assess whether the risk management and control procedures are in line with the Institution's risk profile and strategy. The function must also support Senior Executives (especially the Global Risk Management Committee) in their responsibilities regarding approval of the use of the internal models, and coordinate the supervisory validation process with the Bank of Spain.

The Internal Validation unit's working methodology is based on the preparation of annual plans, with a distinction made between tasks relating to regulatory compliance and the specific reviews planned.

Regulatory compliance activities comprise:

Validation cycles, a set of regular reviews used to conduct an annual analysis on each IRB approach in terms of its performance and integration within the risk management processes. This guarantees an updated opinion on the state of the internal models and their uses.

Exhaustive reviews following major modifications to IRB models that require a preliminary opinion by Internal Validation.

Regulatory reporting (IRB Monitoring Dossier, Internal Validation Report).

In addition, reviews may be conducted in order to further address aspects encountered in the validation cycles or as requested by the supervisor or the areas concerned.

In 2010 the scope of Internal Validation was broadened to include market risk. The validation framework for market risk was set up in the course of 2010, and the first validation report concerning a major modification to the internal market risk model was produced during the first quarter of 2011.

#### Operational risk

The Global Risk Committee is the management body that defines the strategic lines of action and monitors operational risk profiles, the main loss scenarios, and the steps to be taken to mitigate them.

There are two main lines of action: training employees so that they have the necessary experience and information they need to carry out their functions, and systematic recurring reviews of business and operating processes, putting improvements and new controls in place. Moreover, where necessary the CaixaBank Group transfers the risk to third parties by taking out insurance policies.

CaixaBank is developing a strategic project, encouraged by Management and in keeping with Bank of Spain proposals and regulations, for the implementation of a single comprehensive operational risk measurement and control model across the entire Group. Group level management covers companies within the scope of application of Bank of Spain Capital Adequacy Circular 03/2008 and conforms with the "Operational Risk Management Framework". This document defines the objectives, policies, management model and measurement methodologies relating to operational risk.

The overall objective at the CaixaBank Group is to improve the quality of business management based on information concerning operational risks, aiding decision-making to ensure the organization's long-term continuity and improving processes and the quality of customer service, while complying with the established regulatory framework and optimizing the use of capital.

The responsibilities for implementing the organizational model are distributed as follows:

- . Areas of business and support, and subsidiaries: responsible for identifying, assessing, managing, controlling and communicating operational risks within their activities. The operational risk coordinators at each center play a crucial role.
- . Operational Risk: defining, implementing and standardizing the model for management, measurement and control of operational risk at the CaixaBank Group. It assists the various areas of business and subsidiaries, and consolidates reporting information for Management. It operates as part of the Credit Risk Methodologies and Models Division, reporting to the Executive Global Risk Management Division (within the Global Risk Management Division).
- . Internal Audit: responsible for monitoring trends in current legislation, calculating capital requirements in relation to operational risk and implementing the established operational risk assessment, control and management procedures.

The operational risk management model and policies establish an ongoing process based on the following:

- . Identification and detection of all current and potential operational risks, based on qualitative techniques –the opinion of process experts and risk indicators– and procedures for the management of operational risks, in order to define the operational risk profile for the CaixaBank Group. An objective is in place to conduct an annual assessment and qualitative measurement of operational risks targeting the main operational risks. The measurements are based on expected loss and VaR.
- . Quantitative assessment of operational risk using actual data on losses recorded by the operational events database.
- . Active management of the Group's risk profile, which involves establishing a reporting model at all levels of the organization to assist with decision-making aimed at mitigating risk (setting up new controls, developing business continuity plans, re-engineering processes, taking out insurance against potential contingencies and others), anticipating the possible causes of risk and reducing the economic impact. Monitoring of the main qualitative risks and real losses through remedial steps and action plans is the key to moving forward to achieve this management goal.

In 2011, the qualitative identification of risks within the scope of application of the management model was completed, a device which will serve as back-up to the monitoring process. The real loss reporting and main risk monitoring circuit was also strengthened. As for dissemination, the content of the Operational Risk website was revamped.

#### Management of structural balance sheet interest rate risk

Balance sheet interest rate risk is inherent to all banking activity. The balance sheet consists of clusters of assets and liabilities with different maturity dates and interest rates. Interest rate risk arises when changes in the curve structure of market rates affect these clusters, leading to their renewal at rates that differ from the previous ones with effects on their economic value and on net interest income. This risk is managed and controlled directly by CaixaBank Management, through the Asset-Liability Committee (ALCO).

The CaixaBank Group manages this risk with a two-fold objective: to reduce the sensitivity of net interest income to interest rate fluctuations and to preserve the economic value of the balance sheet. To attain these objectives, risk is managed on an active basis by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on the Entity's own balance sheet as a result of the complementary nature of the sensitivity to interest rate fluctuations of deposits and lending transactions arranged with customers.

The Deputy General Manager Treasury and Capital Markets Division is in charge of analyzing this risk, and of proposing to the Asset-Liability Committee hedging transactions in accordance with the targets. Carrying out this function involves the use of the following assessment measures.

The static gap reveals the spread of interest rate due dates and reviews, on a specific date, for sensitive items on the balance sheet. For items without a contractual maturity date (such as demand accounts), their sensitivities to interest rates and the expected due date are analyzed on the basis of past experience of customer behavior, including the possibility that the customer may withdraw the funds in these types of products. For other products, in order to define the assumptions for early termination, internal models are used which include behavioral variables of customers, products, seasonality and macro-economic variables to ascertain the future operations of customers.

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates and changes in the slope of the curve.

The sensitivity of equity to interest rates measures the potential effect on the present value of the balance sheet in the event of interest rate fluctuations. The sensitivities of net interest income and equity are measurements that complement each other and provide an overview of structural risk, which focuses more on the short and medium term, in the case of net interest income, and on the medium and long term in the case of equity.

VaR measurements are also applied in accordance with treasury-specific methodology (see the section on market risk). Earnings at risk (EaR) measurements are also taken in order to establish with a certain level of confidence (99%) the maximum loss of net interest income over the next two years, in due consideration of a given amount of balance sheet growth. This analysis also identifies the potential worst and best scenarios of all the simulated scenarios, thereby showing maximum levels of risk.

Regular reports are submitted to the Entity's Board of Directors regarding interest rate risk on the balance sheet, and checks are made to ensure compliance with specified limits.

In accordance with current regulations, the CaixaBank Group does not avail itself of its own funds for the structural interest rate risk undertaken, in view of the low risk profile of its balance sheet. Although the balance sheet interest rate risk undertaken by "la Caixa" is substantially below levels considered significant (outliers), in keeping with the proposals of Basel II, "la Caixa" continues to take a series of steps towards more intense monitoring and management of balance sheet interest rate risk.

#### Liquidity risk

The Asset and Liability Management (ALM) and Liquidity Division, which reports to the Deputy General Manager Treasury and Capital Markets Division, is responsible for analyzing liquidity risk.

The CaixaBank Group manages liquidity in such a way as to ensure that it is always able to meet its obligations on a timely basis, and that it never allows its investment activities to be diminished due to a lack of lendable funds. This objective is achieved through active management of liquidity, which consists of continuous monitoring of the balance sheet structure, by maturity dates, pre-empting the possibility of inadequate short- and medium-term liquidity structures, adopting a strategy that gives stability to sources of finance.

The analysis of liquidity risk is performed both under normal market conditions and crisis situations, in which various specific, systemic and combined crisis scenarios are considered, involving different severity assumptions in terms of reduced liquidity. Five crisis scenario categories are considered: three systemic crisis scenarios (macroeconomic crises, malfunctions on capital markets and alterations in payment systems), a specific crisis scenario (reputation crisis), and a combined crisis scenario deemed to be the worst-case scenario. The scenarios address different time horizons and LGD levels in accordance with the nature of the crisis analyzed. For each crisis scenario, "survival" periods are calculated (defined as the ability to continue to meet obligations assumed), with sufficient liquidity levels to cope successfully with the crisis situations considered. On the basis of the analyses, a Liquidity Risk Contingency Plan has been drawn up, defining an action plan for each of the crisis scenarios (systemic, specific and combined), with the measures to be taken on the commercial, institutional and disclosure level to deal with this kind of situation, including the possibility of using a number of stand-by reserves or extraordinary funding.

The Asset and Liability Management Committee (ALCO) monitors medium-term liquidity on a monthly basis through the analysis of time lags forecast in the balance sheet structure, and verifies compliance with the thresholds and operating lines of action approved by the Board of Directors. ALCO makes proposals to the Board of Directors on the optimum issues or finance/investment programs to suit market conditions and the instruments and terms needed to assist business growth. ALCO periodically monitors a series of indicators and warnings to detect signs of liquidity stress in order to adopt the corrective measures laid down in the Liquidity Risk Contingency Plan. A monthly analysis is also performed of the potential liquidity levels under each of the hypothetical crisis scenarios.

A monthly report is submitted to the Entity's Board of Directors regarding the state of liquidity, and checks are made to ensure compliance with specified limits.

Management of short-term liquidity ensures that liquid assets are permanently available on the balance sheet, i.e. it minimizes the structural liquidity risk inherent to the banking business. To assist with this management process, a daily breakdown of liquidity by due dates is made available by drawing up projections of future flows, providing information on the time structure of liquid assets at all times. The CaixaBank Group actively manages liquidity risk and, with a view to pre-empting possible lending funds requirements, it has several ordinary finance programs that cover the different maturity dates in order to guarantee the proper levels of liquidity at all times. These programs are the promissory notes scheme, the Framework Program for the Issue of Securities involving simple fixed-income and, additionally, as another prudent measure to prepare for potential stress on liquid assets or market crises, the CaixaBank Group has a series of guarantee deposits at the European Central Bank which it can use to obtain high levels of liquidity on short notice (ECB facility).

Since the CaixaBank Group avails itself of existing mechanisms in the financial markets to ensure levels of liquidity are consistent with its strategic goals, it avoids the concentration of maturity dates for its issues and has diversified sources of financing. Pursuant to current legislation, the Entity does not use its own funds for the liquidity risk it undertakes.

F.2 - Even though the controlling shareholder is not a listed company, the measures described in sections C.4 and C.7 have been adopted.

F.19 - Article 7.2 of the Regulations of the Board of Directors stipulates that the Chairman is vested with the ordinary authority to draw up the agenda for such meetings and to direct the debates.

However, all directors may request that additional items be included in the agenda.

F.31 - Pursuant to Article 33.2 of the CaixaBank Bylaws, directorships may be resigned or revoked, and directors may be reappointed. No distinctions are made between types of director.

Article 20 of the Regulations of the Board of Directors stipulates general and specific situations for each type of director in which directors must offer to tender their resignation to the Board of Directors and resign if the Board deems it appropriate.

With regard to independent directors, situations in which they must offer to tender their resignation to the Board of Directors and resign, if the Board deems it appropriate, are also mentioned in Article 20 of the Regulations of the Board of Directors.

F.35 - The Board established fixed remuneration for directors in accordance with their responsibilities and dedication, with the exception of the CEO, for whom the policy approved contemplated authorization for the Chairman to establish a bonus for him, informing the Appointments and Remuneration Committee to this end. Thus, in relation to the reorganization transaction of the 'la Caixa' Group whereby CaixaBank has become the bank through which 'la Caixa' indirectly carries on its financial activity, the Board of Directors approved the remuneration of the Deputy Chairman and CEO as proposed by the Appointments and Remuneration Committee, as well as his contract, which was placed at the disposal of the Board members.

This section may include any other relevant but not re-iterative information, clarification or detail related to previous sections of the report.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

Binding definition of independent director:

List any independent directors who maintain, or have maintained in the past, a relationship with the company, its significant shareholders or managers, when the significance or importance thereof would dictate that the directors in question may not be considered independent pursuant to the definition set forth in section 5 of the Unified Good Governance Code.

NO

Date and signature:

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on:

February 23, 2012

State whether any directors voted against or abstained from voting on the approval of this report.

NO

**APPENDIX TO THE CAIXABANK, S.A. ANNUAL  
CORPORATE GOVERNANCE REPORT FOR 2011**

## **Objective of the Appendix**

This document sets out the content of the additional information to the Annual Corporate Governance Report required by Article 65 bis of Law 24/1998, of 28 July, on the Securities Market, with the new wording introduced through Law 2/2011, on Sustainable Economy.

The inclusion of such information is not specifically set forth in any of the sections of the Annual Corporate Governance Report model currently in force, which was approved through Circular 4/2007, of 27 December. Consequently, the additional information required under the amendments introduced through the Sustainable Economy Act is included below.

## **Additional information**

- 1) Securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents:**

No securities issued by the Company are admitted to trading on a market of a non-Member State.

- 2) Any restrictions on the transfer of securities and restriction on voting rights**

There is no legal restriction or restriction in the Company's By-Laws on the acquisition or transfer of shares representing the share capital other than those set forth in Article 56 *ff* of Law 26/1988, of July 29, on Discipline and Supervision of Credit Entities, amended by Law 5/2009, of June 29, which set forth that persons wishing to acquire ownership interest of 10% or more of the voting rights or to increase, directly or indirectly, their stake in said ownership interest, such that their voting rights or share capital is equal to or greater than 20%, 30% or 50% of the total, must give prior notice to the Bank of Spain, which shall have 60 business days to object to the proposed transaction.

Nor does CaixaBank have legal restrictions or restrictions set forth in the By-Laws on voting rights. Nevertheless, as explained in Note Section G.1, A.10, of the ACGR, CaixaBank's By-



Laws and General Shareholders' Meeting Regulations stipulate that all shareholders who individually, or in a group with other shareholders, own a minimum of one thousand (1,000) shares, and who have registered ownership of same in the relevant book-entry ledger at least five days in advance of the date the General Meeting is to be held, may attend.

### **3) Rule governing an amendment to the Company's By-Laws**

Regarding amendments to CaixaBank's By-law, its regulations basically establish the same limits and conditions as those set forth in the Corporate Enterprise Act.

In addition, as a credit institution, and in accordance with the terms of Article 8.1 of Royal Decree 1245/1995, of 14 July, amendments to CaixaBank's By-Laws are governed by the authorization and registration procedure set forth therein. Nevertheless, certain amendments are not governed by the authorization procedure although they still must be reported to the Bank of Spain.

### **4) Significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company and the effects thereof. This shall not be applicable when the company is obliged to publish this information by law.**

Not applicable.

### **5) Agreements between the company and its board members or employees providing for compensation if they are made redundant without valid reason following a takeover bid.**

The Entity does, indeed, have agreements of this type in the event certain persons cease to render services. These agreements are always established between the person in question and the Company, based on a range of circumstances and the specific relationship in question. The factors that are taken into account include the person's responsibilities, post or position, and the legal nature of the relationship between the parties, among others. Nevertheless, the agreements can be divided into the three broad subgroups that are described below, along with some of their common characteristics.

- (i) By far the largest group of persons who perform services at the Institution are its employees. In general, employees (excluding executives) have ordinary, standard labor contracts. Their contracts do not contain clauses of this nature in the event of a termination of employment, and it is quite exceptional for one of them to have such a guarantee in the event their employment with the Company is ended. Almost no employees have clauses of this nature.
- (ii) Some executives have such an agreement with the Company. Obviously this is a very small minority, whose professional performance and responsibilities are highly important. All of the persons in the Company with such clauses have agreements on which reports are issued. Specifically, 23 persons render services that are considered more important and have such clauses in their contracts. Eleven of them currently belong to the Management Committee.
- (iii) We are not certain that the directors systematically have such clauses; consequently, it would be up to the CEO to determine if such clauses apply.
- (iv)

**6) Description of the main characteristics of the internal control and risk management systems as they pertain to the process for issuing regulated financial information.**

**FINANCIAL INFORMATION INTERNAL CONTROL**

**1 Entity's Control Environment**

Indicate the existence of at least the following components, describing their main characteristics:

1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

The Board of Directors of CaixaBank has formally assumed responsibility for ensuring the existence of a suitable, effective ICFR and has delegated powers to the Entity's Finance Department to design, implement and monitor same.

The Audit and Control Committee is charged with monitoring ICFR. Its monitoring activity seeks to ensure its continued effectiveness by gathering sufficient evidence of its correct design and operation.

The Entity has been notified of this role and an internal, classified Code has been drafted and approved by the Management Committee, to develop Internal Control over Financial Reporting.

1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:

- Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company, with particular regard to the financial reporting process.

CaixaBank's Board of Directors has entrusted its Executive Committee and Appointments and Remuneration Committee with reviewing the organizational structure and the lines of responsibility and authority at the Entity. The Organization and Quality business area designs the organizational structure of CaixaBank and proposes to the Entity's governing bodies any suitable changes. According to the organizational changes proposed, the Human Resources Department proposes/verifies appointments to carry out the responsibilities identified.

The lines of responsibility and authority for drawing up the Entity's financial information are clearly defined. It also has a comprehensive plan which includes, among other issues, the allocation of tasks, key dates and the various revisions to be carried out by each of the hierarchical levels. The above-mentioned lines of authority and responsibility have been duly documented and all of those people taking part in the financial reporting process have been informed of the same.

We would note that all CaixaBank Group entities subject to ICFR act in a coordinated manner. In this regard, the above-mentioned Internal Regulations enable the Entity to disseminate its ICFR methodology groupwide.

- Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The **CaixaBank Code of Business Conduct and Ethics**, which has been approved by the Board of Directors, sets out the core ethical values and principles that guide its conduct and govern the actions of all employees,

executives and officers. The Code is available to all employees in the Compliance section of the Entity's intranet

The ethical values and principles outlined in the Code are as follows: compliance with the law, respect, integrity, transparency, excellence, professionalism, confidentiality and social responsibility.

Employee notifications of breaches of the Code are taken before the Regulatory Compliance Unit, which shall receive them, study them and arrive at a solution while safeguarding the confidentiality of the sender. The Unit shall also propose corrective or disciplinary action.

The Entity also has in place a Code of Conduct on Matters Relating to the Securities Market which has been approved by the Board of Directors.

Its objective is to set out the rules governing CaixaBank's actions as well as its administrative bodies, employees and representatives, in accordance with the Securities Market Law and the corresponding implementing regulations. In addition, this Code of Conduct sets out CaixaBank's conflict of interest policy, in accordance with the above-referenced legislation.

With the overall purpose being to promote transparency in markets and to protect, at all times, the legitimate interests of investors.

The Code is available to all employees on the Regulatory Compliance section of the Entity's intranet and all employees to which it applies must adhere to it.

The following aspects are covered in the Regulation:

- Scope of application and control and compliance structure.
- Securities dealings for their own account by concerned persons.
- Treatment of privileged information and material information. general duties and separate areas.
- General duties and separate areas.
- Market abuse and suspicious operations.
- Conflicts of interest.
- Treasury shares.
- Depository of collective investment institutions and pension funds.

The Monitoring Committee is charged with analyzing any breaches and imposing corresponding corrective measures or disciplinary action.

- 'Whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating whether reports made through this channel are confidential.

Compliance with the *CaixaBank Code of Business Conduct and Ethics* by all Covered Parties ensures that they respect the values, principles and rules of the Code, in their professional interactions within the Company and their external relations with shareholders, customers, suppliers and society in general.

Potential breaches of the Code or any other improper or irregular conduct can be notified via confidential internal channels.

At present the Entity is setting up a confidential whistle blowing channel whereby employees are able to report to the Audit and Control Committee any irregularities of a financial or accounting nature.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

The Entity and its subsidiaries offering an ongoing accounting and financial plan which is adapted to the requirements inherent in the job and responsibilities of personnel involved in preparing and reviewing financial information.

In 2011 training courses, which were mostly external, focused on the following areas:

- Accounting
- Audit
- Internal control
- Legal/Fiscal
- Risk management

The various courses were aimed at personnel in the Finance, Audit, Internal Control and Regulatory Compliance Departments and the General Secretary's Office as well as members of the Entity's senior management.

## **2 Assessment of Financial Information Risk**

The company should report on the following at least:

2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.
- The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.
- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies. etc.
- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.
- Which of the company's governing bodies is responsible for overseeing the process.

As indicated in the internal regulations, which govern Internal Control over Financial Reporting, at least once a year, in collaboration with the different areas that have processes that affect the generation of financial information, the main risks (including fraud) that may that may undermine the reliability of that information are identified. The control activities designed to mitigate these risks are also identified. The Entity therefore has a clearly established and documented process of identifying and assessing risks inherent in the financial information and rolled out this process in 2012.

The risk identification process takes into account both routine transactions as well as less frequent transactions which are potentially more complex.

The Entity also has a communication and analysis procedure in place at the various Business Areas involved in these corporate transactions and operations, which identify the pertinent accounting and financial effects. The scope of consolidation is reviewed monthly.

The impact of risks on the reliability of the reporting of financial information is analyzed in each of the processes entailed in its preparation. The governing and management bodies receive periodic information on the main risks inherent in the financial information. The Audit and Control Committee oversees the financial risk assessment process as well as the internal control mechanisms.

In this regard, since 2009 the Group has not entered into any transactions via complex corporate structures or special purpose vehicles.

### 3. Control activities

Indicate the existence of at least the following components, describing their main characteristics:

3.1. Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case; documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgments, estimates, evaluations and projections.

The Entity's Financial Department is responsible for reporting, preparing and reviewing all financial information. It demands that the various Business Areas collaborate in ensuring that the financial information submitted is sufficiently detailed.

Financial information is the cornerstone of the control and decision-making process of the Entity's senior governing bodies and Management.

The reporting and review of all financial information hinges on suitable human and technical resources which enable the Entity to disclose accurate, truthful and understandable information on its transactions in compliance with applicable standards.

In particular, the professional experience of the personnel involved in reviewing and authorizing the financial information is of a suitable standard and all are appointed in light of their knowledge and experience in accounting, audit or risk management. Likewise, by establishing control mechanisms, the technical measures and IT systems ensure that the financial information is reliable and complete. Also, the financial information is monitored by the various hierarchical levels in the Financial Department and, where applicable, double-check with other business areas. Finally, the key financial information disclosed to the market is approved by the highest-ranking governing bodies (the Board of Directors and the Audit and Control Committee) and the Entity's management.

The Entity has in place control and monitoring mechanisms for the various levels of financial information it compiles:

- The first control level is carried out by the various business areas which generate the financial information. This is intended to guarantee that the items are correctly accounted for.
- The second control level is the business area Intervention Unit. Its basic function is to ensure accounting control concerning the business applications managed by the Entity's different business units, which help validate and ensure that the applications work correctly and adhere to defined accounting circuits, generally accepted accounting principles and applicable accounting regulations.

The accounting control duties and responsibilities in these two control levels are outlined in an internal regulation.

There are various monthly revision procedures in place such as a comparative analysis of the comparative analysis of actual and forecast performance, indicators of changes in business and the financial position.

- Finally, the third control level corresponds to the ICFR function which assesses whether the practices and processes in place at the Entity ensure the reliability of the financial information and compliance with applicable regulations. It specifically evaluates that the financial information reported by the various business areas and entities comprising the CaixaBank Group comply with the following principles:
  - a) Transactions, facts and other events presented in the financial information exist in reality and were recorded at the right time (existence and occurrence).
  - b) The information includes all transactions, facts and other events in which the entity is the affected party (completeness).
  - c) Transactions, facts and other events are recorded and valued in accordance with applicable standards (valuation).
  - d) Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards (presentation, disclosure and comparability).
  - e) Financial information shows, at the corresponding date, the entity's rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards (rights and obligations).

The Internal Audit Department carries out the monitoring functions described in 5.1 and 5.2 below.



The Entity has in place a process whereby it constantly revises all documentation concerning the activities carried out, any risks inherent in reporting the financial information and the controls needed to mitigate critical risks. This ensures that all documentation is complete and up-to-date.

All activities and controls are designed to guarantee that all transactions carried out are correctly recorded, valued, presented and itemized.

The preparation of the consolidated financial statements require senior executives to make certain judgments, estimates and assumptions in order quantify certain of the assets, liabilities, revenues, expenses and obligations shown in them. These estimates are based on the best information available at the date the financial statements are prepared, using generally-accepted methods and techniques and observable and comparable data and assumptions. This year the Entity has carried out the following:

- Impairment analysis of certain financial assets
- Valuation of goodwill
- The useful life of and impairment losses on other intangible assets and property and equipment
- The measurement of investments in jointly controlled entities and associates
- The assumptions used in the actuarial calculation of liabilities under insurance contracts and post-employment liabilities and commitments
- The fair value of certain financial assets and liabilities

The Audit and Control Committee must analyze those transactions which are most complex and have the greatest impact before approval can be granted by the Board of Directors.

3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The IT systems which give support to processes regarding the preparation of financial information are subject to internal control policies and procedures which guarantee completeness when preparing and publishing financial information.

Specifically there are policies regarding:

- Secure access to information: all CaixaBank employees are issued their own, unique ID and password with which to access the Entity's IT system. Access to the various environments, applications or operating systems is granted according to user type (internal or external) in addition to work center and category in the case of internal users.
- Operating and business continuity: the Entity has in place an IT Contingency Plan to deal with serious situations to guarantee its IT services are not interrupted. It also has strategies in place to enable it to recover information in the shortest time possible.

CaixaBank obtained BS 25999:2-2007 certification for its business continuity program from the British Standards Institution (BSI). The certificate accredits:

- CaixaBank's commitment to continuity.
  - The existence of business continuity management best practices.
  - The existence of a cyclical process aimed at continuous improvement.
- Segregation of duties: A number of employees with clearly defined and segregated duties participate in developing and operating the financial information systems. Personnel in the financial department are responsible for defining requirements and final validation tests before any system can be rolled out. The IT department is responsible for the following duties:
    - The project leaders are in charge of functional analysis, project management, operations and ongoing management and integration tests.
    - The development teams comprise personnel from collaborating companies who design, build and test the IT systems while at all times following the development methodologies defined by the Entity. Requests to access information to resolve incidents must be authorized internally.
    - The IT systems business area operates those IT systems which require prior authorization to access the systems managed. This access, which is only granted for a few hours along with a password, upholds the unequivocal relationship with the real user who has requested it and any action carried out is duly audited.
  - Changes management: the Entity has in place various mechanisms and policies to avoid any possible failures caused by updates or changes to IT systems. The Changes Committees ensure that the change management regulations are complied with and the process objectives are met. These include being in possession of all information regarding changes (planning,

nature, parties affected, implementation plan) to assess and determine how the service will be affected. They must also be in possession of global information regarding any changes to be carried out and identify any risk conflicts.

- Fault management: the main objective of the policies and procedures in place is to resolve any incidents in the shortest time possible.

Incidents are managed efficiently when risks are correctly assessed, prioritized and monitored according to their urgency; communication times are reduced and problems identified along with proposals on how these can be improved.

An incident progress report and proposed improvements are reported regularly to the Entity's Incident Committee and management.

3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The CaixaBank Group has a procurement and commissioning policy in place to ensure transparent and rigorous compliance with the legally established framework. The relationship between the CaixaBank Group and its collaborating entities is predicated on these principles.

All of the processes carried out between Group entities and suppliers are managed and recorded by programs which include all activities.

The Efficiency Committee ensures that the budget is applied in accordance with internal regulations.

The procurement and commissioning policy is detailed in the internal regulations which mainly regulate processes regarding:

- Drawing up, approving, managing and settling the budget
- Applying the budget: procurement and commissioning
- Paying invoices

Also, the Procurement Department is the collegiate body of the Efficiency Committee which ratifies all resolutions agreed by the Spending Committees and their respective business areas/subsidiaries which entail or could entail future procurement obligations or services and investment contracts. The CaixaBank Code of Business Conduct and Ethics stipulates that goods must be purchased and services engaged objectively and transparently, avoiding situations that could affect the objectiveness of the people involved; therefore auctions and budget requests are acceptable procurement methods according to the Procurement Department. A minimum of three tenders from suppliers must be submitted.

The Entity has in place internal control policies to supervise all outsourced activities and designs and establishes controls to monitor all outsourced services which may have an impact on accounting records. These include overseeing services, deliveries and managing incidences and discrepancies.

#### **4. Information and communication**

Indicate the existence of at least the following components, describing their main characteristics:

4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, as well as a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Accounting business area – Accounting Circuits, which reports to the Finance Department, is responsible for defining the Entity's accounting policy.

This policy is based on and documented according to the characteristics of the product/transaction defined by the business areas involved and, applicable accounting regulations, which specifies the creation of amendment of an accounting circuit. The various documents comprising an accounting circuit explain in detail all the likely events which could affect the contract or transaction and describes the key features of the operating procedures, tax regulations and applicable accounting criteria and principles.

This business area is charged with resolving any accounting queries not included in the circuit and any queries as to its interpretation. Additions and amendments to the

accounting circuits are notified immediately and can be consulted on the Entity's intranet.

Accounting criteria are constantly updated in line with new contract types or transactions or any regulatory changes.

4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The Entity has in place various mechanisms for the capture and preparation of financial information based on tools which it has developed internally. In order to ensure the completeness, standardization and correct functioning of these mechanisms, the Entity has upgraded its applications. It is currently reviewing and updating its applications to adapt them to future needs.

The Group has specialist, top-of-the-range tools with which to draw up its consolidated information. Both CaixaBank and other Group entities use mechanisms in standard format to capture, analyze and prepare financial information.

## **5. Monitoring**

Indicate the existence of at least the following components, describing their main characteristics:

5.1. The monitoring activities undertaken by the Audit Committee and whether the Entity has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR.

A description of the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The duties of the Audit and Control Committee include those related to overseeing the process for preparing and submitting regular financial information as described in section D.4.

These activities include:

- Approval of an annual internal audit report and those responsible for carrying it out.
- Assess the conclusions of the audits carried out and the impact on financial information, where applicable.
- Constant monitoring of corrective action.

The Entity has an internal audit function which is governed by the principles contained in the Internal Audit Regulations approved by the Executive Committee. The mission of the Internal Audit is to oversee the process for preparing and submitting regular financial accounting information and the effectiveness of the Company's internal control systems, internal audit and risk management system. For a full description of the functions of the internal audit see section E.7.

Internal Audit has a specialist team which reviews the operating processes of the Accounting and Consolidation business area, which is responsible for preparing the Entity's financial and accounting information. The Internal Audit's annual plan includes a multiyear review of the risks and controls in financial reporting for all auditing work where these risks are relevant.

Internal Audit assessed its ICFR at December 31, 2011, focusing on revising the application of the framework defined in the document "Internal Control over Financial Reporting in Listed Companies" published by the CNMV which sets out the voluntary good principles for internal control over financial reporting.

Also, in accordance with its annual plan, in 2011 Internal Audit revised the following processes which affect the preparation and presentation of financial information: a valuation of property acquired from individuals and developers as payment for debts and the effectiveness of the controls concerning the financial statements to be submitted to the Bank of Spain.

The Audit and Control Committee and senior management will be informed of the results of the ICFR assessment. These reports also include an action plan detailing corrective measures, their urgency to mitigate risks in financial information and the timeframe for resolving these.

5.2. Indicate whether there is a discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Entity has in place a discussion procedure with its auditor. Senior management is kept permanently informed of the conclusions reached during the review of the financial statements and the Audit Committee receives information from the auditor who attends Committee meetings, on the auditing plan, the preliminary conclusions reached concerning publication of the financial statements and the final conclusions as well as, if applicable, any weaknesses encountered in the internal control system, prior to preparing the financial statements. Also, when reviewing the interim financial information, the Audit Committee shall be informed of the work carried out and the conclusions reached.

In addition, Internal Audit reviews conclude with the issue of a report evaluating the relevant risks and the effectiveness of internal control of the processes and the transactions analyzed. It also evaluates the possible control weaknesses and shortcomings and formulates recommendations to correct them and to mitigate inherent risk.

Internal Audit reports are sent to Senior Management.

Internal Audit continually monitors the fulfillment of recommendations on critical- and high-risk weaknesses, and each six months conducts an overall evaluation of current recommendations.

This monitoring information as well as the relevant incidents identified in the Audit reviews are reported to the Audit and Control Committee and senior management.

## **6 External auditor's report**

A report is issued on:

6.1. Whether the ICFR information has been delivered to the markets for review by the external auditor. If it has, the Entity is to include the corresponding report as an appendix. If it has not, the reasons for the absence of this review should be stated.

See the external auditors' report attached to the Annual Corporate Governance Report.

Barcelona, February 23, 2012







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